



The premier source for physician contract benchmarks and analytics

5 Signs an Organization Needs MD Ranger: A Guide for In-house or External Counsel

MD Ranger provides the tools for hospitals to audit, analyze, negotiate, and document compliance of their physician contracts. The robust scope of benchmark data for market rates provides subscribers with a more efficient, cost-effective way to establish FMV as well as a powerful tool to review all physician contracts. MD Ranger works with hundreds of organizations to improve their physician contracting compliance.

Over the years, we have identified a number of organizations with potentially significant legal and compliance challenges. What are the clues that suggest problems? Here are five signs that indicate an organization might need to take a closer look at all of its physician contracts.

You've seen at least one non-compliant contract

A single problematic contract within an organization could be a warning sign of a larger trend. There could be good reasons to have a contract with rates at the high end of benchmark data, but no organization should make this standard practice. A good place to start is by conducting an internal audit of contracts to determine where each contract falls in the FMV range. If more than a handful of contracts fall above the 90th percentile, there could be a compliance risk. MD Ranger's online analytic tools generate a benchmark report that compares a hospital's contracts with MDR benchmarks.

| MDRANGER | | All Facilities Medical Director Payments Benchmark Comparison | | | | | | Legend |
|----------------------|------------------------------|---|------------------------|------------|----------|-------|-------|---------|
| Service | Comparison | Label | Facility | Expires | Annual | Rate | Hours | |
| Executive Health | All Internal/Family Medicine | Unpaid health dirs | General Hospital | 12/31/2016 | \$48,300 | \$417 | 98 | <25% |
| General Surgery | General Surgery | AAA Surgical | Sacred Heart Hospital | 12/31/2014 | \$65,000 | \$200 | 210 | 25%-75% |
| Hand Surgery | All Surgical Specialties | Hospital C directorships | Sacred Heart Hospital | 12/31/2015 | \$40,000 | \$517 | 82 | 75%-90% |
| Home Health | Home Health | Unpaid directorships | General Hospital | 12/31/2015 | \$28,000 | \$117 | 310 | >90% |
| Home Health | Home Health | Unpaid health dirs | General Hospital | 12/31/2016 | \$88,000 | \$316 | 310 | <25% |
| Hosptlsts-Peds | Hospitalists - Non-General | Hospital C directorships | Sacred Heart Hospital | 12/31/2015 | \$29,500 | \$150 | 290 | 25%-75% |
| Internal Medicine/FP | Internal Medicine/FP | Welby Family Practice | Lang Memorial Hospital | 12/31/2015 | \$87,000 | \$206 | 330 | 75%-90% |
| Internal Medicine/FP | Internal Medicine/FP | Contract ID:2011 | Sacred Heart Hospital | 12/31/2016 | \$33,000 | \$170 | 150 | >90% |

These numbers do not reflect real data from the MD Ranger database.

The organization lacks an objective, clear physician contracting process

Many problems can arise from a lack of a standard process for evaluating physician contract compliance. Without a comprehensive approach, contracts can slip through the cracks, redundant positions and payments can be approved, and documentation may lapse, particularly if there are multiple people negotiating and dealing with contracts.

Determining FMV of rates is essential, but documentation is likewise important. In the event of an outside audit, an organization can avoid headaches by documenting FMV for each contract. Key elements of a responsible physician contracting compliance program include:

- Executive oversight: define who oversees the program and makes strategic and contractual decisions.
- Contract management: ensure there is a contract for every physician arrangement. Create a system to track contracts, including alerts for expiring contracts and a process for renewals that documents FMV.
- Financial oversight: proactive management of call coverage and administrative services payments can reduce overall costs and allow executives to focus on key physician relationships.
- Compliance management: train contracting staff and physicians on Stark law, the Anti-Kickback Statute, and False Claims Act; ensure all involved staff know how to define and document FMV and commercial reasonableness.
- Consistent process for determining FMV: define consistent, objective standards for determining FMV and document that process for each contract. Define a process for approving and documenting exceptions.

Indifference towards compliance

One of the most concerning signs is when executive leadership not concerned about compliance. These organizations often don't have a good sense of their overall physician contracts much less individual contract concerns, leaving them vulnerable if audited.

Lack of familiarity with the consequences of non-compliance

In early 2013, Intermountain Healthcare paid a \$25 million dollar settlement involving 209 physicians. In 2012, HCA settled a case involving imaging referrals for \$16.5 million. The consequences of negotiating non-compliant physician contracts at an organization can be devastating. The Anti-Kickback Statute is a felony, which is punishable by a \$25,000 fine and up to five years in prison. Stark law violations could result in a \$15,000 fine per inappropriate referral. If your organization doesn't fully understand the consequences of non-compliant contracts, they may not have the motivation to adhere to federal regulations.

Tenuous relationships with physicians

No matter the organization, physicians are critical to hospitals. In cases where market conditions or politics place extra strain on vital relationships with physicians, extra care should be taken to enhance these relationships. If physicians routinely demand increased payments

for services, this could be a sign that the organization needs MD Ranger's benchmarks and an objective process and source of market data for effective (and objective) negotiations.

If you work in or with an organization who needs physician contracting support, we are happy to help. Please call or email the MD Ranger team at (650) 692-8873 or inquiries@mdranger.com.