



highlights

Quickly modeled true impact of payer's rate on reimbursement

Recouped \$100,000 in potential lost revenue through true-up with payer

Expects to gain or recoup additional ~\$500,000 within the fiscal year

To learn more about how to impact contract management at your organization, visit stratadecision.com

impact story

Automating Analysis of Payer Performance Resulted in \$100,000 Saved in Recoup

problem

Unable to Track Underpayments and Address Unfavorable Variations

Health systems across the U.S. have been on a growth spree. Acquiring or merging with other organizations can result in economies of scale that can be leveraged in negotiation with payers and vendors, but it can also incur significant financial risk. During the transition phase of forming the new organization, there are often multiple information systems and business units running in parallel. Big problems can easily go unnoticed. The result: lost revenue, unchecked expenses, and negative impact to the bottom line.

Like many health systems across the country, this integrated delivery system in the southeast has grown rapidly through acquisition. Almost 12 months after the acquisition, a major payer realized they had been inadvertently paying the newly acquired hospital at the larger, tertiary care hospital's rates, which were significantly higher. Rather than to offer a take-back, the payer decided to reduce the rates of reimbursement for the system over the following year.

The payer proposed a reduction in rates that seemed on-par with the overpayment, but the organization needed to determine whether this offer would impact their reimbursement.

play

Model Payer Terms Accurately and Compare Against Reimbursement Issues (DS 401)

Leveraging StrataJazz® Contract Analytics and Strata-as-a-Service to augment their team's capacity, the

organization was able to quickly model the impact that the payer's proposed rate change would have on their reimbursement. With a few clicks, they discovered that the payer's proposed rate would have a larger impact on reimbursement than what would only correct the overpaid amount.

impact

Sustained and Growing Top-Line and Proactive Margin and Net Revenue Analysis

Armed with this information, the health system was able to negotiate a more favorable rate and recoup the approximately \$100,000 in anticipated lost revenue from the first proposal. The organization has continued to evaluate payer terms, rates, and financial impact and expects to gain or recoup approximately \$500,000 within the fiscal year.

Applying detailed contract terms to actual patient experience to model financial impact, the organization has been able to conduct data-focused negotiations and avoid rate cuts that would negatively impact their margin. As this organization continues to add additional organizations to their growing system, they have begun conducting detailed payer analyses as part of their regular processes.

Along with Strata as a Service, the finance team routinely looks for overpayment, underpayment, and extreme rate differentials for newly acquired organizations. They are improving payer compliance to contract terms, avoiding downstream "surprises" that could negatively impact their financial performance while growing their net revenue.