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FOR DECISION MAKERS IN HEALTHCARE

MORE ON CONTRACTING FROM DECEMBER SPECIAL REPORT

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By: Mari Edlin

Managed Healthcare Executive

Hi-Tech Contracting

Technology is an important factor in effecting successful contractual relationships between insurers and providers, but mostly from an administrative viewpoint. The Trizetto Group, a healthcare information technology company headquartered in Newport Beach, Calif., makes contracting easier with its NetworX Modeler and NetworX Pricer. Based on a plan's historical claims data, the Modeler presents potential financial impacts of varying contractual terms, and helps make comparisons between the cost of procedures by different providers.

Jeff Hensley, chief technology officer for Trizetto, believes, however, that episodic discounting rather than contracting based on procedures will lead to incentivizing providers to do the best job possible, rather than providing incentives to overutilize and overprescribe.

Robert McIntire, senior vice president, healthcare management for WellPoint headquartered in Indianapolis, uses Trizetto software in contract negotiations and finds that the incentives are more aligned by pricing based on diagnosis-related groups rather than percent off charges.

He considers the NetworX Modeler to be a good negotiating tool and if reimbursement methodologies change, he says can still see the financial impact and knows exactly to what he is agreeing.

The more predictability with price, the better, McIntire says, enabling WellPoint to promote its strategy of long-term contracts. "These contracts assure providers that they will remain in the network and assure members that their providers will be available, while avoiding the risk that a competitor will negotiate a better rate."

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