PAX Rejection Memo Reduction
April 2018

Rejection Reduction Target and Progress

In 2015 the IBSOPS working group was tasked to reduce the number of rejections by 32% in 5 years (by 2020). The reduction is applied on the rejection rate:
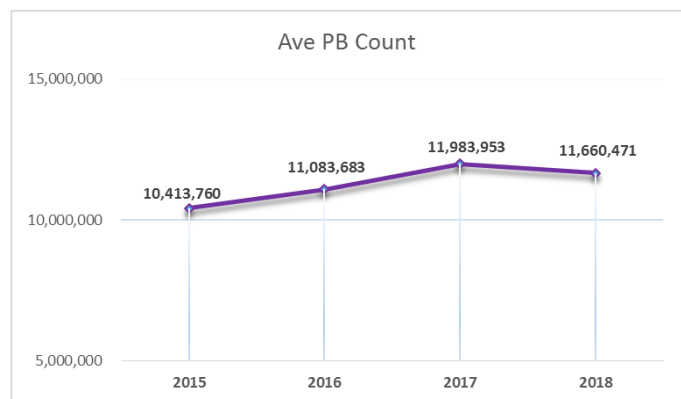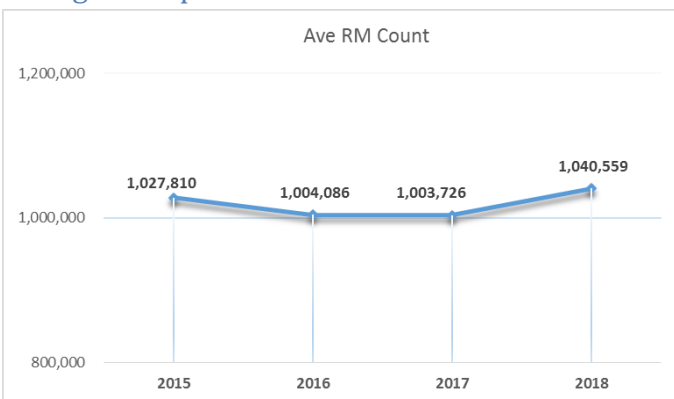
$$Rejection\ Rate = \frac{Sum\ of\ Rejection\ Memos\ of\ Past\ 12\ months}{Sum\ of\ Prime\ Billings\ of\ Past\ 12\ months} \times 100\%$$

By April 2018, there was a 16% decrease in comparison to the base year 2015.

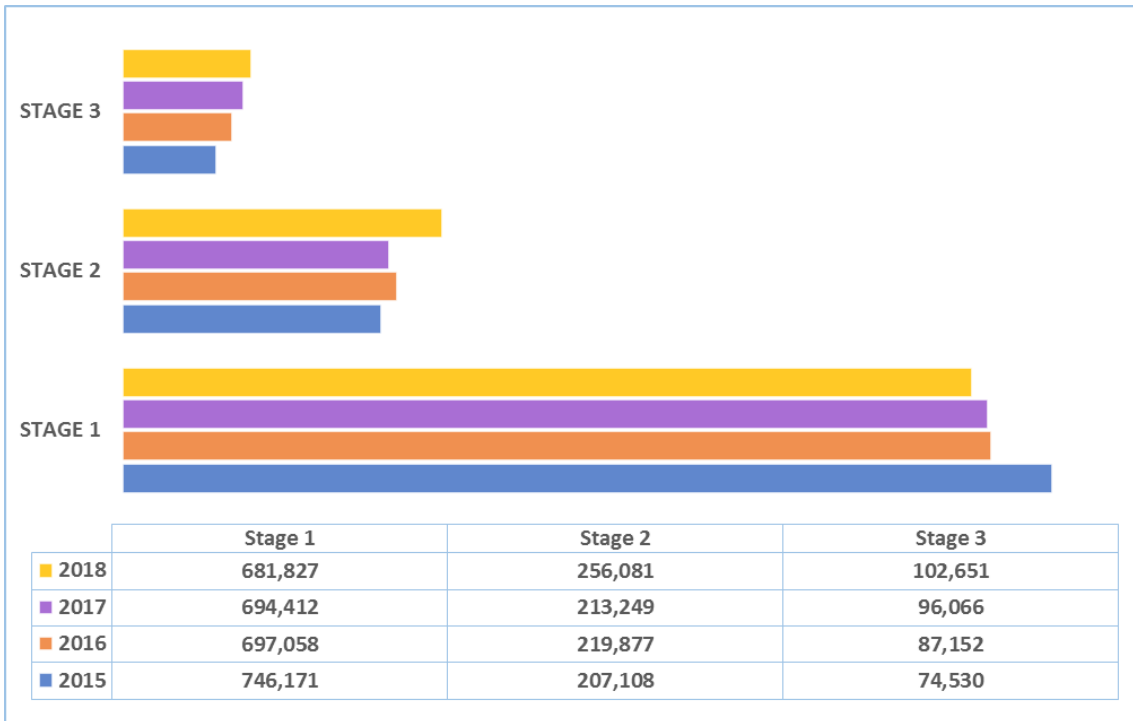|	2015	2016	2017	Apr -2018	% change Apr-2018 vs 2015
Rejection Rate	9.87%	9.06%	8.38%	8.27%	-16%

