

United health group - ingenix subrogation services



The company that I am most familiar with and will be discussing is Ingenix a wholly subsidiary of United Health Group. United Health Group is the parent company of Ingenix, therefore a lot of the financial information and applicable laws, regulations budgetary information will be Ingenix and United Health Group.

Other information that I will providing, will included United Health Group, because it fall under the parent company's financial and budgeting background in regards how they filed Form 10-K with the United States Securities and Exchange Commission. The financial reporting statement sheet that is filed on form 10-K are separated among the different business entities that is under the umbrella of United Health Group Incorporated.

United Health Group Incorporated (2010) a diversified health and well being company, United Health Group offers a spectrum of products and services through seven was operating business: United Health Care, Ovations, Americhoice, Uniprise, Optum Health, Ingenix and Prescription Solution. In 1977, United Health Care Corporation was created and is now one of the largest health insurer in the United States. (<http://www.unitedhealthgroup.com/main/Businesses.aspx>, 2011)

The organization that I am employed is Ingenix, in the subrogation department. founded by United Health Group in 1996 to develop, acquire, and integrate the world's best in class health care information technology capabilities. Ingenix (2010) serve market needs for data and analysis, to build core data assets and expertise, built the largest health care expertise work and developed core intellectual property. Headquarter in Eden Prairie

Minnesota, with annual revenue of more than \$1.8 billion as of 2009.

(<http://www.ingenix.com/about/history/>)

In 2006, Ingenix emergence of market focused and launched and developed Ingenix Consulting, developed leading information based business solutions, health reform, payment, revenue cycle management, health IT. Between 2011 and 2014 Ingenix will enhance connectivity and workflow competencies, provide ubiquitous infrastructure to connect all parties, have close partnership with Optum Health in care setting and expand globally.

(<http://www.ingenix.com/about/businesses/2010>)

At Ingenix getting valuable information to the right place at the right time requires a unique set of strengths (<http://www.ingenix.com/about/businesses/>), Ingenix have built to stride to deliver the information and technology needs that are unique to health care, gathering information and analytics to make it useful. To create secure, interoperable networks that enable the exchange of information among communities, understand how those in health care actually can do their work; so that information can be seamlessly introduce the flow of their everyday activities.

Critical to our success, Ingenix includes several best in class businesses with specific, leadership roles in healthcare. The market service by Ingenix is physicians, government agencies, hospitals, employers, pharmaceutical, and biotechnology. (<http://www.ingenix.com/markets/2010>)

Ingenix ethics and integrity believes that no other industry deals with an individual's privacy and personal well being more intimately than healthcare. (<http://www.ingenix.com/about/ethics-integrity/>). As the leading health

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information company Ingenix maintains clear, firm policies on privacy and transparency, and promote an atmosphere of culture based on integrity, compassion, relationships, innovation and performance.

Ingenix, (2010) has implemented policies, procedures and training ((<http://www.ingenix.com/about/ethics-integrity/>, 2010) in order to comply with the standards of the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule and Security Rule. (Understanding Health Information Privacy, 2011)

Information is the lifeblood of health care, applied at the right time and in the right place, when decisions need to be made, information can enhance the affordability, quality, usability, and accessibility of care integrity (<http://www.ingenix.com/about/ethics-integrity/>).

As with any organization a cost analysis will determines the benefits and savings that are to be expected from the organization systems and compare with the expected costs. The cost benefit analysis for Ingenix is used to determine the degree of access to or the benefit of health care services to be provided to their members.

Since Ingenix is a wholly subsidiary of United Health Group it is a complex system complied of many other subsidiary that falls under the umbrella of United Health Group. The ethical consideration as it relates to Ingenix's finance and budgeting came under fire, when United Health Care-Ingenix was sued by the former State Attorney General Perry Cumo. Ingenix settled out of court in the amount of \$350 million dollars that they agreed based

upon the determination of reimbursement that were used by insurance company nationwide.

It argues that United Health -Ingenix rate setting practices violated several federal laws, including ERISA, RICO and antitrust law. Since that time United Health -Ingneix ethical consideration regarding to their finance and budgeting has put in place, a system that will attained independent certification of security procedures, Ingenix will demonstrate that the company will recognized and accepted measures to safe guard it's assets.

Providing health services, Ingenix's revenue has increased, \$271 million or 17% during 2009 to 1. 8 billion primarily due to the growth in new prayer business and new internal offerings. The contract of Ingenix' backlog revenue grew \$80 million or 21% percent during 2009 to \$2. 2 billion, which was led by growth in the government and payer sectors (UHC 2009 Annual Summary Report, Financial Results, pg. 36)

While reviewing United Health Care 2009 Summary Annual Report of the Financial Results, the information that is excluded is the cash flow for each operating services, it only included as a whole the cash flow of United Health Group from operations revenue, reached \$5. 6 billion, which represent 147% percent of 2009 net earnings. (UHC 2009 Annual Summary Report, p. 33)

