A Short History of Managed Care Contracting
From JVHL’s Experience...

1996
1. Low Price
2. Access for Members
3. Quality Testing Services
4. Information
   - Utilization
A Short History of Managed Care Contracting
From JVHL’s Experience...

2000
1. Low price
2. Access
3. Information
   - Utilization Reports
   - HEDIS Results
4. Quality Testing

A Short History of Managed Care Contracting
From JVHL’s Experience...

2005
1. Low price
2. Information
   - HEDIS “+” Results
   - Utilization Reports
3. Access
4. Physician Connectivity
5. Quality of Testing
A Short History of Managed Care Contracting
From JVHL’s Experience...

2008 National Contracts
1. Low price
2. Access
3. Information
   - HEDIS
   - Utilization Reports
4. Quality

2008 Local/Regional
1. Low price
2. Information
   - HEDIS
   - Utilization Reports
   - Pay for Performance
3. Access
4. Physician Connectivity
5. Quality
Improving Managed Care Contracts

Be very specific about what is covered.

- Plans think in claims language - Describe coverage in claims terms as much as possible: POS, ICD9, CPT-4
- Esoteric Testing - Who pays? Does esoteric lab have a contract with payor?
- Expectations/penalties for results reporting.

Improving Managed Care Contracts

Be very specific about what is covered.

- If FFS reimbursement, get a copy of the fee schedule. How are these items handled?
  - Draw fees
  - Bundling
  - HCPCS codes
- Obtain an example remittance schedule and rejection/denial codes.
If it is a cap contract...

- Get utilization data from payor and question everything about it. Compare with your current contracts utilization.

- Establish clear process for cap rate adjustments.

- Determine communication opportunities with physicians using plan logo.

LEAKAGE!!! Who is responsible?
- Physician performed tests
- Proprietary labs

How much do you want to control?
- Handling genetic test inquiries and payment rate negotiations.
- Pay/deny out-of-network testing.
Improving Managed Care Contracts

Implementation

- Initiate frequent, regular meetings with plan reps.
- Initiate written communication with par physicians using lab and plan logos, if possible.
- Establish electronic connectivity with plan ASAP.

- Review initial remittances, cap and FFS, very closely. Most problems will only be solved on a going forward basis.
- Use lab website for customer services functions (ie PSC locations).
- People leave. Everything needs to be in writing.
IMPROVING MANAGED CARE
CONTRACTS

The most important lesson we have learned in 35 managed care negotiations:

If it isn’t right at the beginning of the contract it will be extremely difficult to fix it during the term of the contract.