



PAX Rejection Memo Reduction

Industry Initiative

Monthly Report Jan-2019

Rejection Reduction Target and Progress

The industry target is **32%** reduction of the rejection rate by the year 2020. The rejection rate is calculated as follows:

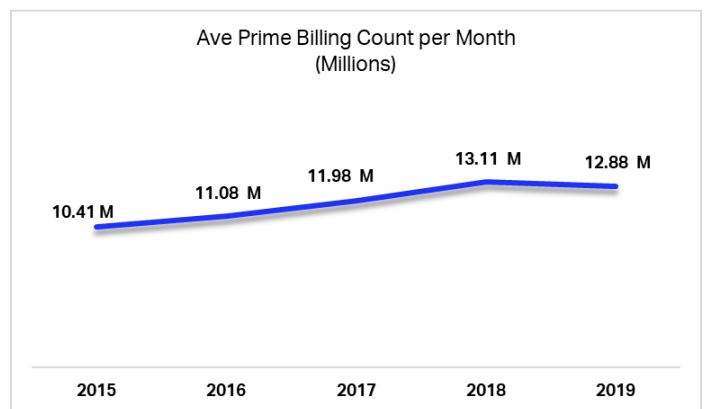
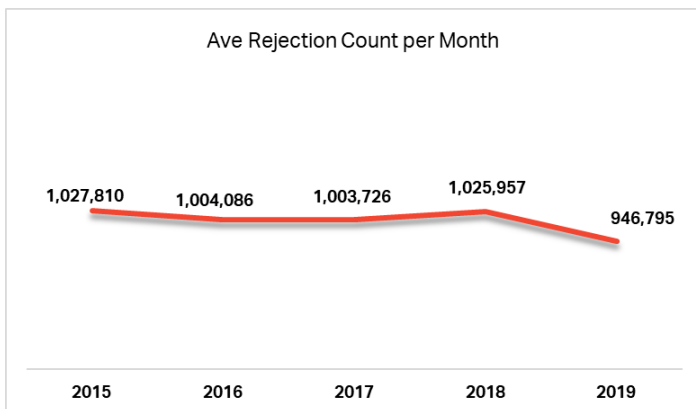
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

The table below shows the decrease in the rejection rate at the end of each year. By January 2019, the rejection rate decreased by **22.15%** in comparison to the base year 2015.

	2015	2016	2017	2018	Jan-2019
Rejection Rate	9.87%	9.06%	8.38%	7.82%	7.68%
Percent Decrease	-	8.21%	15.14%	20.72%	22.15%

Average Rejection Counts and Prime Billing Counts per Month

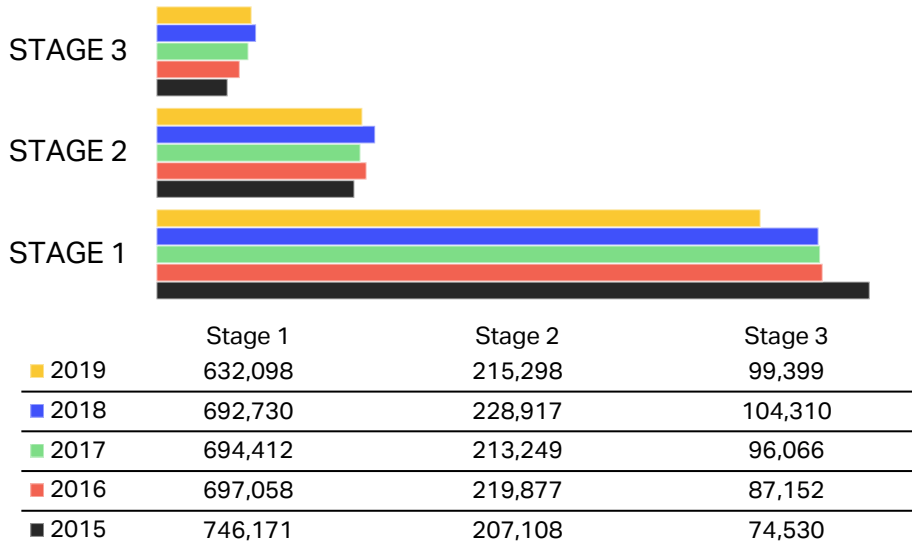
The charts below show the average monthly rejection counts of all three stages and the average monthly prime billing count (2015 – 2019).





