

Insights

What is a Director of Managed Care?

By: Gregg Mylin, Vice President, Managed Care, The Tintari Group

Ask three separate people what a Director of Managed Care is, and you will probably get three different answers. This even, or should I say especially, goes for the people who work in the healthcare industry. Now, ask a Director of Managed Care, or DMC (yes, yet another Managed Care acronym), at a hospital what he or she does, and then ask his or her boss. Other than “negotiate contracts” I would say the two job descriptions start to diverge. If you care to go a little further, ask two DMC’s at three or four separate facilities. You may be surprised at the different responsibilities and reporting relationships. It is not uncommon for them to have analytical assets assigned to them, responsibilities for an IPA or PHO, UR or case management responsibilities, receivable analysts, or maybe even some subsidiary responsibilities such as a cancer center, a home health division or an acute care center. Even if you look at whom they report to you will find many differences between facilities and health systems. You see, nowadays Managed Care touches so many aspects of healthcare; it is easy for job responsibilities to be attached from many different areas. So, this begs the questions of what a DMC does or should do. The following is my two cents to the debate.

Managed Care has three core functions: Negotiate the con-

tracts, ensure proper administration of the contracts, measure the acceptability of the contracts in order to start the cycle all over again with . . . negotiate the contracts. The following describes what should happen within each of these important job functions.

Contract Negotiations

This is the function most readily identified with the Directors of Managed Care. The Managed Care Director negotiates the contracts. The yield. The mechanics of reimbursement. The text. They ensure the rates are appropriate, or at least the best they can be. They comb the text for administration and equity issues, they address operational issues in the contract that have or may occur unique to the facility or facilities they represent. They may even co-join some settlement issues, before they are willing to continue the contract regardless of the new terms and conditions. The negotiations are as much an art as a science. While this is the most commonly recognized job requirement, it is also probably the least understood. This is far from the simple task many associate with it. It rarely is the fist pounding, elongated yelling sessions most people associate with negotiations. Far from it. Even the most leveraged payers or facilities most show skill, expertise, diplomacy and patience in navigating a successful contract. They must deal with complex issues of equity

and fairness, the balancing of perceived versus real issues, and the politics between the organizations, as well as developing proper expectations of what each party can and will do. Many times people or organizations get “invited” to the negotiation, or sometimes invite themselves, which complicates further the audiences and parties that must be consulted and considered in resolving an acceptable contract. It is not uncommon for administrators within a healthcare provider organization to find themselves in the discussions; a large physician group to be recruited by one party or the other to take a joint position; a board member or local employer may now find themselves impacted and tied to a negotiation. The discussions are a lot less linear than one may think and maintaining consensus and control of a negotiation is a new skill that Director of Managed Care must demonstrate. Both parties feeling as if they did not get everything they want; yet having gained enough to sign it and move forward, best identify a good contract negotiation. Relax: As every Cub fan knows, there is always next year.

Administration/Supervision of Contracts

Okay, the contract is done. Now comes the easy part, right? Wrong. Rare is the contract that is flawlessly administered by both sides. This is where the DMC demonstrates his or her

skills in resolving questions/ issues from internal sources regarding administration of the contract: “Do we have to pre-cert an MRI?” As well as resolving questions/issues from external sources with regards to the contract: “Is this acute care center under this contract or a separate TIN? Why?” Directors of Managed Care are usually counted on to not only negotiate the contract, but to be the organization’s contract and payer expert, as well as ombudsman once completed. The skilled Director of Managed Care can move from one day holding the line in a particularly difficult issues or discussion on behalf of the organization, to next arbitrating an issue between the facility and the payer, to next internally resolving a disconnect in the facilities responsibilities on behalf of the payer. Developing and leveraging relationships to solve issues relative to the contract for both sides is important. Often the DMC is counted on not just to represent the organization with the payer in a contract dispute, but also to ensure the organization is fairly interpreting and responding to the payers issues as well. It is not uncommon for a DMC to be engaged in interpretation issues, contract load issues (by the payer, his organization or both), denial issues, payment accuracy and timeliness issues, etc. DMCs need to be able to personally resolve, or at the very least understand and find the proper resources to

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assist in resolving, issues in almost every internal business area of the provider. Additionally, they are counted on and consulted in resolving external issues from customers such as employers, patients, physicians, or physician organizations or providers. If they are lucky, it will not be more than one party at a time!

Evaluation/Planning of Contract Portfolio

"Measure twice, cut once", the saying goes. This responsibility is probably the least recognized yet the one with the greatest responsibility to do right. All too many times the necessary information to measure the cut

or cuts is not there, or fully not developed. Health care information and in particular cost information is difficult to titrate and keep current, accurate and detailed. Most information systems were not developed with Managed Care negotiations in mind. Many systems have made great strides and can provide an abundance of wealth, but the organization needs to commit the time and resources to properly populate the system and farm its data.

Analyzing the contracts, the proposals and as much of the service line detail is critical to success at the negotiation table and therefore the organization. Particularly when one understands the State and Federal

compensation is legislated (and not particularly good). This means not only is the Managed Care revenue the only revenue stream that can be affected or changed to some degree by the facility's actions, but on a weighted basis more and more is demanded from it to properly capitalize the facility overall. Yet, even with the heavy burden, this often seems to be the least appreciated and resourced skill within the function.

The DMC recognizes that it is also important to understand that during negotiations is not the only time one should be measuring the contracts. The DMC should be producing and reviewing analytics on a periodic basis to monitor indicators of where the facility's performance is. The DMC can benchmark contracts to each other and/or array them as a portfolio, much the same as you would your 401K. They can benchmark reimbursement to cost and/or budget, in the aggregate, inpatient and outpatient and by selected services. By producing reports detailing valuable measurable indicators, the DMC and the entire management team can gain valuable insight into where service lines profitability are at, where revenue issues exist, and where the greatest threat or potential resides to the organization. It can even be used to value a potential termination of a contract.

"You can not manage it if you can not measure it." So, what can and should the DMC be measuring? There should be some set of information, produced in a consistent, quality-controlled manner, that allows real results and comparisons

between plans, of costs and relative to budgets. The greater the detail, inpatient versus outpatient, and between outpatient and inpatient sub-categories (such as ER, Maternity, CVS or OPS) the better the advice given by the DMC and the better the decisions that will be made relative to accepting a new contract, maintaining a contract or setting-up both budgetary and negotiation goals. Monitoring the contracts also provides the DMC an early warning system for inappropriate payments or lagging payments. Lastly, it ensures that the perception of performance is objective and real versus rationalized and subjective. The helps the DMC maintain fact-based discussions and negotiations and avoid emotional and unproductive tangents. The better a DMC is armed with real, legitimate, accurate and timely information the better represented at the table and in assisting in making organizational decisions her or she will be.

The Managed Care Director is the "Renaissance Man" of Healthcare. He or she manages, advises, affects and effects many different areas of the healthcare business continuum. He or she needs to wear many different hats and provide many different skills in order to be effective and efficient in this role. If they are positioned to succeed, meaning supported in their activities and responsibilities with the necessary assets and resources, a healthy facility or healthcare organization is not far behind. ☎

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