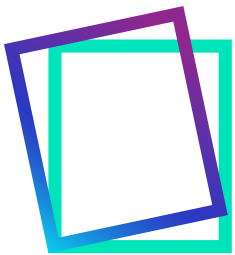


eBook

Contract Intelligence for Healthcare Providers



Icertis

Healthcare providers are more reliant than ever on their networks of payers, suppliers, contracted services (clinical and non-clinical), and IT services to deliver on patient needs and expectations. These networks are built on contracts. By digitally transforming these critical documents, providers can optimize operations with less overhead—so they can focus on what really matters—

the patient.



Transforming Contracts into Strategic Advantage

The amount of teamwork and coordination that goes into meeting a single patient's needs is truly astonishing. From the software that enables online appointment scheduling and management; to the insurance company that pays for the care under a network agreement; to the suppliers that provide everything from surgical masks to ventilators; to the contracted services ranging from facilities maintenance to telemedicine—everything needs to work as one to deliver effective quality care.

Add to this shifting patient expectations, consumerization of care, continuing regulatory uncertainty, and rapidly advancing technologies—and the magnitude of the challenge facing today's healthcare providers comes into focus.

To face these challenges and be ready for growth, healthcare providers must be smart about their digital transformation efforts to focus on initiatives that move the needle on core operations.

In this eBook, we will explore how Contract Intelligence, a new category of technology that leverages AI to structure and connect contract data, does just that by digitally transforming the foundation of third-party relationships—

the contract.

The Increasingly Critical (and Complex) Role of Contracts in Patient-Centered Care



The State of Contracts in Healthcare

According to [Market Research Future](#), the healthcare outsourcing market is today valued at \$488 billion. A 2019 survey found that [90% of hospital leaders](#) are exploring expanded relationships with third parties—both clinical and non-clinical.

Driving these trends is the understanding that healthcare providers can't do it all while still focusing on their core mission of providing excellent care to patients. To take a simple example, it's now common practice for hospitals to outsource food service and linen cleaning to third parties who specialize in these necessary functions. But the trend extends well beyond auxiliary services like food and cleaning. Many medical device companies have shifted to a device-as-a-service model, which means medical equipment is leased via a long-term contract rather than bought. Then there are those longstanding contractual agreements with insurance companies and hospital supply vendors—without which the entire provider model cannot operate.

Many outsourcing decisions are just common sense; why hire internally to build a new app for patients to chat with providers when best-in-class software is available in the cloud? Yet while outsourcing can remove a lot of complexity from operations, it introduces its own kind of complexity: that of contracts.

Long considered legal boilerplate that was forgotten about once signed (or at least until a lawsuit for breach-of-service got filed), contracts are now recognized as the blueprint for providers' engagement with their broad ecosystem of suppliers and partners. These powerful documents can deliver strategic insights that drive optimization across operations if managed correctly. Unfortunately, that's not the status quo today.



“It takes thousands of products, from bouffant caps to shoe covers to ventilators, to treat patients and keep our frontline healthcare workers safe, and we need the ability to unlock and unleash all the available information in our contracts to turn it into actionable intelligence.”

**Peggy Kaufmann, vice president,
sourcing operation, Vizient**

Static Contracts Mean Static Operations

With more and more operations in healthcare governed by contracts, it follows that suboptimal management of these powerful documents creates enterprise risk and leakage for healthcare providers.

Across industries, World Commerce & Contracting (WorldCC) estimates that the average organization misses out on 8% of its negotiated contract value due to unfulfilled obligations. Other common challenges are slow contract negotiations and noncompliance. The primary reason for these inefficiencies is that contracts have historically been treated as static documents, filled with legalistic language that's hard for humans to read and impossible for computers to parse. This leads to highly manual—or even ad hoc—contract management processes.

For healthcare providers, manual contract processes have serious enterprise impacts on costs, efficiencies, and profits. A few prominent examples include the following:

Payer Agreement Conflicts

Payer-provider contracts are highly complex documents containing business information critical to both parties' bottom line. Naturally, each side will come to the partnership with its own point of view. Yet, contract negotiations and administration are often overly time-consuming and contentious due to suboptimal contract management practices. Manually tracking redlines during negotiations or documenting fee schedules makes contract creation labor-intensive and raises the risk of misunderstandings and incorrect data entry. After the contract is signed, static contracts are difficult to refer to, increasing the risk of contract noncompliance and ultimately eroding trust and value in the critical payer-provider relationship.

MONEY OUT THE DOOR

The average organization misses out on **8% of the total contract value** due to unfulfilled obligations.



Lack of Transparency Across Agreements

Contract data, be it in negotiation history or pricing information, contains valuable business insights. Yet if contract data cannot be pooled and analyzed, there is no opportunity for those insights to be leveraged for future optimization. Without aggregated contract data, companies—and contract negotiators in particular—fly blind as they build deals that directly hit the organization's bottom line. Common outcomes include price discrepancies across the supplier base, redundant purchases, and an inability to identify which contracted partners offer the most competitive terms.

