OPTUM 360°®

Five critical evaluation factors for a contract management and modeling solution
A resource guide to guarantee the profitability of your payer contracts

Five critical contract management system evaluation factors

Do you worry that your contract management and modeling system is not sophisticated enough to handle the growing complexity of payer contracts? With enhanced data, could you better negotiate contracts? For your current contracts, is revenue slipping through the cracks of your denial management process?

If you answered yes to any of these questions, it is time to consider whether there is a better contract management and modeling solution to guarantee the profitability of your current and future payer contracts.

The goal of this resource guide is to share five critical evaluation factors that take priority during the hundreds of conversations Optum360® experts have with health system executives every year concerning their contract management systems (CMS).

What is included in the resource guide?
- Five evaluation factors when considering a new contract management system
- A sample functionality grid for comparing different systems/vendors
- Contract and payment compliance solution RFP criteria

Who should use the resource guide?
- CFOs and hospital leadership within revenue cycle and managed care will find this resource guide useful in evaluating whether their current contract management and modeling tools can address the growing complexity of today's contracting landscape.
- Additionally, individuals leading contract management and modeling vendor evaluations will find value in the provided RFP criteria and functionality grid.

As the contracting landscape becomes more complex and health systems continue to grow, health care finance leaders struggle to work with disparate revenue data sources, limiting visibility needed to ensure profitable payer contracts.

As a result, leaders at best-practice organizations are seeking "one version of the truth" for contract modeling, collections and analysis. For those considering implementing a new contract management and modeling system, Optum360 experts have identified the following five evaluation factors.

1 Contract analytics and contract management

Maintaining an accurate inventory for your expected reimbursement contracts is the crucial first step in selecting a contract management system. First, review the management capabilities to ensure your negotiations are well prepared. Review any potential system's ability to support contract negotiations and renegotiations through contract modeling of a multitude of different rate methodologies. Second, look for systems with robust calculation engines that are able to handle stop loss and outlier scenarios, in addition to any other complex logic. Third, based on your organization's structure, select a system that can handle professional and hospital-based claims in addition to government and commercial contract types. Finally, ensure any potential system has the functionality to perform bulk calculation and recalculations to accommodate updated payer terms and claim corrections.

2 Service and implementation support

Training and implementation can be one of the largest hidden costs to your contract management tool selection. Because contract management tools require a significant amount of data in order to effectively calculate rates, untimely and lengthy implementations can put your initial return-on-investment at risk. First, consider the length of time and level of expertise for your contract management implementation. Next, ensure your organization has a clearly defined scope for which contracts, notes or contractual adjustment files will be built as part of the initial go-live. Finally, think strategically about your training program. Ensure that comprehensive training for your staff is part of any implementation considerations to ensure your organization can self-support your potential systems long term. Initial in-depth training prevents high-cost support and consulting services over time.

3 Denials and payment variance workflow

An agile denials and payment variance workflow that supports both managerial decisions and front-end collections is essential. When evaluating companies that provide contract management and modeling systems, look for a partner that proactively shares market intelligence and industry best-practices recommendations. Ensure standards are in line with competitors', and capitalize on the opportunity to implement new rules and benchmarks. Don't revert to old procedures simply because that is the way it has always been done. Equally important is the business intelligence supporting front-end collections. A new contract management system should increase automation, ensuring issues are driven to the right person right away. Finally, when implementing a new workflow, the system must have flexibility to handle process changes over time.

4 Reporting and management

The most versatile contract management and modeling system provides not only trend reporting and analysis, but coordinates seamlessly across departments. With multiple stakeholders accessing the system, reports that support each function are key. Summary reports should roll up both facility and systemwide data and provide executives strategic insight. Productivity reports, as well as account and claim level reports, should ensure that end users maximize efficiency in their collection efforts. Managers need easy, dynamic access to reports that provide both a global revenue perspective and the ability to drill down to the root cause in order to facilitate proactive course correction. Look for systems that offer customizable reporting solutions that let end users interact to create and filter their own reports.

5 Expertise and analytical support

Finally, it's important to consider the experience and expertise provided by your contract management and modeling system vendor. Many organizations have installed a good working system and then failed to see a return on investment. A broad, deep team of experts from your CMS partner is essential to achieve rapid results and long-term success. Avoid stumbling under suboptimal training and processes and ineffective change management. Make certain that your vendor's team includes an experienced implementation leader, contract analysts, programmers and terrain experts that will provide ongoing support and best practice recommendations for payer relations, contracting and payment defect management.

