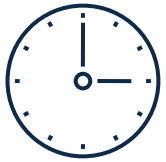
CHARTIS

# Clarifying requirements for contracted services

*On the Radar* webinar series

August 20, 2026



The webinar will start at the top of the hour.

MONTHLY INSIGHTS

# Webinar schedule & topics

THE 3RD THURSDAY OF EVERY MONTH:

**10AM Pacific, 1PM Eastern**

AUGUST

Clarifying requirements for contracted services

SEPTEMBER

Automation with AI/BI tools:

Empowering today's medical services professionals

# Past webinars available for streaming

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## On the Radar

Chartis and Greeley explore practical and future-focused topics in quality, regulatory & medical staff.

UPCOMING WEBINAR

### Seconds to contaminate, years to recover

Apr 09, 2026

# Navigating the Zoom interface

### Handouts:

Check the chat function for copies of the slides for note taking and any other handouts.

### Questions and comments:

Please participate in the discussion by asking question through the Q&A function during the webinar.

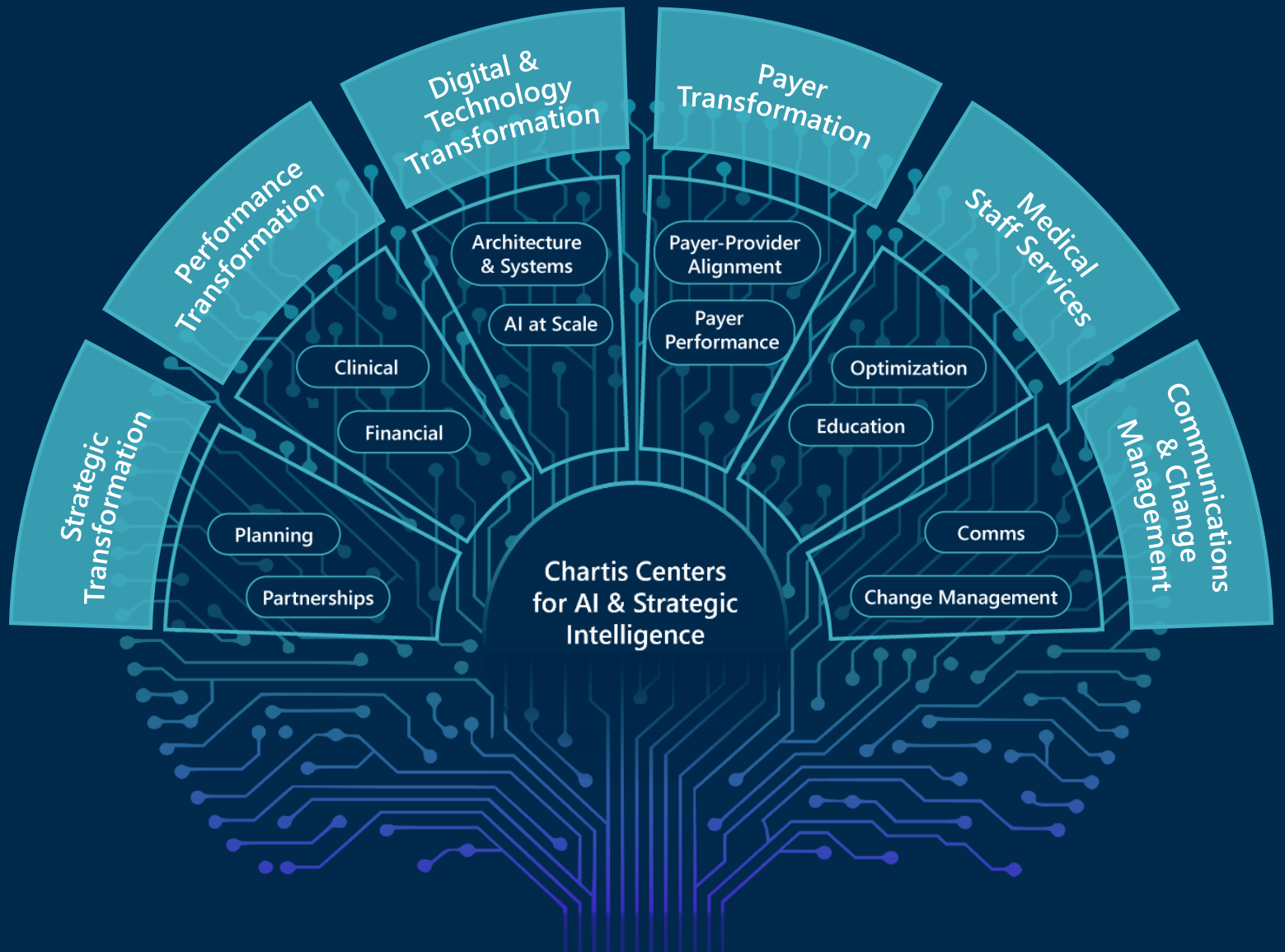
There will also be a survey you will receive immediately after the webinar that will give you an opportunity to ask additional questions or make comments.

