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CHW: Software Offers Cost, Consistency And Compliance Help For Major Hospital System

The Editor interviews Ian Boase, Vice President and Associate General Counsel, Catholic Healthcare West.

Editor: Tell us about Catholic Healthcare West (CHW).

Boase: Catholic Healthcare West is a system of 41 hospitals and medical centers in California, Arizona, and Nevada. It is one of the nation's largest not-for-profit health care systems and the largest private hospital system in California. We are here to take care of everyone in need, but we pay special attention to the poor and underserved. We have nearly 10,000 physicians and 54,000 employees providing health-care services to more than five million people annually.

Editor: What is your role in CHW?

Boase: As Vice President and Associate General Counsel, I am one of the four senior attorneys that work with the General Counsel on the operations matters involving all of CHW's hospitals, clinics and other healthcare services. Our legal staff in Sacramento is responsible for serving the legal needs of CHW facilities (about 50 different client entities in Northern California and Northern Nevada). The facilities we work with are located from Merced in the Central Valley of California to Mount Shasta near the Oregon border, as well as in Northern Nevada. Working with Steve Brady, our Legal Technology Manager, I am responsible for the design, implementation and updates to our Legal Department's use of technology.

Editor: With respect to what kinds of CHW contracts has ContractExpress DealBuilder proven helpful?

Boase: It has helped immensely with our

physician contracts. The federal government requires that virtually any payment made to a physician by a hospital has to be supported by a contract. Because these contracts have to be renewed every year or two, this means we work on more than 5,000 contracts every year. Contracts are necessary because hospitals generally don't employ physicians – at least not in California or Nevada and many other places across the United States.

Because physicians provide a broad variety of services for patients and the hospital, the terms of the contracts vary significantly. So the CHW Legal Department has more than 100 templates of physician contracts. When we began extensive use of the templates, we were surprised to find that we are constantly updating those templates to reflect changes in state and federal law. Changes also are required to keep up with our operations experience and sometimes from learnings from litigation.

So changes in those contracts take place constantly. To deal with these issues we implemented ContractExpress, which is software supplied by Business Integrity. We found that ContractExpress provided us with the flexibility to be able to change those templates easily. We are using ContractExpress to create what we call a "clause library." We convert our existing contract templates, which are actually paper contracts or electronic contracts, into a series of "virtual" contracts that are made up of the clauses from our clause library. This will enable us to make changes that once required hours of work from paralegals and attorneys quickly and easily. For instance, if we want to change the force-majeure clause that is the same in every one of our 100 templates, we can make that change one time and it's made in all our templates.

Editor: What did you do before you automated the process? You must have had a very large number of lawyers or paralegals working on the contracts.

Boase: In 2001, Catholic Healthcare West changed from essentially a holding company to an operating company. At that time, we looked for a way to turn our eight different legal office locations into a single "virtual" office so that we would work more efficiently and effectively together with the aim of providing more consistent and timely advice to our clients. To accomplish this goal, we had to find an effective way of sharing templates, practices and information and solving legal problems in a way that would be transparent to members of the legal department located in all our offices.

We decided to use ContractExpress with some other software and integrate those tools into a practice management system that was a common platform for all of our offices. Since 2001, many new laws and regulations governing healthcare and physician financial relationships with hospitals have been implemented and the requirements we have to deal with in our contracts are ever more demanding. ContractExpress enabled the CHW Legal Department to cope with these changes without significantly expanding the department.

What we did was to anticipate these developments and put a system in place that allows us to keep pace with the number of contracts and the growth of contracts that we have to deal with every day.

Editor: How did ContractExpress facilitate getting the job done?

Boase: We actually used ContractExpress not only to manage our templates but also

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as a way of having our clients more effectively get legal services. Before we implemented ContractExpress and the other integrated software, our in-house clients would fill out a paper questionnaire with the details about the contract or other legal work they needed. We would then prepare a paper file inputting that same data that the client had typed into the paper request, and someone else would type that same information into our "project list" of matters that we used to keep track of our work. We would then take that same data and use it to put together the contract and ultimately we would enter that same data into a contracts database because we're required to keep track of all of our contracts in a centralized database under federal law.

