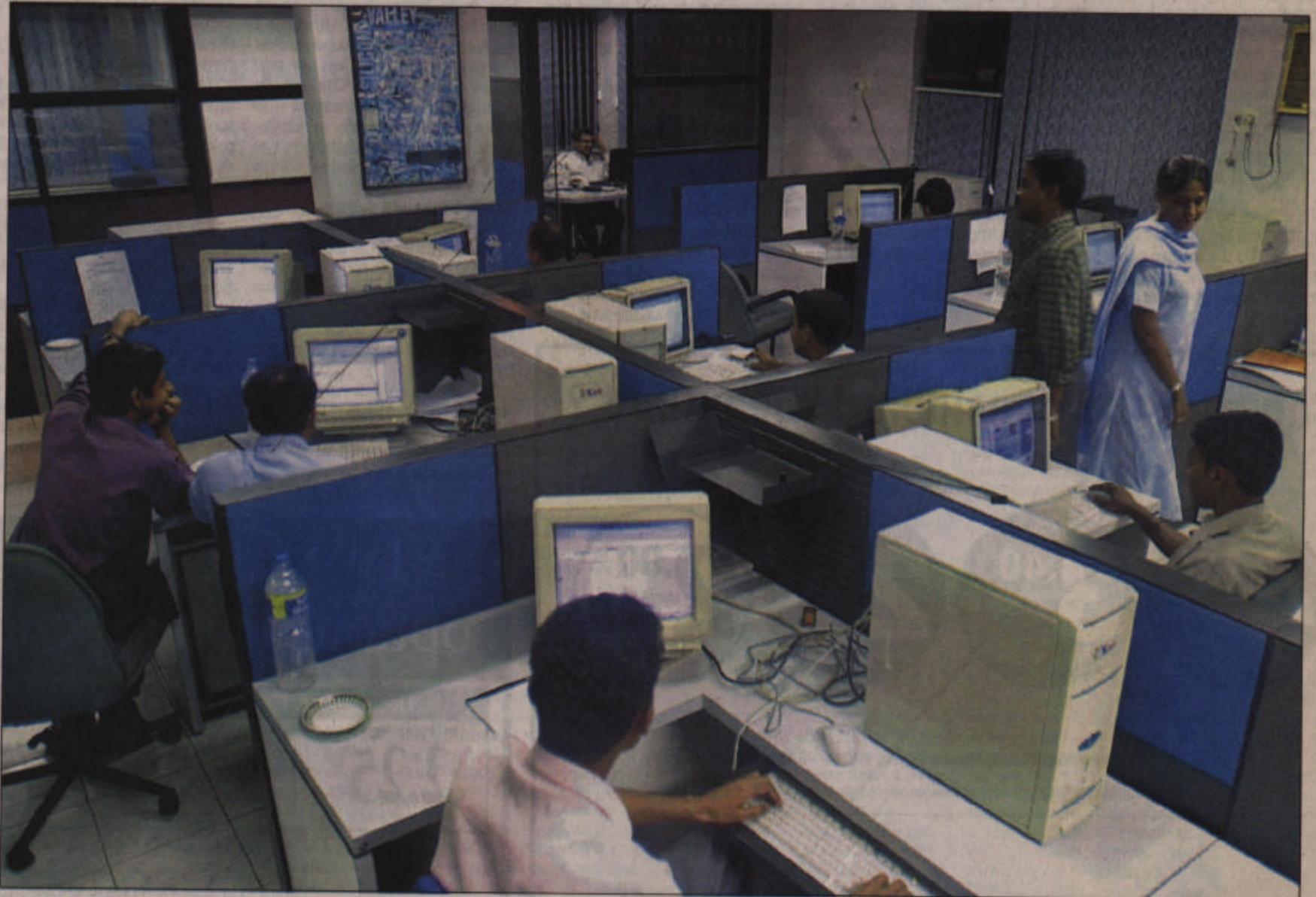


HEALTHY SAVINGS ON MEDICAL PAPERWORK



Employees of GeBBS HealthCare Solutions at their workstations in Mumbai, India, where they process bills and other medical paperwork for North Jersey doctors. ASSOCIATED PRESS PHOTOS

OFFSHORE PRESCRIPTION

By HUGH R. MORLEY
STAFF WRITER

In a world of steadily rising medical costs, Nitin Thakor thinks he has a cure.

