



Insights In Healthcare Analytics: Questions you should ask before approving a provider contract...

When you are approving a provider contract, most of your concern, and rightly so, is focused on 'how much will this cost'. But when thinking about impact to cost, most people focus directly on the obvious factors that impact cost -- the changes in your per-unit prices. However, there are many other ways your costs might be impacted. And it's your job to think through these questions at the same time:

Inflation and strategic charge master inflation

- » How will inflation impact my costs?
- » What if inflation is larger than I project?
- » What will happen if a portion of the charge master is inflated to maximize revenue?
- » Which services are most likely to be targeted for greater inflation?
- » Have select services been strategically inflated in the past?
- » What percentage of costs are driven by billed charges vs fixed rate now vs my predictions?

Stop-loss and carve outs

- » How does my stop-loss threshold interact with inflation?
- » How many admits are near my stop-loss threshold?
- » What percentage of stop-loss claims are driven by carve outs?
- » What happens if I bundle carve outs into my base rates?

Benchmarks and comparisons

- » How do my surgery costs compare to Medicare's ASC or APC prices?
- » How much of a margin am I giving up in this contract?
- » How different is this contract from my preferred pricing arrangement?
- » Is this contract competitive?

Physician billed under max

- » Are any physicians billing less than my contracted max today?
- » How much of current savings will disappear after a new contract is in place?
- » How can I predict the cost impact of these lost savings?

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