

CASE STUDY

Optimize rates to  
enhance provider  
reimbursement  
and compensation



As value-based care continues to evolve, healthcare organizations are under increasing pressure to optimize the performance of their programs. Our client, a leading healthcare consulting organization, has been at the forefront of using data to help health systems and provider groups optimize their reimbursement rates in contract negotiations.

Most recently, they supported a large health system that was concerned their negotiated rates were below those of their competitors in both their primary and secondary markets. On top of that, these suboptimal rates were potentially impacting provider compensation and their ability to recruit and retain top talent. To remain competitive and ensure high-quality patient care, our client turned to MarketScan [Reimbursement Benchmarks](#) for answers.

### The solution

Sourced from the MarketScan Commercial Database, a closed claims system with actual paid amounts from over 350 large, self-insured employers and health plan data contributors, Reimbursement Benchmarks provide trusted market level rate benchmarks at the procedure code level. For items and services provided for both Inpatient and Outpatient care, facility and professional rates are benchmarked separately, which was a key factor for our healthcare consulting client.

In analyzing the health system's reimbursement rate by payer, it was clear that there was significant variation in their current negotiated rates across their markets. Of the six major payers evaluated, two had negotiated rates for professional services well below the market median shown in Reimbursement Benchmarks. The payer with whom the health system had the lowest negotiated rates for professional services also happened to be the market leader.

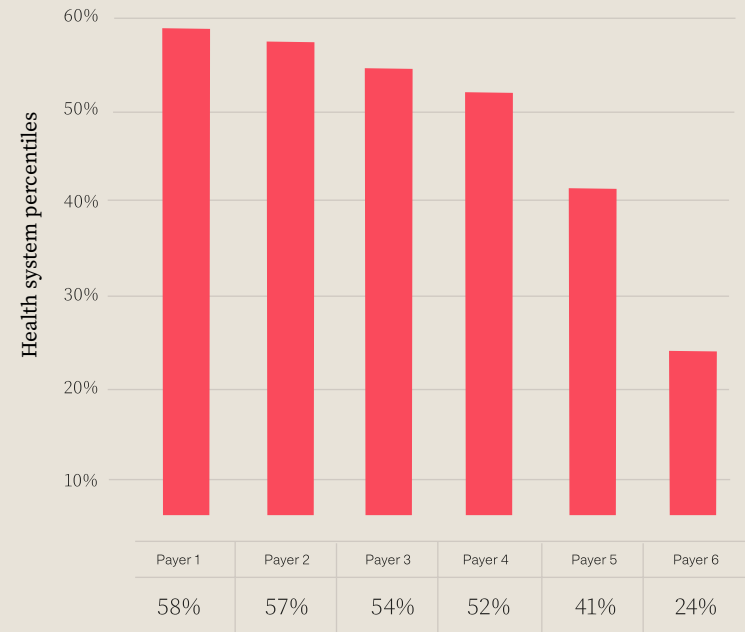
### The result

Based on the market rate analysis, the health system built a payer negotiation strategy to engage payers in contract negotiations for their primary market. As a result of this strategy, the health system received an average increase of professional contractual rates from 6% to 12% for their commercial plan negotiations. Based on subsequent payer rate increases, the health system was also able to revise their physician compensation structure making it more market competitive. Due to the revised payer contractual rates and compensation plan, the health system improved recruitment and expanded its cardiovascular and oncology service lines.

## The health system's reimbursement rate by payer

The following graph denotes where the health system's reimbursement rates, obtained from their claims data and/or contracted rates, land compared to the healthcare consulting organization's percentiles. Overall, reimbursement rates were found to vary greatly from the 24th to the 58th percentile of the Reimbursement Benchmarks.

Leverage reimbursement benchmarks to compare against a provider's contracted rates



[See Reimbursement Benchmarks](#)  
[About MarketScan](#)

## About MarketScan

MarketScan by Merative provides deidentified, longitudinal, patient-level closed claims and specialty data for 293M+ patients sourced directly from a diverse pool of payers. Industry-leading researchers rely on MarketScan to derive valuable insights pertaining to health economics and outcomes research, treatment patterns, and disease progression across the industry resulting in more than 3,500 peer-reviewed manuscripts.

## About Merative

Merative provides data, analytics, and software for healthcare and government social services. With focused innovation and deep expertise, Merative works with providers, employers, health plans, governments, and life sciences companies to drive real progress. Merative helps clients orient information and insights around the people they serve to improve decision-making and performance.

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