

A photograph of two healthcare providers, a woman and a man, wearing blue scrubs and surgical caps. They are smiling and looking towards the camera. The background is a clinical setting with a grid of medical equipment visible on the right.

Emptoris Contract Management Solution for Healthcare Providers

An Emptoris White Paper

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HEALTHCARE PROVIDERS are challenged by rapid change, dynamic cost structures, and volumes of increasingly complex contracts. Provider organizations must demonstrate compliance with a range of regulations, including STARK, HIPAA and Sarbanes-Oxley. They must continually negotiate and actively manage the terms and conditions of their agreements with payers, insurance network organizations, and suppliers to improve profitability in the face of rising patient care and material costs.

Emptoris Contract Management is the healthcare industry's most comprehensive contract management solution, providing powerful contract administration, corporate visibility, and proven controls that dramatically reduce healthcare procurement and IT costs, improve the management of payer agreements, and ensure regulatory compliance.

Driving Regulatory Compliance

The Emptoris Solution drives compliance with regulations such as STARK, HIPAA and Sarbanes-Oxley by providing corporate controls over all contractual agreements. Automated contract creation and approval workflows verify that mandated clauses are included wherever they are appropriate. Managers are instantly alerted to any deviations from corporate standards. All such deviations, as well as all contractual obligations and material agreements, are documented in audit trails for adherence with disclosure requirements. By gaining control of the contract process Healthcare providers have the visibility and more importantly records needed to remain in compliance with federal and state regulations. By staying in compliance with regulations such as STARK and HIPAA the Healthcare Provider with Emptoris Contract Management reduces the risk for loss of critical revenue associated with programs such as Medicare and Medicaid.

Reducing Healthcare Procurement and IT Costs

The Emptoris solution enables providers to more effectively manage spending and negotiate more profitable supplier contracts. The enforced use of approved contract templates and language standardizes purchasing activity. In addition, automated contract negotiation and business approval workflows ensure executive oversight. Emptoris Contract Management drives more profitable deals by enabling providers to leverage existing contract data from a consolidated repository.

Emptoris Contracts enables providers to monitor supplier performance against their commitments to maximize the value and profitability of contracts. The Emptoris solution also provides controls to ensure that providers stay on top of their own obligations to suppliers. By notifying the right people of critical events, Emptoris Contracts protects providers against unnecessary penalties and missed revenue opportunities. The Emptoris Contract Management Executive Dashboard systematically tracks procurement operations and progress toward corporate spending goals. Healthcare providers can expect dramatic savings in purchases ranging from facility services, office and medical supplies to furniture, equipment leasing, real estate, and IT.

Mitigating Risk in Physician Contracts for DHS Providers

The complex and heavily regulated relationships that exist today between Physicians and Providers places even greater emphasis on the contracts between both parties. Having a contract management system in place that enables the Designated Health Services (DHS) Provider to show the CMS (Central Medicare and Medicaid Services) or OIG (Office of the Inspector General) that institutional controls are in place over these arrangements between Physician and Provider has become essential.

The Emptoris Solution enables the DHS provider to track all contractual arrangements that exist between Physician and Provider. Emptoris also allows the legal team for the DHS Provider to ensure that consistent language is being used across Physician agreements and that all arrangements conform to federal regulations around Anti-Kickback, Stark II and Stark III. Emptoris enables the provider to easily find contracts, report on contracts, have standard language and track any deviation from standard. Emptoris Contract Management also enables the DHS Provider to amend all contracts to take into account any new provisions such as changes to exceptions or new services covered that come into effect to ensure that all contracts remain compliant with Federal Statutes. The Emptoris Solution provides the Healthcare Provider an essential tool to mitigate the risk from non-compliance with the complex and evolving regulations that govern participation in programs such as Medicare and Medicaid.

Controlling Payer Agreements

Most healthcare providers struggle to proactively manage and optimize their contracts with payer organizations and insurance networks. Due to their limited visibility into contracts, they are often unaware of key contract terms and conditions. Furthermore, many providers lack standard contract terms and employ inefficient fragmented processes for negotiating payer agreements. As a result, dispute resolution is costly and time consuming. Too often, the outcome is sub-optimal from the provider's financial perspective. In addition, providers are frequently unable to optimize payer agreements at time of renewal.

Emptoris Contract Management increases healthcare providers' profitability by streamlining the payer contracting process and managing the high volume, complex, and dynamic nature of payer-to-provider contracts. The Emptoris solution tracks all payer contracts, standardizes creation of payer agreements, and allows providers to proactively optimize the key terms across payer agreements. Providers gain a comprehensive repository with fingertip access to all payer agreements. They also gain a direct link between the contract documents and day-to-day operational systems. Emptoris Contract Management provides healthcare providers with better processes and more favorable dispute resolutions.

Summary

Emptoris' customer is one of the largest healthcare organizations in the US, managing contractual relationships is an integral process in the day to day operations of multiple healthcare facilities. In the highly regulated health care industry, non-compliance can be devastating. Through strengthened processes, and the successful deployment of Emptoris technology, this healthcare organization was able to bring 45 hospitals live with Emptoris Contract Management. Thereby improving contract controls and reducing risk in their contracts management process.

About The Customer

They are one of the largest healthcare organizations and they operate a network of hospitals throughout the United States. They provide hundreds of outpatient clinics and facilities, long-term care facilities, and numerous home health programs and senior living communities across 7 states.