Contract management solution guide
(Vendor comparison chart)

Overall solution usability and functionality	Solution 1	Solution 2
Fully integrated solution that spans contract modeling, collections and analysis, seamlessly integrating data spanning: • Across all data sources (patient accounting, 835, 837, chargemaster, etc.) • Across all entities (hospitals, physician practices, rehab, etc.)		
Access to ongoing support from a terrain expert and conduits to industry expertise on payer relations, contracting and payment defect management		
Access to a network of peer hospitals to drive performance improvement through best-practice sharing and networking opportunities		
Flexible technology platform to match your existing workflow or industry demonstrated best practices		
Unlimited customized report writing, rules creation and tripwire establishment based on workflow needs and best practices		
Fully automated identification and tracking of denials and underpayments, with easy work-list functions for managerial oversight and governance		
Regular educational teleconferences focusing on best-practice sharing as well as technology maximization		
Developed using world-class technology (including Oracle, Java or IBM WebSphere®)		

Denials and payment variance workflow	Solution 1	Solution 2
Managerial decision support		
Provides trend reporting and analysis, rolling up facility and systemwide data, detecting outliers and anomalies		
Automatically flags all variances in underpayments and denials into user-defined categories that generate automated work lists, ensuring issues are driven to the right person right away		

Denials and payment variance workflow (cont.)	Solution 1	Solution 2
Managerial decision support (cont.)		
Automated tripwires flag issues and ensure appropriate corrections		
Managers can automate prioritization of accounts to prioritize user workflow, ensuring institutional focus on the right issues		
Decision support provided to managers by tracking activity and productivity on accounts to ensure collectors are conducting meaningful actions		
Benchmarking of user efficiency as well as appeal and recovery effectiveness		
Ability to store and categorize custom fields (e.g., root cause codes might be assigned to determine root causes of payment defects)		
Flexible and powerful security settings ensure appropriate access across facilities and departments		
Expansive data sets and powerful analytics combine to allow for simple and customized reporting		
Supporting front-end collectors		
Batch claims for bulk appeals of small-dollar claims by payer, dollar amount, root cause, etc., to increase workflow efficiencies for collectors		
Automation of workflow steps, including the creation of follow-up communications (e.g., letters) using payer-specific templates		
Trending capabilities and shared workflow between users to increase access to institutional best practices and automate efficiency		
Ability to capture and track secondary payer performance and obligations to drive payment integrity across all claims		
Can post collections and promise payments directly into the system for easy tracking and reporting		

Service and implementation support

	Solution 1	Solution 2
Intensive training schedule using in person and web-based sessions to enfranchise end users		
Regular cohort best-practice sharing and networking teleconferences		
Contract experts to help with: • Loading contracts during implementation • Interpretation of contracting terms • Contract reviews		
On-sites during and after implementation and training to provide: • Audit of workflows and processes to share best practices and increase efficiencies • Proactive identification of bottlenecks and other areas of opportunity		

Calculation engine

	Solution 1	Solution 2
Accurately calculates expected reimbursement for: • Inpatient and outpatient claims • Professional and institutional claims • All payers including government and commercial		
Identifies both underpayments and denials without false positives		
Finds and flags false negatives (i.e., claims that were billed incorrectly but paid appropriately per erroneous bill)		
Automatically seeks out discrepancies between the 837 records and the patient accounting detail, calculating expected reimbursement from both sets of data and flags variances for review		
Safeguards against human or internal system errors that cause claims to be submitted inappropriately by calculating against 837s and patient accounting detail and comparing variances		
Categorizes and groups specific areas of contractual noncompliance for informed analysis by applying custom rules and logic to each variance		

Calculation engine (cont.)

	Solution 1	Solution 2
Constantly searches historical claims data for revenue leakage as system models are refined and new information is acquired • Tracks history of expected reimbursement by storing unlimited multiple account calculations		
Calculates: • State tax where applicable • Late payments based upon defined interest values • Amount due from secondary payer		
Flags potential denial errors on claims before they are submitted, allowing for intervention preventing wasted time on back-end processes		
Manages special transfer rates and variable per diems through built-in DRG calculation methods		

Contact analytics/contract management

	Solution 1	Solution 2
Calculates and models exact value of contract terms based on adjusted or inflated charges to provide industry leading visibility into appropriate reimbursement including: • Accurate projection of contract reimbursement and yield • Correct calculation of stop loss and charge-based rates in model scenarios • Modifies chargemaster input to provide clear assessment		
Processes complex contract terms to create accurate models by applying unique analysis of UB-04 and CMS-1500 data on a claim-by-claim level		
Stores templates of preferred and preapproved contract terms to create more robust contracts		
Maintains templates of preferred or preapproved contract terms and rate schedules for future reference or use		
Increases access to information by providing each user with a full electronic repository of contracts with word search capabilities • Includes electronic summary of key contract terms		
Contract experts provide professional input of contract terms to reduce input mistakes and stem revenue leakage		

