

## Maximizing Value from Purchased Services

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No one knows whether the health care reform law will withstand the series of challenges that now confront it in the courts, Congress, and the states. But one thing is certain: Whether it's through decreasing fraud and abuse or increasing operational efficiency, the drive to cut health care administrative costs will continue, no matter how the health care reform battle turns out in 2011 and 2012.

As a result, we expect that health care payers (insurers, health plans, and self-funded employers) will keep increasing their use of purchased services through third-party administrators (TPAs), both

onshore and offshore, in an effort to reduce unwanted overhead.

For many, outsourcing makes a lot of sense in terms of jettisoning cumbersome, costly, and time-consuming tasks, processes, and functions. But once this decision is made, the work for health care payers just begins.

Indeed, payers who delegate administrative programs to outside entities have a huge responsibility to manage and analyze the results of their performance. Without vigilant oversight and sufficient accountability, these organizations are at considerable risk—and may

not realize cost savings that were expected. Despite this imperative, few health care payers effectively establish and manage the specifics of the outsourcing arrangement.

Unfortunately, it's in monitoring the complex provisions that the problems begin. Crafting contracts (such as purchased services agreements, or PSAs) clearly, concisely, and unambiguously—so that all parties understand what's expected—is the best first step toward making these relationships work. It's also important to make sure each condition in a PSA is measurable and that everyone agrees on the right measurement methodology and approach. Without these fundamentals in place up

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## **LETTERS TO THE EDITOR**

If you have questions or suggestions regarding the News and its contents, please reply to [dpeel@cahcnews.com](mailto:dpeel@cahcnews.com).

# Letter from the Publisher and Editor



Dear Reader,

We greatly appreciate the response received to last month's call for healthcare management articles. We received over a dozen article commitments from our readers and will incorporate them into our content over the next few months.

The articles we publish are 750 words and include a 100 word biography of the author. We also publish the author's high resolution, full color portrait. Some of our articles are published online while others are also published in the print edition of the California Healthcare News.

Although we regularly publish content from healthcare industry consultants and vendors, last month's call was specifically addressed to employees of hospitals, clinics, provider organizations and health insurance companies.

If you work for a hospital, clinic, provider organization or health insurance company, and are interested in having your healthcare management article published in the California Healthcare News, contact me at [dpeel@cahcnews.com](mailto:dpeel@cahcnews.com) for specifications and deadlines. Until next month,

*David Peel, Publisher and Editor*

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## &lt; Value, from P1

front, the likelihood of under-performance and litigation increases significantly.

Furthermore, PSAs between purchasers and administrators are extremely complex and particularly hard to manage. The purchaser must also identify, and be aware of, the high-risk areas that can cause huge problems down the road. And it helps considerably if the purchaser has a dedicated staff with the appropriate level of managed care experience to monitor the administrator's performance and adherence to contracts. In fact, this is crucial, because even the smallest errors can lead to millions of dollars in unwanted—and unexpected—costs.

Key questions to consider as a PSA is being developed include:

- What provisions should you incorporate into the agreement?
- How do you keep the agreement simple but effective?
- How do you structure the agreement so it's easily administered?
- What are the agreed-upon goals and processes in place for monitoring performance?
- What are the mechanisms for addressing performance gaps?

These questions are especially relevant for health care payers, who are currently outsourcing a variety of services, such as claims processing, enrollment, authorization, and referrals for health care, finance, information technology, operations, and benefit contracts.

Some of these areas are extremely intricate and business-critical. Claims processing, arguably the heart of any payer operation, includes interpretation of complex contracts, calculation of payment, determination of covered services, and eligibility for benefits. Information technology needed to adjudicate these claims requires the configuration of complex files that control the level of payment, co-payments, and benefit-level determinations.

Making sure administrators meet their commitments in these crucial areas is absolutely essential for health care payers that outsource services—and it's why these provisions should be clearly identified in the PSA. Goals must be outlined to ensure performance standards are met. For example, if a TPA says it will accurately adjudicate 98 percent of a client's claims, and, after close examination, it's discovered that only 92 percent of the claims are being processed correctly, the remedy must be clearly identified in the PSA.

This kind of serious accountability is the only way health care payers can optimize savings through purchased service relationships in today's marketplace. The system is just too complex, the metrics for success tend to be subject to great interpretation unless clearly defined, and the failure to follow up with rigorous management and monitoring is tempting and all too prevalent.

The bottom line is that outsourcing administrative services in health care without proper oversight just won't cut it—and may in fact increase the expenses you hoped to reduce when you initially entered into your outsourcing arrangement.

