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The Contract Administration Process

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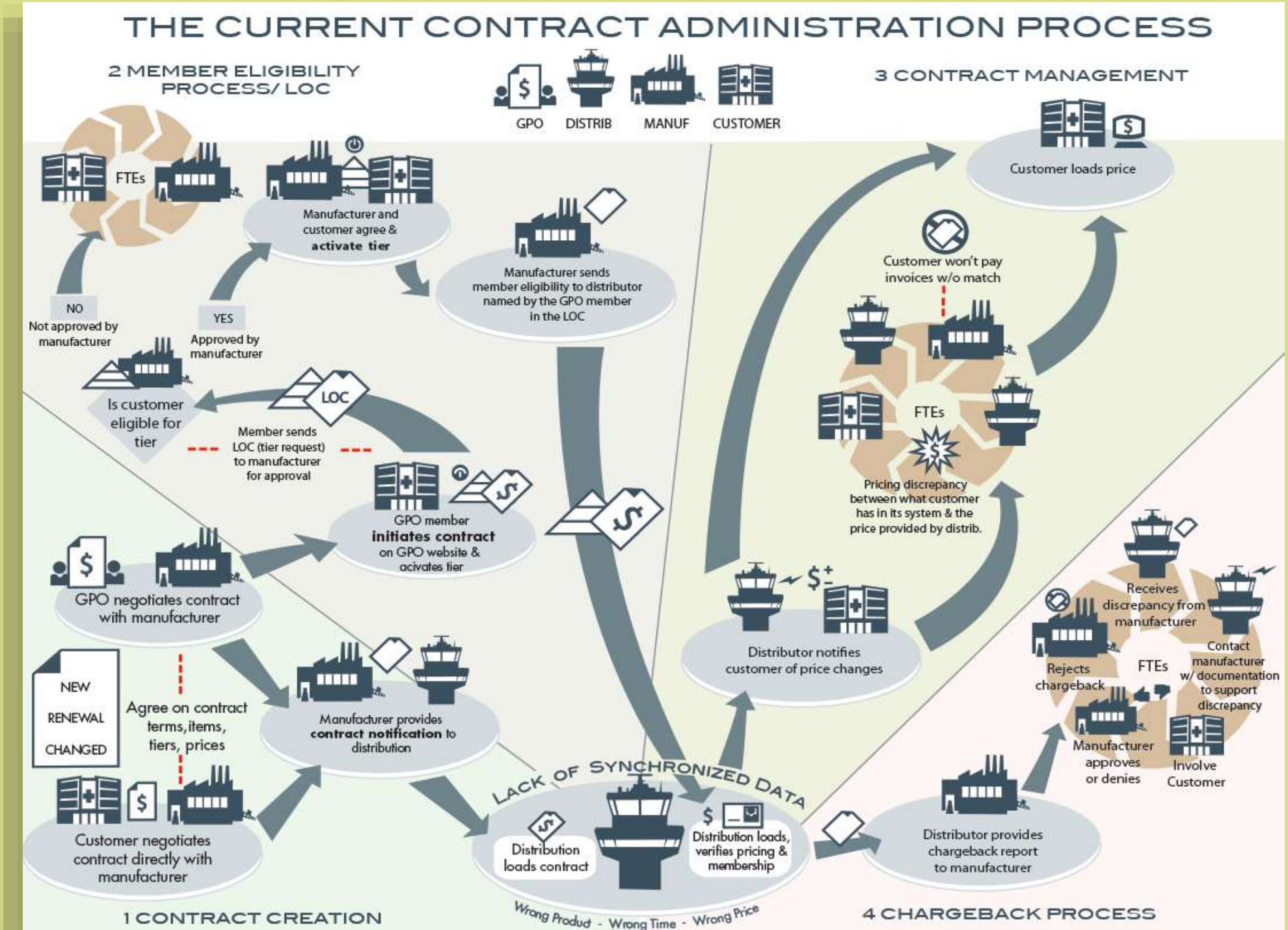
The Contract Administration Process


