

Are you Maximizing the Value of your Managed Care Contracts?



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TO

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Today's Discussion

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- Goals for today's discussion

- Explore ways you might:

- ✦ Improve efficiency of revenue collection from payers

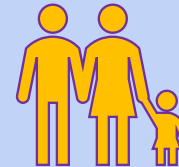


- ✦ Reduce Administrative Friction (and frustration)

- ✦ Increase patient satisfaction



- ✦ Improve competitive position in market



Agenda

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- 1. Understand the Payers (a little bit)
- 2. Understand your Strategies to compete in your Market
- 3. Understand (some of) the Challenges in Payer Contracts
- 4. Develop Solutions: Discuss Proactive Strategies

Understanding your payers

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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

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- Payer Vulnerabilities
- Many of the larger national payer are locked in FFS Mentality
 - Existing subscriber contracts (Benefit Plan) Payer & your Patient
 - Existing Staff
 - Current Sales Channels/Relationships – Brokers, etc.
- FFS adjudication systems
 - To change from **FFS** to **VBP** = change staff training (**\$/unit** > total cost)
 - Need new systems & tools
 - Have to change contracts w Subscribers (Currently sell discounts)

Understanding your payers

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- Realize that government program plans are **NOT** the government agencies they have contracted with
 - (though some may tell you that)
 - Gov't k's do put government obligations on the payer
 - Doesn't mean they can pass them on (w/o a price) 😊
 - Do you measure the cost of the contract to you? FTE's, admin, research
- MCA's are **NOT** CMS (& MA plans don't pay what CMS does)
- Medicaid payers are **NOT** the state!

Understanding your payers

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- Realize these contracts are built by payers to;
 - decrease their risk by moving it to you and
 - to work best in their system
- Also realize that Payers need you to deliver the Patient Care they have contracted with subscribers for
- So if approached in a professional business manner they **WILL** negotiate

Understanding your payers

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- **Government program Payers are capitated by CMS or states**
 - They have to make money by retaining part of the PMPM
 - Have limits on what they can charge patients (subscribers)
- **Commercial Payers**
 - They adjust **premiums** and **benefit designs** to compete in the market
 - The market they are competing in sets the limits.
 - What will your “market” buy?
 - ✦ PPO, HMO, POS, NN, Xchg

Strategic Perspectives

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KNOW YOUR MARKET(S)

**KNOW YOUR HOSPITAL /
HEALTH SYSTEM**

Strategic Perspectives

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- Do you understand your Health Systems goals?
- What are your System's respective advantages and limitations in the market?
- Do you include the **operational**, **clinical**, & **financial** departments in your negotiations to leverage their expertise across the contract requirements?
- Might learn that some of your team members know things that you weren't aware of
- and you will produce a better contract proposal

Strategic Perspectives

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- Do you include all system assets?
 - (Hospital, Physicians, Ancillary)
 - Creates a “system view” of the payer relationship revenues
 - Gives you more options to consider
 - Decreases the payers ability to pit one asset against another
 - ✦ Payer’s internal structure may work against them
- Do you incorporate your system’s strategic goals when developing your proposal?
Your Competitive Advantage

Result: you will produce a better contract proposal that you can negotiate to produce revenues aligned with your targets more efficiently

Contract Challenges

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- Do you understand the essential elements of each payer's contract?
If you don't - how can you win?
 - Standard clause issues v Payer specific requirements
 - Payers may change some of their specific clauses based on market experience and your market position
 - What does your **Current Contract** cover?
 - Products (PPO, HMO, MCA, HIX)
 - Language Issues
 - Rate Structures / Conflicting mechanics
 - Revenue yield
 - What does their new **Proposed Contract** cover?
 - Products (PPO, HMO, MCA, HIX, NN, Medicaid)
 - Language changes
 - Rate Structure changes; new fee schedules
 - Revenue yield

Contract Challenges

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Payer's use Definitions as Tools

- Used as **levers** throughout the contract
- Take time to understand how each payer uses them
- Understand how they impact you and add
 - ✦ **clinical**,
 - ✦ **operational** and
 - ✦ **financial** requirements that impact the contract yield\$

Contract Challenges

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

Contract Challenges

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Problem Areas

- General
 - Administrative Guidelines; notice required for changes
 - Policy and Procedure Manual;
 - What notice required for changes? Routine v Material
 - How is materiality measured?
 - Utilization Management – Guidelines, follow CMS?

