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?