THE CURRENT CONTRACT ADMINISTRATION PROCESS
2 MEMBER ELIGIBILITY PROCESS/ LOC
GPO
DISTRIB
MANUF
CUSTOMER
3 CONTRACT MANAGEMENT
FTEs
Manufacturer and customer agree & activate tier
Manufacturer sends member eligibility to distributor named by the GPO member in the LOC
Customer loads price
NO
Not approved by manufacturer
YES
Approved by manufacturer
Customer won't pay invoices w/o match
Is customer eligible for tier
LOC
Member sends LOC (tier request) to manufacturer for approval
FTEs
Pricing discrepancy between what customer has in its system & the price provided by distrib.
GPO member initiates contract on GPO website & acivates tier
GPO negotiates contract with manufacturer
Distributor notifies customer of price changes
Receives discrepancy from manufacturer
Contact manufacturer w/ documentation to support discrepancy
Rejects chargeback
FTEs
NEW
RENEWAL
CHANGED
Agree on contract terms, items, tiers, prices
Manufacturer provides contract notification to distribution
Manufacturer approves or denies
Involve Customer
LACK OF SYNCHRONIZED DATA
Distribution loads contract
Distribution loads, verifies pricing & membership
Distributor provides chargeback report to manufacturer
Customer negotiates contract directly with manufacturer
Wrong Product - Wrong Time - Wrong Price
1 CONTRACT CREATION
4 CHARGEBACK PROCESS

