

Achieving Contracting Excellence

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Overview

A. Four Quadrants of Knowledge

B. Contracting Imperatives

C. Keeping Your Money

D. Getting Your Money Back

A. Four Quadrants of Knowledge

1st Quadrant: Public Knowledge

Known to others and known to us

- ***NEWS***
- ***Football scores***
- ***Healthcare Reform Legislation***
- ***Sources: Many***
 - ***On-line, TV, TM, Tweeter, TV, & SR,***

2nd Quadrant Private Knowledge

Known to us, but NOT to others

- ***Relationships***
 - ***Professional***
 - ***Family***
- ***Sources: Limited***

3rd Quadrant Blind Spots

Known to others, but NOT to us

- ***Competitor intelligence***
- ***Internal office politics***
- ***Sources: Limited***

Quadrants in Contracting

1st Quadrant Public Knowledge

- **Covered lives**
- **Rates**
- **Contract terms**
- **Sources: Many**

2nd Quadrant Private Knowledge

- **MLR**
- **Claims edits**
- **Medical review policies**
- **Impact of Healthcare Reform**
 - **On employers**
 - **On employees**

3rd Quadrant Blind Spots

- Chagemaster changes
- Fraud
- Incorrect payments
 - In some circumstances
- Provider strategy
- Sources
 - Claims analysis
 - Competitive analysis

Do You Know What You Don't

Public Knowledge

Known to everyone

Blind Spots

Known only to others

Private Knowledge

Known only to you

Unknowns

Known to nobody

Do you know?



B. Contracting Imperatives

10 Things Hospitals Hate About Healthplan Agreements

- 1. Utilization review clauses**
- 2. Pre-Authorization/Pre-Certification is not a guarantee of payment**
- 3. Restrictions on POS collections**
- 4. Fixed fee schedules**
- 5. Lack of new technology provision**

10 Things Hospitals Hate About Healthplan Agreements

- 6. Bundling of hospital-based physician payments with hospital payments.**
- 7. Multi-year terms with no termination provision.**
- 8. Chargemaster protection**
- 9. Out-of-network beneficiary protection**
- 10. Selling access (to networks)**

Contracting Principles: 4Cs

- **Clarity**
 - *Avoid vague language*
 - *Facilities can use this to leverage a health plan*
- **Consistency**
 - *Ensure that terms are not contradictory throughout the agreement*
- **Conciseness**
 - *Contracts should be as short as possible*
 - *Keep amendments to a minimum*
 - *Enter into new agreement*
 - *Excessive amendments breeds opportunity for error*
- **Controllability**
 - *Use terms that can be easily managed*
 - *Internal systems can be constraints*

C. Keeping Your Money

Key Actions

- **Focus on the revenue cycle**
 - *Reversed from typical hospital usage*
 - *Optimizing cash outflows vs. cash inflows*
- **Model contract before execution**
 - *Sets benchmark*
 - *Ensure profitability*
- **Expend resources on implementation**
 - *Load contracts correctly*
 - *Test contracts before putting in production*

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Key Actions

- **Monitor contract performance**
 - *Investigate variances from benchmark*
- **Focus attention on potential high risk areas**
 - *Chargemaster protection*
 - *DRG calculation*
 - *Medical necessity*
 - *Emergent services*
 - *High-dollar procedures*
 - *Spine, experimental procedures*

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Key Actions

- **Focus attention on potential high risk areas**
 - **Authorization**
 - *Reconcile authorized vs. performed services*
 - *Review/modify pre-authorization services*
 - **Invoice clauses**
 - **Carve-outs**
 - *Ensure that proper rate is paid*
 - **Non-specific CPT codes/Lack of CPT code**
 - **X9999**
 - *Should rarely be paid*
 - *Automatic edit*

Key Actions

- **Focus attention on potential high risk areas**
 - **Annual escalators, changes in rate**
 - *Ensure calculation is correct*
 - *Ensure load is correct*
 - **CPT code updates**
 - *Ensure that adds/deletions are properly configured in system*
 - **Claims edits**
 - *Keep up to date*
 - *Document/track deviations from standard*
 - **Out-of-network claims**
 - *Direct contracting*
 - *Avoid rental networks*

D. Getting Your Money Back

Key Actions

- **Systematic audit of contracts**
 - **Look for clauses related to items in Section B**
 - **Greatest potential for recoupments**
 - **Chargemaster**
 - *Lack of notification*
 - *Long time frame for exposure*
 - **Incorrectly loaded rates**
 - *Multiple reasons*
 - *Unjust enrichment*
 - **Medical necessity/authorizations**
 - *Within allowed time frame in agreement*

Key Actions

- **Stratify findings by facility spend**
 - *Focus on high-spend facilities first*
 - *Treat multiple site entities as one entity for purpose of analysis*
- **Perform claims analysis**
 - *Determine potential overpayment*
- **Restratify by overpayment**
- **Engage legal counsel**
 - *Internal and external*
 - *Involve in interpretation of agreement*
 - *Involve in communications*

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Key Actions

- **Contact facility to request overpayment**
 - *Verbal to begin if relationship is appropriate*
 - *Written if necessary*
- **Negotiate**
 - *Be prepared to file arbitration if necessary*
 - *Process can be lengthy*
- **Withhold payment if allowed under agreement**
- **Calculations can vary**
 - *Assumption dependent*
 - *Determine target settlement amount*

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In summary...

- **Follow the Four C's of Contracting**
- **Focus on high risk claims processing areas**
 - **Ensure that proper resources are allocated to implementing and administering contracts**
- **Look for opportunities to recoup payments**
- **Be prepared to negotiate.**

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Closing Thought...

**'The gods perceive
things in the future;
ordinary people
things in the present;
but the wise perceive
things
about to happen.'**

Philostratus - 183 - 247

**"We live our life in
chains and never
know
we have the key."**

"I'm already gone" . The Eagles

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Questions ?

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