Ave Rejection Counts and Prime Billing Counts per Month

The charts below show the average rejection memo count of all three stages and the average prime billing count per month.
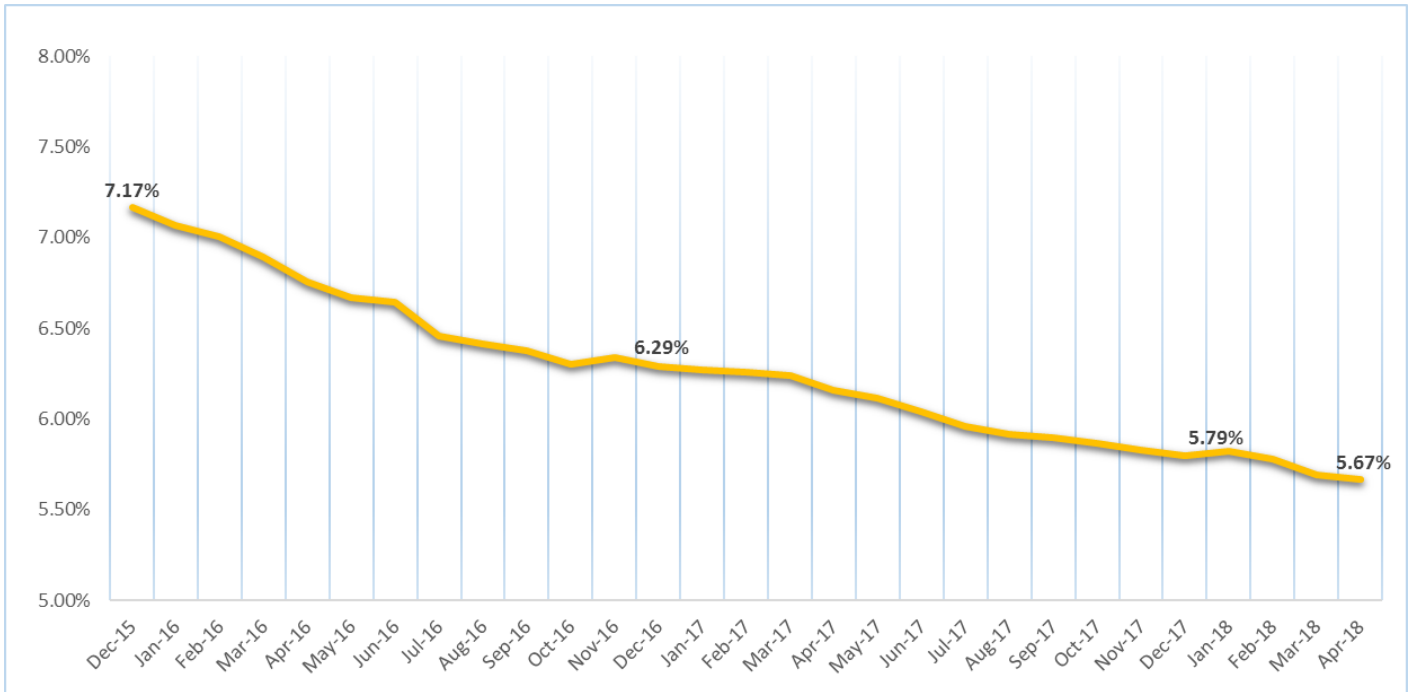
By Stage

- o The average number of 1st stage rejections has decreased in comparison to the previous years and is now 9% lower than 2015.
- o The average number of 2nd stage rejections has increased in comparison to the previous years and is now 24% higher than 2015.
- o The average number of 3rd stage rejections has increased in comparison to the previous years and is now 38% higher than 2015.

	Stage 1	Stage 2	Stage 3
▪ 2018	681,827	256,081	102,651
▪ 2017	694,412	213,249	96,066
▪ 2016	697,058	219,877	87,152
▪ 2015	746,171	207,108	74,530

Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

The chart below illustrates the trend of estimated percentage of rejected prime billings. The percentage is calculated by dividing the sum of 1st stage rejections of the previous 12 months by the sum of prime billings for the same period of time (formula shown below).