Contract Challenges

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Problem Areas

- Payer(s) responsibility for payment
 - Definition of who is the “payer” (fully insured v ASO)
 - Benefit Plan Design
 - ✦ how do you know at the time the patient needs care?
 - ✦ HDHP = patient responsibility?
 - Coverage Exclusions; usually sole discretion of payer/plan;
 - ✦ Patients often don't know – until you tell them.
 - Benefit Limitations; benefits exhausted, loss of eligibility (retro)

Contract Challenges

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Problem Areas

- **Benefit Design**
 - Typically - you have no idea what the agreement between the payer and your patient looks like
 - Payers Limitation of Responsibility for Payment
 - Coverage Exclusions by product
 - PPO v HMO or narrow network services; redirection
 - Continuation of Coverage Responsibilities post Contract Termination

Contract Challenges

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Problem Areas

- Policy and Procedures & Changes
 - Admission criteria / NMN, IP only
 - Non Covered Services
 - Do services require **authorization** or **notice** (know the difference!)
 - Carved out – redirected services
 - ✦ (esp for commoditized procedures, imaging, lab, scopes)
 - ✦ **SmartShopper is a GAME CHANGER. (LA payer site)**
 - When your doctor recommends a procedure or test, go online or call to quickly and easily shop inpatient and outpatient healthcare services in your area.

Contract Challenges

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Problem Areas

- Operational deadlines; are they balanced?
 - Timely Filing deadlines (60-90 days) v Payer right to Audit (unlimited)
 - Under/over payment responsibilities
 - Recoupment – any time limitations, any notice required?

Contract Challenges

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Problem Areas

- Payer changes to P&Ps
 - ✦ benefit plans, medical coverage policies, fee schedules:
 - Notice Requirements for Material contract changes
 - What are Hospitals rights with respect to these changes? What did you negotiate?
 - Dispute Resolution Process -> Binding Arbitration;
 - ✦ are you willing to give up your rights?
 - Appeal Process; results v time spent?

Proactive Solutions

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We have discussed the challenges

Now what do we do about it?

How do we improve the relationship so it works better for us?

Proactive Solutions

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1. Identify and Organize Issues
2. Measure Magnitude & Velocity
 1. Measure Materiality
 2. Prioritize
3. Gather right Resources to address
 1. (**Clinical**, Financial, **Operational**) so you develop a comprehensive solution
4. Plan Measured Response that Achieves your Goals

Proactive Solutions

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- Identify and Organize Issues
 - Involve Ops, Clinical, and Financial in team approach
 - Investigate to determine that you have identified the real cause(s)
 - Document evidence; fact v emotion
 - Validate from several sources
 - ✦ Ask the payer for their data
 - ✦ Compare reports

Proactive Solutions

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- **Measure Magnitude & Velocity**
 - Volume of claims affected & dollar amount impacted?
- **Prioritize**
 - Targeted area(s) that will give you the greatest ROI?
- **Materialize**
 - What will have the biggest impact on revenue, workflow?

Proactive Solutions

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- Develop a Measured Response
 - Quantify the negative impact with fact based data and share that with the payer
 - Develop proposals for a measurable solutions that resolves the problem(s)
 - ✦ Deal breakers v Like to have v Nice to have – you wont get all, but you must get some
 - Create a comprehensive, prioritized proposal that if accepted will achieve the systems goals

Proactive Solutions

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1. If you have accurately identified the problem(s)
 2. Researched it with the right departmental leaders
 3. Measured the system wide impact
 4. Calculated the benefits of a comprehensive solution
- You should have the basis for a rational, fact-based business conversation with the payer.
 - This will ensure the solution that is developed solves (most of) the issues

Proactive Solutions

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Remember your Objective

- GOAL = get paid correctly the first time every time 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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