Contact analytics/contract management (cont.)	Solution 1	Solution 2
Supports efficient input of fee schedules and rate tables directly through Excel		
Provides support to model traditional fee-for-service contract terms as well as new episodic and value-based opportunities		
"Blends" claims together from disparate sources into an episode of care in order to support bundle analysis		
Provides industry-standard rate schedule structure to support value-based contract language		
Allows customer, vendor, or both, to set up and maintain contract models to aid negotiations using static or dynamic data sets, driving value by: • Directly comparing value of a proposed contract to the value of the current contract, broken down by service category with drill-down ability • Side-by-side analysis of the impact of proposals and contracting terms to allow for informed negotiations • Storing calculated scenarios where they can be easily accessed and adjusted during negotiation to quickly see the impact of a change in terms		
Tracks and issues reminders regarding contract renewals, rate changes and certain other deadlines		
Maintains a history of billing/collections and other operational incidences within contract records to be used for future negotiations and contract clarifications		
Stores drafts of contracts, amendments and correspondence related to negotiation of contracts		

Reporting/management	Solution 1	Solution 2
Data on productivity and effectiveness for all denials and underpayment management staff stored in a single system allows for data amalgamation • Full automation allows for reports to be regularly scheduled or ad hoc • Over 1,500 variables available in the ad hoc report solution to provide complete flexibility in meeting all reporting needs		
Automatically identifies trends in underpayments and denials by **payer, staff, facility** Quantifying revenue leakage and comparing noncompliance by **payer, issue, contractual term, trends over time**		

Reporting/management (cont.)	Solution 1	Solution 2
Tracks recovery efforts against incidences of revenue leakage, allowing managerial insight into effective follow-up strategies for collectors • Automatically shares effective templates and approaches between collectors		
Automatically generates worklists for collectors based on manager formula designating likelihood to rectify, to ensure institutional focus on "low-hanging fruit" • Reminders and tripwires automatically communicated by email		
Generates insight by providing a full set of standard reports, with drill-down capabilities; customized reports available if needed		
Provides ability to report on any and all data from the patient accounting system		
Exports reports to Excel or PDF for easy usage		

Contract and payment compliance solution RFP criteria
What should we consider when selecting a vendor?

Writing an effective RFP

Every organization is unique and faces different challenges. As a result, choosing the right partner can be a challenging and laborious process. Without proper review, investments are sometimes made without a complete understanding of the differences in design, fee structure, intended use of the tool, level of pre- and post-implementation support, and the impact the solution will have on the organization as a whole.

Key questions to ask

The following collection of questions is intended to serve as a resource for the evaluation of contract management and payment compliance business intelligence tool vendors.

Company overview

- Provide a general overview of your organization, including: the nature of company ownership (i.e., privately or publicly held), number of employees and the year the organization was founded.

- Provide a brief history of your organization.

- Provide your organization's philosophy.

- Provide a copy of your latest annual report.

- How many hospitals use your organization's solutions today?

- How many hospitals currently use your system?

- Describe the scope of services and support offered by your organization.

- Describe any business relations that your firm currently has or has had with [HOSPITAL].

- Explain your organization's experience in the health care industry.

- Provide a list of three client references.

General vendor background information

Product overview

- State name of proposed product.

- Provide an overview of the proposed system.

- Describe what differentiates your product from your competitors' products.

- Describe the quantifiable benefits [HOSPITAL] will achieve by implementing proposed system.

- Describe your vision and strategic direction for the proposed system.

- Describe the user interface and usability of your solution. How do end users access the information within the solution?

- Describe the type of workflow this solution provides.

- Note desktop requirements for web access.

Project planning and implementation support

- Provide an implementation timeline.

- Provide recommended resources required of [HOSPITAL] during implementation.

- Describe your project management services pre- and post-live.

  — Is the project manager's time included in the contract price?

  — Is the same project manager assigned throughout the full implementation?

  — Is there a time restriction placed on the project manager's availability on this project?

  — Describe vendor personnel required to implement and maintain your system.

- Describe training provided for tool. Will it be conducted on site or off site?

- Describe all support materials will you provide [HOSPITAL].

- Describe ongoing support.

- Do you provide a user group that allows clients to exchange information?

System design

- What is the name, release/version of your system?
- What is the maximum number of concurrent users?
- How is your solution licensed?
- Describe process for requested changes, feature upgrades.

