

Case Study: Direct Contracting

A health care provider network in a Western state was looking for contracting opportunities with major employers. The group already had an infrastructure of contracts and a sophisticated financial system from which service-line costs could be derived. The network was also able to deliver a full array of services. HPS worked with the three largest employers in the State and put in place a data analysis process which demonstrated that significant savings for the employers could be achieved while meeting the health system's financial requirements. HPS was then able to negotiate contracts based on Diagnosis-Related-Groups which resulted in a projected savings of over \$2 MM per year for the employers. In exchange for favorable pricing, which was demonstrated to achieve cost-plus results, the health system looks forward to significantly increased patient volume at network facilities and an evolving relationship with the employers as part of a 3 year commitment.

The employer groups are currently discussing adding physician services to the existing arrangement and have voiced strong support for the arrangements in place.