

Ecteon's Flexible and Feature-Rich Contraxx Software Helps Large Managed Healthcare Company Handle Contract Creation and Management Complexity

Situation

One of the largest for-profit managed health care companies in the United States, which had experienced exponential growth over 15 years, the company provides health insurance plans to hospitals and other health care providers and professionals in more than a dozen states.

With their growth came the need to assess their current contract management needs. In the company's early years, contracts were kept in filing cabinets and independently managed locally by each state, making document maintenance and consistency difficult for auditors and administrative personnel. Over the years, contracts were transferred to an online document management system, but the technological needs of auditors, contract managers, approvers and other personnel were much greater than the limited capabilities of the existing document management system. With the physical and online filing systems, it would take up to four days for a document to be tracked down because contracts were kept in different places, by different people.

The customer's inefficient contract filing system proved to be even more challenging with new and evolving government rules that regulate very specific language used in their contracts. As an example, a simple rule change could mean thousands of contracts needed to be amended, and the company's contract management staff spend more than three months combing through contracts to figure out which ones needed to be addressed. This process proved to be not only an administrative challenge, but more importantly, a litigation and compliance risk. Increasing speed of technology change, government regulatory change, and consolidation and reorganization of care providers meant that an annual cycle of contract review and renewal was too slow, but the complexity and length of agreements meant any contract change was a legal risk and administrative challenge.

Auditors, providers and staff were frustrated, and the customer knew it needed a better contract management solution—one that was more than just an online file cabinet or document repository.

The customer needed a system that was structurally consistent and could be modified to each state's individual contract management needs. In addition, the company needed automated auditing capabilities to increase control over the drafting process and improve processing and turnaround time for contract negotiations.

Customer Profile

One of the largest, for-profit, managed health care companies in the United States.

Business Situation

The customer needed a flexible, scalable contract management system that would reduce administrative challenges retrieving contract information, would support the company's aggressive growth strategy across its multi-state, highly regulated operations, and would support and enable increasing velocity in development and modification of contractual relationships with its business partners.

Solution

The customer chose Contraxx, a browser-based contract lifecycle management (CLM) solution that integrated with its security provider and email platform.

Benefits

- Decrease time to identify and pull contracts from four days to minutes.
- Decrease report generation from days to 20 minutes.
- Meet state-specific regulatory requirements while maintaining consistent system-wide structure.
- Provide functional and scalable platform to support company growth.
- Shorten cycle times for key customer-linked business processes.

The company looked at 21 different vendors in the market. The project team launched a tiered selection process that included an extended RFP process, two rounds of demonstrations and a pilot implementation period. Ecteon was the only company that natively met more than 90 percent of the customer's needs. Those requirements included timely and accurate reporting, customized features based on individual state health care regulatory requirements, and state configurable contract creation and approval workflow.

Solution

It was important for Ecteon to understand the specific business requirements and specific language used internally from a hospital, provider and ancillary perspective and Ecteon asked a lot of questions and came back quickly with a custom pilot that used the company and industry language. From segmenting workflow into tabs to integrating the software with the company's existing security system and email provider, the pilot quickly started to make contract management easier.

Ecteon performed on-site training with the customer's key internal staff and answered questions to ensure they were comfortable using the system. In addition, Ecteon created custom training manuals so the internal staff could share learnings with state-specific personnel. When the company contract network director performed formal training to hospital contract managers, 95 percent completed the training successfully the first time. Even online training participants received an initial 75 percent training success rate, reports a spokesperson.

In 2009, the customer launched the first version of Contraxx with hospital contracts, the most critical of its contracts. As the system was implemented across additional states, the Ecteon and customer teams were able to identify subtle, yet important differences, in contract management that Contraxx needed to adapt to. Every state had slightly different requirements as some states needed to be able to upload external documents or forms with contracts while others needed ad hoc reporting that was additional requirements beyond the system's standard reports.

The most differentiating advantage of Contraxx over competitors was its flexibility. According to the customer, no competitor products were as configurable as the customer needed them to be, since the customer was looking to tailor approval flow and create four versions, or state specific, contract language, including versions for exception, custom, standard and approved language. Ecteon created contract identification codes so specific sections of language could be tracked and more easily searched by users. For example, a group of contract terms, or clauses, would be tied to a specific affiliate organization so when a user generated a report, it was easy to access and pull contracts as needed, tailored for that organizational group.

In addition, the customer needed a large number of security groups in Contraxx. More than 65 different roles defined in Contraxx gave the customer the flexibility and security it needed. Instead of having access to all contracts in the system, specific users with defined roles could access only the contracts they needed, avoiding confusion. Finally, contract packages allowed specific states to pull a set of contracts that met state regulatory guidelines without the need to make changes.

At the completion of implementation, Ecteon Contraxx was managing hospital, professional, and ancillary contracts for more than 400 users at any given time.

The Results

The customer successfully completed the implementation and start-up process on-time and under budget. The customer applauded Ecteon for its pre-planning and attention to detail and stated that its overall satisfaction versus the initial objectives was high.

Benefits

Increased Efficiency

By getting hospital contracts in Contraxx, the customer's staff was able to create reports in as little as 20 minutes versus three days. Likewise, Contraxx search library features allowed auditors to quickly identify variables in contract language, saving more time.

Reduced Contract Negotiation and Amendment Cycle Time

The time to look up and rectify contract language was cut in half for many of the customer's contract managers and approvers. Staff no longer had to manually search in file cabinets or contact senior level contractors for information. Instead, staff had instant access to pre-approved language alternatives, which drastically reduced contract negotiation and amendment cycle time for approximately 200,000 individual providers.

Less Effort to Retrieve Contract Information

Prior to using Contraxx, the customer needed between two to four hours just to track down a contract. Following implementation, staff were able search, identify and pull a contract in less than two minutes.

Reduced Legal Exposure

When contracts required an amendment, Contraxx was able to provide pre-approved alternative language and ensure that only the approved people had secure access to that information so contracts are protected and only shared with the appropriate people at the appropriate time, thus reducing legal exposure.

What's Next?

The customer plans to expand Contraxx's functional footprint to other company areas, including its group accounts area, vendor partnerships, and a new division. Overall, the customer has greatly reduced contract research time and reduced litigation risk because the most appropriate, pre-approved language is used on the contracts at all times. The customer is working to move from its previous annual rate review cycle to a continuous rate review cycle.

Conclusion

The customer knew what it was looking for in a robust contract management system. It challenged Ecteon to develop a uniquely tailored system that met their specific contract creation, storage, modification and reporting needs for each state of operation—and Ecteon delivered and exceeded expectations. The customer was careful to involve key stakeholders and solicit feedback from staff across multiple states to craft a better contract management solution. This attention to detail, strategic testing and roll out of the system helped the company streamline its contract creation, retrieval and modification processes, thereby improving overall productivity and strengthening customer relationships.