

Managed Care Contract Negotiation

Contracts

- Contract defines the Health Benefits that MCO will insure
- Rule Book of Managed Care

Contracts

- Have you read your contract?

Contract

- Two important Points from this Presentation
- 1. Preparation
- 2. Attention to Detail

Contract

- Key Attribute of Negotiators

- **Patience**

Contracts

- Is the contract Negotiable at all?
- Look at market share of Health Plan
- Value of Group

Contracts

- Other strengths not aware of such as could be physician for large employer CEO, HR Director
- Never know if negotiable unless you try

Contracts

- Fundamental question:
- ARE YOU WILLING TO WALK AWAY FROM THE DEAL?

Contracts

- Preparation
- Set minimum settlement points on major issues including reimbursements
- Estimate MCO's minimum settlement point
- Establish your strengths and weaknesses
- Estimate MCO's strengths and weaknesses

Contracts

- Obtain as much personal and factual information from representative at first meeting

Contracts

- Prior to negotiations ask for
 - Number of covered lives they insure in your service area
 - Employer names the MCO covers in the area
 - Allowables for your practice's top thirty codes

Contracts

Sample of contract language

Contracts

- Look at initial limits and goals for yourself and MCO
- Plan how you would like negotiation to be conducted
- Consider modification to your goals that may happen because change in circumstances

Contracts

- Look at alternate position and objectives
- MCO wants cost-effective high quality service
 - Eliminate unnecessary care
 - Manage totality of care

Contracts

- In Person Negotiations if possible
- If by phone be prepared
 - Have outline in front of you
 - Remember cannot see you but can hear your voice pitch, pace, tone, volume etc.

Contracts

- MCO is not the enemy
- He or she is the source of much of your revenue

Contracts

- Should I Participate in All MCO's
 - Look at your Rate of Return
 - Do not file that contract away and never look at it again

Contracts

- Do your Due Diligence on the MCO
 - Will this MCO bring new patients?
 - Will established patients switch MCO?
 - Are new patients desirable?
 - How long will credentialing take?
 - What product does MCO offer?
 - How quickly do they pay?
 - How many large Employer Contracts does MCO have?

Contracts

- Do they lease networks?
- How long have they been in business?
- Who is on the board?
- Is it local or national?

Contract

- Standard Contract
 - Can it be changed?
 - Who has authority?
 - Obtain your exhibits

Contract

- Who is the MCO?
 - Identify if it is single health plan
 - Is it a TPA?

Contracts

- Definitions are important
 - Look at emergency services
 - Medical necessity
 - Payer
 - Member
 - Covered Services

Contracts

- Reimbursement
- Fee for service
 - Look at patient volume and types of services
 - Look at cost provide service
 - Look at increase in cost over life of the contract
 - Do they pay on time and accurately?

Contracts

- Term and Termination
 - Over two years a risk unless some type increase built into contract
 - Payer will make it evergreen
 - If new plan want shorter term

Contracts

- Renewal
- Look for initial term and renewal term
- May require negotiation to start certain period such as, 90-180 days prior to end of contract term
- Track renewals and terminations

Contracts

- Termination for cause
- Should apply to both parties not just MCO
- Be aware of Obligations after Termination

Contracts

- Assignments
- Significant value for MCO
- Physician can rarely assign
- Look at assignment language and if you are provided notice
- Ability to terminate agreement upon notice

Contracts

- Conclusion
 - MCO negotiators are trained sales people
 - Any clarifications, explanations etc are not binding unless in writing

Contracts

Questions?