

Ingenix Gets Serious About EDI

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Ingenix's recent acquisition of transactions compliance software vendor Claredi Corp. was in line with the company's focus on giving providers and payers tools to more efficiently process claims and related transactions, and analyze the data in the transactions.

But Ingenix - a vendor of revenue cycle management services and software - changed course with its next acquisition. The Eden Prairie, Minn.-based company dived into the electronic data interchange arena by signing a definitive agreement to acquire Electronic Network Systems Inc., a Colorado Springs, Colo.-based claims clearinghouse known as ENS. Ingenix will pay about \$54 million to buy NWH Inc., the parent company of ENS, with the deal expected to close in the third quarter.

ENS primarily serves physicians. The clearinghouse supports electronic claims, eligibility/benefits determination, claims status, referral authorization, remittance advice and explanation of benefits transactions. It also offers providers outsource services to print and mail patient statements and paper claims, and services to payers to scan and digitize paper claims.

Important move

The purchases of both established vendors shows Ingenix is serious about tapping into the opportunity of health care EDI, says John Osberg, president of Informed Partners LLC, a Marietta, Ga.-based consulting firm. "This is more strong evidence that EDI is bringing the providers closer to the payers," he adds.

Ingenix will be positioned to offer a suite of services that improve the efficiency of EDI for both providers and payers, with providers getting paid quicker and payers increasing their auto-adjudication rates.

The ENS clearinghouse will provide a new revenue stream for Ingenix because its customers now use its software to create claims, but they must transmit the claims via other clearinghouses. The real value to Ingenix, however, will be not in transmitting the claim but in helping providers get paid faster and more accurately, says David Ostler, executive vice president at Ingenix.

With the acquisitions, Ingenix can offer providers its existing coding software on top of ENS' payer editing software to make claims as complete as possible-and positioned for maximum reimbursement-before submission to payers, Ostler says.

Ingenix also will offer its contract management software to clearinghouse customers to determine what the expected payment should be and if it matches the remittance advice after the insurer adjudicates the claim, he adds.

Kaysville, Utah-based Claredi's transactions compliance testing and certification software gives Ingenix another set of tools to improve EDI efficiency for providers and payers. The software helps providers comply with HIPAA transaction standards and additional data requirements of insurers, known as "companion documents." Vendors and insurers also use Claredi's software.

Claims properly coded and compliant to HIPAA and payer requirements will make it easier for providers to submit claims directly to payers and bypass clearinghouses, while further increasing the payers' auto-adjudication rates, Osberg says.

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Ingenix is a subsidiary of Minnetonka, Minn.-based UnitedHealth Group, which owns UnitedHealth Care, the nation's largest commercial health insurer.

But the acquisition of ENS doesn't mean UnitedHealth Care now has its own clearinghouse, Ostler says.

UnitedHealth Care is important to Ingenix, comprising about a quarter of its business, Ostler acknowledges. But Ingenix will have to prove ENS' value to get additional business from UnitedHealth Care and Uniprise, another subsidiary that is a third-party administrator, he adds. UnitedHealth Care executives were not available for comment.

Not a given

Patrick Kennedy, president of P.J. Consulting in Rockville, Md., believes it is not a given that UnitedHealth Care will shift business to ENS. He adds, however, that Ingenix and ENS can offer services that are becoming increasingly important to payers.

UnitedHealth Care, like other payers, wants to offer to physicians clinical data stripped from claims, Kennedy explains.

"They want to push down to doctors drug, diagnosis and lab histories, and preventive care reminders when responding to an eligibility inquiry," he says. "Ingenix and ENS now have the ability to do this."