

Are you Maximizing the Value of your Managed Care Contracts?



**PRESENTED BY
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Agenda

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- 1. Understand the Payer
- 2. Understand your Strategies to compete in your Market
- 3. Understand the Challenges in each Contract
- 4. Discuss Solutions: Proactive Strategies

Understanding your payers



Preparation is the Key to Success

“To defeat your enemy - you must know him”

Sun Tsu, The Art of War

Understanding a little bit about the payers
can be an advantage for you

Understanding your payers



- Payer Vulnerabilities
- Many of the larger national payer are locked in FFS Mentality
 - Existing contracts
 - Sales Channels
- Old adjudication systems
 - Would need new staff capabilities
 - Expensive to change

Understanding your payers



- Realize that government program plans are **NOT** the government agencies (though some may have you believe that)
 - Do have government obligations
 - Doesn't mean they can pass them on (w/o a price) 😊
 - What is the cost to you?
- MCA's are **NOT** CMS
- Medicaid payers are **NOT** the state!

Understanding your payers



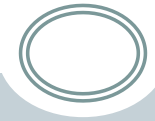
- Please realize these agreements are built by payers to limit their risk and work to their systems advantage
- Also realize that Payers need you to deliver the Patient Care they have contracted for – so if approached in a professional business manner they WILL negotiate

Understanding your payers



- Government program Payers are capitated by CMS/HHS = they make money by retaining premiums
 - Have limits on what they can charge patients (subscribers)
- Commercial Payers
 - Can adjust premiums and benefit design
 - Do have limits; they have to compete in the market

Strategic Perspectives



KNOW YOUR MARKET(S)

**KNOW YOUR HOSPITAL /
HEALTH SYSTEM**

Strategic Perspectives



- Understand your Health Systems goals for each contract and the System's respective advantages and limitations in the market
- Involve the operational, clinical, & financial departments to leverage their expertise across the requirements in the contract (you will learn a lot about your system)

Contract Challenges



- Understand what is in each payer contract
 - Standard clauses v Company specific requirements
 - Unique language specific to Payers goals
 - Current Contract
 - Products (PPO, HMO, MCA, HIX)
 - Language Issues
 - Rate Structures / Conflicting mechanics
 - Proposed Contract
 - Products (PPO, HMO, MCA, HIX, NN, Medicaid)
 - Language changes
 - Rate Structure changes; new fee schedules

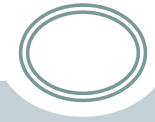
Contract Challenges



Definitions are Payer Tools

- Intended to be used as levers throughout the contract
- Take time to understand how each payer uses them
- Understand how they impact your obligations throughout

Contract Challenges



- Let's review some sample Problem Areas
 - * (not an exhaustive list)
- Payer Contracts frequently have unilateral conditions
- We work to balance those throughout the contract

Contract Challenges



Problem Areas

- General
 - Administrative Guidelines
 - Policy and Procedure Manual
 - Utilization Management – Guidelines

Contract Challenges



Problem Areas

- Payer(s) responsibility for payment
 - Definition of who is the “payer” (insured v ASO)
 - Covered Services/Benefit Plan
 - Benefit Design/Coverage Decisions; usually sole discretion of payer/plan
 - Coverage limitations; benefits exhausted, loss of eligibility

Contract Challenges



Problem Areas

- Benefit Design / Payment Limitations
 - Admission criteria / NMN
 - Non Covered Services
 - Participant Incentives Prohibited

Contract Challenges



Problem Areas

- **Benefit Design** (you have no idea what the agreement between the payer and your patient looks like)
 - Payment Limitation of Responsibility
 - Coverage Exclusions by product
 - Carved out services (lab, imaging); narrow network services; redirection
 - Continuation of Coverage Responsibilities post Contract Termination

Contract Challenges



Problem Areas

- Audit deadlines;
 - Timely Filing deadlines v Payer right to Audit timelines
 - Under/over payment responsibilities
 - Legal & Financial Audit timelines; balance

Contract Challenges



Problem Areas

- Changes to Payer P&Ps, Products, benefit plans, coverages, fee schedules:
 - Notice Requirements for Material contract changes
 - What are Hospitals rights with respect to these changes?
 - Dispute Resolution Process
 - Amendments; Regulatory v payer policy

Proactive Solutions

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- Identify and Organize Issues
 - Investigate to determine real cause
 - Document evidence
 - Validate from several sources

Proactive Solutions

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- Identify and Organize Issues
- Measure Magnitude & Velocity
 - Prioritize
 - Materiality
- Gather right Resources to address
 - (Clin, Fin, Ops) so your solution solves their issues too
- Plan Measured Response

Proactive Solutions

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- **Measure Magnitude & Velocity**
 - Volume of claims affected & dollar amount impacted
- **Prioritize**
 - What will give you the greatest ROI?
- **Materialize**
 - What will have the biggest impact on workflow?

Proactive Solutions

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- If you have accurately identified the problem
- Researched it with the right departmental leaders
- Measured the system wide impact
- Calculated the benefits of a comprehensive solution
- You should have the basis for a rational business conversation with the payer that ensures the solution that is developed serves the system

Proactive Solutions

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- **Develop a Measured Response**
 - That is based on facts, not emotion
 - That proposes a solution to resolve the problem(s) at hand
 - That quantifies the damage and rectifies it in a balanced way
 - That is comprehensive in addressing all departments needs

Proactive Solutions

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Remember your Objective

- It is to get paid correctly according to the agreement your hospital signed
- Not to wipe them off the face of the earth!

Proactive Solutions

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Questions?

Discussion?

Feedback?

Was this helpful?



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