Pricing Agreements

GPO

Manufacturer

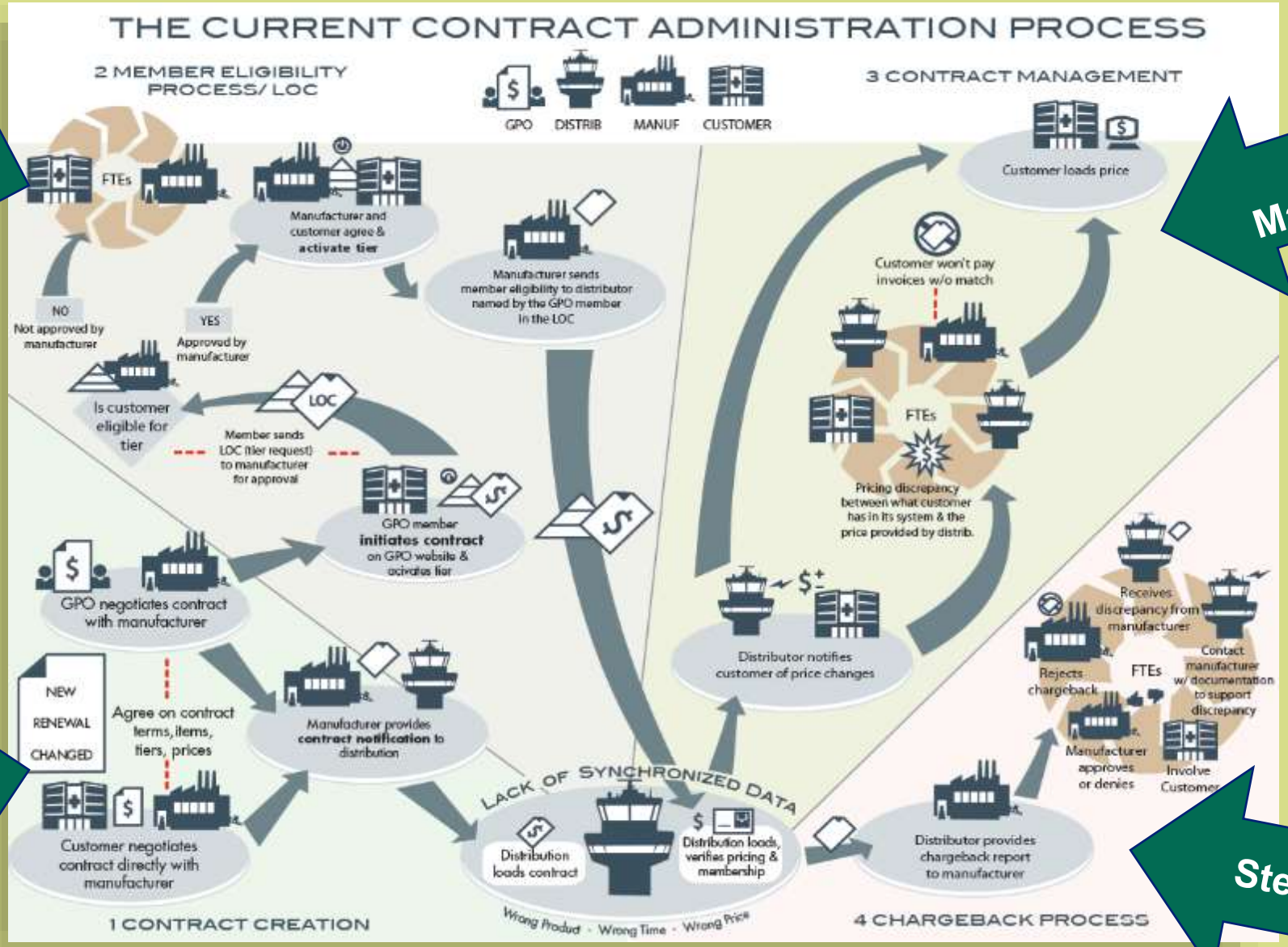
Distributor

Provider

Four Distinct Steps

Step 2: Eligibility

Step 3: Contract Management/Invoicing



