



## Peer-related Payment Data Helps Hospital Find its Voice at the Negotiating Table

A full-service community facility, Methodist Hospital of Southern California is a not-for-profit hospital serving the greater San Gabriel Valley. A recognized center of excellence for multiple services, Methodist Hospital records more than 16,000 inpatient admissions and 47,000 emergency room visits per year. The facility, which was founded in 1903, is licensed for 400 beds.

For many hospitals, the process associated with negotiating managed care contracts is lopsided – tilted advantageously in favor of payors. This uneven playing field exists in part because payors possess most – if not all – of the data; leaving hospital executives to make educated guesses about where their facility sits in the competitive landscape. With the negotiation of its Anthem Blue Cross contract looming on the horizon, new leadership at Methodist Hospital of Southern California decided to put previous assumptions about just how well it was being paid to the test.



*"I don't want to look good on paper. I want to look good at the bank."*

- Gabriela Ornelas, Director of Managed Care, Methodist Hospital of Southern California

## Building a Strategy Based on Market Facts

In order to better understand its market position and zero-in on opportunities to rebalance the terms of the Anthem Blue Cross contract, Methodist Hospital turned to **iVantage Reimbursement Analyzer™**. Having leveraged this software solution at another California hospital, Gabriela Ornelas, Methodist Hospital's director of managed care, understood how powerful comparative analytics can be at the negotiating table.

Reimbursement Analyzer provides hospital executives and frontline decision makers with the insight necessary to understand how well they are being paid, and how those rates compare to those of their peers. By providing visibility into all aspects of patient revenue – all payors, all patients, all payments – Reimbursement Analyzer users can quickly identify below market pricing, quantify revenue gaps, measure contract and service line pricing, and determine areas of risk and volatility.

*"Possessing actual data points, and not simply relying on anecdotes was empowering. My counterpart for the negotiation was taken aback at first by how methodical our approach was but quickly became an advocate for the new rates and terms we were seeking."*

- Gabriela Ornelas

## Levelling the Playing Field

Assessing the payment variance across a defined peer group for specific DRGs reinforced what Ornelas had suspected all along – Methodist Hospital's rates were not as strong as others in its market. The reality of the hospital's market position, coupled with contractual terms, provided Ornelas with the platform from which to negotiate with Anthem Blue Cross.

In the end, Ornelas secured a higher increase than budget, placing the hospital in a better competitive market position. And the contract terms relating to volume and rates that favored the payor so heavily? Ornelas was successful in securing a compromise suitable for both parties, based on the information obtained from iVantage Reimbursement Analyzer.

Beyond the initial success of rebalancing the Anthem Blue Cross contract, Reimbursement Analyzer has become an invaluable tool for assessing the ongoing dynamics of Methodist Hospital's market as new trends such as pricing transparency emerge within the new healthcare.

## The iVantage Difference

**iVantage Health Analytics** combines public and private data with proprietary analytics and modeling to drive clinical and financial performance improvement, strategic planning, market assessment and contract optimization. Our analytics also inform healthcare industry policy, research and thought leadership. iVantage is part of **The Chartis Group**, a national advisory services firm dedicated to the healthcare industry. Learn more at **[iVantageHealth.com](http://iVantageHealth.com)**.