



## Healthy Contracts Contract Management Software and Service: A Tool to Manage Contracts, Mitigate Fraud and Eliminate Waste and Abuse In Third Party Contracting

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Contracting with third party entities accounts for one of the highest cost expenditure for healthcare facilities, second only to employee costs. An organization's contracting processes also introduce a considerable amount of regulatory risk into what appear, on the surface, to be common day-to-day tasks. Taking proactive measures including increasing access and visibility as well as establishing controls for contract management operations not only saves an organization's money but greatly reduces the risk of violations and non-compliance of the laws, regulations and standards that they are required to operate within.

### **Cost and Compliance Issues Arising from Contracting**

While the Affordable Care Act (ACA) includes a handful of new antifraud provisions, it has failed to address many issues raised by the Office of Inspector General, Government Accountability Office (GAO), and members of Congress from both parties. For example, the administration has not completely addressed GAO recommendations related to clarifying the roles and responsibilities for implementing certain contractor oversight responsibilities, clearing a backlog of contacts overdue for closeout and finished its investigation of over \$70 million in payments GAO questioned in 2007. While the Congressional Budget Office (CBO) has estimated the Act's anti-fraud provisions would save about \$5.8 billion over the next ten years, that is less than one percent of the expected fraud against federal healthcare programs during the same period.

Through better contract management of their covered and uncovered healthcare professionals and contracting third parties, the second highest cost to healthcare facilities second only to employee expenditures, hospitals can dramatically enhance their compliance of enforced laws, such as the Stark anti-self-referral laws while simultaneously preventing unintentionally fraudulent, wasteful and abusive contractual practices. Better contract management also enables hospitals to enhance compliance with federal and state requirements to lower their operating costs.

### **The "Healthy Contracts Effect"**

Areas that Healthy Contracts has been proven to affect how hospital organizations control the prevention of fraud, waste and abuse are:

- **Physician/Vendor Payments** – By managing all contracts in Healthy Contracts, organizations can easily identify fraud and abuse focused within payments outside of contractual provisions to include over/duplicate payments to Health Care Professionals (HCPs), Fair Market Value (FMV) outlier payments, payments on expired or unsigned agreements and payments on expired/unenforceable contracts.



- **Service/Material Vendors** – Healthy Contracts gives administrators a powerful tool which identifies waste by managing fees, accelerator provisions, end of term cost increases and by providing all the data necessary to consolidate/standardize vendors and services, resulting in lower costs. Healthy Contracts eases the evaluation of service providers contracted for same/similar services and helps to identify multiple agreements with the same vendor, allowing for weighted scales of economy when negotiating aggregate rates.
- **Compliance with Joint Commission Contract Language and Monitoring Requirements** – Custom fields within the solution enable administrators to document an unlimited array of standards of care performance measurement details, which enhance reporting capabilities and demonstrate an organization's adherence to Joint Commission leadership standards, LD.04.03.09 requirements and CMS Conditions of Participation. Quality monitoring of clinical and nonclinical contracts, results in reduced waste and increased effectiveness of overall operations at the fiscal level.
- **Business Associate Agreements** – Managing the Business Associate and Covered Entity Relationship required by the Office of Civil Rights (OCR) according to the ACA is complex. Healthy Contracts provides logical relational organization structures designed specifically to manage this very important requirement.

## **Healthy Contracts Web Based Electronic Contract Management Service**

The effectiveness of an electronic contract management system is significantly improved if that functionality is made available as a Web-Based application. Web-based contract management allows organizations to widen access to the solution and streamline their processes while decreasing costs and dependence on staff for support and maintenance.

## **Healthy Contracts and Corporate Integrity Agreements (CIAs)**

Healthy Contracts provides direct support and solutions to address specific areas of concern covered in Department of Health and Human Services (HHS) Corporate Integrity Agreements (CIA).

Organizations typically will utilize Healthy Contracts to perform the following requirements:

- Creating and maintaining a database of all existing and new or renewed Focus Arrangements\*, that shall contain the information specified in the Focus Arrangements Databases
- Tracking remuneration to and from all parties to each Focus Arrangement
- Tracking service and activity logs to ensure that parties to the Focus Arrangement are performing the services required under the applicable Focus Arrangement
- Monitoring the use of leased space, medical supplies, medical devices, equipment or other patient care items to ensure that the applicable Focus Arrangements' use is consistent with the terms of establishing and implementing a written review and approval process for all Arrangements. This includes but is not limited to a legal review of Focus Arrangements by counsel with expertise in the Anti-Kickback Statute and the Stark Law as well as appropriate documentation of all internal controls. These measures help ensure that all new, existing and/or renewed Arrangements do not violate the Law



# Healthy Contracts™

CONTRACTS MANAGEMENT FOR HEALTHCARE

- Requiring the Compliance Officer to review the Focus Arrangements Database, internal review and approval process, and other Arrangements Procedures on at least a quarterly basis and to provide a report on the results of such review to the Compliance Committee
- Implementing effective responses when suspected violations of the Anti-Kickback Statute and Stark Law are discovered, including disclosing Reportable Events and quantifying and repaying overpayments when appropriate Hospitals that have found themselves in violation and subject to CIAs relative to Agreements/Arrangements understand that having a centralized, real-time and on-demand functional database with enterprise access to “One Version of the Truth” is the cornerstone to compliance with the legal, moral and fiduciary responsibilities they are faced with daily.

## Summary

Visibility and controls are the first steps in managing day-to-day contractual terms and provisions between hospitals and physicians/vendors. Having the ability to predetermine the elements by which agreements are regulated and proactively manage these elements greatly reduces risk of violations and non-compliance of the laws, regulations and standards which hospitals must follow. The use of web-based applications allows organizations to streamline the deployment of these best practices across all lines business, helping to ensure the incorporation of compliance and broaden the reach of accountability.

*\*<sub>1</sub> Focus Arrangements refer to every Arrangement between an entity and any actual source of healthcare business or referrals to that entity and involves, directly or indirectly, the offer, payment or provision of anything of value.*

## About Healthy Contracts, Inc.

Healthy Contracts is a leading contract management service provider serving the healthcare industry exclusively. The company addresses many of the regulatory concerns faced by healthcare relative to Medicaid and Medicare compliance by providing tools and best practices via software and services.