To eliminate this repeated inputting of the same data, the client uses ContractExpress to input the information needed to assemble the contract at the time the client first makes the request for our assistance. Our lawyers verify the answers and the information is then used to populate the contract template. It's used to also populate or open any files. The data is used to open a matter in our practice management system. It populates our contract management system. ContractExpress does a lot more for us than just provide the templates for contracts. It actually provides us with a way of gathering the data from our clients for the legal services they request, which we then don't have to re-input several times. It enables us to use that data in a multiplicity of ways including research on legal issues, policy issues, even how to identify matters that require that we address them because of a change in the law.

This process enhances productivity by saving the time of both the client and the lawyers. By using the data inputted by the client for a variety of purposes, rather than us re-inputting it, we're reducing the demand on the support staff as well as the lawyers and paralegals who would otherwise spend at least some of their time filling in blanks in contracts. This frees the lawyers and paralegals up to focus on advising the client and on those issues that really require legal review.

ContractExpress reduces the amount of time spent by the client in back and forth as the lawyer collects needed information, and it is educational for our clients because they come to understand more about how contracts are put together and why they're being asked the questions. The legal services request we built with

ContractExpress includes links to CHW policies also. If a client doesn't understand a question or wants to know its purpose, the client can just click to that link and read the policy on which the question is based.

Editor: Is ContractExpress DealBuilder integrated into the law department's practice management system?

Boase: Yes, we have bifurcated our use of ContractExpress into two pieces, which wrap around another piece of software that we use to manage our practices and provide us with a database of all of the work we do, for every matter, not just advising our clients with respect to physicians' contracts and other contracts using ContractExpress templates. We also found that we could use ContractExpress as the front end of our portal where our clients make electronic requests to us for all types of legal work using a form that we call our Legal Services Request. Our clients can get online and by using ContractExpress look through all of the other contracts that they currently have in our system. They can make requests to amend those contracts or to extend the contracts or to prepare an entirely new contract. They can then answer a series of questions that will enable us to furnish them with an entirely new contract meeting their needs. Additionally, the information can be used to populate our practice management tool, as well as to populate the terms of the template contract or amendment once we verify the information is correct.

Editor: The damages assessed against hospital systems for compliance violations can be immense. To what extent can the oversight, consistency and controls provided by ContractExpress reduce the likelihood of compliance violations?

Boase: Federal and state laws affecting hospitals prohibit financial arrangements with physicians unless they meet a certain set of specific criteria. Hospital systems need strong controls in transactions with physicians to avoid compliance violations that can result in millions of dollars in liability for even minor errors. If a hospital has a prohibited financial arrangement with a physician, even if its only failure to get a contract signed, the hospital is prohibited from billing for the services rendered to patients of that physician. The penalty for billing under the False Claims

Act can be triple each claim submitted plus additional penalties for each claim. Because hospitals submit hundreds of claims every day to Medicare and other payers, this represents a very substantial exposure. For example, if a hospital failed to have a medical director contract in place with Dr. John Doe for the period of a year, but paid Dr. Doe for those medical director services, then all of the patients bills that the hospital submitted to Medicare for that year resulting from Dr. Doe's referral could be treated as false claims under the False Claims Act, giving rise to possibly millions of dollars in liability.

Because all our contracts with physicians are based on templates maintained in our system with ContractExpress, provisions in our physician contracts are all uniform and have been thoroughly vetted to ensure they comply with the law. By using ContractExpress, we greatly reduce the possibility that compliance violations will occur with respect to physicians' contracts because the legal department controls the content of all physician contracts. It is very unlikely that such contracts could escape that control. In addition, our accounts payable department reviews data extracted from the ContractExpress and integrated practice management system before the AP department issues payments to physicians so no payments are made to physicians unless a contract is identified. In addition, the possibility that unauthorized changes might be made in a contract are reduced because printouts of the execution copy of contracts are in PDF format.

Editor: How much help was provided by Business Integrity?

Boase: The Business Integrity team led by Tim Allen was a huge resource to us. They were willing to give their time from the very earliest stages of our concept of integrating ContractExpress with our practice management system. Tim and his colleague Julie Saliba worked extensively with Steve Brady and other members of our Legal Tech Team, asking questions about how this would work and about how that would work until we got exactly what we needed. I can't express my appreciation enough for what Business Integrity did for us. We don't have as much contact with them as we had in the initial stages. However, they continue to work with us to help us integrate some of the elements of the newer versions of ContractExpress into our system. We would not be where we are today without their help.