Analysis by Stage

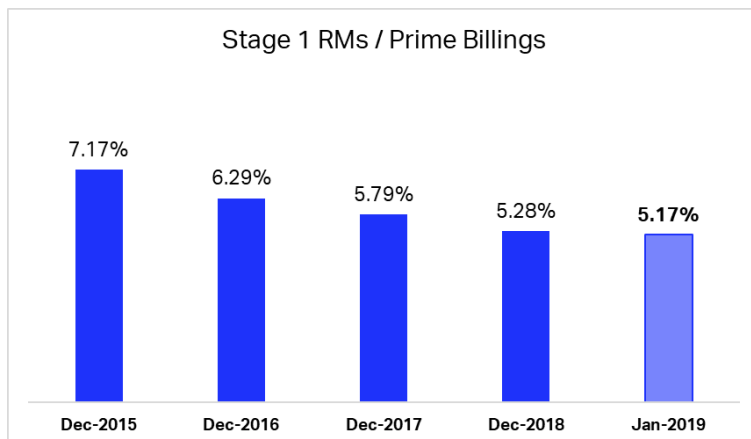
- The average monthly count of 1st stage rejections has decreased in comparison to the previous years and is now **15% lower** than 2015.
- The average monthly count of 2nd stage rejections is now **4% higher** than 2015.
- The average monthly count of 3rd stage rejections is now **33% higher** than 2015.



Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

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

Based on this calculation, approximately 5.17% of the prime billings were rejected in the past 1 year (Feb 2018 to Jan 2019). The proportion of Prime Billings that are being rejected has been decreasing continuously over the past 4 years.



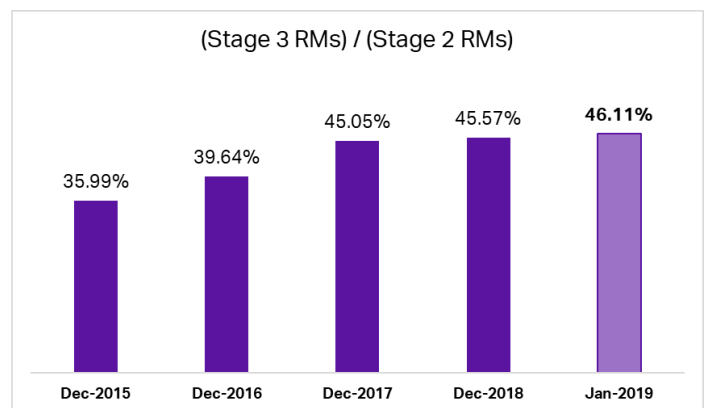
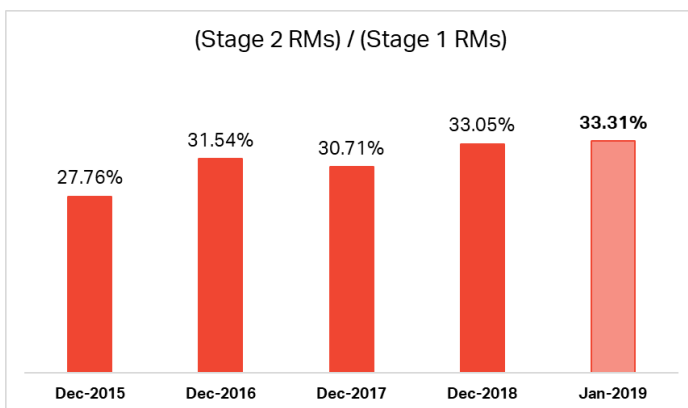
$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



Stage 2 & 3 Analysis - Estimated Percentages of re-rejected Stage 1 and re-rejected 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. The calculated percentages are plotted in the first chart below (left). Approximately 33.31% 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 plotted in the second chart (right) with an increasing trend. Approximately 46.11% of the 2nd stage rejections in the past year were rejected back 3rd stage.



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

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

Note:

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