It works like this: A doctor treats a patient and sends the medical record to Thakor's company, GeBBS HealthCare Solutions of Englewood Cliffs. The company ships the records electronically to India, where employees — earning about one-tenth of what they would get in the United States — process a bill for the patient's treatment, create a claim, and send it electronically to the insurance company.

The process costs the doctor about half what he would pay in the United States, Thakor says.

"It's faster. The quality is better," he says, brimming with confidence.

Where are the jobs?

An occasional series exploring the employment picture in New Jersey



By using these technicians in Mumbai, GeBBS HealthCare Solutions cuts costs substantially for itself and medical clients in North Jersey.

"It makes perfect sense."

It's also part of a growing trend in the health-care administration industry: sending work to low-wage countries — mainly India — in the same way that offshore out-

sourcing has sent U.S.-based IT, call center, and other jobs around the world.

The health-care work ranges from simple tasks — such as transcribing notes dictated by the doc-

tor — to more complex processes, such as assigning a treatment code and filling in forms that doctors submit to insurance companies for reimbursement.

Companies such as GeBBS say they offer doctors, hospitals, and U.S.-based billing companies a way to cut their costs in the face of mounting financial pressure. But like other examples of offshoring, the trend has sparked concern about jobs going overseas and unfair competition.

U.S.-based industry executives also charge that offshore work is poor-quality and that the shipment of medical records beyond the U.S. borders puts patient confidentiality in jeopardy.

"I'm all for anything economically feasible that works," said Julie Dolci, vice president of Wayne-based Liberty Billing and Consulting Services. "My opposition is that they don't do the job."

Dolci, who spoke on the issue at a forum organized by the Health-

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Offshore: Claims processed in India

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care Financial Management Association of New Jersey in January, said she believes that offshore firms can provide neither the local contact nor the depth of experience needed to understand America's complex health-care system.

Still, the offshoring trend – while at present a small sector of the market – is growing, industry insiders say.

In North Jersey, GeBBS, Allserve Systems of New Brunswick, and ClaimPower Inc. of Fair Lawn do work in India.



THAKOR

Marlton-based Medquist, one of the largest transcription company's in the United States, also sends work offshore. Other players across the country include Perot Systems Corp. in Texas, HealthScribe Inc. of Virginia, and Alpha Thought of Chicago.

"There is not a lot of offshoring yet," said Barbara J. Cobuzzi, president of Cash Flow Solutions Inc. of Brick, which does billing, coding, and collection. "But they [offshore companies] are going after it. ... They are approaching companies like mine and saying, 'Get rid of your staff and use us.'"

Cobuzzi said she spoke from experience: In October, she terminated a contract with a Florida-based company with offices in Chennai, India, to put patient demographic information into a computer. She said the work contained too many errors.

"I'm sure the doctors would rather use someone who is not offshoring," Cobuzzi said. "But the doctors have this huge pressure to get their costs down."