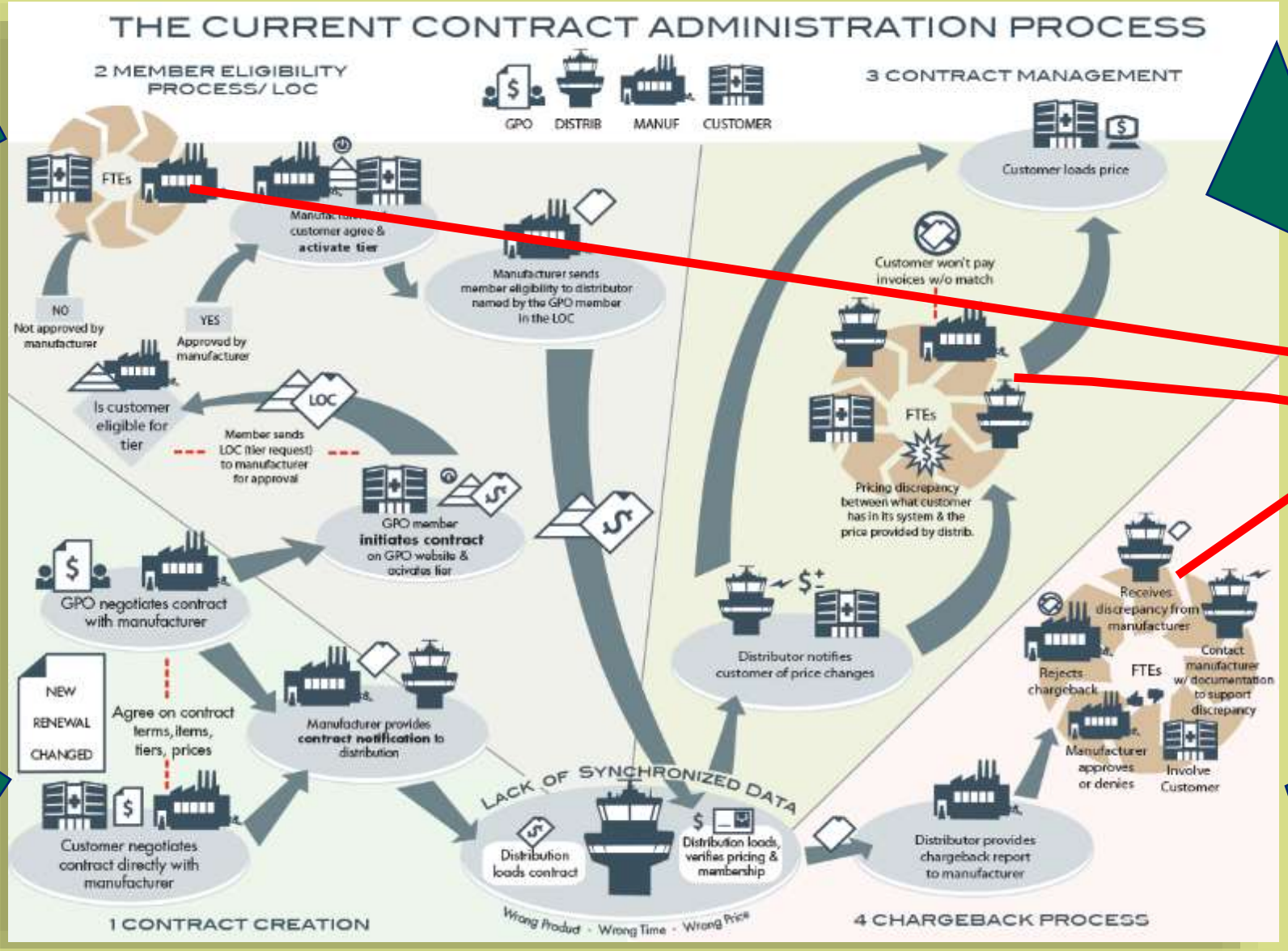
Step 1: Contract Creation

Step 4: Chargebacks

Break Points

Step 2: Eligibility

Step 3: Contract Management/Invoicing

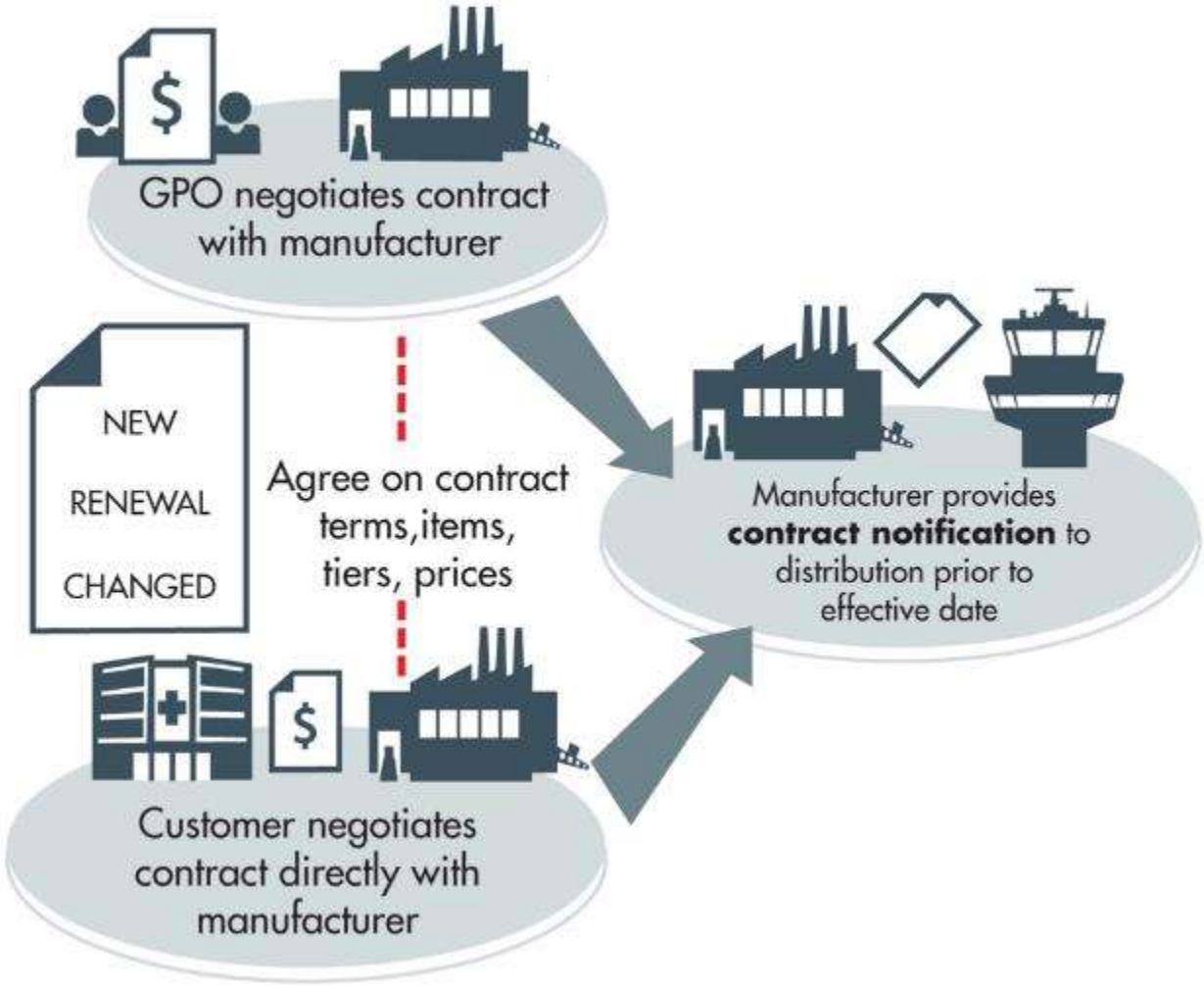