In reviewing the financial report for 2010 for United Health Group, according to the report for the full year of 2010 the net earnings were \$94. 2 billion an increased if 8% year over and it includes a 10% percent increase, which is \$24 billion. Ingenix increase sequential revenue by 21%, buy 2010 year end. (United Health Group 2009, Annual Report, p. 33)

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Table1: United Health Group 2010: Earning Release-Financial Content

Three Months Ended Year Ended**December 31, December 31, September 30, December 31,
December 31,****2010 2009 2010 2010 2009****Ingenix**

Revenues \$715 million \$536 million \$592 million \$2.34 billion \$1.82 billion

Earnings From

Operations \$101 million \$74 million \$70 million \$284 million \$246 million

Operating

Margin 14.1% 13.8% 11.8% 12.1% 13.5%

Note: Financial Statement. Three Months Ending to Year Ending 2009-2010

Because Ingenix (2010) is a wholly subsidiary of United Health Care, applicable laws and any regulation with the new health care reform bill or better known as the Patient Protection and Affordable Care Act (PPACA) could potential effected the ability of price, managing medical costs, the enforcement that could have an affected on the company's financial position. These changes would have an overall effect, which will touch upon Ingenix that could including limited or reduced revenue, increase costs, and loss of businesses.

These increase in costs and other liabilities associated with auditing and/or reviews cost, will impact future cash and capital requirements on the ability to maintain the quarterly divide payment cycle. Also this will affect the abilities to maintain the misappropriation of proprietary technology, and the ability to obtain sufficient funds from the other regulated subsidiaries (i. e., Ingenix) to fund United Health Group obligations.

Ingenix's revenue cycle solution is part of a technology to improve the company financial and budgetary operations. The system will support the full spectrum of revenue cycle performance. The technology solution will included several systems from Patient Access Management, Billing Management, Payment Management and Audit Management technology to engage and conducted the finding of gaps in the ability to analyze the system for solutions.

Ingenix's Management and Administrative Reporting Systems (MARS) have the capability of reporting expenditures, budget information, recoupment and collection according to federal and states criteria. MARS meets federal reporting and CMS system certification requirements with fiscal oversight and management. This reporting of various criteria will include funding sources, categories of the services and eligibility, the provider types. When processing and reviewing claims activity and the statistical analyst such how long it take to process claims, the remittance and payment summaries will be done for the financial analysis.

(<http://www.ingenix.com/government/solutions/business-intelligence-govt/solution/mars/features/>, 2010)

com/government/solutions/business-intelligence-govt/solution/mars/features/, 2010)

The MARS systems will provide specific provider either as individual or they will be categorized, in reporting which will include any error codes analysis, participation analysis, ranking and the status of filing of claims. With the MARS systems more than 80 core reports that will be divided into six separate reporting modules and there will be one balancing module, that will provide the cost settlement and adjustment and financial transactions. (<http://www.ingenix.com/government/solutions/business-intelligence-govt/solution/mars/features/>, 2010)

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Ingenix-United Health group has to contend with complex state and federal and local rules, laws and regulation in regards to their financial and budgetary operations, but it is bound by the United States Securities and Exchange Commission to file a Form 10-K at the end of each year on December 31, 2010, which is part of the annual report for financial reporting to shareholders, and company executives. (United Health Group, Financial Annual Report, 2010).

United Health Care Group is highly regulated at the federal, state, local and also international. Therefore, since the signing of the new health care laws or new regulations, and/or changes in the existing laws including and the enforcement of them could have an adverse effect on the company (i. e.,

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United and their subsidiary) financial position and cash flow. (SEC Form 10-K, pg 19)

Each state that United Health Group's wholly subsidiary businesses (i. e. Ingenix) operates in, is require to keep a minimum level of statutory capital. This could place restriction on the dividend and distribution that is paid by regulated subsidiaries, this would limit the base entity's level of those statutory income, capital and surplus

United Health Group Inc.(United Health Group Consolidated Balance Sheet, pg. 59), conducted an audit in accordance with the standards of the Public Company Accounting Oversight (United States)", the short term investments (in millions) for the end of the year of 2010 was \$2, 072 and for the year \$1239. 00 a gain of \$833, the long term investments (in millions) for the year ending of 2010 \$14, 707 and for year ending of 2009, \$13, 311 a gain of \$3396". (<http://www.unitedhealthgroup.com/invest/2010/UNH-2010-10-K.pdf>)

Stated in the (United Health Group 2009, Annual Report) is that, " Ingenix has increased their revenue by 17% or \$271 million dollars in 2009, from the organic growth of the new payer business and new internal services offering a total of 1. 8 billions." " As Ingenix revenues' backlog increased by 21% or 300 million dollars, during the same period during 2009, the growth in government and payer sector totaling in the amount of \$2. 2 billion dollars."

The backlog for Ingenix's revenue as of December 31, 2010 was \$3. 3 billion that was up 47%. Therefore, Ingenix full and fourth quarter for 2010 operation is \$284 million against \$246 million for the same period a year
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ago. Earning from their operations was very strong, exceeding management expectation for the full year. Looking forward to the first quarter of 2011, it is on the fast track of having a positive revenue and cash flow.