

PAX Rejection Memo Reduction February 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:

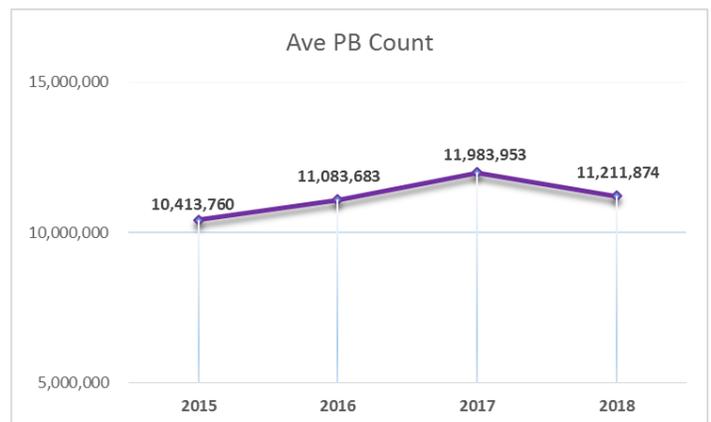
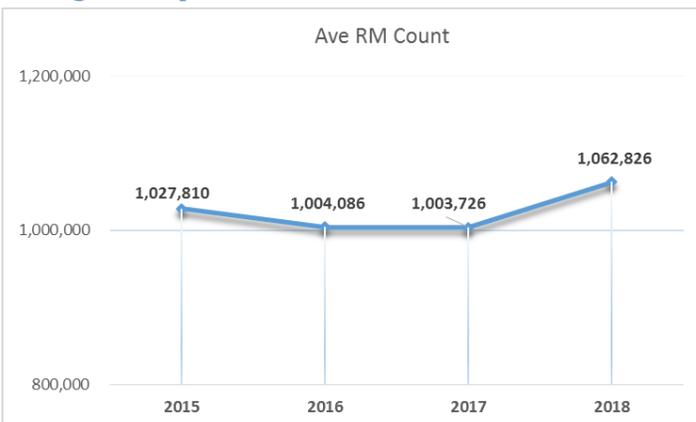
$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

By February 2018, there was a 15% decrease in comparison to the base year 2015.

	2015	Feb-2018	% change
Rejection Rate	9.87%	8.34	-15%

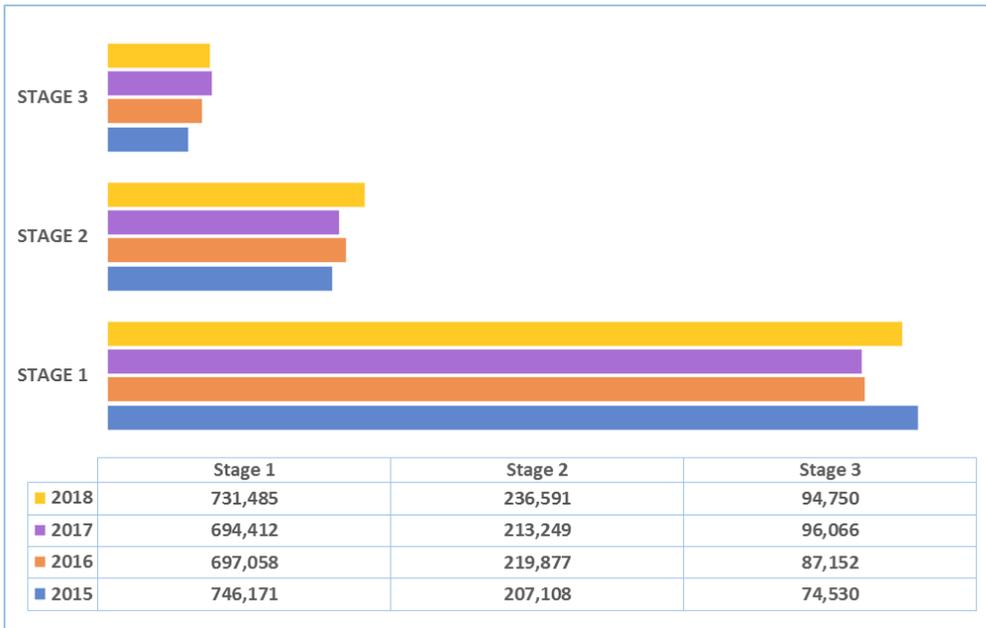
Ave Rejection Counts and Prime Billing Counts per Month