Slow Reaction Time to Regulatory Changes

No industry, arguably, has more regulatory oversight than healthcare. Government agencies aren't just watchdogs over healthcare clinical and commercial practices; they are also critical payer partners via Medicaid, Medicare, and other government healthcare plans—and use their purchasing power to further guide provider operations. This creates an environment of constant regulatory churn in the industry. Yet contracts and contract management processes often aren't built for change and flexibility. When regulatory updates carry implications for how a provider does business with third parties, manual contract management makes the process of identifying impacted agreements, negotiating updates, and operationalizing the new language extremely labor-intensive and time-consuming.

BAD CONTRACTS, BIG FINES

In 2014 an Alabama medical group paid a \$24.5 million fine due to legacy contracts that violated the Stark Law.

Poor Compliance and Audit Traceability

Contracts define who an organization is doing business with, and on what terms. Without proper controls on what's going into contracts, healthcare organizations may be exposing themselves to significant financial and reputational risk. At very best, providers are faced with arduous, manual data gathering to prove compliance in the case of an audit. And this risk only increases as health providers merge and consolidate to stay competitive. Take, for example, the Stark Law violation one Alabama health system was charged with in 2014; due to referral terms [outlined in contracts originally executed](#) in the 1990s and carried over through mergers, the health system found itself subject to a \$24.5 million fine from the Department of Justice. When it comes to contracts, what you don't know can hurt you.



Introduction to Contract Intelligence

Streamlining Contract Management so You Can Focus on Patient Care

Given the critical connection contracts have to patient care, and the significant commercial and regulatory challenges that arise when contracts are managed manually, it's critical that healthcare providers find ways to streamline contract administration both before and after they are executed.

Just as healthcare providers are working hard to digitally transform patient experiences, they must invest in digital solutions such as contract lifecycle management (CLM) that empower them to negotiate better, compliant contracts faster—and ensure those negotiated terms are carried out in practice.

Contract Intelligence is a new category of software that leverages AI and other advanced software to digitize contracts, structure contract data, then connect that data to systems that contracts touch. With Contract Intelligence, healthcare providers can enjoy more intelligent contract creation, more intelligent contract automation, and more intelligent contract insights—all with less overhead.

Contract Intelligence Addresses the Most Pressing Contracting Challenges in Healthcare

Payer Agreement Management Is Streamlined and Conflict Is Minimized

When payer agreement information like fee schedules is transformed into structured data, provider organizations can quickly analyze the impacts of different contract scenarios during negotiations and renewals, accelerating the contracting process. Once contracts are executed, payers and providers enjoy a single source of truth for obligations carried on both sides, with automatic, ongoing compliance monitoring to reduce chances of conflict in the business relationship.

LESS TIME ON CONTRACTS, MORE TIME ON PATIENTS

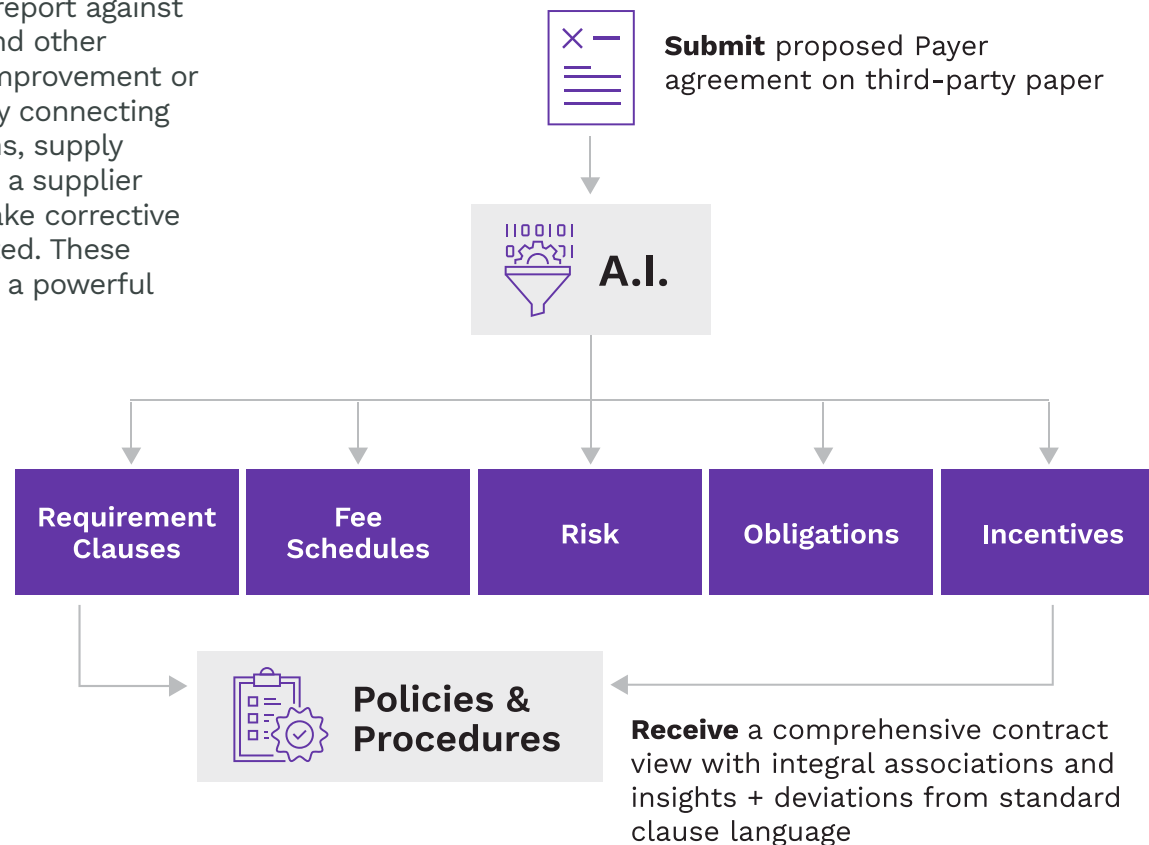
Contract automation software saves the time of an equivalent of 9 FTE legal personnel on average, freeing them up for more patient-centric tasks.