Based on this calculation, approximately 5.67% of the prime billings in the past 1 year were rejected, a decrease in comparison to 7.17% of rejected prime billings in 2015.
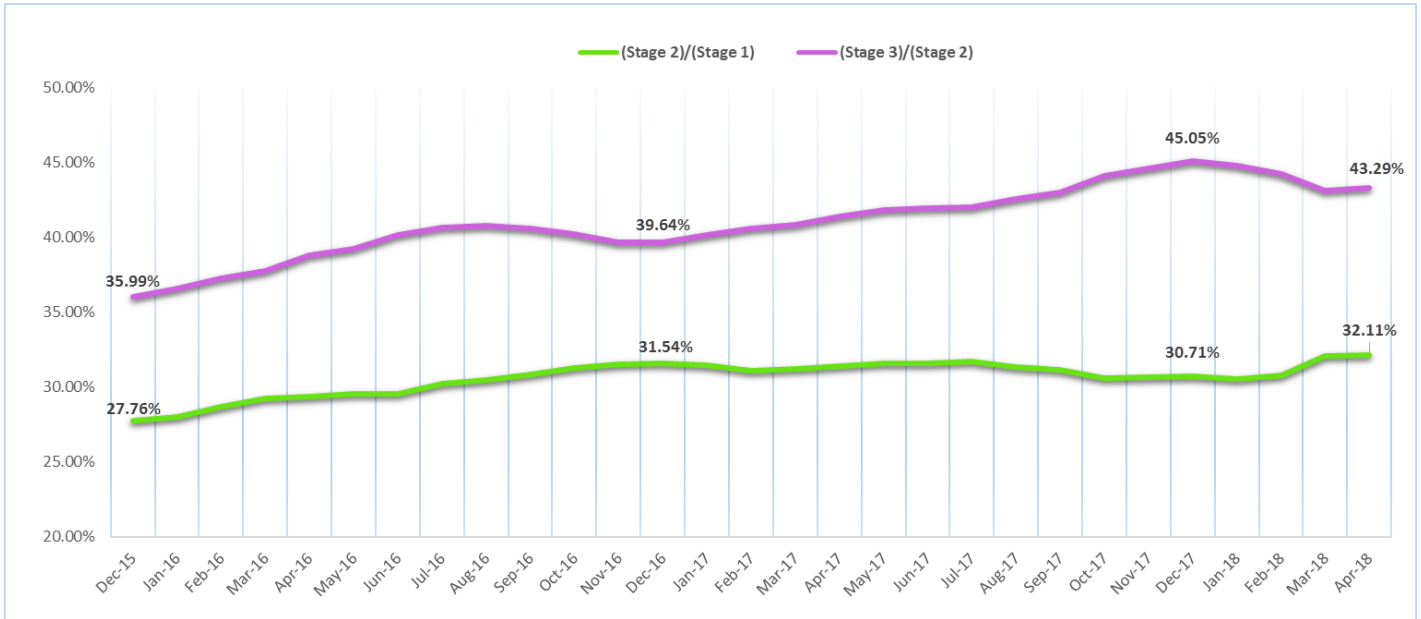

$$\textit{Estimated \% of rejected prime billings} = \frac{\textit{Sum of Stage 1 RMs of past 12 months}}{\textit{Sum of Prime Billings of Past 12 months}} \times 100\%$$

Stage 2 & 3 Analysis - Estimated Percentage of re-rejected Stage 1 and Stage 2 Rejections

The percentage of 1st stage rejections which are re-rejected is estimated by dividing the sum of 2nd stage rejections of the previous 12 months by the sum of 1st stage rejections for the same period of time. The calculated percentages are plotted in the chart below. Approximately 32.11% of the Stage 1 rejection in the past 1 year were rejected back 2nd stage.

The percentage of 2nd stage rejections which are rejected back 3rd stage is estimated in a similar way (formulas shown below) and also plotted in the below chart. Approximately 43.29% of the 2nd stage rejections in the past year were rejected back 3rd stage.

$$Estimated~\%~of~rejected~Stage~1~RMs = \frac{Sum~of~Stage~2~RMs~of~past~12~months}{Sum~of~Stage~1~RMs~of~past~12~months} \times 100\%$$

$$Estimated~\%~of~rejected~Stage~2~RMs = \frac{Sum~of~Stage~3~RMs~of~past~12~months}{Sum~of~Stage~2~RMs~of~past~12~months} \times 100\%$$

Note:

- All SMI-A (Settlement through ACH using ACH rules) data is excluded from this report.
- All Sampling data is excluded from this report.