*William Norris has more than 17 years of health care consulting experience in managed care and provider operations in payer, insurer, medical group, and independent physician association environments. He can be reached at (949) 623-4172 or [william.norris@mossadams.com](mailto:william.norris@mossadams.com).*

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# Target Your Job Search

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## Comply-Health™: Finally, a 360 View of Compliance, Security & Privacy Issues

By **Nora Haile**  
*Contributing Editor*  
*Healthcare News*



Imagine being in compliance with federal regulations, no matter how often they change, covering your entire security and privacy footprint, thereby minimizing the legal risks that come with being a healthcare organization in today's world. Sounds dreamy, kind of like head-in-the-clouds type thinking, right?

Well, half right. "In the cloud" is exactly where you'll find Comply-Health. It's a new, software-as-a-service (SaaS) healthcare privacy, security and compliance solution. The brainchild of Apgar & Associates, LLC and Atlas Systems, Inc., it melds Chris Apgar's nearly two decades of regulatory compliance experience and Atlas Systems'

strategic technology development expertise.

Apgar explains, "I've been working with health plans, enterprise organizations, business associates and private practices for years – using my own proprietary method to help them with compliance issues. The alliance with Atlas Systems integrates the compliance and healthcare industry knowledge with the software solution. Comply-Health is the first of its kind. It addresses all three parts of the security world: administrative safeguards, physical safeguards and technical safeguards as well as privacy and other pertinent regulations."

Comply-Health is much broader than just HIPAA. In fact, it comes pre-loaded with most federal regulations pertaining to healthcare privacy and security, and regulatory changes are loaded as they occur. Healthcare organizations will find it much easier to maintain documentation, keep policies and procedures current and be highly responsive to auditors or even legal counsel. "We believe privacy officers will look at Comply-Health as compliance insurance," says Apgar. "It enables compliance management to self-audit their organizations, and compare results across timeframes." Updates occur on the back end, and the user(s) receive an electronic notification

of which policies and procedures were affected. Then an audit report lists recommendations of documentation updates that need to occur in order for the organization to remain in compliance.

Milind Abhyankar of Atlas Systems enthusiastically touts the software's benefits, "Critical discussions regarding policy matters, the history of a particular issue, proof that you've taken steps to remain in compliance – everything is available in one place with secure portal access." He emphasizes a major advantage: that SaaS doesn't infringe on anyone's existing IT infrastructure. Because of its deployment, maintenance and accessibility through a secure portal, healthcare organizations avoid an additional administrative burden and associated costs. "It's as close to plug-and-play as possible given the gravity and complexity of the subject matter," he says.

Federal regulatory compliance is a large portion of the burden facing healthcare leaders, but there are state regulations to consider as well. According to Apgar and Abhyankar, the package offers the purchase option for state-relevant legal requirements to be added. So if a multi-state organization wants to deploy the solution enterprise-wide, each area could access its relevant state regulations. Private practices and small clinics benefit

as well, because the scalable solution offers various subscription levels to fit organizational type and size. Examples of available customization include specialty audit criteria, such as an alcohol and chemical dependency clinic may need, tailored reports, organization-specific tweaks or advanced end user audit training.

Healthcare executives gain a 360-view of their compliance status. An executive dashboard denotes compliance risk levels in order of priority, with straightforward green-yellow-red indicators. Apgar explains, “The key is to know what the most urgent need is, the highest organizational risk, then document what the organization does to address it. Demonstrate due diligence. That takes vigilance, which takes time. Comply-Health brings automation to what was formerly a time-consuming, often daunting process.”

Daunting indeed. Consider that the HITECH Act (Health Information Technology for Economic and Clinical Health) regarding PHI broadens HIPAA, the Gramm-Leach-Bliley Act concerning customer personal financial information, emerging business models regarding health information exchanges – all add to the ongoing stress privacy officers deal with daily to protect their organizations and their customers from breaches. And be aware: great network security doesn’t equate to compliance. That can cost – both money and reputation.

Breaches are expensive. Apgar refers to three large monetary settlements: Providence Health & Services (\$100,000), RiteAid Pharmacy (\$1 million) and CVS Caremark (\$2.25 million). Then

there’s the recent international study by the Ponemon Institute, citing that “in 2009, the average cost of a data breach was \$3.4 million.” It goes on to report that for U.S. companies, those costs tend to be higher (\$204 per customer vs. \$142 international average). Another point the study makes is that “the most expensive breach remediation cost one U.S. company \$31 million, while the least expensive was \$750,000.”

