



## AT A GLANCE

### TATUM PROCESS IMPROVEMENT

Tatum developed an updated pricing model that aided CMS to be more proactive in identifying and treating chronic disease and providing quality care while keeping costs down.

### TATUM SYSTEM SELECTION

Tatum performed a comparative study of the company's needs and recommended a far more cost-effective third-party system with powerful reporting on how healthcare dollars are spent and managed.

### TATUM CFO SERVICES & FINANCIAL LEADERSHIP MENTORING

With an outreach program, Tatum rebuilt the relationship between the CFO and clinical team. This helped establish the Office of the CFO as a partner in achieving the company's goals.

## Leader of healthcare services for correctional facilities updates systems to gain insight.

### Brief Overview

Correctional Medical Services, Inc. (CMS), is a \$750 million private provider of health care services to nearly 300 correctional facilities. It was founded in 1979 to bring quality, cost-effective care to incarcerated patients, and was a portfolio company of both Madison Dearborn Capital Partners and Beecken Petty O'Keefe and Company. As a contractor for 13 statewide correctional systems more than twice the number of its closest competitor, CMS is the undisputed leader in its market serving 270,000 patients.

In 2006, the company found itself in a challenging situation. With contracts typically ranging from \$10 million to \$75 million and detailed information on inmate populations scarce, the stakes were high and the bidding process was tricky. To further complicate matters, the Chief Financial Officer position had been vacant for six months due in part to the challenge of finding the right skill set for a complicated industry.

The executive search consultant assigned to fill the vacancy recommended Tatum to provide a fresh perspective and a better approach to managing limited information. With the Tatum Interim Chief Financial Officer came long experience with managed health care, ambulatory care, hospital and physician groups.

### Results

The first priority was to develop a more strategic approach to the RFP process. In the past, RFPs had been cost-based with pricing built up from all the line-item costs of care required per total number of patients. Tatum developed an updated model that identified key variables such as inmate age, nursing staff ratios and chronic disease in the population that could affect medical costs as well as factoring in data on competitive pricing.

"Tatum helped us organize information to see our business better, particularly to focus on early identification and management of disease to help improve quality and lower the cost of care," said Dick Miles, chief executive officer of CMS parent company, Valitás Health Services, Inc.

"We're now more proactive in identifying and treating chronic disease. By monitoring and treating high-risk patients earlier, we can provide more

*"Beyond the analytical component, our Tatum CFO quickly became a trusted member of the CMS team."*

- Dick Miles, Chief Executive Officer, Valitás Health Services, Inc.

effective preventive care that is better for the patient and more cost-effective for the healthcare system. Everyone would rather have early-intervention care than require a trip to the Emergency Room,” said Miles.

CMS trusted Tatum to play a significant role in rebidding one of CMS’ largest contracts working collaboratively with the existing team, helping the company analyze its competitive position and getting the key metrics to win the business. “Tatum brought value to the engagement from day one,” explained Miles.

*“Tatum provided industry knowledge and expertise that we didn’t have, plus access to colleagues nationwide to provide expertise on specific financial issues we needed resolved quickly. Beyond the analytical component, our Tatum CFO quickly became a trusted member of the CMS team.”*

– Dick Miles, Chief Executive Officer,  
Valitäts Health Services, Inc.

During the course of a six-month engagement, Tatum also implemented contracts with industry-standard terminology, coding, payment terms and adjudication, and finalized selection of a comprehensive claims and utilization management information system. In addition, the Tatum Interim CFO conducted a comparative study of third-party healthcare informatics systems and ultimately led selection and implementation of a package that cost a fraction of what CMS had planned to spend.

“Prior to the engagement, CMS was looking at a number of business analytical tools and even considering building our own system,” continued Miles. “Tatum brought clarity to that process and was instrumental in leading us to a solution better-suited to our needs for less than half the multi-million dollar price we had anticipated paying.”

Beyond providing powerful reporting on how healthcare dollars are spent and managed, the system allows CMS to predict at the inmate level what future healthcare costs would be based on clinical metrics. It also facilitates early intervention to contain costs.

At a time when CMS was experiencing one of its most challenging years in recent times, Tatum services proved to be just what the doctor ordered. These days, the company is in robust health.

“Tatum participated in the turnaround of key contracts, and we went on to have the best year in our history,” said Miles. “Thanks in part to their services, we’re strategically positioned to move forward.” 

## About Tatum

Companies turn to Tatum when critical business challenges arise because we immediately deliver C-level financial and technology operational expertise via solutions tailored to the Office of the CFO. We understand the urgency of NOW and our VELOCI-T solutions were designed to help business leaders accelerate results to *create more value™*.