Poor Processes Can Grind The Gears At Any Step

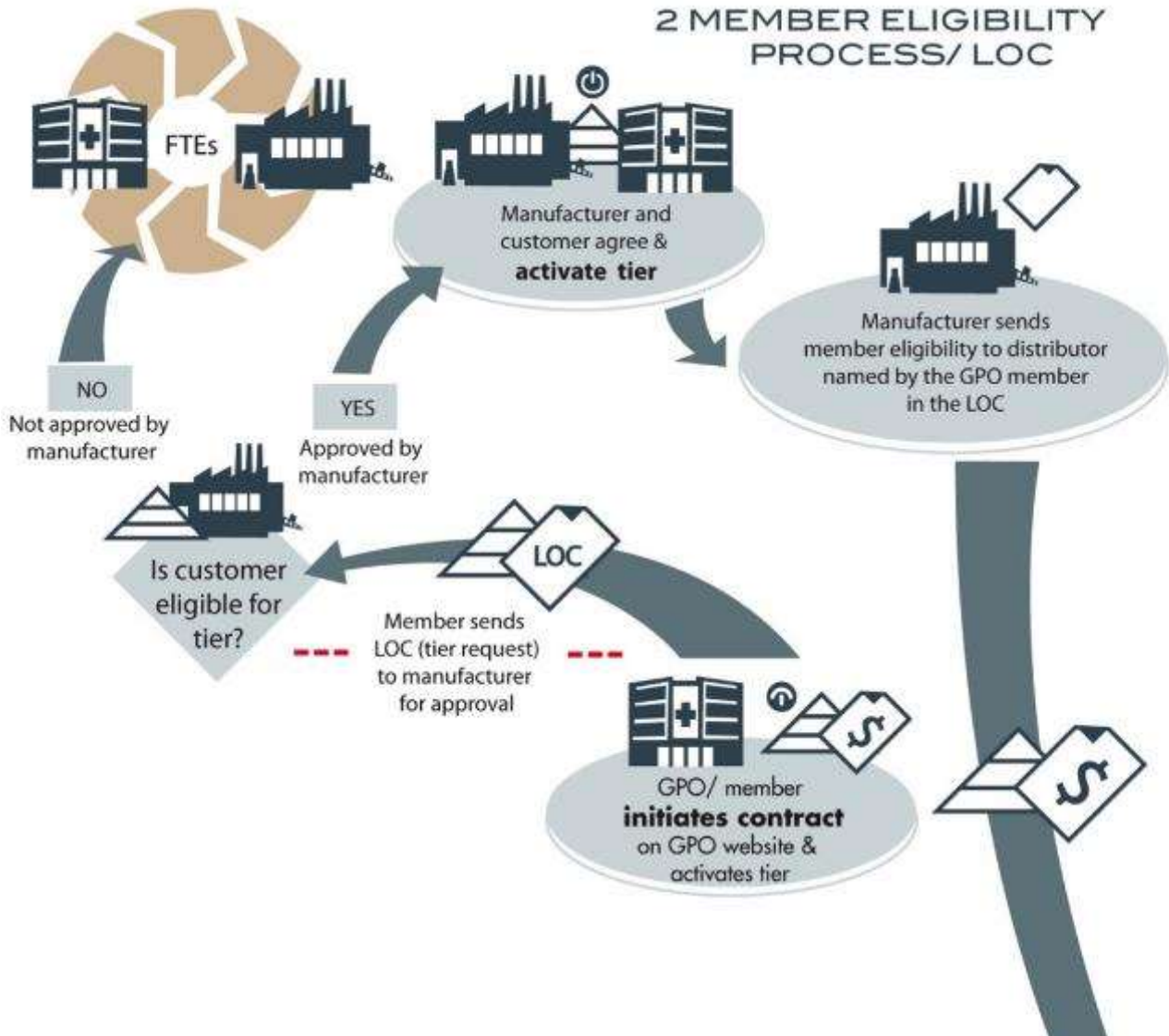
Step 1: Contract Creation

Step 4: Chargebacks

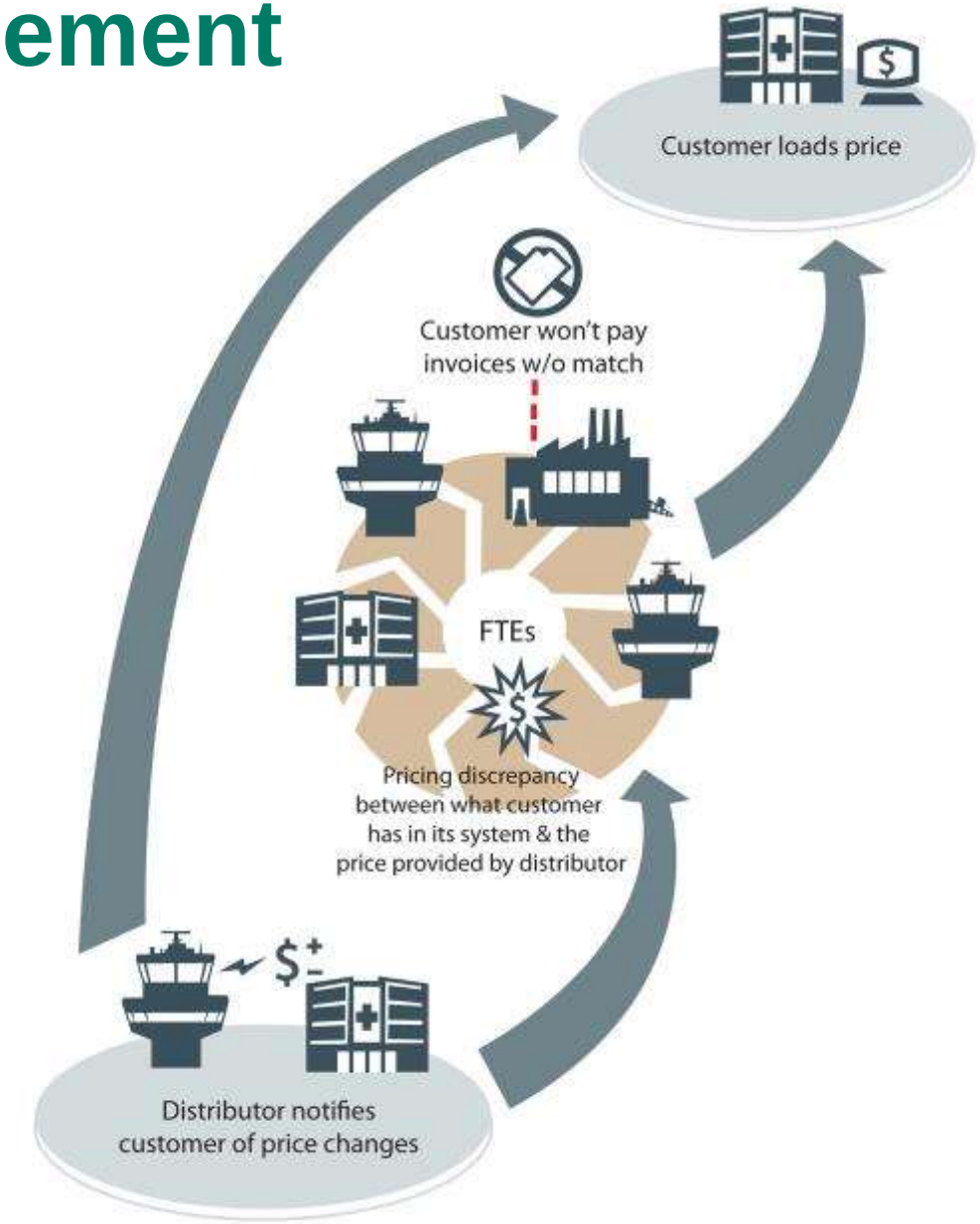
