

HOW WE RANKED THE PAYERS

Our goal: To rank payers based on how easy they are for physicians to work with. We wanted hard data — not anecdotes or impressions. To get there, we identified seven key measures of payer performance and then scored payers based on real claims activity captured by athenahealth, the country's largest revenue cycle management company for office-based physician practices.

All data is from the fourth quarter of 2005 and includes an analysis of approximately 5 million charge lines in total. To ensure accuracy, we included only payers on which we had sufficient data. A payer didn't make the national list unless we had at least 10,000

charge lines of data on it — and unless it was truly a national payer, in that it has members in most if not all regions of the country. For regional payers, the cut-off was 3,000 charge lines. We didn't include payers in our rankings unless they met those criteria, so if you can't find a payer you're curious about, that's the reason.

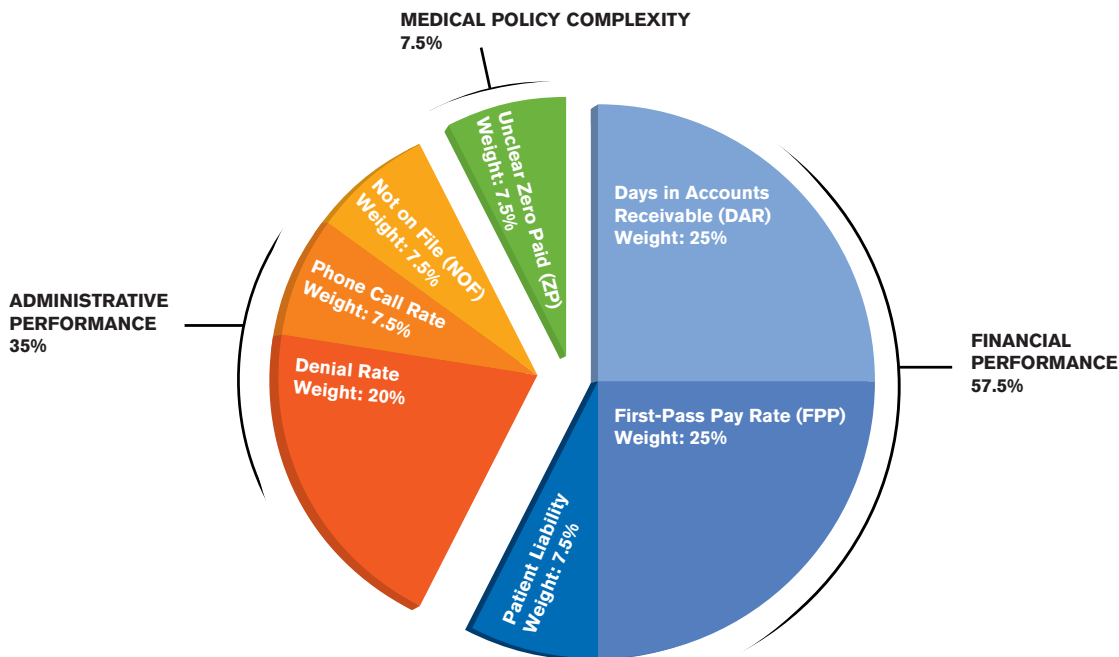
The measures examine financial and administrative performance as well as payer system complexity. Together, they add up to how easy it is to get paid quickly and accurately.

We also weighted each measure because they are of varying importance to you.

The weights are based on our years of hearing from physicians and practice managers about their frustrations with payers. We had to make some judgments, and we prioritized fast, complete payment. Payers who did well on that measurement did well overall.

You may disagree with some of our judgments. If so, tell us. We'll make adjustments in future years to reflect your continued feedback.

Here are the details of the measures used and how we weighted each one:



DESCRIPTIONS:

DAR: Days in Accounts Receivable.

FPP Rate: First-Pass Pay Rate: claims paid on the first submission within 90 days.

Patient Liability: Percentage of billed charges transferred to patient responsibility (proxy for how much burden is placed on MD to track down patient collections owing to member cost shifting).

Denial Rate: Percentage of claims denied.

Phone Call Rate: Percentage of claims requiring phone calls to payers for clarification on corrective action/rationale for denial.

NOF: Percentage of claims marked as "not on file" after inquiry with payers — i.e., claims "lost" by the payer.

Unclear ZP: Percentage of claims not receiving payment as a result of payers' departure from national coding standards. These are often called "zero-paid" claims.