

# Contract Management in Medical Practices

Here's why organized vendor and contract oversight is important to the success of your practice.

BY CHRISTOPHER RUMA

Ever found yourself paying fines or unexpected vendor charges related to an overlooked contract date? Sadly, it happens more than you might think in every type of medical practice. Fortunately, there's a simple way to avoid the issues—a contract management system.

There's so much more to running a medical practice than providing excellent patient care—and we all know the day-to-day demands of managing a business can be challenging. Too often, tasks such as organizing, managing, and maintaining vendor contracts fall by the wayside, forgotten until you come face-to-face with a challenge and you have to jump into crisis mode. Electronic Health Records (EHR) systems are just the tip of the iceberg—there are equipment leases, software, cleaning and waste disposal relationships, insurance and liability agreements, and so much more.

Ultimately your practice relies

on dozens of contracts to function smoothly. Unfortunately, we've seen many practices discover the consequences of poor contract oversight only when it's too late—locked into an unwanted auto-renewal, paying for unused services, or scrambling to locate a missing agreement.

email boxes? How do you track renewal dates? Are they tracked at all? This manual approach creates several risks:

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**You could easily miss automatic renewal dates if your staff forgets the deadline—which means your practice will be stuck paying for services it no longer needs or wants.**

The good news is that a bit of organized oversight protects your practice's financial health, ensures compliance, and reduces administrative stress. Strong contract management strategies give you a clear advantage from the start. Are yours stored in filing cabinets, on hard drives, or in

longer needs or wants. There are also those contracts tied to HIPAA compliance, data security, and patient information—all of which carry serious legal responsibilities. Without easy access and review of all agreements, you might end up reacting to issues too late—meaning after they occur. The result: financial leakage, stress, and missed opportunities for negotiation.

## Why Contract Management Matters

Strong contract oversight gives you financial control, operational efficiency, risk reduction, and the opportunity for strategic planning—things every successful business model incorporates and enjoys.

In an industry where practice management is expensive and mar-

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## THE PM FORUM

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## Contract Management (from page 89)

gins are tight, contract management ensures you're paying only for what is truly needed. Thus, supply agreements can be re-negotiated, or you may save thousands annually by switching vendors before your renewal date. With a strong contract management system in place, you will spend less time digging through files or chasing paperwork.

If you've never had to deal with compliance obligations, service guarantees, or penalties for early termination, you certainly can appreciate

### Case Example: A Practice That Gained Control

Simple oversight can make a measurable difference in your practice's performance. Consider a podiatry group with three locations. Each office had its own supply and service agreements, most of which were managed by individual office managers. When one office manager retired, the group discovered multiple contracts had auto-renewed—some at higher rates—without their knowledge.

The group centralized all contracts into a management system, identified overlapping supply agreements, and

one staff member has access to and understands how the system works.

### Contract Management as Part of Practice Health

Contract oversight—no matter how small of an administrative detail it may seem—directly impacts the financial health of your practice. Just as preventive care avoids costly complications in patients, proactive contract management prevents financial and legal setbacks for your practice.

In podiatry offices, margins are often narrow and regulatory requirements strict. As a result, staying organized with contracts isn't just good business—it's essential for long-term stability.

### Conclusion

Your practice will grow and thrive when you combine clinical excellence with sound business management. Vendor and contract oversight is a simple yet impactful way to protect your practice's resources. Shifting from a reactive to a proactive approach, you will avoid the pitfalls of missed renewals, unnecessary expenses, and compliance risks.

Contract management systems offer the tools needed to centralize, track, and monitor agreements. But technology alone is not the solution, it must be paired with consistent best practices and staff accountability.

When contracts are managed effectively, you and your staff will gain peace of mind, financial control, and the freedom to focus on what matters most: delivering quality patient care. PM

ate that having contracts accessible and regularly monitored reduces the risk of non-compliance, and ensures your practice understands the legal commitments. Consider, for example, what you might have to do if you plan to expand to another location—how easily can you determine when contracts expire? How efficiently can you guide the negotiations for enterprise-wide agreements?

### Technology as a Solution: The Role of Contract Management Systems

Technology has changed the way you can manage contracts. Contract management systems provide a centralized, digital repository where all vendor agreements are stored, organized, and monitored.

Key features of these systems include automated alerts, centralized storage, searchable databases, and audit trails—each playing an integral part in keeping your contracts—and your practice—in good standing and rapidly available as needed. While no system can replace sound administrative judgment, technology provides the infrastructure that supports proactive decision-making. Instead of reacting to a missed renewal, your practice can plan ahead with confidence.

### Best Practices for Contract Oversight in Medical Practices

Even with technology, contract management requires discipline. You must assign responsibility—preferably to an office administrator, practice manager, or senior staff member—who serves as the point person for ensuring all agreements are centrally stored, updated, and monitored.

Standardized policies are a must. Make sure all new vendor contracts are uploaded or stored in the central system before services begin, and all contracts should be reviewed well before their expiration date. Quarterly or semi-annual reviews allow you to assess vendor performance, identify redundancies, and prepare negotiation strategies.

Always set renewal reminders well before the deadline—set alerts for 90, 60, and 30 days to give yourself—or your team—ample time for review. And for the sake of your entire team, make sure that more than



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