

# Managed care contracts

SADJ April 2015, Vol 70 no 3 p94 - p96

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At the end of each year SADA is inundated with calls and emails regarding Managed Care contracts presented to them by Medical Schemes and their contracted Managed Care companies. Members call the Association for guidance on these contracts. Some are adamant that SADA should advise its members not to sign these contracts, whilst other members argue that they are still third party funder dependent and therefore would consider signing contracts.

Every contract sent to SADA by members is thoroughly studied for possible clinical and legal implications. We make suggestions and recommendations that would be beneficial to members as well as the patients and amended contracts are then sent to the Managed Care organisations (MCO). Financial constraints are reasons usually given by the organisations for not acceding to requests made by SADA.

Often, existing contracts that were not cancelled by either party remain in force and our members are then reminded about their contractual obligations.

Members must appreciate that a 'one size fits all' response cannot be given for all the different types of contracts presented to dentists. SADA will assist in highlighting the pitfalls so that members are aware of the restrictions before signing these contracts.

Practitioners who do not want to deal with third party funders are under no obligation to sign any network, preferred provider or designated provider contracts or to charge fees equivalent to those determined by Medical Schemes or Managed Care organisations.

We emphasise that those contracts offered to members and reviewed by SADA from time to time, almost all contain provisions that place obligations on practitioners that may cause conflict with their professional, clinical and ethical responsibilities. Practitioners are urged to consider these and other issues mentioned below before signing contracts.

Managed Care assesses clinical and financial risks and determines healthcare in terms of what is cost- effective within the constraints of what is affordable, and prescribes clinical management-based programmes which may not necessarily be appropriate for patients.

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## ACRONYMS

<b>CPA:</b>	Consumer Protection Act
<b>MCO:</b>	Managed Care Organisations
<b>DSP:</b>	Designated Service Provider
<b>PMB:</b>	Prescribed Minimum Benefits

MCO's use a set of formal techniques designed to monitor and evaluate criteria such as clinical necessity, appropriateness, efficacy and efficiency of health care services, procedures or settings on which are based "appropriate" and predetermined managed health care interventions.

Members are also offered contracts appointing them as 'Designated Service Providers' (DSP) who will deliver treatment or services to satisfy Prescribed Minimum Benefits (PMB), at a contracted rate. Schemes can prescribe treatment protocols in terms of PMBs to improve risk management. These must be developed on evidence based medicine. PMBs are a set of defined benefits to which medical scheme members have access, regardless of which benefit option is selected.

The Regulations under the Medical Schemes Act specifically provide for managed care contracts, stating that managed health care contracts must clearly set out each party's responsibilities, that the MCO has been accredited and that the Medical Scheme remains responsible for services rendered to their members.

The Regulations also provide that when Managed Care entails the use of protocols, these must be evidence based and must take into account cost-effectiveness and affordability. Dentists must be supplied with protocols on request and must motivate for exceptions.

Dental practitioners are entitled to challenge the scientific basis of these programmes. They should also enter into discussions with the particular scheme (together with their peers) on the conclusions reached in any instance. Practitioners must remember they will be placed in a dual loyalty situation, and should respect the fact that their primary duty is to their patients.

## MINIMUM PROVISIONS IN MANAGED CARE CONTRACTS

The Regulations stipulate minimum provisions in Managed Care contracts, which include:

- Provision for at least 90 days' notice before terminating the contract except where there is material breach and the availability of health care is likely to be compromised.
- Confidentiality of beneficiary's information.
- Right of access of Medical Schemes to treatment records relating to diagnosis and treatment of beneficiary, which are held by MCOs or a practitioner;
- Determination of the duration of the agreement;
- Clearly defined termination arrangements;
- Formal mechanisms which must deal with disputes between contracting parties;
- The right of the patient to complain and appeal against the organisation. Such complaints must be lodged with the Scheme;
- The lack of liability of any beneficiary to the MCO or any participating provider in the event that the Managed Care services are sub-contracted to another provider; the availability of service assessment, including service levels required of providers, performance measures and penalties or remedies for non-performance by contracting parties;
- The recording in writing of all fee adjustments, signed by the parties.

