

Prepping Health Care Providers for Medicaid Managed Care Organization Contract Negotiations

How to use this tool:

- 1** This tool can be used for conducting a self-assessment before entering discussions with Medicaid managed care organizations (MCOs) related to contracting and/or utilizing value-based payment arrangements. It can help answer the following:
 - a. What is your level of readiness?
 - b. What level of risk can you tolerate?
 - c. What are the benefits of contracting?
 - d. What are areas for collaboration?
 - e. What are areas for agreement?
 - f. What are your options for negotiating?

- 2** You have **OPTIONS** to determine what level of specificity serves mutual interests. There are legal benefits and risks associated with the level of detail included in the contracts. For example, there may be metrics for success related to value-based payment arrangements. You may choose to include the metrics or leave them open to be decided later or independently. You will need to evaluate the risks related to the level of specificity included in the contract terms.

- 3** Internal assessment should support and provide a basis for business planning, some of which may be necessary before and during the negotiation process.

- 4** Themes for negotiations and self-assessment are divided into four categories:
 - a. Your own and mutual responsibilities
 - b. Payment arrangements
 - c. Contract implementation
 - d. Contract review

Themes for Negotiations	Considerations	Self-Assessment to Clarify Direction
<p>Your own and mutual responsibilities</p>	<ul style="list-style-type: none"> • Are responsibilities clearly stated? <ul style="list-style-type: none"> ○ Between Providers and MCO ○ To consumers being served ○ To fulfill DC Medicaid managed care requirements • What are the remedies if obligations are not met within the timeframe established? • Do these remedies provide sufficient protection and/or pose significant risk? 	<ul style="list-style-type: none"> • Prepare a vision for the future state. • Assess current state and what gaps need to be addressed to reach future state. • What internal responsibilities should you assume to help fill the gaps? • How will contract responsibilities and benefits promote filling the gaps?
<p>Payment arrangements</p>	<ul style="list-style-type: none"> • How are payments tied to expectations? <ul style="list-style-type: none"> ○ Scope of services ○ Lines of business ○ Populations • Methodology for setting payments <ul style="list-style-type: none"> ○ Rates ○ Adjustment of rates based on population cohorts ○ Identification of value metrics, e.g., inputs and/or outcomes ○ Identification of financial risks and rewards ○ How metrics drive reimbursement • How are payments actually made? <ul style="list-style-type: none"> ○ Claims ○ Data-based invoices ○ Type and frequency of documentation required ○ Other milestones for payment, such as referrals or number of encounters 	<ul style="list-style-type: none"> • Scenario based analyses: <ul style="list-style-type: none"> ○ Who will help analyze? ○ Will there be changes in population? ○ Will there be changes in infrastructure? ○ What level of risk can be tolerated? ○ What is needed to prepare for negotiation? • Analyze the value metrics in terms of operational capacity to: <ul style="list-style-type: none"> ○ Deliver ○ Document ○ Report ○ Improve quality based on data • Would you benefit if payments could be tiered in the event of partial performance with the value-based payment metrics or could payments be delayed to allow time for full performance?

Themes for Negotiations	Considerations	Self-Assessment to Clarify Direction
<p>Contract implementation</p>	<ul style="list-style-type: none"> • Communications • Sharing data • What happens if something goes wrong? • What happens if and when the contract ends? 	<ul style="list-style-type: none"> • Setting expectations around communications post-implementation. <ul style="list-style-type: none"> ○ Who needs to be informed? ○ How often do they need to be communicated with? ○ What is the purpose of the communication? ○ Anticipate areas for ongoing dialogue, e.g., sharing outcomes data, reviewing and challenging quality of data, coordination around services, unintended consequences of risk-based arrangements, etc. ○ Resolve disputes and disagreements. • Which contract terms serve mutual interests in protecting against adverse consequences? <ul style="list-style-type: none"> ○ Time limit on contract term ○ Automatic renewals ○ Conditional renewals • If contract ends, does it address: <ul style="list-style-type: none"> ○ Obligations as the contract is closed out ○ Impact on and notification to members ○ Notification to regulator

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<p>Contract review: Getting ready for negotiation</p>	<ul style="list-style-type: none"> • Are responsibilities clearly stated? • Are relevant terms clearly defined? • Review all appendices, policies, procedures, and documents referenced in the contract. • Are the contract terms consistent with DC law and the DC Medicaid managed care program requirements? 	<ul style="list-style-type: none"> • What are benefits of contracting? • What are strengths you can leverage? <ul style="list-style-type: none"> ○ Market power ○ Timing ○ Value • What are risks/vulnerabilities? <ul style="list-style-type: none"> ○ Internal <ul style="list-style-type: none"> ▪ Operational ▪ Financial ○ External <ul style="list-style-type: none"> ▪ MCO stability and past experience ▪ Competition • Can you operationalize applicable requirements? • Does entering contract reflect sound business judgment? • Does the level of detail serve your interests? • Categorize issues: <ul style="list-style-type: none"> ○ <i>Red</i>: Critical issues that are unacceptable ○ <i>Yellow</i>: Significant issues that must be addressed before proceeding ○ <i>Green</i>: Minor issues that should be clarified before proceeding