Any questions not answered during the webinar will be addressed in a follow-up email or posting.

# Chartis is uniquely built to *deliver the last mile.*

Our **integrated lines of business** work alongside the Chartis Centers for AI & Strategic Intelligence to deliver against the last mile necessary to **transform healthcare delivery.**

## Connected capabilities.
## *Real healthcare transformation.*



# High reliability care

## UNPARALLELED BREADTH AND DEPTH

Our clients are all striving toward the same goal of providing safe, high-quality care—something that's becoming even more important with the many distractions and disruptions in healthcare today. We help clients achieve their organizational reliability, quality, and safety goals, leading to results in areas that matter most—improved care outcomes, staff engagement, operational stability, and total cost of care, enhanced reputation, and better patient experience.

### High Reliability Organization (HRO)

- High reliability organizational design and infrastructure
- Quality, Value, and Performance Improvement
- Quality ratings and rankings optimization
- Patient safety / harm reduction / safety and reliability culture
- Adverse event response and remediation / RCA
- High fidelity measurement / Clinical Documentation Integrity (CDI)
- Care facilitation

### Clinical Compliance, Regulatory, and Physical Environment Solutions

- Adverse event response
- Adverse action regulatory response and remediation
- Accrediting body readiness assessment
- Regulatory readiness rehearsal / mock surveys
- Life safety and environment of care assessment
- Policy simplification
- Infection prevention program

### Bylaws, Rules and Regulations, and Peer Review

- Bylaws and rules and regulations assessment and redesign
- Peer review assessment and redesign
- Medical staff / medical director structure and governance
- Credentialing, OPPE

### External Peer Review

- Physician / advanced practice professional external peer review
- Focused Professional Practice Evaluation (FPPE)
- Ongoing case review in support of OPPE/FPPE
- Medical necessity reviews
- Patient safety / carequality case reviews

**MEMBERSHIP AND PROFESSIONAL EDUCATION SERVICES**

# Today's *discussion*

Today we will discuss the regulatory requirements for contracted services. We will delve into varying paths for evaluations of contract that do not involve patient care and those that do. Lastly, we will discuss operational considerations then evaluating contracts and hopefully have time for questions and discussion.

**Phillip Boaz RN, MSN, CIC**

Associate Partner

**Eamonn Wheelock MPH, MA,CHSP, CHEP**

Senior Consultant

"Keeping up with change, planning for tomorrow

# Today's *agenda*

## Regulatory requirements for contracted services

## Two types of contracts (two paths)

## Operational considerations

*Questions should be posted in the webinar interface throughout the presentation.*
*We will respond to any unanswered questions in writing following the webinar.*

POLL QUESTION:

# What is your facility type?

- Acute care hospital
- Critical care hospital
- Rural emergency hospital
- Behavioral health hospital
- Ambulatory surgical center
- Other

POLL QUESTION:

# What is your primary role?

- Bedside clinician
- Quality/safety/risk
- Regulatory compliance
- Organizational leader (e.g., CMO, CNO, COO, CEO)
- Consultant
- Other

# Regulatory requirements for contracted services

01

# Why is this important?

- Contracting out the work does not contract out the compliance obligation
  - Hospitals routinely contract for dietary, imaging, ED staffing, telemedicine, biomed, waterline treatment, lab, and more
  - CMS and accreditors expect hospitals to provide safe and quality care to patients regardless if the care is delivered by facility staff, contractors, students, or volunteers
  - Personnel file standards spanning training, safety reporting, and competency hold equally for contract and agency staff as for employees
- A hospital-wide QAPI program is not hospital-wide without its contractors in it
- Deficient oversight of contracted services can result in significant Governing Body and Quality Program Findings