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



By Stage

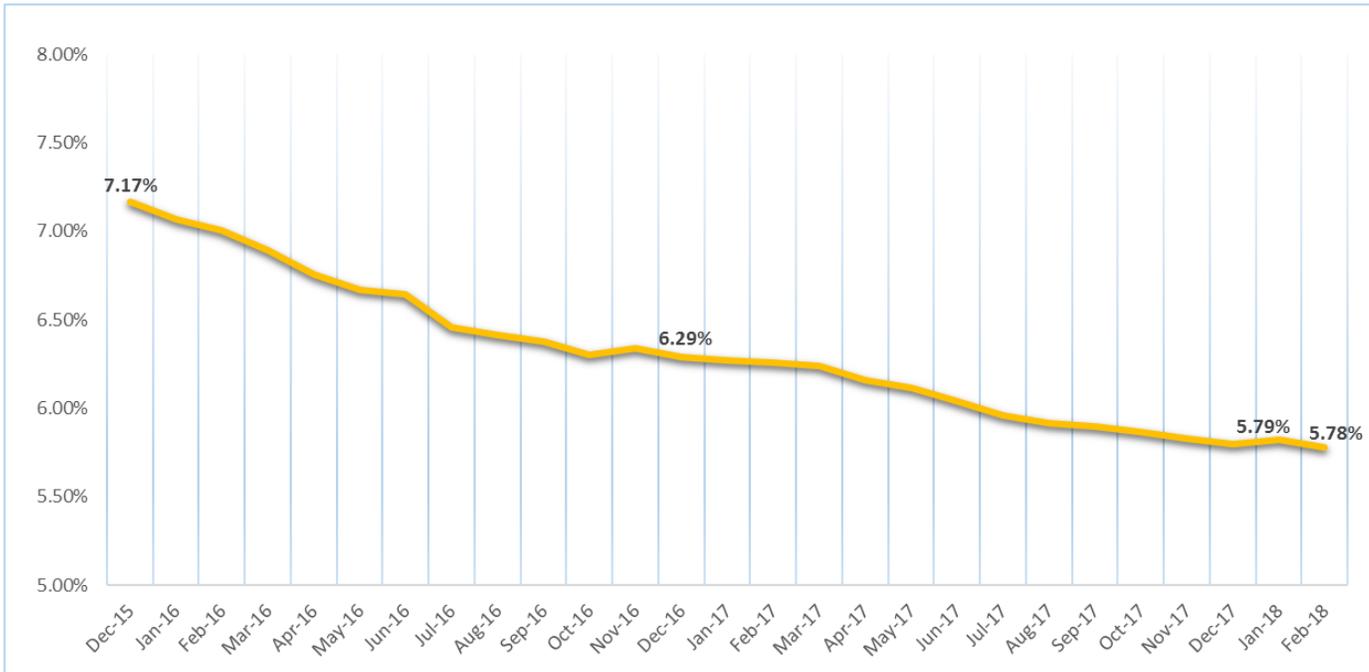
- While the average number of 1st stage rejections has decreased by 2% in comparison to 2015, it shows an increase in comparison to 2016 and 2017.
- The average number of 2nd stage rejections has increased in comparison to the previous years and is now 14% higher than in 2015.
- While the average number of 3rd stage rejections has decreased in comparison to last year, it is 27% higher than in 2015.



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 5.78% of the prime billings in the past 1 year were rejected, a decrease in comparison to 7.17% of rejected prime billings in 2015.

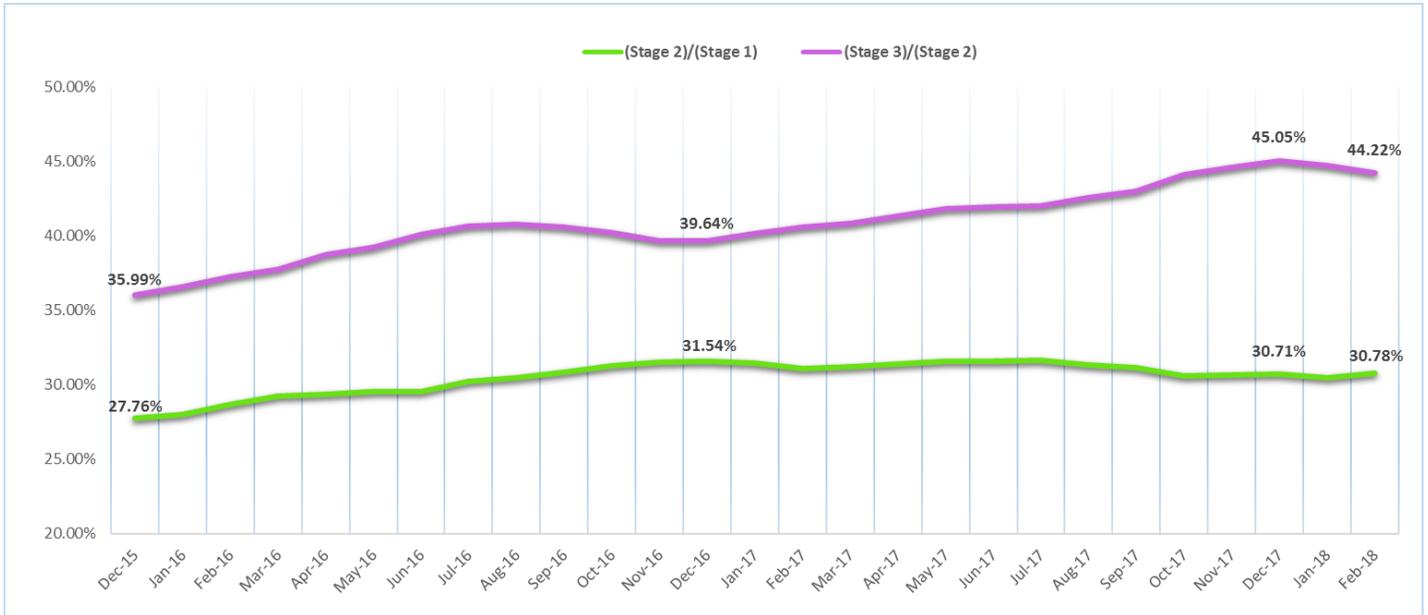


$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

Stage 2 & 3 Analysis - Estimated 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 30.78% 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 44.22% 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.