

Firm finds niche in Medicaid computer systems

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First of two parts

If Fox Systems Inc. does its job right, most people will never hear of it.

That's because the Scottsdale consulting firm is the brains behind the computer systems that process claims for millions of Medicaid patients nationwide.

Starting with Arizona's pioneering health-insurance program 20 years ago, the company has grown to help dozens of state and federal agencies use technology to administer their programs more efficiently.

Fox is one of two Scottsdale companies named to this year's list of "Arizona Companies to Watch." The awards program, conducted by the Arizona Small Business Association and the Edward Lowe Foundation, last week honored privately held, second-stage Arizona companies that demonstrate the intent and capacity to grow.

Companies are selected for their fast growth in revenue, employees or both, the foundation said. Judges also look for strengths that set the winning companies apart from their competitors.

Fox Systems' clients are mainly government agencies developing computer systems for their Medicaid health-insurance programs for the poor. The company helps agencies define the system they need and oversees the implementation. Fox also helps agencies find third parties to administer the systems.

"It's a niche, but one thing you have to remember is there are more than 52 million people in the United States on Medicaid," said Bill Larkin, vice president of business development and client services at Fox Systems. "And Medicaid programs are the largest line item in a state budget."

The company today works for 11 states and the District of Columbia. It also works with private companies such as health-maintenance organizations and with organizations that set technical standards in the health care industry.

Foxy founder finds fixes

Founder Susan Fox started the company after coming to Arizona as a consultant on the Arizona Health Care Cost Containment System, the state's pioneering version of Medicaid. Fox helped design and build the computer system that checked whether claims were for program participants and whether claims had been paid.

That kind of claims processing was the company's main focus in the early days, Larkin said. Over time, systems grew as Medicaid agencies wanted to analyze the data and use it in making decisions.

"Government, legislators, everyone wants to know more about where the money is going," Larkin said.

Information-technology and management consulting remains one of the three types of work the company does. It also consults on improving business processes and on integrating IT systems.

Turn of century is turning point

One of the main turning points in the company's growth, Larkin said, was Y2K.

The federal Centers for Medicare & Medicaid Services hired Fox Systems to make sure all the states had updated their Medicaid computer systems for the turn of the century. Fox Systems then parlayed that expertise into more work when the Health Insurance Portability and Accountability Act took effect, making sure the states' systems complied with the law.

The company is now working on three federal contracts:

- One is redefining the technology requirements states must meet to receive federal Medicaid funding.
- Another is updating the criteria for assessing states' compliance.
- The third contract is to assign National Provider Identifier numbers to doctors and other medical providers nationwide. Fox set up a 200-employee processing center in Fargo, N.D., to complete the work by mid-2008.

Working through the baby steps

"These are all baby steps that are needed . . . to work towards what is a national goal," Larkin said, "which is trying to move the health care industry into an environment that is equal to the level of automation we have in banking."

The National Council for Prescription Drug Programs used Fox Systems to help with technical aspects of data bases that the council maintains of 70,000 pharmacies and 1.2 million doctors and others who write prescriptions.

Its consultants' industry experience makes Fox stand out, said Catherine Graeff, senior vice president of communications and industry relations for the Scottsdale-based council. "As large as health care is, there is a relatively small number of people with health care information technology experience and business understanding," she said. "It's a tough combination to find and they've hired consultants out of the real world."

Fox will keep developing new services as health care information technology evolves, Larkin said. It plans to expand its work in IT systems integration, which it considers a growth area.

It still thinks of itself as a health care company, though, and Larkin says that sets it apart from technology companies selling their own products.

"We don't have a solution in search of a problem," Larkin said. "We go for the problem and try to address what's the best way to solve the problem. That's a deep-down philosophical perspective that Susan has always had."