4. The majority of contracts also provide for 'practice profiling' of practitioners. This is a tool used to measure the financial performance of the practitioner. The more the practitioner saves the scheme money, the more the scheme incentivises the practitioner by providing preferential rates. While practitioners should strive towards being cost-effective, this should not induce them to not render the best possible care to their patients.

5. Some contracts also require the participating provider to participate in data gathering processes on disease management, clinical review or information sharing which are used to formulate recommendations to the Scheme or MCO. Dentists may then have guidelines imposed upon them without participating in their determination.

6. MCOs determine sets of treatment protocols and formularies which means they prescribe what medicines and treatment practitioners will recommend to their patients and not necessarily what is clinically appropriate or necessary.

## CONSIDERATIONS BY PRACTITIONERS

How important is the contract to your practice and patient profile?

- Are you in a position to replace any patient or revenue you may lose if you do not sign contracts?
- Are the remuneration levels acceptable?
- What are your costs in providing service when compared with the remuneration levels in the contracts?
- If contracts do not compensate you beyond the covered services which are to be provided, you may lose money on the contract. What are the alternatives to the contract?
- Does the contract allow you to offer other services which are not covered and then to recover fees from patients? Does the contract allow you to balance bill for certain procedures and is this to the advantage of your practice?
- Are Clinical Management Programmes objectively based on evidence based dentistry or does the MCO retain the right to determine what is clinically necessary?
- What is the duration of the contract and what are the termination provisions?
- How does the MCO enrol a patient on the plan and how easy is it to verify patient details, membership, limits and covered services?
- When a patient comes into your practice, is there a quick and efficient mechanism in determining whether patient is a member of the plan by website, telephone or e-mail?
- Does the contract provide for review and audit of your practice?
- Does the contract clearly spell out what services require pre-authorisation?
- Does the MCO provide an efficient and reliable mechanism, available 24/7, to obtain pre-authorisation?
- Does the contract provide information sufficient to ensure that you will be paid for the services you provide?
- Does it have a comprehensive fee schedule?
- What are your rights to appeal a claims payment decision?
- Is the appeals process fair, or weighted heavily in favour of the MCO?
- Can MCO change the terms of the claims payment unilaterally?

The Health Professions Council has also issued a note dealing with Managed Care contracts. Practitioners who are not happy with MCO contracts are advised to consult the HPCSA. Practitioners must not allow intervention by advisors in the management of patients. The contractual terms must be aligned with the professional conduct expected from practitioners and the professional independence of practitioners must not be compromised.

In terms of the Consumer Protection Act (CPA), all schemes, MCO's and practitioners are required to provide, in language the patient can understand, information on the services they render and the terms and conditions to which they are subject. The patient must thus know the details of any Managed Care contract and whether the practitioner is a DSP or a Preferred Provider.

## SOME COMMON CLAUSES

1. Medical schemes and MCO usually promote your practice as a 'Preferred Provider' or 'Network Provider' or 'Designated Service Provider' to their members. Although practitioners may see this working to their advantage by increasing their patient base, these designations may contravene the provisions of the ethical rules of conduct against touting, in terms of which attention is drawn to the rendering of professional services to entice the public to the practice.
2. Most contracts force practitioners to sign the contract for benefits plans and rates which do not necessarily suit the practitioner's needs. Plans with primary oral health care services are sometimes combined with those offering specialist services. Practitioners are not afforded an opportunity of choosing to which plans they are willing to contract.
3. Some contracts force practitioners to sign as both Preferred Provider and as a DSP and do not permit a choice. It also seeks to reimburse providers who sign DSP and Preferred Provider contracts at scheme rates for prescribed minimum benefit (PMB) conditions. This is contrary to the provisions of Regulation 8 in terms of which PMB conditions must be paid in full.