MANAGING BUSINESS PARTNERS:

WHAT HAPPENS WHEN THEY UNDERPERFORM?

OBJECTIVES

- Identify DNV standards as it relates to contracted services
- Demonstrate how to select a business partner that fits your organization's needs
- Understand the importance of building a strong partnership
- Identify and address underperforming business partners
- Demonstrate how to effectively and ethically terminate an underperforming business partner

DNV COMPLIANCE

GB.4 Contracted Services

SR. 1 The governing body is responsible for all services furnished in the organization.

SR. 2 The organization's P&P for business partners shall addresses at minimum:

- Criteria for selection, evaluation, monitoring of performance and re-evaluation
- Criteria will include the requirement that the entity or individual shall provide the products/services in a safe and effective manner.
- The governing body shall require reviews, performed at defined intervals, of selected indicators

SR. 3 A documented list of external providers, including their scope/nature of services and/or products shall be maintained.

DNV COMPLIANCE

The organization will prioritize the review of external providers based on the concept of risk based thinking with an emphasis on those services related to patient care

The documented list of external providers shall address:

- The service(s) or products being offered;
- The individual(s) or entity providing the service(s) or products;

In addition, the organization should address:

- Whether the services are offered on or off-site;
- Whether there is any limit on the volume or frequency of the services provided; and
- When the service(s) are available.

DNV COMPLIANCE; SURVEYOR GUIDANCE

Verify the process for development of contracts and/or agreements meets the following:

The organization shall communicate to external providers its requirements for:

- the processes, products and services to be provided;
- acceptable methods for products and services being provided, to include equipment being used;
- required competency to be completed by either the hospital organization or the external provider, or both;
- the expectations for external providers' interactions with the organization (e.g., incident reporting process, any access to software programs);
- control (policies/procedures) and monitoring of the external providers' performance to be applied by the hospital organization.

DNV COMPLIANCE; SURVEYOR GUIDANCE

For those services the organization provides under arrangement or contract that are in the high risk patient care category, ask to see evidence that the external provider is actively involved in the QMS:

- Do the governing body, medical staff, and administrative officials periodically receive and review quality data from the external provider?
- Is the external provider involved in any current or past hospital QAPI projects?
- Does the contract or agreement include the organization's expectations regarding the external provider's roles and responsibilities regarding the QMS?
- Does the data from the external provider demonstrate positive outcomes related to the services provided?
- Do written contracts include QAPI requirements and roles and responsibilities of the contractor?

Review the list of external providers and verify that there is a delineation of the scope/nature of services and/or products.

SELECTION CRITERIA

Internal stakeholder participation is non-negotiable in business partner selection!

- They Define the Real Operational Needs (Not the Assumptions)
- They Identify Risks Early (Compliance, IT, Privacy, Finance)
- They Increase Buy-In and Adoption
- They Ensure Cultural and Mission Alignment
- They Strengthen Accountability and Performance Monitoring

SELECTION CRITERIA

Specific Expertise

- Case studies with other healthcare clients
- Teams with clinical, regulatory, or revenue cycle backgrounds
- Demonstrated understanding of HIPAA, HITECH, CMS, and payer requirements

Compliance, Data Security & Risk Management

- HIPAA/HITECH compliance
- Strong cybersecurity posture (encryption, monitoring, incident response)
- Documented risk-management protocols
- Clear audit trails and reporting

SELECTION CRITERIA

Aligned Values, Mission & Cultural Fit

- Understanding the organization's mission
- Tailored solutions (not one-size-fits-all)
- Communication style that fits the organization

Scalability, Flexibility & Operational Excellence

- Ability to expand services rapidly
- Efficient credentialing, scheduling, and compliance processes
- Modern technology platforms and analytics
- Predictable implementation timelines

SELECTION CRITERIA

Transparency, Trust & Measurable Value

- Dashboards and real-time reporting
- Open communication channels
- Documented ROI or operational improvements
- Honest discussions about risks and limitations

A strong partnership with business partners isn't just "nice to have"— it's a strategic necessity. The core truth is this: **Healthcare organizations perform better, stay safer, and innovate faster when their external partners operate like extensions of their internal teams**

