



## highlights

Avoided \$12M loss during contract negotiations

Reduced contract modeling process from multiple weeks to one day

Modeled several contracts for quick turnaround and more accurate, trustworthy analysis

To learn more about how to impact contract negotiations at your organization, visit our website at [www.stratadecision.com](http://www.stratadecision.com).

## impact story

# Leveraging “What-If Analysis” Helps to Avoid \$12M Loss

### problem

#### Difficult to Analyze Impact of Payer Proposals

Providers often enter payer negotiations lacking adequate tools, information, and analytics to assess the financial impact of rate changes and term proposals. This often results in suboptimal contracted rates and lower reimbursement. Moreover, without the ability to quickly model the financial impact of contract terms, providers may not know if their counter-proposals will be favorable or at least neutral.

When a medium-sized health system was renegotiating their contract with their largest payer, the payer proposed changes to terms and rates that were intended to be “net neutral.” In the past, this organization would have had to manually analyze the contract proposal. This process required multiple analysts and several weeks, limiting the organization’s ability to quickly respond to changes in contract terms.

### play

#### Leverage “What-If” Analysis for Contract Negotiations (DS 403)

However, this time at the negotiating table, this health system leveraged StrataJazz® Contract Analytics. Using the “what-if” analysis functionality during contract negotiations, this health system was able to quickly model changes in contract terms offered by the payer – and discovered a potential loss of \$12 million annually instead of the “net neutral” promised.

The organization then quickly modeled counter-proposal terms, formulating four different counter-

proposals as part of renegotiations. Partnering with the managed care team, they were able to renegotiate with their payer using the Contract Analytics module to turn each party’s counter-offer into an actionable report – within 24 hours of receipt. In the past, this process would have taken weeks and resulted in analyses that the managed care team did not confidently trust. Using the Contract Analytics tool allowed this organization to quickly respond to the payer with more optimal, accurate contract terms based on trustworthy and agile “what-if analysis.”

### impact

#### Avoided Significant Reductions to Reimbursement

Using StrataJazz Contract Analytics during negotiations with this payer, the health system avoided a potential \$12 million loss that would have been incurred had they accepted the payer’s first offer. They saved weeks of work that would have only resulted in high-level analysis and “gut feel” negotiating positions. The ability to quickly generate detailed, accurate reports allowed this organization to significantly reduce their overall negotiation process.