Critical Business Intelligence Secures Employer Support for Payor Push Back

When Henry Mayo Newhall Memorial Hospital decided to terminate one of its contracts with a major insurer, Bob Hudson and Doreen Cornelison turned to **iVantage Reimbursement Analyzer™** to help them make their case to a large employer group upset at the termination.

"The Reimbursement Analyzer data clearly showed that we were below market and had every right to be asking for an increase from the insurance company," said Hudson, Henry Mayo's CFO. "We were able to use Reimbursement Analyzer to demonstrate that we were just trying to get ourselves up to the average of our competitors – and that was critical in winning the support of the employer group."

The 238-bed, not-for-profit community hospital and trauma center in Valencia, Calif., was one of the first users of the web-based market intelligence and revenue benchmarking tool, known as Professional Data Services (PDS) when it was launched by the Hospital Association of Southern California in 2006. PDS was acquired by iVantage Health Analytics in 2013.

"The Reimbursement Analyzer data clearly showed that we were below market and had every right to be asking for an increase from the insurance company."

- *Bob Hudson, CFO*
  Henry Mayo Newhall

Strategic Market Positioning

"Our internal goal at Henry Mayo is to be a top 25 percent performing hospital, in the bottom quartile for expenses, and dead center in our contract structure," explained Hudson. "Particularly important as pricing transparency becomes a reality, iVantage Reimbursement Analyzer gives us one of the tools we need to try and maintain that middle ground in our contract payments from insurers."

He added, "When we sit down to negotiate, we know exactly where we are and where we should be – and we know exactly how far we can push. It's a lot easier to try to negotiate a higher number when you know that the end result will still keep you at the average of your peer group. You can't negotiate well if you don't know what a reasonable end result is. Reimbursement Analyzer gives us that crucial piece of data. And it helps level the playing field with the insurance companies as they have all the data at their fingertips."

Key Decision Making Data

Contract negotiations are not the only area in which iVantage Reimbursement Analyzer has proved invaluable, according to Cornelison, Henry Mayo's Director, Managed Care. The hospital also used the data as a business planning tool when opening the new neonatal intensive care unit (NICU). "We didn't have any experience with the NICU since we were just opening our unit, so we asked iVantage to give us a ballpark figure for the average per diem rate," Cornelison said. "That gave us an indication of the range we could go after when negotiating rates with the health plans."

She added, "There's not a lot of external data to which you can compare yourself that is current. Having access to the kind of detailed comparable data Reimbursement Analyzer offers gives you an important starting point." Hudson added, "We're very pleased with Reimbursement Analyzer. When the data first came out, we just jumped on it. We look forward to having this data available for many years to come."

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**.