

# Socioeconomic tips of the month

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## Ten steps to dealing with managed care organizations

**Q.** I am new to practice and need some guidance on how to deal with managed care. What do you suggest?

**A.** It is a challenge to be aware of all the external changes in the health care environment that may impact the internal environment of your surgical practice. This is especially true of your relationship with managed care organizations (MCOs). Practices, including the surgeons in them, must be knowledgeable about every aspect of their MCO contracts and actively review this information in order to continue to make good decisions affecting the financial viability of the practice.

One approach that has proved successful is to follow 10 steps that break down this daunting task into manageable parts. These tasks can be performed by the practice administrator, billing supervisor, or a committee formed for this purpose with supervision by the surgeons.

### **Step 1: Background research**

Take advantage of and read the many resources available to you through national association and local, state, and regional society newsletters, journals, and the Internet, and encourage your surgical colleagues and staff to do the same. Use the language of managed care in the office and help your colleagues and staff to become fluent in it. Your specialty society, as well as your state and local medical society, can provide updated information. Some additional sources you may consider are *Managed Care Magazine*, [www.managedcaremag.com](http://www.managedcaremag.com), the Interstudy group, [www.hmodata.com](http://www.hmodata.com), and Harkey & Associates, [www.harkeyreport.com](http://www.harkeyreport.com).

### **Step 2: Internal practice review**

Do a careful review of those with whom you contract and know their payment structure and policies. When you have a large number of MCO contracts, use your practice information system to prioritize your review. Perform an internal review

of your practice beginning with identifying your MCOs with the highest volume in terms of both dollars and patient numbers. Compare these top MCOs with your top 15-20 CPT codes (also derived from identifying the highest volume in terms of frequency and dollars). Additionally, place problem payors on your priority list even if they are not one of your higher volume MCOs.

### **Step 3: Develop an MCO questionnaire**

An excellent approach to directing a pre- or post-contract meeting with any MCO is to prepare a questionnaire individualized to your practice, and request the written answers from the MCO provider representative before the scheduled meeting. This questionnaire not only determines the direction of the meeting, but also establishes a baseline of comparison between MCOs. Questionnaires also serve as a quick reference source for your practice. This questionnaire should include questions in the following categories:

1. Financial viability and quality assurance of the MCO.
2. Market penetration in your area and future marketing plans and strategies.
3. Specifics on your particular contract (make sure you have or get a copy of the contract you signed).
4. Reimbursement issues.
5. Referral requirements.

This questionnaire should be returned to you along with a fee schedule of your top CPT codes in advance of the meeting date. This will allow you time to review and evaluate the responses, create a database, and get clarification on unclear items.

### **Step 4: Meet with the MCO provider rep**

It is very important to establish a good relationship with your MCO provider representative. Help this person to become familiar with the nuances of your individual practice as well as your surgical specialty. Obviously, the better this relationship is and the more knowledgeable the provider

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representative is about your practice and specialty, the more effective and more willing they will be to “go to bat for you” and provide solutions.

After your analysis and review of the questionnaire, schedule a meeting with the representative and allow at least one hour for a comprehensive meeting. This meeting should be attended by as many personnel as possible, but should always include the practice manager as well as the main billing personnel. If possible, schedule the meeting when the other surgeons can attend.

Structure the meeting, beginning with an overview of the MCO including all the recent changes (plan changes, name changes, policy changes, etc.). It is a good idea to bring along any old reference materials pertaining to the MCO and determine its relevance so as to clean up your files. The provider representative should have new company materials, provider manuals, and formularies for your practice. After the overview, review the results of the questionnaire with the representative and clarify any outstanding issues. This meeting provides an excellent opportunity to present copies of any problem claims you are encountering and allows the representative to take them back to the claims processors for clarification and/or reprocessing.

Next, review the credentialing process with your representative and make sure that the MCO files are correct with regard to physician names and office locations and phone numbers. Lastly, the MCO contract folders and information you have gathered should be filed in a central location under the name of the MCO and not under the physician name. This is especially useful in large group practices as it helps to ensure that all physicians in the group are in the contracted plan. Along this line, it is beneficial if the MCO can recredential all the physicians in the group at the same time so no surgeon is overlooked and you are better able to keep track of the recredentialing by each individual.

