

**2007 Global Excellence in Healthcare Information
Technology Product of the Year Award****Enclarity, Inc.**

The 2007 Frost & Sullivan Global Excellence in Healthcare Information Technology Product of the Year Award is presented to Enclarity, Inc., for its unique ProviderPoint[®] solution designed to enable health insurance payers (including health insurance plans, insurance carriers, PPOs, HMOs, managed care organizations, claims intermediaries and clearinghouses) to maintain complete, reliable, and accurate provider records. By offering the ProviderPoint solution via a hosted or ASP method, Enclarity is able to ensure that all of a health insurance payer's provider records are updated in a systematic and convenient fashion. The value of the ProviderPoint solution has been widely recognized in the health insurance payer industry. Among Enclarity's many clients are 15 of the nation's largest health payers.

**Frequency & Complexity of Provider Data Changes
Impose a Large Burden on the Healthcare Industry**

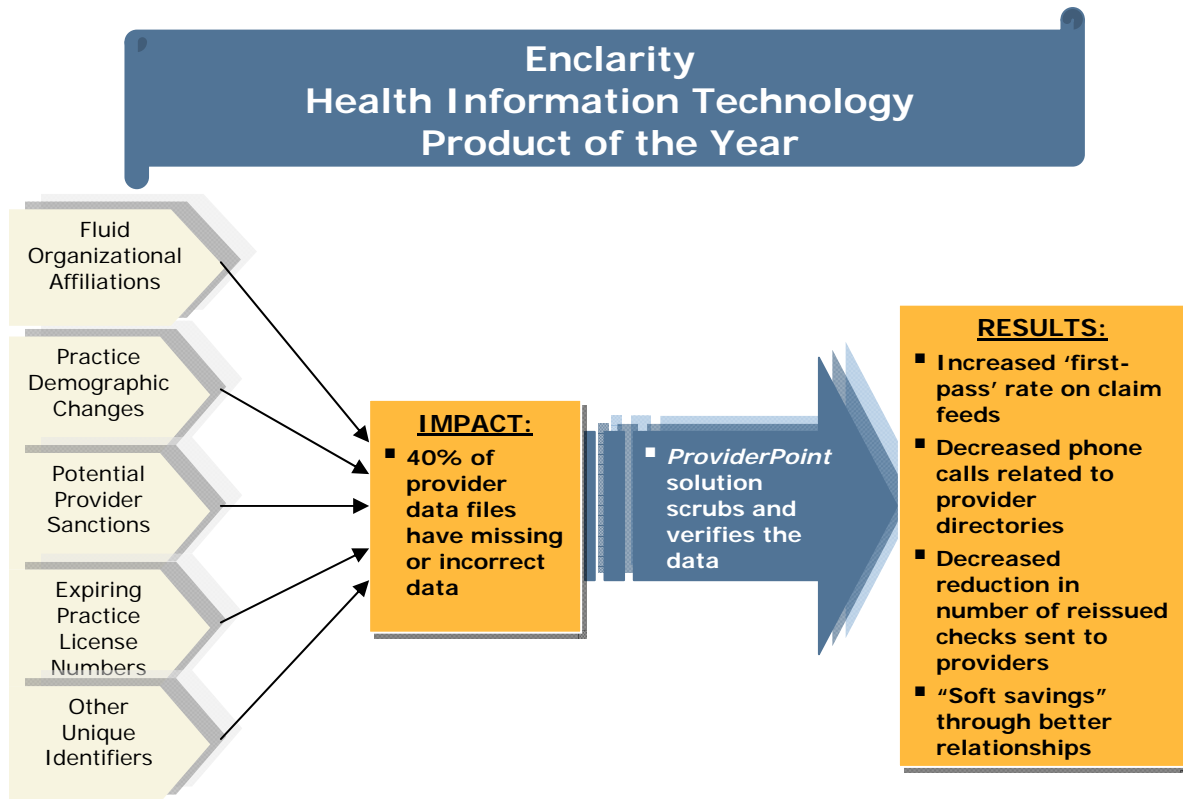
Health insurance payers are continuously challenged to maintain accurate and complete provider information. According to major health plans, 10 to 20 percent of their provider information requires change and updates on a monthly basis. In fact, nationally, nearly 2-3 percent of provider practice address information changes on a monthly basis. These changes to provider information occur for several reasons, including nearly continuous practice demographic information changes, fluid organizational affiliations, expiring practice license numbers, potential provider sanctions, and other unique changing identifiers. All of these changes to the provider records must then be reconciled with the correct tax and contracting identification numbers. Further adding to this complexity is that fact that most health insurance payers store their provider information on multiple legacy systems that are incompatible with one another. This makes it nearly impossible for a health insurance payer to maintain an enterprise-wide master provider database.

