

What is a Director of Managed Care? (continued from page 8)

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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