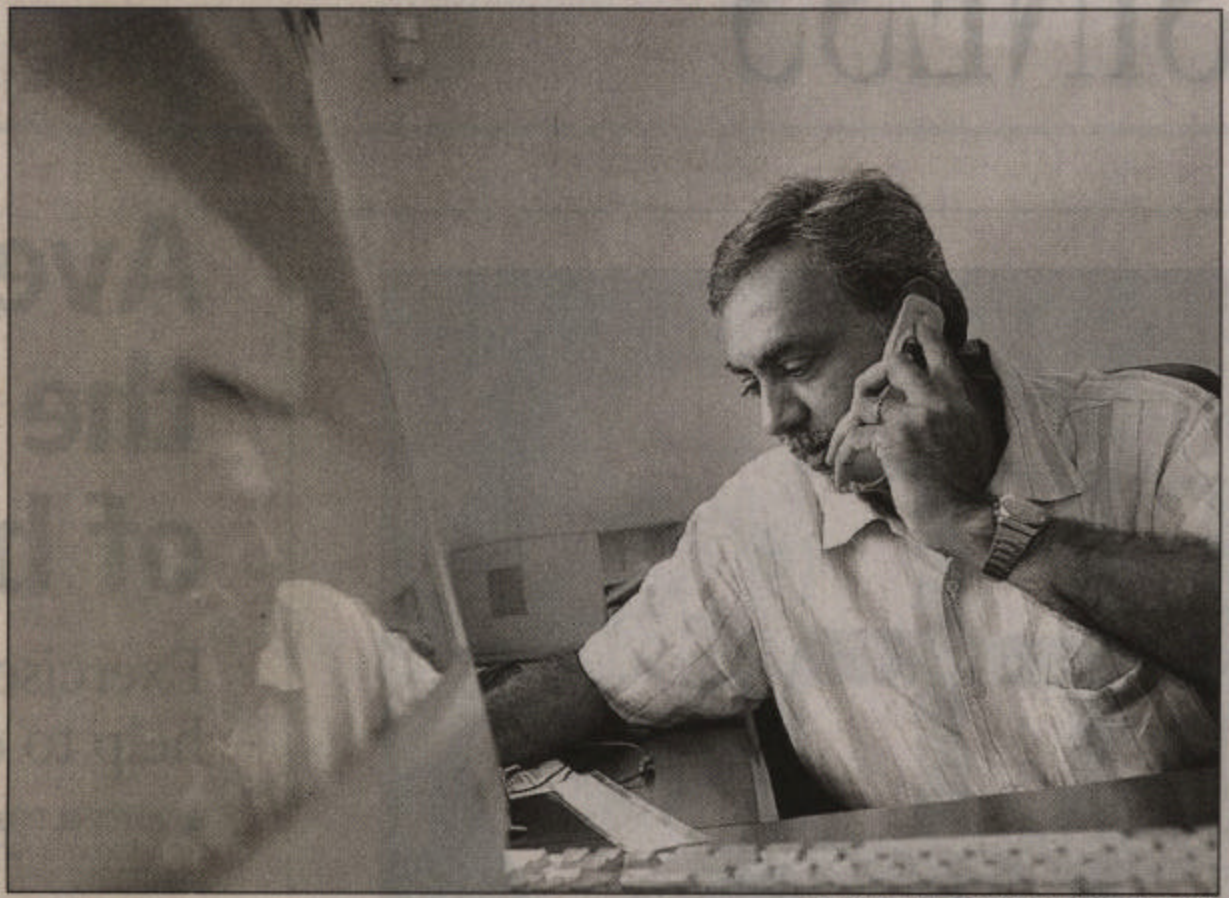
So, too, do their contractors, said Marilyn Grebin, president and CEO of Silent Type in Fort Lee, which transcribes doctors' notes.

Though offshoring has not yet had a big effect on Silent Type's bottom line, the company has lost work, Grebin said. For instance, last week, she said, she lost a \$50,000 contract with the John T. Mather Hospital on Long Island. Grebin said the hospital, which had been her company's client for five years, hired a company that will do the job in India.

"I went to the client and said, 'What can I possibly do to help you,'" she said. "And they said, 'No, you can't possibly charge what we are getting – half the price.'"

On Long Island, hospital vice-president Kevin Murray said the non-profit community facility moved the work offshore in a pilot program – a small part of the facility's \$500,000 annual spending on transcription services – to see what the quality of the work is like.

"The hospital lost a significant amount of money last month," said Murray, putting the loss at \$1 million and noting that many hospitals in New York face similar budgetary problems. "Every



CARMINE GALASSO/STAFF PHOTOGRAPHER

Rajeev Thadani, owner of ClaimPower Inc., a medical billing service based in Fair Lawn, checking paperwork. His company uses technicians in Mumbai, India, to process bills and other paperwork.

month is a struggle. ... This was one of our cost-saving ideas."