Organizations Gain a Holistic View of Contracts

Contract Intelligence not only improves the management of individual contracts but also aggregates contract data so organizations can gain a 360-degree view of their entire contract landscape. Procurement can easily report against supplier information, SKUs, price, and other contract data to identify areas for improvement or performance issues. For example, by connecting contract data to ERP and AP systems, supply managers can get proactive alerts if a supplier misses delivery SLAs, so they can take corrective action before operations are impacted. These actions, when scaled out, represent a powerful system of control for operations.

Structured Contract Data Delivers Powerful, Actionable Insights



Operations Are More Agile in Response to Regulatory Changes

When contracts are centralized and digitized, the process of finding clauses impacted by new regulations is greatly accelerated. Once clauses requiring updates are found, automated workflows enable teams to execute mass amendments against those contracts and send them to counterparties for approval, keeping the organization agile no matter what happens in the regulatory environment.

Authoring Guardrails and AI Discovery Drive Compliance

Finally, Contract Intelligence ensures always-on compliance across the entire contracting ecosystem. Smart rules flag noncompliant clauses before they can be executed while empowering contract managers to manage their agreements using standard language. In M&A scenarios, AI trained on provider contract language can quickly analyze massive bodies of contracts to surface language that may violate company policy and should be reviewed.





Icertis Contract Intelligence

The Most Intelligent Way to Structure and Connect Contracts

Icertis has spent more than a decade pushing the boundaries of what's possible with CLM and today is the analyst-validated leader in this rapidly growing category.

Icertis has applied its deep experience with customers across the healthcare industry to develop a solution that accelerates the benefits of contract intelligence while leveraging best practices and industry intelligence.

Icertis Contract Intelligence for Healthcare Providers is the only contract lifecycle management system that digitizes contracts, automates workflows, and comes with an AI model built for the provider experience. Icertis Contract Intelligence for Healthcare Providers delivers material value quickly with out-of-the-box:

- **Contract types**
- **Rules**
- **Associations**
- **Workflows**
- **Reports & dashboards**
- **AI models**

Integrate Seamlessly with Enterprise Technology

Icertis Contract Intelligence for Healthcare Providers integrates seamlessly with business, sales, marketing, and transactional software from the world's leading vendors, giving you better visibility into—and control of—contract data and information, wherever it resides.



Companies Trust Icertis for Contract Intelligence Solutions

These healthcare leaders leverage ICI to structure, connect, and capitalize on critical contract information to accelerate commercial negotiations, increase compliance, and reduce stakeholder risk.



[View all](#) 

Conclusion

The next decade will see enormous change for healthcare providers. Those who stay out in front will be those who have the data and agility they need to quickly understand and respond to new opportunities and risks. Contracts are a critical component of this equation. By digitally transforming contracts, healthcare providers can gain a system of orchestration and control that will prepare them for whatever the future of healthcare brings.

To learn more about Icertis' contract intelligence solutions for healthcare providers, please contact us, or schedule a demo.

Contact Us

icertis.com/contact

icertis.com/demo





About Icertis

With unmatched technology and category-defining innovation, Icertis pushes the boundaries of what's possible with contract lifecycle management (CLM). The AI-powered, analyst-validated Icertis Contract Intelligence (ICI) platform turns contracts from static documents into strategic advantage by structuring and connecting the critical contract information that defines how an organization runs. Today, the world's most iconic brands and disruptive innovators trust Icertis to fully realize the intent of their combined 7.5 million+ contracts worth more than \$1 trillion, in 40+ languages and 90+ countries.

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