Contract Creation



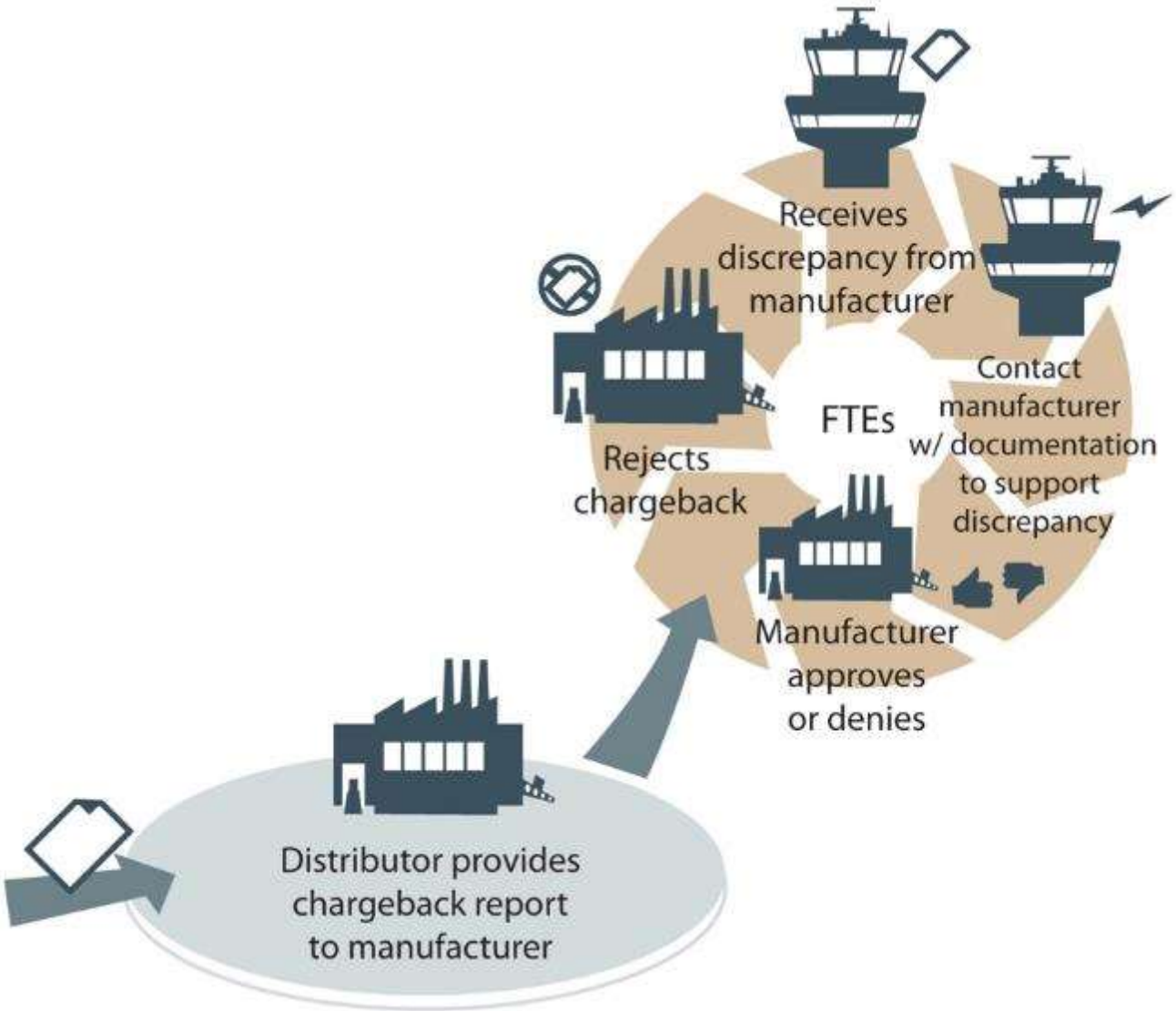
Member Eligibility Process/LOC



Contract Management

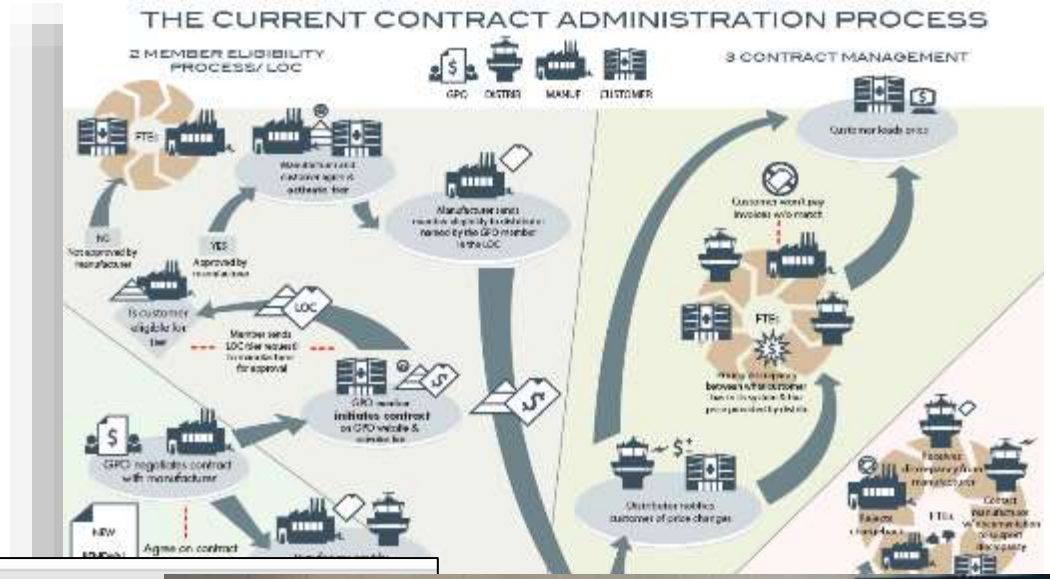


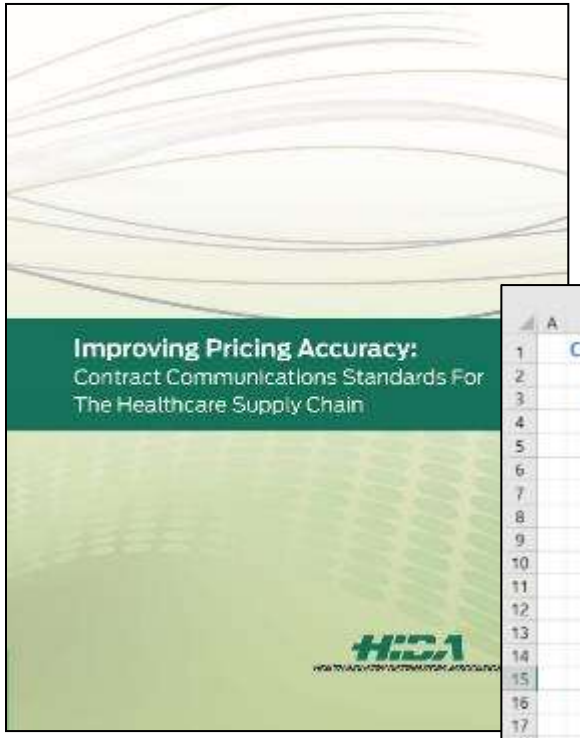