Thakor knows the scenario well.

With about 85 employees in the United States, GeBBS provides health-care administration services and also develops software for the same field. The company's two centers in Mumbai, India, employ about 180 people, of whom 100 process health claims.

Last year, the company had revenue of \$12 million, and it expects to make \$16 million this year, Thakor said. He reaps the benefit of Indian workers – all of whom have degrees – who earn about \$2,800 to \$3,300 a year, compared with the \$35,000 to \$45,000 that U.S.-based employees would make for the same job, he said.

"We're making a 45 to 50 percent gross margin," Thakor said of his own company. "A client is seeing a 45 to 50 percent cut on their cost structure. So we're happy. They're happy."

Rajeev Thadani, the owner of ClaimPower Inc. – which processes bills through an office in Mumbai – said the benefit of offshoring is not only financial, but a faster billing cycle, too.

Because India is 9½ hours ahead of New Jersey, a doctor can give the paperwork to ClaimPower by 3 p.m. and have it back by 9 the next morning, Thadani said.

"We really run a 24-hour shop," Thadani said. "When the U.S. shuts down, the work starts in India. When India shuts down, the work starts in the U.S."

Thadani, 48, said he didn't set out to send work abroad. A former computer programmer – he said he left JP Morgan in 2001, shortly before his job was sent to India – he started ClaimPower in 1993 as a side business run by his wife.

By 1999, as the company

grew too big for the couple to handle on their own, ClaimPower hired three people. But "as soon as I started to hire people in the [United] States, it began to eat into my profits," said Thadani, a Mumbai native. "And that's when I made the foray in doing the work in India."

These days, he has five employees in the United States and 35 in Mumbai, the city formerly known as Bombay. He said he charges clients 4 percent to 6 percent of the amount they receive from the insurance company, compared with 10 percent he said competitors charge.

Thadani argues that he helps create jobs in the United States, because the offshore model is suitable only for simple, routine tasks that do not require client interface.

"For every 10 people I add in India, I have to add one person in the U.S. because of the intelligent part of the work that needs to get done," he said. "That will always be the way. There has to be someone in the U.S. to sell the business and to give them [the clients] some comfort."

One of the company's happy clients is Dr. Nader Moaven. ClaimPower does the billing for about 350 patients a week seen by Moaven and his two partners at offices in Maplewood and Belleville. Each day, they scan handwritten billing forms and send them to ClaimPower, which puts the information into the computer and sends out the bills.

Moaven, who praised Thadani's service effusively, said he believed ClaimPower would charge him far more if the work didn't go to India. The doctor said he has no worries about patient information being sent abroad.

"The way it's set up, it's protected," he said. "I think it's very

safe."

Others are not so sure.

Concerns about patient confidentiality in the offshoring era were heightened last October when a woman in Karachi, Pakistan, threatened to post patient medical records from a San Francisco hospital on the Internet unless she was paid the money owed her for transcribing notes dictated by doctors.

The woman dropped the threat after she was paid. But the incident helped bring the issue to the attention of lawmakers.

Sen. Hillary Rodham Clinton, D-N.Y., and Rep. Edward J. Markey, D-Mass., have introduced bills that would require companies to notify customers before they send confidential information overseas, giving the customer the right to refuse.

Still, industry insiders are concerned. Cobuzzi and others said the main problem is that anyone who violates U.S. patient confidentiality laws abroad would be beyond the reach of U.S. prosecutors.

But offshore companies say there is no danger of leaks. Thakor said GeBBS' facilities in India have guards and an electronic security system, along with a full-time privacy officer to ensure the company complies with U.S. confidentiality laws.

In addition, the computer system that health-care administration employees work on is sealed, he said: The terminals have no hard drive and no connections to the Internet, floppy disk, or CD writers, or even a printer. They can only open files on the server, change the contents, and close them, he said.

"So there is no way – unless you can memorize all the information – that you can take it with you," he said.

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