#### ***Step 5: Analyze practice data***

This is the number-crunching step. Make a spreadsheet of the fee schedule data and compare it to your other managed care plans. In addition, make a summarized and detailed version of questionnaire results. This serves as an excellent reference source for physicians and office staff.

#### ***Step 6: Present to physicians for decision***

Reserve time at each meeting of physicians and staff to review one or two managed care organizations. This review should include the fee schedule analysis and the summary/detailed questionnaire. Additional information the physician(s) will want to know is current claim payment status (individual accounts receivable status), the percentage of total patients in the MCO, the dollar volume of charges and collections for the particular MCO, and recommendations on continuing the relationship with the MCO. The physicians will have the information necessary to make a decision on whether to: continue the status quo; negotiate some problem issues, policies, or fees; or drop out of the plan.

#### ***Step 7: Contract negotiations***

The first step in the negotiation process is to discuss specific issues with the provider representative. Depending on the issue, the provider representative can be the best advocate in solving particular problems. If the issues are beyond their scope, a letter should be written and signed by a physician and sent to the medical director of the MCO, outlining the issue(s) and asking for a meeting to discuss and resolve the issue(s). Again, this meeting should be nonadversarial and cooperative. In many cases the medical director and/or CEO attends such meetings along with the provider representative of the MCO. If the meeting is successful and terms are agreeable, your practice attorney should review the final contract. It is not necessary to sign up with every MCO. Pick your winners!

#### ***Step 8: Renew or terminate contracts***

If the surgeon agrees to continue the status quo and renew the contract, it is still a good idea to have an attorney review the contract. If after the negotiation process the physicians decide to end the relationship, notify the MCO in writing in accordance with the terms of the contract. A written agreement with the MCO should address: the continuity of care of patients; resolution of unpaid and disputed claims; ownership, use of, and access to patient records; and confidentiality of the nature and reason for the termination of both parties. This step also involves the process of no-

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## CYBERSURGEON, FROM PAGE 36

Even more problematic are graphic elements designed to add interest or a degree of excitement to a Web site. "Cartoons, drawings, logos, music: If you click onto a Web site and hear music that you'd like to put on your own site, you'll have to pay a royalty to use it, unless it's in the public domain, and frequently it's not," he said.

Many of the legal issues associated with Web sites have not been tested in a court of law, so many Web-related legal ramifications and penalties have not yet been delineated. Consequently, surgeons should be conservative about

their Web site activities, he advised. "You wouldn't want to be the physician involved in a test case. You wouldn't want to be the Napster of medicine." □

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### References

1. Evangelista B: Bigger battle brewing. Napster-RIAA court case becoming Goliath vs. Goliath. *San Fran Chron*, Sept. 18, 2000.
2. Menta R: RIAA sues music startup Napster for \$20 billion. *MP3newswire.net*, Dec. 9, 1999.
3. Borland J: Capitol Hill split on Napster. *CNET News.com*, Sept. 18, 2000.

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tifying in writing your current patients in the MCO plan that you are not participating as of an effective date. This patient notification letter should be written with sensitivity and is often a difficult one to write. Surgeon review of the letter is advised.

### Step 9: Education of office staff

Make sure you share all the information you have gathered! Establish in your office who needs to know, what they need to know, where MCO contracts and files are located, and how to communicate with staff regarding MCO concerns and issues. The educational process is continuous. Make sure that physicians and office staff have access to all the current information they need to know about each particular MCO in which you participate. Input as much information in the computer as possible (fee schedules, referral information, and so on).

### Step 10: Continuation of process

The 10 steps should be completed at least yearly per managed care contract, and some steps performed more frequently. Request a new fee schedule yearly. Review and revise the questionnaire yearly. Set up new meetings with MCO representatives. Meet with them as often as necessary. Continue to educate yourself and the physicians and staff. Stay informed, and it will not overwhelm you. □

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This column responds to questions from the Fellows and their staffs, and provides useful tips for surgical practices. Developed by the College staff and consultants, this information will be accessible on our Web site for easy retrieval and future access. If there are topics that you would like to see addressed in future columns, please contact the Chicago staff of the Health Policy and Advocacy Department, tel. 312/202-5150; fax 312/202-5021; or e-mail [HealthPolicyAdvocacy@facs.org](mailto:HealthPolicyAdvocacy@facs.org).

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