Operating in the complex healthcare space, they have contractual relationships that drive the organization. As with any organization, they hold contracts with their suppliers for critical medical supplies such as pharmaceuticals, equipment, etc . Just like any other hospital network in the US they are also governed under the US Federal Stark Law, therefore contracts with independent contractor physicians, and due to policy, employed physicians must also have written contracts. In addition, they must keep contracts with the large insurance agencies as part of the complex healthcare claims process.

The Challenges:

The complex web of contracts created several areas of risk. Emptoris' customer ran the risk of supplier contracts automatically renewing without alerting supply chain organization. The organization would therefore lose the opportunity to renegotiate or cancel the relationship, thus increasing their costs.

With the physician contracts, this customer risked having agreements expire without prior warning. As part of the rules of Stark, this organization must have a contract that contains provisions that conform to US Federal requirements with any physician that works at any of the organization's hospitals, clinics, etc. If they are unable to prove that a written, signed contract exists in the case were an audit may have been performed, there are fines and the possibility of being excluded from participation in the Medicare/Medicaid billing. This would put at significant risk the revenue associated with those federally funded Programs.

Like many organizations, this customer struggled to enforce standard contractual language. Often contracts would be created using older language with missing Terms and Conditions or potentially out dated language with Terms and Conditions that were no longer consider to be best practice.

Our customer's current portfolio processes created the potential for lost savings and put the organization at an unacceptable level of risk.

Implementing the Solution:

By implementing automated contract management from Emptoris, this organization was able to address their needs. Today, they are able to quickly report on all contracts that are coming up for renewal. This allows the supply chain organization to plan appropriately. Giving them the time to decide on whether to renew, renegotiate or cancel contracts, leading to cost savings benefits for the entire procurement organization.

Compliance with Stark was successfully achieved by integrating Emptoris technology with existing processes. All physician contracts are stored in a single repository; Emptoris' customer can quickly ascertain if a contract is going to expire, and can quickly remedy the situation. Compliance with Stark enables our customer to remain in valuable revenue generating programs such as Medicare and Medicaid.

Finally, by authoring contracts through Emptoris, our customer was able to ensure that all new contracts were using the most current language, eliminating any risk of missing terms. As regulations change, our customer is able to update their contract templates to reflect the most current terms and conditions. Ensuring all new contracts contained only the current best practice contractual language.

Adopting the Solution:

Emptoris' customer would not have been able to realize these benefits without a successful deployment of Emptoris to each of their healthcare organizations. Often overlooked, the adoption of technology is as critical as the technology selection process in addressing the needs that exist in an organization.

Our customer chose to use a phased deployment strategy focusing one critical business process in one healthcare group, proving the success of the solution and then moving on to the next organization. The focus of the initial phase was on gaining control of physician contracting process, then moving on to the other types of agreements.

Our customer's goal with the deployment was to empower each organization in its network to be able to use the system on their own, with little or no assistance from central IT group or Emptoris.

Training was an integral part of the adoption of Emptoris, and involved working closely with contract managers at each organization to appropriately align Emptoris with their day to day responsibilities.

The Results

The results for our customer have been impressive. In less than 2 years, the entire network of 45 hospitals across the United States, have gone live with Emptoris Contract Management. Users are saving significant amounts of time researching contracts and by bringing the entire network into compliance with federal regulations such as Stark our customer has been able to reduce risk for organization as a whole.

Key Benefits of Emptoris Contracts for Healthcare Providers

Drive Regulatory Compliance

- ▶ Address STARK, HIPAA and Sarbanes-Oxley with out-of-the-box controls
- ▶ Demonstrate compliance with enforceable controls and fully-documented audit trails
- ▶ Enforce the use of standard clauses for compliant agreements
- ▶ Ensure approval of all material agreements by the right people at the right time
- ▶ Alert appropriate personnel to events that require specific filings or actions

Reduce Healthcare Procurement and IT Contract Costs

- ▶ Eliminate “maverick” contracting and spending
- ▶ Improve profitability through use of standard contract templates, procedures, and existing contracts
- ▶ Manage supplier commitments by tracking compliance with negotiated terms, volumes, and discounts
- ▶ Avoid penalties and missed termination dates by managing obligations to suppliers
- ▶ Monitor and manage procurement workload, spending under contract, and vendor performance

Mitigate Risk from Physician Contracting Process

- ▶ Gain complete visibility and control of all contracts and arrangements with the Physician or Practice
- ▶ Enforce language consistency in Physician agreement terms and clauses to ensure compliance
- ▶ Simplify the roll out of new terms and clauses related to changes to Federal Statutes
- ▶ Demonstrate to the CMS and OIG that institutional control is in place over physician agreements
- ▶ Avoid the penalties of non-compliance with Federal Regulations such as Anti-kickback, Stark II and Stark III

Control High Volume and Complex Payer Agreements

- ▶ Gain complete visibility into all payer contracts
- ▶ Standardize payer agreement terms, clauses, and processes for better margins
- ▶ Streamline the approval and negotiation processes
- ▶ Drives billing and accounting enterprise systems with accurate and timely data
- ▶ Monitor payer performance and plan profitability



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About Emptoris

Emptoris®, an IBM® company, is a world leader in strategic supply, category spend and contract management solutions that enable companies to maximize financial performance and optimize commercial risk. The company's suite of award-winning and industry-recognized sourcing, contract management, spend analysis, supplier lifecycle management, services procurement and telecom expense management solutions are successfully used by Global 2000 companies. For further information, visit www.emptoris.com.



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