Within the litigious and penalty-prone healthcare arena, an end-to-end solution that gives healthcare organizations the ability to manage privacy and security risk effectively and efficiently places Comply-Health in an enviable position.

Visit the WEDI conference (5/2-5/5, Bellevue, WA) to view a demo of Comply-Health™ or contact Chris Apgar at 503.384.2538 or [capgar@apgarandassoc.com](mailto:capgar@apgarandassoc.com).



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**Qualifications:** B.A. or B.S. Degree required. Master's degree preferred. Bilingual preferred (English/Spanish). Strong customer drive and dedication to quality and success. Minimum two years of post-graduate work experience preferred. Management or supervisory experience preferred. Hospital/health care operations experience preferred, but not required. Excellent interpersonal, oral and written communication skills. Excellent customer service skills.

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### Manager of Healthcare Mechanical Systems (Los Angeles, CA)

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#### Director of Health Services

In conjunction with the Chief Medical Officer, this position is responsible for developing, implementing and evaluating Health Services programs for all lines of business and to work collaboratively with all departments and directors to create effective and efficient programs.

#### Qualifications

Masters Degree in Administration, Nursing or health, human services specialty; An active and unrestricted California Registered Nurse license, with a minimum five years' experience in either managed care and/or insurance industry and a minimum five year's supervisory/management experience working with utilization management, case management, and/or disease management; as well as minimum five years' nursing experience in a clinical work setting; Current working knowledge of the California Medi-Cal program; Strong oral, written and interpersonal communication skills, problem-solving skills, facilitation skills, and analytical skills; and demonstrated leadership skills with the ability to establish and motivate team members to achieve person and professional goals and objectives.

For a detailed job description, visit our website:

<http://www.cencalhealth.org/careers/index.html>

If you are interested in joining the team at CenCal Health, please submit your resume to: [hr@cencalhealth.org](mailto:hr@cencalhealth.org). We offer competitive salaries and a great benefits package. EOE.

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## Data Analyst Business Solutions (Los Angeles, CA)

The Data Analyst is responsible for conducting analyses with large datasets, to include supporting the development of standardized reports, queries and analytical tools. The position focuses on developing analytical models related to population health and health care utilization. Qualified candidates must manage resources and timelines in coordination with team members and clients to ensure project timelines and expectations are consistently met.

**Qualifications:** B.A. or B.S. Degree required. Master's degree in Public Health, Biostatistics, Epidemiology or related field preferred. 1-2 years work experience in managing/conducting data analysis with STATA. Excellent written, oral and interpersonal communication skills are required. The position requires a detail-oriented, self-starter, who is able to work well independently, while maintaining a strong customer drive and dedication to quality and success. Flexible with work hours and able to work evenings and weekends. Strong acumen for health care industry, analytical thinking and problem-solving.

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**Minimum Qualifications:**

Bachelor's degree in Business Administration, Public Administration or other relevant discipline required; Minimum of five years management experience in Human Resources; Experience working with unionized workforce and involvement in collective bargaining negotiation and administration of contracts strongly preferred; Professional in Human Resources (PHR) or Senior Professional in Human Resources (SPHR) strongly preferred.

**Application Process:**

Please submit cover letter and resume. To apply or to view full job description, visit UWP's website at:

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**Qualifications:** Required completion of training as medical provider (M.D. or equivalent or physician assistant). Licensure preferred. M.H.A., M.B.A., or M.P.H. preferred. Minimum 3-5 years of project management experience in the health care industry. Able to conceptualize new ideas, research, and evaluate objectively from a market and financial standpoint. Excellent written, oral and interpersonal communication skills are required. Strong customer drive, including exceptional customer service skills and dedication to quality and success. Flexible with work hours and able to travel.

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## Chief Medical Officer (Santa Barbara, CA)

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**Qualifications**

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For a detailed job description, visit our website:

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**Qualifications**

Advanced degree in Public, Business or Health Administration or equivalent experience, with a minimum of 8 years experience in executive positions in health care organizations (managed care experience preferred); knowledge of the California Medi-Cal program; Knowledge of provider reimbursement methodologies and utilization review/control systems; Experience negotiating provider contracts; General knowledge of IT applications in Health care systems and experience in managing the IT Department required; Must be knowledgeable in financial principles and financial planning and budgeting; Strong managerial and the ability to build a collaborative environment between departments; Excellent communication skills, both oral and written.

For a detailed job description, visit our website:

<http://www.cencalhealth.org/careers/index.html>

If you are interested in joining the team at CenCal Health, please submit your resume to: [hr@cencalhealth.org](mailto:hr@cencalhealth.org). We offer competitive salaries and a great benefits package. EOE.

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