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Edifecs keeps pace in economic 'sickness or health'

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The head of a Bellevue firm that sells software designed to improve the performance of health-care organizations credits his company's success to an old adage: You reap what you sow.

"The results we get today were cultivated three years ago," said Sunny Singh, CEO of Edifecs, which develops, installs and services software and also provides training. The chief selling point is to help customers cut costs and operate more efficiently.

The company was founded in 1995. It started focusing on the health-care industry about seven years ago as a result of opportunities created by the Health Insurance Portability and Accountability Act (HIPAA), the federal law that regulates handling of personal data and patient privacy.

During the last several years, Singh added, Edifecs started to mature by building relationships and "sowing the seeds." The company enjoyed revenue growth of nearly 90 percent between 2005 and 2007 and Singh predicts it will maintain that rate through 2010.

He said the company is under no pressure from outside investors to turn a quick profit, and doesn't push clients to buy its products.

"We work with the clients at their pace," he said. He added that health care is a recession-resistant industry that goes on "in sickness or in health."

Edifecs aims to help health-care businesses unmask inefficiencies. Health-care providers, for example, routinely exchange loads of information with insurance companies regarding claims.

Edifecs software will analyze thousands of claims over an extended period of time, and check on when the claims were submitted, how long they took to get processed, and which ones got rejected, Singh said.

Singh refers to this aspect of Edifecs' products and services as "business intelligence" — mining transactions and data to help health-care companies reduce errors and slow-downs in their dealings with specific business partners.

"It's nice to know the lag time between submit-

ted claims and when they get paid, who's paying promptly on which type of claims, and who's later and what type of claims are getting paid late," Singh said.

The software can zoom in on claims that are taking 90 days to pay instead of 30, for example, which in turn can help health-care companies take follow-up action to get paid faster, eliminate bottlenecks, and streamline operations, he said.

One customer, TennCare, Tennessee's Medicaid agency, said Edifecs has improved the quality of its data and processing time by nearly 100 percent. That, in turn, has helped the agency strengthen its oversight, set actuarial rates, and improve the quality of health care, said TennCare project director Jackie Phan. The agency provides health care coverage for 1.2 million low-income children, pregnant women and disabled people, among others.

But it was the HIPAA help offered by Edifecs that attracted Florida-based Availity, a health-care transaction clearinghouse. Availity Chief Technology Officer Jon McBride said the company handles more than half a billion electronic transactions a year, and Edifecs helps ensure that "everything we do is regulatory compliant."

He credited Edifecs with catching data that was not HIPAA compliant. McBride noted the government can impose penalties for violations.

Most people probably associate HIPAA with safeguarding sensitive patient information, but Herb Larsen, a senior vice president at Edifecs,

notes that the law also included administrative simplification procedures, which created "a big IT push" to establish standards for electronic transactions.

"That's the area we play in," Larsen said.

Singh likens what Edifecs offers health-care enterprises to the choices faced by commercial airline companies these days. That is, the airlines can stick with "an old legacy system" — the gas guzzlers they already own, which cost a fortune to operate — or they can invest in a new generation of fuel-efficient planes.

But rather than having to shell out \$200 million for a new Boeing 787, health-care companies generally spend between "\$250,000 and \$1 million for our software," Singh said. It can cost less, but the average selling price is \$350,000, he said.

The company's work force grew from 42 to 67 between 2005 and 2007, and staffing now stands at about 75, Singh said. He said the company has more than 300 customers in the health-care industry, more than 95 percent of whom are in the U.S.

Singh maintains that inefficiencies in the U.S. health-care system add enormously to operating costs, and that rooting them out is the answer to the problem that such an embarrassingly high number of Americans are uninsured or under-insured. In 2007, nearly 46 million Americans were without health insurance, the U.S. Census Bureau reported this past summer.

"If you're able to reduce the operating costs of health care and make it in line with some of the other more efficient industries, we can insure all the uninsured Americans," Singh asserted. He pointed to manufacturing and retail operations as examples of industries that health care should be modeling.

"We don't have to do anything to the health-care system" besides cutting operating costs, Singh said.



Singh



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