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## **U.S. Healthcare Efficiency Index® Advisory Council Issues National Progress Report on Healthcare Efficiency**

*Highlights more than a year of industry collaboration and research on the impact of administrative waste in healthcare*

**NASHVILLE, Tenn. (April 19, 2010)** – For more than a year, the Advisory Council for the [U.S. Healthcare Efficiency Index®](#) (USHEI) has asked the healthcare industry, “What would you do with \$30 Billion?” as a way to raise awareness of the potential savings from the administrative side of healthcare.

Today, the USHEI Advisory Council released new findings that suggest the needle is starting to move more rapidly on electronic adoption, though there is still much work to be done. The USHEI National Progress Report on Healthcare Efficiency suggests continued progress on the adoption of electronic medical claims which, according to the sample cited in the report, are being transmitted at a current rate of 85%, which is a 10% increase over the USHEI Phase 1 findings released in December 2008. Likewise, adoption of electronic remittance advice transactions stands at 46%, which is significantly higher than the 26% estimate from Phase 1.

The USHEI is an industry forum for monitoring business efficiency in healthcare and tracking the transition from a paper- and phone-based healthcare system to an electronic one. It is governed by an independent Advisory Council responsible for overseeing the effort, developing the data collection methodology and reporting on progress across the healthcare industry.

The administrative simplification provisions of the recently signed healthcare reform law call for additional electronic business transactions, such as electronic funds transfer (EFT) payments, to be adopted by the industry. The new law also requires more uniform standards and a set of operating rules for all covered electronic transactions. The USHEI will continue to serve as a central reference for tracking progress and the cost savings associated with electronic adoption, including the transactions called for by the healthcare reform law.

“The report will show you how we are working as one interdisciplinary team focused on one big goal,” said USHEI Advisory Council member Jane Sarasohn-Kahn of THINK-Health. “Along the journey toward efficiency, Americans will realize improved convenience, quality and cost-savings. And they’ll get the sort of health system they expect as modern, online tax-paying, bill-paying, healthcare consumers.”

The USHEI National Progress Report on Healthcare Efficiency represents a snapshot of the progress of the USHEI. Phase 1, launched by Emdeon (NYSE:EM) in December 2008, focused on analyzing industry data available through research reports and other sources. Phase 1 included five basic medical claims-related transactions: Claims Submission, Eligibility Verification, Claim Status, Claim Payment and Remittance Advice.

Phase 2, launched last summer, marked the beginning of primary data collection with major healthcare payers. To facilitate the data collection process, the USHEI team spent several months developing its National Data Collection Center which allowed participants to self-report transaction data through a secure, password protected web portal. Non-identifiable data was sent to statisticians at Scheuren –



Ruffner, where it was aggregated and analyzed. The USHEI Advisory Council, under the guidance of the statisticians, worked to develop a data collection methodology which would then be tested using a smaller sample of payers and transactions. Once the analysis is completed on the smaller sample, outreach will begin to the entire payer community to complete data collection and analysis on the remaining transactions.

Today's initial findings are based on data gathered from an initial sample of 113 payers that includes two large national payers and over 100 medium and small regional payers. This data sample is estimated to represent approximately 122 million covered lives or about 40 percent of the U.S. population.

**Key findings discussed in the USHEI National Progress Report on Healthcare Efficiency include:**

1. **Continued progress on adoption of electronic medical claims.** The data shows a current electronic rate of 85%, which represents a 10% increase over the Phase 1 findings.
2. **Adoption of electronic remittance advice transactions is also higher.** The data shows a current electronic rate of 46% as compared to 26% in Phase 1.
3. **Continuum of Automation:** Calculating the cost differences between manual and electronic healthcare transactions is becoming more complex. Rarely is a provider practice purely manual or purely electronic, and a provider's place along the continuum can vary. Stakeholders must understand all the components of healthcare transactions to remove costs and enhance the value of those transactions.
4. **System level cost reduction.** Approaching the systemic inefficiencies in healthcare to decrease overall costs is critical to help avoid the continual cost shift among healthcare industry stakeholders that has plagued healthcare for so long.
5. **Clinical and Administrative Convergence.** "Meaningful Use" requirements are expected to drive further adoption of electronic claims and eligibility transactions. The inclusion of these administrative transactions as a part of "Meaningful Use" reflects the ongoing convergence of clinical and financial information, which is an important trend in the evolution of health information exchange.
6. **Pragmatic Solutions.** Federal healthcare reform provisions enacted this year include some administrative simplification elements, such as a mandate for electronic funds transfer payments. These practical provisions enjoy broad bipartisan support and were scored favorably as "pay-fors" by the Congressional Budget Office.
7. **Reporting.** Automating basic administrative transactions and measuring progress on adoption can be an important and impactful first step to real cost savings.
8. **Change is hard.** But for the nation's healthcare system, *not changing* will be much harder. With Medicare Trust Fund Reserves expected to be exhausted by 2017 and 41 states currently facing mid-year budget shortfalls, it is critical to capture tangible savings today wherever possible.



While work continues to expand the data set and analysis, the initial findings in the USHEI National Progress Report provide a new baseline for tracking progress and validation of the data collection methodology. This methodology can now be scaled for a more complete set of payers and then beyond to other healthcare stakeholders.

Plans are already underway for later phases of the USHEI, including development of a Pharmacy Efficiency and Adherence Index.

“Monitoring the progress of healthcare efficiency through channels like the National Progress Report only stands to increase awareness of this vitally important issue,” said Miriam Paramore, Emdeon senior vice president of corporate strategy and government services. “Today’s report shows that electronic adoption in healthcare is trending upward, but opportunities for significant cost savings still exist. As we move towards a more efficient healthcare system, it will take everyone in the industry working together to achieve this goal. That is real healthcare reform.”

The USHEI National Progress Report on Healthcare Efficiency is available for free download at [www.ushealthcareindex.com](http://www.ushealthcareindex.com).

#### **About Emdeon**

Emdeon Inc. (NYSE: EM) is a leading provider of revenue and payment cycle management solutions, connecting payers, providers and patients in the U.S. healthcare system. Emdeon’s product and service offerings integrate and automate key business and administrative functions of its payer and provider customers throughout the patient encounter. Through the use of Emdeon’s comprehensive suite of products and services, which are designed to easily integrate with existing technology infrastructures, its customers are able to improve efficiency, reduce costs, increase cash flow and more efficiently manage the complex revenue and payment cycle process. For more information, visit [www.emdeon.com](http://www.emdeon.com).

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