Reporting

- Provide a list of all standard system-generated reports for the proposed system.
- Describe custom reporting capabilities.
- Does the tool provide access to raw data and the ability to export?

Data integration/interfaces/databases

- What systems does your system interface with?

System security

- How does your system comply with HIPAA?
- How many levels and what types of security does your system provide?
- Describe the system password policy.
- Can audit trails be produced to identify all users who have used a selected function, all activity of a given user and areas that were accessed?
- Describe system backup process and disaster recovery plan.

System support

- How is the application maintained?
- Describe the support provided for your system.
- Describe the hours of support. Is support available 24 hours a day?
- Is support included in system cost?
- Describe planned releases and upgrades.
- What is the frequency of patches, updates and new releases?
- Are future enhancements included in the system cost?

Functional requirements

Contract management

- Describe the tool's contract management capabilities (e.g., the ability to be notified when a term is ending, when negotiations should begin, etc.)
- Describe how the tool can be used to assist with contract negotiations.
- Describe the process for loading payer contract payment terms.
- Can new contract provisions be created? Describe the process.
- Does the system have the ability to calculate reimbursement at the claim level?
- Does your solution maintain contracts?

- Does your system accept both hospital and professional claims?

- Describe how your system captures notes.

- Describe how your system identifies overpayments and underpayments.

- Can work lists be created or do they come standard within the application?

- Can appeal letters be generated at the claim level?

- How are accounts flagged for appeal follow-up?

Contract modeling

- Describe your process for modeling contracts.

- Can contracts and contract terms be copied from production?

- Does the modeling system have the same functionality as the production system?

- How is the modeling population created?

- Does the tool account for stop loss and outlier calculations?

- Does the tool have the ability to model hospital and professional reimbursement?

- Describe your system's ability to support contract negotiations and renegotiations through contract modeling of a multitude of different rate methodologies.

- Does reporting provide details to assist in future contract negotiations?

Denials management

- Describe the denial flow within your system.

- Are work lists automatically populated based on the 835 interface information?

- Are denials identified at the line-item claim level?

- Are productivity reports available by authorized users?

- Describe your system's ability to integrate appeals and denials processing.

Underpayment management

- Describe your process for underpayment management.

- Can payment variances be based on contractuals and/or payments?

- Can payment variances be assigned to users based on rules/work flow? Describe in detail the workflow engine.

Billings and collections

- Supports contractual adjustments on an automatic basis at the time of billing or payment.

- Automatic claim pricing at contract rates.

- Generation of past due notices and exception reports.

- Calculation and administration of late payment penalties.

Pricing

- Describe how the product will be licensed to [HOSPITAL] (e.g., per user, enterprise, etc.).

- Provide costs for implementation, ongoing support and upgrades.

About Optum Payment Integrity Compass
Better, faster and stronger technology

While the capabilities of most payer management systems today are outstripped by current and future reimbursement challenges, Optum® Payment Integrity Compass incorporates people, process and technology to help you reach a new level of payer performance.

$3M–$7M

left unclaimed annually by an average 350-bed hospital

What makes Optum Payment Integrity Compass different?

Optum Payment Integrity Compass calculates current expected reimbursement, models future contracts, manages underpayments and denials and provides detailed reporting. While other platforms perform elements of these tasks, we at Optum360 work to ensure that Optum Payment Integrity Compass stands out from other contract management systems in several ways:

1 Model contracts with precision and speed

Optum Payment Integrity Compass allows you to achieve unrivaled precision by modeling any rate schedule against any patient population, any chargemaster or new groupers. Efficient processing enables you to rapidly evaluate and iterate on models, enabling real-time evaluation of payer proposals and allows you to design favorable counter proposals.

2 Boost workflow efficiency to collect more dollars

Set up rules to detect every known payment issue, group like claims together and eliminate significant manual effort. Appeal claims in bulk and automate the creation of documentation to accompany grouped claims. Our detailed workflow also coordinates seamlessly across departments to overturn more denials and increase underpayment recovery on even the smallest variances.

3 Powerful reporting and analytics

Optimize performance by utilizing standard reports designed to identify trends, analyze revenue leakage and assess noncompliance by payer, issue and contractual terms. Available variables (1,900+) include all data elements from your patient accounting system and reports and analyses can be scheduled for regular processing or run on demand.

4 Dedicated experts drive lasting change

A broad, deep team of experts ensures rapid results and long-term success. Your team includes an implementation leader, contract analysts, programmers and technical support staff ready to help train users, identify opportunity, drive rapid results, track returns and ensure continuous improvement.

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