

As a leader in hospital-physician relationships, Ludi has worked with hundreds of provider organizations nationwide to streamline their approach to physician contracts and payments. After reviewing tens of thousands of contracts over the years, there are a number of learnings we'd like to share that can help hospitals avoid certain pitfalls and build a more efficient contracting strategy.



## **Insight #1: Don't Underestimate the Number of Agreements You Have**

Physician contracts are typically siloed and located in disparate areas within a hospital. Yet, it is critical that provider organizations know how many agreements they have, how many physicians they work with and how many dollars are spent on contracts. Our data shows that, on average, hospitals underestimate the number of physician agreements they have by at least 25%.



## **Insight #2: Don't Overlook Key Opportunities With Your Physician Contracts**

Many hospitals have an opportunity to renegotiate a physician contract (but do not), or they miss agreements that are no longer critical to their physician network strategy.



## **Insight #3: Look for Gaps in Your Contracts and Fix Them**

It is easy to overlook gaps or items that should be tightened in physician agreements. For example, we found that hospitals sometimes have no clear due date in their contracts that identifies when the physician must submit their time. This may require changing policy or amending agreements.



## **Insight #4: Watch Out for the 'Pay to' Field**

It is not unusual to find that an incorrect party is being paid in an agreement. For example, if the agreement is with the group, the group must be the "pay to" on all payments. Otherwise, you might be paying the wrong party, which is a Stark Law violation.



## Insight #5: Avoid Math Errors

When you run on paper, it is easy to make math errors or miss contractual limits, such as monthly or annual maximum.

## Insight #6: Watch Out for Missing Data Components

Details may be incorrect or may even be missing in physician contracts. For example, when a physician is paid approximately 10 hours per month with no hourly rate or maximum payment identified. Closing these gaps eliminates Stark Law and Anti-Kickback violation risks.



## Insight #7: Identify the Number of Staff Needed to Approve Each Physician Payment

Identifying the number of staff approving each physician payment may result in a streamlined approach. We have seen hospitals go from 11 approval signatures on every time log each month to a much more streamlined process. Software minimizes the technical violations making it easier to follow the contract rules.

## Insight #8: Find Ways to Streamline Financial Cost Reporting

Year-end reports should show every physician payment made to every physician during the specified timeframe in a neat and easy-to-store file. This can help save weeks of finance time.



## Insight #9: Address Vague Contract Duties

Contract duties are often vague or not well defined (e.g., being a good corporate steward). How do you pay for that? Duties should be clearly compensable. Hospitals need to maintain a balance of managing realistic and clearly defined actionable duties in each agreement.

## ABOUT LUDI

Ludi, Inc. is a health care technology and physician-advocacy firm that simplifies the way hospitals and health systems track, manage and audit payments to their physicians. Ludi is trusted by more than 250 hospitals and health systems nationwide to automate their physician payment processes, ensuring medical teams are appropriately compensated and hospitals stay in control of their physician contract spend.