STRONG PARTNERSHIP

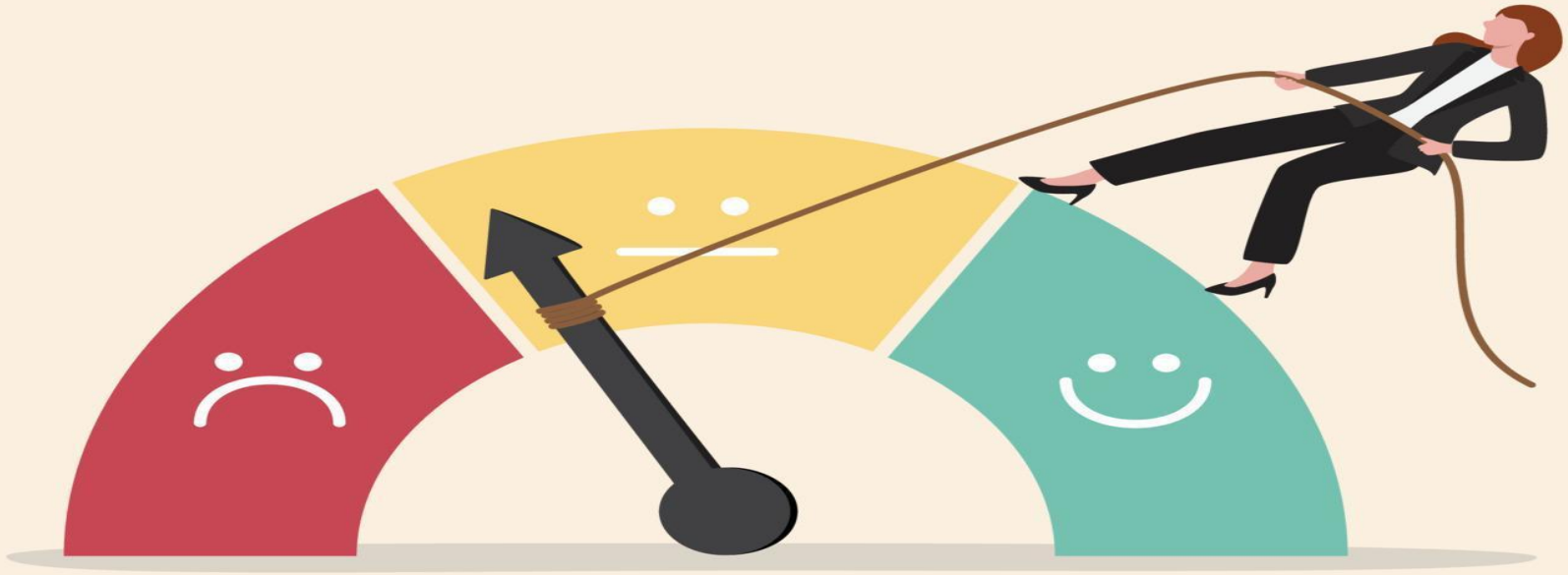
- A weak partnership creates gaps — and gaps create survey findings, risk exposure, and patient-care vulnerabilities
- In healthcare, operational friction directly impacts patient care and the revenue stream. Strong partnerships remove that friction
- Weak partners simply "deliver the service." Strong partners help you **move the organization forward**.
- Healthcare leaders need partners who are predictable, transparent, and accountable — because unpredictability creates risk
- When partners feel like part of the team, collaboration becomes natural instead of forced.

STRONG PARTNERSHIP

Healthcare organizations must lead the partnership, set expectations, and create the environment where the partner can succeed

- Define Clear Expectations, Scope, and Success Measures
- Provide Access, Information, and Operational Transparency
- Engage Internal Stakeholders and Build Cross-Functional Alignment
- Maintain Consistent, Honest, Two-Way Communication
- Monitor Performance and Hold Partners Accountable
- Model Professionalism, Respect, and Ethical Behavior

ADDRESSING POOR PERFORMANCE



ADDRESSING POOR PERFORMANCE

Poor partner performance is a patient-care risk, a compliance risk, and an operational risk — so it must be addressed quickly, formally, and collaboratively.

ADDRESSING POOR PERFORMANCE

Document the Performance Issues Clearly and Objectively

- Missed KPIs
- Examples of workflow failures
- Compliance or safety concerns
- Communication gaps
- Impact on operations, revenue, or patient care

Initiate a Direct, Transparent Conversation With the Partner

- Specific examples of underperformance
- Expected standards
- The partner's perspective on root causes
- Agreement on the seriousness of the issue

ADDRESSING POOR PERFORMANCE

Establish a Formal Performance Improvement Plan (PIP)

- Clear corrective actions
- Updated KPIs and timelines
- Reporting cadence (weekly, biweekly, monthly)
- Defined escalation pathways
- Consequences for non-compliance

Increase Monitoring, Communication, and Stakeholder Engagement

- More frequent check-ins
- Dashboard reviews
- Cross-functional stakeholder feedback
- Documentation of progress or continued gaps

ADDRESSING POOR PERFORMANCE

Make a Decision: Continue, Renegotiate, or Terminate

- Continuing with enhanced oversight
- Renegotiating scope, pricing, or responsibilities
- Terminating the contract per legal and compliance requirements

Terminate the partner in a way that is **compliant, documented, respectful,** and **operationally safe** — while ensuring continuity of care and services.

TERMINATION OF THE PARTNERSHIP

Conduct a Formal Contract Review Before Taking Action

- Contract terms and termination clauses
- Notice requirements
- Cure periods
- Performance obligations
- Data ownership and return requirements
- Exit or transition provisions

Ensure Thorough Documentation of Underperformance

- Missed KPIs
- Compliance or safety concerns
- Communication failures
- Impact on operations, revenue, or patient care
- Records of previous warnings or PIPs

TERMINATION OF THE PARTNERSHIP

Communicate Transparently and Professionally With the Partner

- Present documented performance issues
- Reference contract obligations
- Explain that termination is being initiated
- Outline next steps and timelines
- Maintain professionalism and respect

Execute a Structured Transition Plan to Protect Operations

- Replacement vendor or internal coverage
- Data transfer and system access removal
- Communication to affected departments
- Updated workflows
- Risk mitigation steps
- Continuity of patient care

TERMINATION OF THE PARTNERSHIP

Close Out the Relationship Legally, Ethically, and Securely

- All contractual obligations are met
- Final invoices are reconciled
- PHI and proprietary data are returned or destroyed
- Access to systems is revoked
- A formal termination letter is issued
- Stakeholders are informed

CONCLUSION

- Know your accrediting agencies vendor management requirements
- Select a business partner that aligns with your organizations mission, strategic plans and organization's culture
- Build a strong partnership with your business partner
- Open and honest communication with your business partner
- Close Out the Relationship Legally, Ethically, and Securely

QUESTIONS

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