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Emdeon Convenes Industry Forum to Monitor Business Efficiency in Healthcare

U.S. Healthcare Efficiency Index™ identifies \$30 billion in potential annual savings; Gingrich and other leaders tapped to address the challenge

NASHVILLE, TN (December 2, 2008) – Emdeon, a leading provider of revenue and payment cycle management solutions for the healthcare industry, announced today the launch of an important effort to monitor business efficiency in healthcare. Emdeon unveiled the U.S. Healthcare Efficiency Index™ (www.ushealthcareindex.com) to establish a national reference for tracking and measuring the transition from a paper-based and phone-based system to an electronic one.

“Through the Index, we are bringing together industry leaders from all aspects of healthcare to raise awareness of potential savings and create a national measure of business efficiency in the industry,” said George Lazenby, Chief Executive Officer of Emdeon.

Among the leaders joining the effort is Former House Speaker Newt Gingrich, Founder of the Center for Health Transformation. “We at the Center for Health Transformation are proud to collaborate with Emdeon on the U.S. Healthcare Efficiency Index,” Gingrich said. “Replacing the waste and inefficiency of paper-based administration is critical to transforming health. Health information technology can and will fundamentally change the way we deliver—and administer—care for all Americans.”

Billions in Potential Savings Every Year

“Too many healthcare billing-related activities are still conducted on paper or by phone, and too many healthcare payments are still made by paper check and sent by mail,” said Lazenby. “Other industries, like banking and travel, have long since addressed this problem. It’s time for healthcare to catch up.”

Phase 1 of the Index estimates the total annual savings potential to be nearly \$30 billion for medical claims-related transactions. Medical payment transactions alone could bring an estimated \$11 billion in annual savings through direct deposit, according to the Index.

“Healthcare is a human concern that touches all of us,” Lazenby explained. “Every dollar spent on unnecessary administration is a dollar that cannot be spent on preventive care or covering an uninsured family. Think what we could do with \$30 billion every year.”

Reframing the Policy Conversation: Leveraging Efficient Business

The national conversation on the role of information in healthcare reform has been dominated by electronic medical records and a promise of clinical savings. The business side of healthcare offers significant potential for savings that are frequently overlooked. The Index provides a way to measure that potential.

“Too often it is assumed that billing- and payment-related transactions have been ‘fixed’ and are already fully automated, but that is not the case.” said Miriam Paramore, Senior Vice President of Corporate Strategy for Emdeon. “In fact, there are still billions of dollars in annual savings that could be realized simply by conducting the business of healthcare electronically.”

Since the 1980s, the healthcare industry has struggled to eliminate paper processing and move towards automation and electronic commerce. Twelve years after enacting the Health Insurance Portability and Accountability Act (HIPAA), the savings promised from administrative simplification have not been fully realized.

Few outside of healthcare are aware, however, of the lack of progress and the savings that can be realized if even the most basic transactions are automated.

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The vision for the Index is to raise awareness of the potential savings and facilitate collaboration and problem-solving among the public and private sectors.

“Addressing this issue can provide immediate relief – within existing policy – for both healthcare providers and payers,” said Paramore. “Regulations are already in place through HIPAA to address electronic data standards. The savings identified by the Index represent low-hanging fruit that can help fund longer-term reforms.”

Outside Auditor and Independent Advisory Council

Milliman, Inc. will serve as an outside auditor/peer reviewer for the Index. The Index will also include an independent Advisory Council. A group of charter members will serve on the Council effective today. The full Council is expected to be announced by early 2009 and will include leaders from across the industry.

Charter Advisory Council members include:

- Fritz Scheuren, Ph.D, Statistician, Scheuren - Ruffner
- Patrick Baier, D.Phil., Statistician, Scheuren - Ruffner
- John L. Phelan, Ph.D, Milliman, Inc.
- Andrew L. Naugle, MBA, Milliman, Inc.
- Jane Sarasohn-Kahn, Healthcare economist and author
- Newt Gingrich, former Speaker, U.S. House of Representatives, and Founder, Center for Health Transformation

Phased Approach

The launch of the Index is being undertaken carefully using a thoughtful, deliberate approach. Phase 1 takes a very broad-based industry view. Current findings are derived based on estimates from trusted industry sources.

The Index will become more specific over time. In Phase 2, a methodology will be established and specific data will be gathered to provide a more in-depth view of the industry's progress.

Statisticians Dr. Fritz Scheuren and Dr. Patrick Baier will assist the Index in developing transparent processes for data gathering, analysis, and reporting. “We are happy to develop the statistical framework for this timely initiative,” said Dr. Patrick Baier with Scheuren-Ruffner Consultants of Alexandria, VA. “Our role will be to provide the statistical analysis needed to arrive at estimated national figures, and to make statistical inferences from random samples of individual entity data,” he said. All statistics will be submitted confidentially, and all results will be reported in the aggregate. The outside auditor will verify the results prior to publication.

Future phases will extend to additional business transaction types, such as pre-authorization, pre-certification, and referrals. The Index also plans to expand into healthcare areas beyond the medical sector, to include dental, vision, and Workers Compensation. As electronic processing takes hold in the clinical arena, the Index expects to evolve into a reference for the utilization of clinical transactions such as electronic prescribing.

Ultimately, the Index intends to report on results across multiple dimensions, including by payer type, by provider type and by transaction type. It will also serve as a platform for promoting excellence in business efficiency in the healthcare industry through recognition and awards.

About Emdeon

Emdeon is a leading provider of revenue and payment cycle solutions that connect payers, providers and patients to integrate and automate key business and administrative functions throughout the patient encounter. Through the use of Emdeon's comprehensive suite of products and services, its customers are able to improve efficiency, reduce costs, increase cash flow and more efficiently manage the complex revenue and payment cycle process. Emdeon is owned by General Atlantic LLC and Hellman & Friedman LLC. For more information, visit www.emdeon.com.