NORTH CAROLINA ACADEMY OF FAMILY PHYSICIANS

Preparing for Medicaid Managed Care
Questions to Consider Before Signing Managed Care Contracts

As North Carolina transforms its Medicaid Program and moves to Medicaid Managed Care, the following is intended to serve as a list of issues a practice should consider when negotiating with a Medicaid Managed Care company. While certain insurance statutes will regulate plans and the NC Department of Health and Human services will likely require certain contracting provisions, you still should consider any contract you sign carefully. This is not an exhaustive list and does not constitute legal advice. A practice should always consult an attorney before entering into any new contract.

- ❑ What is the managed care plan's policy on timing of payments? NOTE: The NC Department of Health and Human Services can penalize plans if they do not pay 98 percent of clean claims within 30 days. What happens if there is a payment lag? Does the plan have any processes in place to make payment while any specific issues are adjudicated? Make sure you understand how the managed care company defines a "clean" claim. Can you dispute a claims payment online? How will your participation in the plan impact overall revenue, both short-term and long-term? If possible, obtain a complete copy of the fee schedule, but particularly the top 25-50 CPT codes you bill and ask for the allowables. This is the single most important item for a practice's cashflow.

- ❑ Make sure you are **NOT** signing an all-payer contract, meaning the managed care plan is pushing you into all their lines of business at the lowest possible payment rate.

- ❑ Can the plan unilaterally change a provision of the contract? How do you terminate a contract with the plan? What can lead to the plan terminating a contract with the practice? How long is the contract and does it automatically renew?

- ❑ What are the plan's "notice of audit" provisions? When and how can they audit your practice for quality, appropriate billing and coding, etc.? What are the quality provisions of such an audit?

- ❑ Is the provider manual incorporated into the contract by reference? If so, then you should see the provider manual in advance of signing the contract.

- ❑ What are the company's prior authorization requirements and processes? Is the company deploying other utilization management techniques beyond prior authorizations? While the state will define medical necessity, how does the plan manage that process?

- ❑ Will the managed care company test their processes (billing, etc.) prior to going live? How will they test their processes? Will your practice need new technology or a new billing system to process claims?

- ❑ How will the managed care company help support your practice to make sure you succeed in the managed care environment?

- ❑ Does the company offer value-based contracts? If so, what does that look like compared to any commercial contracts you have, or other managed care plans you are considering? Do the incentives align? Do their quality or performance measures align? When are the incentives paid? How do other value-based contracts with other payers align with what the Medicaid Managed Care plan is offering? Who controls the metrics and the data needed to verify performance?

- ❑ If the contract is based on Fee for Service rates, what percentage of the current Medicaid rates will the company pay? The state has set a rate floor at current Medicaid rates, so that is the starting point for any negotiation. And remember, Medicaid recently increased primary care rates to at or near current Medicare rates. In addition, if you

are attesting as a Tier 3 Advanced Medical Home, what will they pay you for your care management activities and when will those fees be paid?

- ❑ Does the managed care company have plans in place to help streamline any of your documentation requirements or other administrative burdens?

- ❑ What appeals processes are in place if the physician disagrees with a managed care company's decision, be it clinical decisions or decisions around payment?

- ❑ Think about any performance guarantees that are in the contract. Are they reasonable? Are they performance measures you can meet? Does the contract give the managed care company the right to "offset" alleged "overpayments" from amounts otherwise due? And again, do the quality/performance measures align with your other payers?

- ❑ What data will the managed care company provide to the practice and how quickly will they provide it, particularly if the practice is involved in any risk-based contract? What is the lag time on any reports they provide? For example, if they give a quarterly cost report but the report is 90 days behind, you are halfway through the year before receiving information that would be much more useful at an earlier date.

- ❑ Do you have a specific point of contact with the plan, particularly someone from provider relations? How often can you meet with representatives of a plan?

- ❑ Make sure you know what the rules are around timely filing of claims for both a first submission and a resubmission if the claim or part of the claim is denied.

- ❑ Always read the entire contract and have your practice manager and an attorney read the contract as well. Rest assured, the managed care plan has had multiple attorneys, accountants and others draft the contract.

Note: There are several different types of issues you should consider as North Carolina transitions to Medicaid Managed Care. These include:

- Operational issues, such as -
  - Contract terms
  - Contract features
  - Multiple billing entities (up to five plans)
  - Billing differences
- Clinical issues, such as –
  - Patient prioritization and outreach
  - Prior authorizations
  - Integration of social determinants of health
  - Unique care management practices)
- Reporting issues, such as –
  - Reporting for multiple plans
  - Tracking different performance incentives
  - Managing different managed care priorities, claims denials and even underpayments.

Now is the time to do your homework and have discussions with any plan you may consider contracting with for Medicaid Managed Care. Again, the information outlined above is not an exhaustive list and does not serve as a substitute for legal advice. However, these are items a practice should – at a minimum – consider before contracting with a Medicaid Managed Care Plan.

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