

Health System Revamps Provider Network Contracting



A major health care system had repeatedly attempted to improve its downstream network contracting services. Prior initiatives to streamline operations and processes had stalled and revealed disparate operational processes lacking unity or standardization.

Problem to Solve

Just as hospital visitors may need wayfinding assistance to reach their desired destinations, so too might health care leaders require help to navigate organizational change.

A major health care system had repeatedly attempted to improve its downstream network contracting services – the provider network for several risk arrangements vital to the organization. Prior initiatives to streamline operations and processes had stalled and revealed disparate operational processes lacking unity or standardization. Rather than a single approach to downstream network contracting practices and decision-making, the function was managed across the entire organization independently.

For example, network contracting staff was duplicating efforts and applying insufficient and inconsistent analytical discipline and rigor to contract review processes. Teams would work from different base contract templates, which made standardizing even “simple” updates to contract language a laborious task. This non-standard approach created a ripple effect of duplicate and unique work for others in the organization.

Concerned with this dysfunctional status quo and reduced efficiency and effectiveness, the health care system’s

leaders realized they needed objective input to quickly resolve underlying issues and identify opportunities for improvement. Freed Associates (Freed) was engaged for this work, based in part on its baseline understanding of effective network contracting.

Strategy and Tactics

A successful network contracting strategy for a health care system typically requires deep knowledge and understanding of the local provider environment and relationships. There should be process consistency and standardization, such as with contract templates, as well as aligned incentives among all involved and a willingness to leverage existing expertise.

With this in mind, Freed began by interviewing approximately two dozen key stakeholders to determine what was working well and what was not within network contracting functions. This initial work was also important for gaining leadership buy-in and consensus throughout the project.

The initial assessment showed multiple opportunities for operational improvements in downstream network contracting, including improving processes and relationships across pertinent business units, creating a consistent data infrastructure and enhancing financial support. Big-picture, the organization needed a revamped governance structure to deliver more timely and accurate leadership and offer appropriate local market decision-making and staffing.

This work led to a new vision for aligning strategy and operations in downstream network contracting. This alignment would cross four major categories:

1. Network development
2. Contract administration
3. Contract modeling
4. Provider relations

The system's leadership mandated that functions would start working as a single organization across all roles, processes, and technologies. Held to new, specific key performance indicators, individuals and groups involved with network contracting would be accountable for service quality and commitment. Connections with those engaged in care delivery and central services were deemed of highest importance. All work needed to be synchronized across the key stakeholders.

Underlying this effort was a directive that no positions would be eliminated, and only minimal changes would be made to existing reporting structures. This would be a phased, deliberate approach to improve operations. Taking advantage of existing staff experience and expertise, Freed and the client worked to proactively enhance relationships and encourage knowledge-sharing among relevant staff, and minimize disruptions to existing work.

Freed developed an implementation plan for the client to follow.

Results and Conclusion

Freed's analysis revealed an optimal desired state for network contracting policy and procedures, and provided the organization's leaders with a strategic, sequential pathway for improving downstream operations. The client made plans to implement these recommendations, including adding a key new senior leadership position. This position would report to the head of health plan products, to oversee network contracting, and be responsible for realigning network contracting and ensuring consistently high-quality operations and processes.

A network contracting organization with these elements typically eliminates work duplication, gains better contract rate management, and improves the consistency of its market approach. For the health care system, the result of this work will be a more efficient, productive and cost-effective network contracting unit better-aligned with the organization's business goals.