# Management Services Organization Expedites Vendor Due Diligence, Benefits Business



**A large management services organization (MSO) sought to identify and implement a new utilization management (UM) referral and authorization system to better link to the existing providers' medical record (EMR) systems. This effort would improve users' ability to select in-network providers.**

### Problem to Solve

As part of its work managing payer utilization and claims, a large management services organization (MSO) sought to identify and implement a new utilization management (UM) referral and authorization system to better link to the existing providers' medical record (EMR) systems. This effort, which would reduce the risk of continuing to use and support an existing home-grown UM system, would improve users' ability to select in-network providers and reduce out-of-network leakage.

The home-grown UM system was showing its age, requiring an ever-increasing bandwidth of internal users and IT staff members to identify, custom-build, and test needed system improvements. In addition, the system required providers' offices to double-enter referral and authorization requests into two systems and did not offer enough guidance to help users select providers in the correct networks or in the best geographic area for members.

Lacking the internal bandwidth and expertise to properly assess and identify an optimal UM vendor, the

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Management Services Organization turned to Freed Associates (Freed) to address two principal needs:

- Analyze viable UM system vendors, recommend a “best match” vendor, and prepare an initial implementation cost estimate and timetable
- Once a favored UM system vendor is identified, manage vendor due diligence, estimate total cost of operations for on-site installation and complete requirements and deeper dive demonstrations of key modules of the favored solution

Freed was selected for this work based on its experience in health care analytics, decision support, IT strategy and governance.

**Strategy**

The MSO and Freed initially identified more than 30 UM system vendors as potential candidates to address its needs. Based on user group meetings and an analysis of the MSO’s current and future database requirements, Freed identified more than 350 UM system functions crucial to the MSO’s business. This insight enabled the MSO to narrow its prospective vendor list to a select group of seven companies potentially able to provide the specific payer functions that the MSO actually needed for its new system.

After a vendor questionnaire request was completed, the MSO was able to narrow its focus down to the top three candidates. Freed analyzed each of these vendors, based on such criteria as number of successful system implementations, system features relative to the MSO’s requirements, and implementation costs and pricing for the first five years. The implementation costs and pricing included training, support, tool sets, interface assistance, industry standards and user ease of configuration.

Each of the three vendors then conducted on-site system demonstrations based on scripted scenarios related to the MSO’s needs. Final scoring, which included “cultural fit” considerations, revealed the preferred vendor.

Once the UM system vendor was selected, Freed worked closely with the MSO to further assess its information needs and requirements. This additional clarification allowed Freed to create a detailed workflow diagram for the system and its dependencies, as well as a schedule for deep-dive Q&A sessions and demonstrations by the vendor to confirm that the system aligned with the MSO’s needs.

This included a side-by-side comparison of the MSO’s current UM system with the selected vendor’s system to verify system functions and allay any fears at the MSO of decreased efficiency.

The additional refinement work with the UM system vendor allowed Freed to clarify its estimate of the MSO’s total cost of ownership. The total cost would include any new infrastructure builds required as well as any staff that would need to be added as a result of the implementation. Based on the UM system vendor’s proposed modules

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identified for installation, as well as its plans for vendor support and training, Freed completed a high-level implementation plan for the MSO.

**Results**

The process of identifying a preferred vendor for a new UM authorization and referral system focused the MSO's attention on its major requirements and plans. These requirements allowed the MSO to more objectively narrow its vendor choices and decide on a vendor more quickly and accurately than if it had attempted to do this work on its own.

Additionally, verifying the vendor's functionality and identifying any additional implementation issues and risks enabled the MSO's leadership to have more confidence in their decision. It also clarified both the implementation process and staffing needs for designing, configuring, testing and rolling out the new system. The MSO will now be able to set up a vendor contract with objective criteria for implementation timelines and completion.

**Conclusion**

Within a relatively short period of time, Freed was able to help the Management Services Organization gather and assess a massive number of criteria and information related to selecting a new UM authorization and referral system vendor. By determining and verifying its critical requirements and risks, the MSO was able to expedite its vendor selection process and build more complete and effective testing plans. The MSO is now able to plan for its staffing needs for UM implementation as well as the ongoing needs of its business teams for day-to-day operation of UM workflows.

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