The frequency of data changes coupled with the difficulty in implementing an enterprise-wide database mean that about 40 percent of provider information files either have errors or missing data elements according to Enclarity. According to Sean Downs, president and CEO of Enclarity, this translates to a loss of \$26 billion to the healthcare industry through billing errors, check reissues, fines, fraud and administrative costs.

One of the most noticeable examples of how inaccurate provider information affects healthcare insurance payers is in processing claims. Nearly 3-5 percent of all pended claims are due to inaccurate provider information. Instead of going through auto-adjudication, this claim will have to be processed manually adding additional time and a much greater expense to the health plan. Additionally, inaccurate provider information can hinder health insurance payer efforts to accomplish important broader objectives, including pay-for-performance initiatives and establishing value-driven provider networks.

Moving Toward a Different Model to Manage Provider Data

Presently, health insurance payers rely upon many approaches to update their provider records. Relying upon various public and private sources and utilizing a variety of techniques to input this data, including manual data entry; creates a process that is both inefficient and error-prone. While the implementation of the National Provider Identifier (NPI) may eventually help to eliminate the confusion, the enumeration process has not clarified the use of multiple tax ID numbers for a provider. Health insurance payers will still have to figure out a method to update changes to their provider records and manage to interpret the NPI number and align it with their existing provider information.



Enclarity brings a different approach to helping health insurance payers manage their provider information. Relying upon their experience in the financial services industry, the founders of Enclarity recognized that health insurance payers needed an automated solution that conveniently cleansed and ensured the accuracy of their provider information in a systematic fashion. Additionally, Enclarity realized that health insurance payers would be willing to outsource this function to a trusted external vendor since they did not regard it as a critical core competency.

Enclarity has met this need by taking existing provider demographic, key identifier and other provider information from various sources. They analyze it using automated analytic and scoring techniques, and supplement when necessary with semi-annual phone calls to provide the most accurate provider demographic information. Through their ProviderPoint solution, Enclarity is able to leverage their accumulated provider data and automatically cleanse, augment and verify a health insurance payer's provider records in real or near real time frequency or on a monthly or quarterly basis via a remote connection to assure the information is comprehensive, accurate and current.

The ProviderPoint solution immediately results in a series of operational improvements for a health insurance payer including a reduction in pended claims, a reduced number of member and provider phone calls related to physician directories, and a dramatic drop in the number of paper checks that must be reissued to providers. According to Enclarity, the adoption of the ProviderPoint solution has resulted in as much as a \$10 million dollar administrative savings to a single health insurance payer. Besides the quantifiable administrative savings, accurate provider information is crucial to client retention for the health insurance payer.

Creating a Standard Scoring System to Evaluate Health Insurance Payers' Provider Data Files

Just as other vendors have done to promote increased transparency on the performance of health insurance payers, Enclarity hopes to provide an increased level of transparency around the accuracy of payers' provider information through its Enclarity Quality Index (EQI). Similar to a FICO[®] score, an EQI score will be given by Enclarity to each of their health insurance payer clients. The EQI score ranges between 0-950 and is a composite score of overall accuracy of various components of a provider record. Enclarity has also established an industry average EQI score. This will allow a health insurance payer to understand how they compare against their competitors and where opportunities exist to improve operations effected by their provider information. Not only will this have an important financial impact on health insurance payers but it will also create a "soft savings" by allowing health insurance payers to demonstrate to other entities in the healthcare system that they are interested in addressing this issue.

Additionally, it will allow various interested parties, including human resources consultants, employers, financial institutions, clearinghouses and providers to compare one health insurance payer against the industry average EQI score as well as against other health insurance payers. These entities can use the EQI scores to better understand why a health insurance payer maybe poorly performing in a certain area such as the mailing of checks to providers and demand improvement.

Enclarity can provide more detailed information on the EQI score.

Conclusion

As a result of its unique effort to address an unmet need of health insurance payers and its desire to create increased transparency among health insurance payers, Frost

& Sullivan is proud to present Enclarity, Inc. with its 2007 Global Excellence in Healthcare Information Technology Product of the Year Award.

Award Description

Frost & Sullivan's Healthcare Information Technologies Product of the Year Award is bestowed each year upon the company that has introduced a product into the market that is significant and provides a competitive advantage to its adopters. This Award recognizes the company's new product and its innovation, acceptance and competitive advantage in the marketplace.

Research Methodology

Before considering the recipient of this Award, the analyst team tracks all new product launches, R&D spending, products in development, and new product features and modifications in each company through ongoing market research, market interviews, and extensive secondary research.

Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Significance of new product(s) in their industry
- Competitive advantage of new product(s) in their industry
- Product innovation in terms of unique or revolutionary technology
- Product acceptance in the marketplace
- New product value-added services provided to customers
- Number of competitors with similar product(s)

About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

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