# CMS requirements

- 482.12(e) Governing Body Standard: Contracted Services
  - Governing body responsible for services furnished in the hospital whether or not furnished under contracts
  - Same conditions of participation and standards apply regardless of who delivers the service
- Services performed under contract must be safe and effective - included in or participates in the hospital QAPI (Quality Assessment Performance Improvement) program
  - Evaluated through QAPI alongside directly provided services
- The hospital must maintain a list of all contracted services
  - Must include the scope and nature of each service
- Essentially the same requirements for all facility types

# The Joint Commission

**LD.11.01.01 EP8**

The governing body is responsible for making sure that performance improvement activities reflect the complexity of the hospital's organization and services; involve all departments and services, including services provided under contract or arrangement.

**LD.13.03.03 EP1**

The hospital maintains a list of all contracted services, including the scope and nature of the services provided.

# DNV (Det Norske Veritas)

- GB.2.SR.1c:  The governing body, medical staff, and administrative officials are responsible and accountable for ensuring criteria that include aspects of individual character, competence, training, experience and judgment is established for the selection of individuals working for the organization, directly or under contract, and/or appointed through the formal medical staff appointment process.
- GB.4.SR.1: The governing body is responsible for all services furnished in the organization. The organization shall evaluate and select external providers (including contract services, informal arrangements, joint ventures or shared services, vendors) based on their ability to supply products and/or services in accordance with the organization's requirements.
- QM.1.SR.1b(1): The governing body, medical staff, and administrative officials are responsible and accountable for ensuring all staff, including contract staff and volunteers, shall adhere to the policies and procedures of the organization.
- ***SM.7.SR.3: Competency assessment and performance appraisal processes for contract staff may be modified based on organization outcomes and frequency of service of individuals. Modification of these processes will be made when needed, shall be justified by data analysis, and defined in organization policy/procedure.***

# Special case: Telemedicine

- If another hospital provides telemedicine to your patients, put the arrangement in writing (§482.12(a)(8))
  - That written agreement must say the distant-site hospital's board is responsible for credentialing and privileging its own physicians and practitioners
  - Your board can then grant privileges using your medical staff's recommendations, which may rely on the distant site's information
- If a telemedicine company (not a hospital) provides the service, it is a contractor to you (§482.12(a)(9))
  - The written agreement must require the company to deliver services in a way that keeps your hospital compliant with every applicable condition of participation
  - You may privilege its physicians and practitioners on your medical staff's recommendation, again using the company's information

# Two types of contracts (two paths)

02

# Two paths – and the grey area between

## PATH A: CLINICAL OR CLINICAL-REPLACING

Food and nutrition

MRI

environmental services

Participates in hospital QAPI like any clinical department

QAPI data reported through the MEC and the Governing Body

## THE GREY AREA

Biomed

Linen & laundry

Security

## PATH B: NON-CLINICAL

Lawn care

Window cleaning

Plant watering

Assigned contract owner evaluates against agreed KPIs at least annually

Evaluation goes to the Governing Body with a keep-or-drop recommendation

**When in doubt, use path A**

# Determining the path

- The organization must determine the risks associated with a contract
  - Frequently this is done in Tiers based on the association with patient care
- Tier 1: Direct patient impact or mission-critical services
  - Contracts involving direct patient care, clinical services, life safety, utilities, medical equipment support, sterile processing, pharmacy, lab, imaging, dietary, EVS, security, or other functions where failure can immediately affect patient safety, care delivery, or hospital operations
- Tier 2: Indirect patient care or significant operational dependency
  - Contracts that support clinical operations or regulatory performance but may not touch the patient directly, such as IT systems, billing, coding, staffing support, facilities maintenance, biomedical support, supply chain, document management, or emergency management vendors
- Tier 3: Administrative, low-risk, or limited-scope services
  - Contracts with limited effect on patient care, regulatory compliance, or operational continuity, such as routine office services, non-critical consulting, general administrative support, or low-dollar/low-dependency agreements

