

A Look Into Managed Care Contracts

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Faculty Background

□ Bob Bonney:

- Over 30 years healthcare management experience
- Executive Director of 170,000 life health plan
- Board of Directors of Provider-owned HMO
- Senior VP of Hospital-based integrated delivery system
- COO large teaching hospitals

Contract Review

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ONE GOOD IDEA



Disclaimer

- ❑ This course is not intended to give legal advise.
- ❑ Legal advise must be sought from your legal counsel.
- ❑ This course will highlight areas of business concern in managed care contracts and suggest approaches to address these concerns.

Review Sample Contract

The Medicare Products

- Medicare HMO
- Medicare Select
- Medicare Advantage
 - Private Fee For Service
 - Medicare Advantage + PPO
 - Special Needs Plans

Source for Contract Terms

- American Medical Association Model Contract - - found at <http://www.ama-assn.org/ama/pub/category/9559.html>

Terms

- ❑ OBTAIN PLAN'S CONTRACT AND HAVE LEGAL COUNSEL REVIEW.
- ❑ REVIEW NON-PRICE CONTRACT TERMS TO DETERMINE WHICH ARE IMPORTANT TO NEGOTIATE.
- ❑ REMEMBER, THE NON-PRICE TERMS CAN HAVE A SIGNIFICANT IMPACT ON THE FINAL CONTRACT RETURN - - DO NOT FORGET THEM!

Terms

- Definitions
 - Lawyer's role
- Products included
 - Worker's Compensation
 - Managed Indemnity
 - Discount Cards
 - Mini-Med Plans
- Covered services and exclusions
 - How do you handle new services? Offering to one payer usually requires offering to all

Terms

- Handling of new procedures:
 - Notice to plan with commitment to negotiate rate within 90 days
 - If rate not negotiated then hospital does not have to provide the service OR agree on discount percent until fixed rates determined OR consider binding arbitration
- Utilization and Case Management Requirements
 - Penalty payment on all denials that are overturned (similar to losing payment for timely filing) and/or
 - Reduce the precert requirements for the good performers and/or
 - Eliminate all reference to utilization management or denials for medical necessity from PPO contracts.

CDHC Specific Terms

- Get a dummy sign-on to the Plan's website
- Clarify the ability to collect co-payments/co-insurance and deductibles and a deposit prior to rendering non-emergent services
 - Year two adjustment for bad debt in year one
 - United Healthcare's new OnePay program
- Clarify confidentiality clause and limit to other insurers
- Require notice of change in benefit design offerings
- Address tiering
- Address quality and efficiency ratings
 - Sharing data / methodology

Tiered Network – Option #1

	Quality	Cost
Dr. Jones	**	\$
Dr. Smith	****	\$\$
Dr. Bonney	*	\$\$\$
Hospital AA	**	\$
Hospital BB	***	\$\$

CDHC Specific Terms

- Retain right to terminate if new products introduced that are not consistent with your group's strategic direction. (e.g., annual maximum plans.)
- Retain language on no use of name without permission
- Track bad debt by plan and product – it is additional discount
- Address Medical Tourism?

Terms

- ❑ PAYMENT ARRANGEMENTS & BILLING INFORMATION REQUIRED
 - + CLEAN CLAIM
 - + PAYMENT TIMING AND PENALTY FOR LATE PAYMENT (HMO & PPO)
 - + RETROSPECTIVE DENIAL - Medical Necessity
 - + RETROSPECTIVE DENIAL – Eligibility
- ❑ NETWORK DESIGNATION - TARGET PHYSICIANS

Denials

- ❑ Hospital will accept the denial if the plan also denies payment to the physician.
- ❑ Payment unless “pattern of abuse”
- ❑ “Delay of care”
- ❑ Requiring cpt code for prior authorization

Terms – Bundling of Services

- Know the bundling method being used
 - Correct Coding Initiative [Medicare]
 - Require PPOs to identify the method being used
 - Consider dummy bills to test payment
- Arbitrary downcoding - requiring data submission on all procedures of a certain code
- Changes to Administrative Manual to modify contract

Favored Nations Clause

- Consider using it when negotiating physician contracts
 - Gives doctors some comfort no one is doing better - - overcomes the “country club affect”
 - Plans paying one rate to all physicians will include in contract
 - Plans unwilling to include - - you may want to negotiate harder!!
- Misconception among doctors that Medicare has “Favored Nations”

Confirm - - do not assume!!

- ❑ Be aware of “wrap” network/leased-PPOs
- ❑ Review existing contracts
 - Payment terms
 - Product limitations
- ❑ Audit HMO/PPO performance against contract
 - Review claim payment history
 - Review and appeal ALL denials
 - Review admission patterns to determine if there is selective direction occurring

Leased PPOs

- ❑ Need logo on Card
- ❑ Need to retain the ability to terminate one payer - not the entire contract - if there is a problem with one payer
 - Notice and opportunity to cure
 - The leased network has a responsibility to police its payers
- ❑ This protects against “silent PPOs”
- ❑ “Best efforts” to incentivize in-network use ... is this good enough?
- ❑ Plans leasing PPOs for local out-of-network use
- ❑ “Payment in full” on check

Silent PPO Language

Silent PPO. Payors shall be entitled to the benefit of the Fee Schedules only with respect to Eligible Persons who are entitled to access the XYZ Network pursuant to Payor Agreements. Participating Providers under the group benefit program shall be provided with a copy of an identification card or other forms of identification with a XYZ name or logo, to demonstrate that the Eligible Person is entitled to access the XYZ Network at the time of service or within a reasonable time thereafter. For other programs, information identifying the Eligible Person as a participant in the XYZ network may include an identification card with the XYZ name or logo or another method of verification of network participation. If such information is not provided with respect to any Eligible Person, the Fee Schedule will not apply to Covered Services provided to such Eligible Persons.

Terms

- ❑ "Carve out" Potential - - Right of First Refusal
- ❑ Handling of Coordination of Benefits
- ❑ Co-payments/coinsurance handling - Do you waive coinsurance? Do your competitors?
- ❑ Out of pocket maximums
- ❑ Termination Provision
 - Evergreen vs. Automatic Termination?
- ❑ Renewal Mechanism and Rate Renewal

Terms

Benefit Designs

- Do you get a copy of all payer directories and benefit plans at least once a year?
- Do you require notification and opportunity to terminate if benefit designs are changed?

Confidentiality provision

Dispute Resolution Procedures – Arbitration vs. Litigation

“Lessor of” Language

- Do you make certain your charges are > U&C annually?
- EOBs

***What new provisions
are you seeing
in your contracts?***