Chargeback/Rebate Process

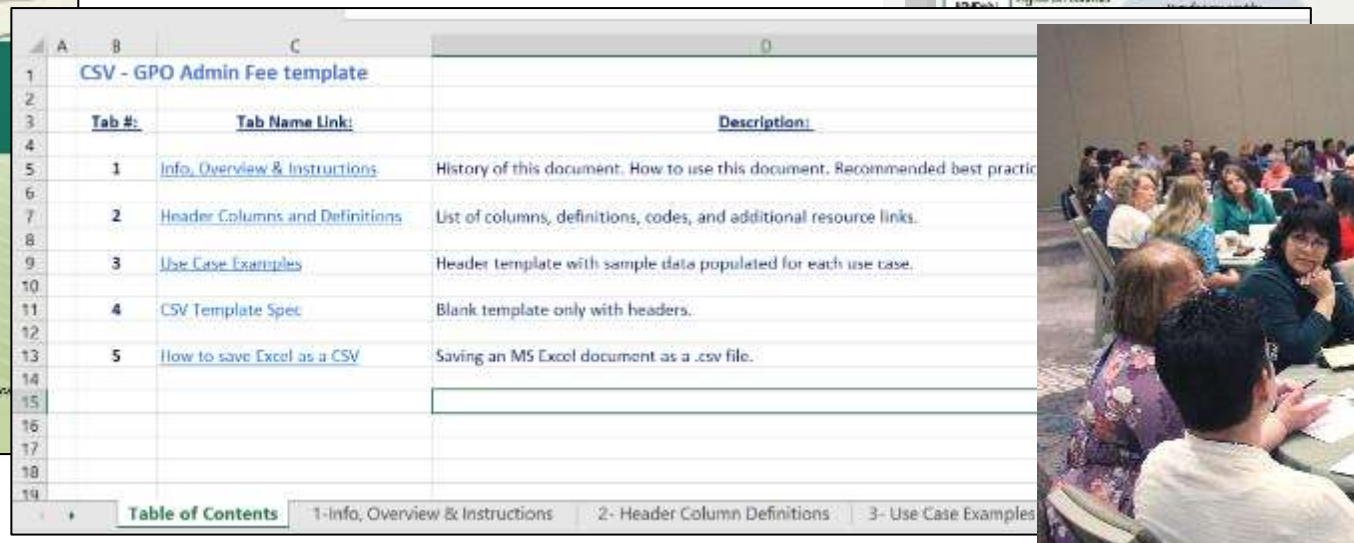


White Paper “Bible” And Related Resources

www.hida.org/pricingaccuracy







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For more information on healthcare contract administration, visit https://hida.org/pricingaccuracy

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