# Evaluating Tier 3 (non-clinical contracts): Four questions

- Keep it simple with these four questions:
  1. Did the contractor provide service per the pre-determined KPIs?
  2. Did the contractor uphold the host facility's culture?
  3. If no to 1 or 2, what was the corrective action and what was the outcome?
  4. If corrective action was necessary, what is the current recommendation to the Governing Body (continue using the contractor's service or seek another contractor)?
- These evaluations should be presented to the Governing Body at least annually
  - ↗ Use a consent agenda where only contractors requiring corrective action during the evaluation period are discussed

# Evaluating Tiers 1 and 2 (clinical contracts)

- Clinical-Replacing Contractors (Food and Nutrition, EVS, Biomed)
  - Include them in the QAPI program like any facility clinical department
- Contracted/Per Diem Staff (nursing, radiology, lab, etc.)
  - They participate with QAPI via the facility departments' QAPI indicators and via safety/event reporting
  - Remember that personnel file standards spanning training, safety reporting, and competency hold equally for contract and agency staff as for employees
- Contracted Individual Providers
  - Quality is usually monitored through medical staff reviews during initial and reappointments
- Contracted Provider Services (overnight radiology reading services)
  - Use the same quality indicators used for the in-house service

# Operational considerations

03

# Strong contracts

- A strong contract should not just define the relationship; it should create a manageable operating model
  - Translate the contract into measurable performance expectations
  - Identify the few KPIs that matter most: response times, completion rates, quality measures, safety metrics, uptime, turnaround times, corrective action timelines, staffing levels, inspection results, or customer service expectations
- Assign ownership before the contract goes live
  - Define who owns day-to-day vendor management, who reviews performance, who validates invoices, who escalates issues, and who has authority to approve changes, renewals, or corrective action
  - Build routine review into operations for that owner
- Use the contract as a management tool, not a filing exercise
- The contract should guide how the organization evaluates performance, manages service failures, addresses non-compliance, controls cost, and decides whether to renew, rebid, or terminate the relationship

# Key performance indicators (KPI): Measure what matters

- KPI's should connect the contract to patient safety, operational reliability, cost control, and regulatory readiness
  - Start with the risk, then choose the metric Ask: "What could go wrong if this vendor underperforms?"
- Then build KPIs around that risk, such as delayed response, missed preventive maintenance, incomplete documentation, staffing gaps, poor quality, downtime, or regulatory exposure
  - Use a balanced set of indicators
  - Include service quality, timeliness, compliance documentation, cost performance, responsiveness, communication, corrective action completion, and customer satisfaction where appropriate
  - Define thresholds and escalation triggers
  - Avoid vague expectations like "timely" or "as needed"
  - Define acceptable performance levels, reporting requirements, corrective action timelines, and when issues escalate to leadership or legal review
- Tie performance review to renewal decisions
  - Vendor performance should inform whether the organization renews, renegotiates, modifies scope, requires a corrective action plan, or seeks alternative vendors

# Make the contract work for your organization

- Contract language should reduce ambiguity and support accountability when performance does not meet expectations
- Define scope, deliverables, and exclusions clearly
  - Specify exactly what the vendor is responsible for, what is outside scope, what documentation is required, and what standards or organizational policies must be followed
- Address compliance obligations, confidentiality, HIPAA where applicable, background checks, infection prevention expectations, emergency response, access to records, documentation retention, and cooperation during surveys or investigations
- Build in remedies for poor performance
  - Include corrective action requirements, notice provisions, service credits where appropriate, termination rights, indemnification, insurance requirements, and escalation pathways
- Control cost through transparency and change management
  - Require clear pricing, approval for additional charges, limits on automatic increases, defined renewal terms, invoice review expectations, and written authorization before scope or cost changes

# Successful survey keys

✓

**Make sure you have “the list”**

- List of ALL contracted services with the scope of service for each
- We recommend you have a separate list of clinical and clinical-replacing services with the scope of service for each

✓

**Ensure the current contracts are available**

✓

**Be able to show the surveyor that each service whether provided by contract or not is participating in the QAPI program**

✓

**Evidence the Governing Body is receiving the QAPI data**

# Questions?

# Thank *you*

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