

Contract Compliance Quick Checklist

Contract Lifecycle Management Best Practices for Healthcare Organizations

From provider arrangements to vendor agreements associated with clinical and non-clinical services, healthcare organizations are responsible for managing a high volume of different types of contracts.

To first and foremost, protect patients, many agreements are highly regulated. Provider arrangements specifically are governed by several laws including the Federal Anti-Kickback Statute and the Stark Law. Due to the complexity and importance of contract oversight, healthcare organizations must take steps to ensure regulatory and organizational compliance.

Confirm that a contract for these services doesn't already exist.

Often times, contracts are not added to a centralized contract location which can result in departments contracting for a service that already exists. Lack of visibility into existing contractual obligations can open the organization to unnecessary, duplicative spending.

i Recommendation: Store all contracts in a centralized location and create a standardized methodology for how your organization classifies contracts. Ensuring contracts are stored within a standardized methodology helps with searching, reporting and transparency.

Clearly state both parties.

For a contract to be legally binding both parties must be specified by their legal entity.

Explicitly state renewal terms.

Renewal terms should be clearly defined including the termination window, discounts, CPI increases and functionality enhancements. Each contract must explicitly state renewal or expiration terms in order to effectively monitor and track the agreement. If the contract contains an auto-renewal clause the renewal period should be stated as well as the number of auto-renewals that will take place under the contract.

Ensure the contract has been fully executed.

A contract is not legal and binding until it has been fully executed. A fully executed version should be stored within a centralized repository and accessible by those that need to view or have access.

Make certain all supporting documentation has been added (through automation if possible).

Different types of contracts require specific supporting documentation to comply with organizational and regulatory policies. For each applicable contract type, the associated required documentation should be specified within an organizational policy or procedure. These required documents should be automated within the workflow to trigger based off the contract type or other contractual fields/template information.

i Recommendation: Conduct periodic audits to ensure all supporting documentation is stored with the contract.

Ensure all required reviews have taken place.

Certain contract types require specific reviews e.g. fair market value (FMV), sanctions checks, budget reviews, security reviews and vendor credentialing.

i Recommendation: Since required reviews are often overlooked, automation is recommended by requiring supporting documentation in your CLM platform. It is also important to educate those involved in the contracting process of the review requirements relevant to each specific contract type.

Use built-in automation to capture, track, and report milestone dates.

Milestone dates that are not properly documented within a CLM solution are often missed due to employees transitions, tracking reminders on a personal calendar or unrelated tracking tool, or by simply slipping through the cracks. These could include a quality review, FMV review, warranty expiration or even KPI reviews that affect bonuses, contract cost increases or savings.

Ensure all organizational applicable policies been followed in relation to each contract.

Applicable policies should be easily and readily associated to each contract type, contract dollar threshold, or other required and documented criteria. Use automation to build in policy prompts as much as possible.