



ALL ABOARD! DESTINATION: HEALTH REFORM

THE NATIONAL ACADEMY FOR STATE HEALTH POLICY 22ND ANNUAL STATE HEALTH POLICY CONFERENCE

OCTOBER 5-7, 2009 / LONG BEACH, CALIFORNIA

NATIONAL ACADEMY
for STATE HEALTH POLICY

Managed Care Regulation

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NAMCR

- Started 30 years ago as NAHMOR
- Health and Insurance regulators
- The source of HMO regulation in 1980s
- Predated NAIC activity
- Networking and educational opportunities
- All Volunteer

Regulation enforcement

- Plans of correction
- Big gun – take a license to operate
- Fines, penalties and sanctions
- A contractor has to have a license to operate - no license, no contract

Major areas

- Financial solvency
- Claims processing
- Provider access and availability
- Utilization review
- Appeals
- Provider contracting and credentialing

Network access

- Can't have an out-of-network penalty if there is no in-network provider
- Skimpy networks can prevent people from accessing their benefits
- No in-network provider, must provide the “benefit” with out-of-network providers

1 - Hospital Termination

- Balance billing, commercial reality
- MA plan with CHIP contract - 85% vs. 15%
- Hospital terminated contract, threatened to balance bill CHIP enrollees
- Inadequate network
- “covered benefit” = billed charges
- \$5,000 / occurrence/ per day

Downstream Risk

- Very common
- Usually: Pharmacy, behavioral health, DME, imaging, chiropractic
- Occasionally: everything is downstreamed
- Chain of contracts – licensed entity be able to take action under the terms of the contract
- Licensed entity must monitor downstream

2 - Downstream Nightmare

- HMO takes 15% off the top
- 85% passed to a unlicensed entity
- All risk and all operations assigned to unlicensed entity
- Regular DOH review – not credentialing providers
- Appear to have a claims backlog

Tag team approach - Insurance & Health

- Quarterly and annual financials spotless
- Downstream entity not performing, licensed entity will be held responsible
- Would licensed entity put money into fixing the problems downstream? - No
- Rapid but orderly shut down

3 - Contract Transition Issue

- Losing contractor refused to provide winning contractor with enrollee names and assigned PCPs
- Winning contractor had to re-contact and reassign all enrollees to PCPs
- Winning contractor did a poor job of it
- DOH deluged with access and availability calls

Books and records

- Regulators have access to the books and records of the corporation
- Market conduct and data calls
- DOH could have obtained names and PCP assignments
- Carrier wanted 3 months to correct and to process enrollment backlog
- Nope - Failure to maintain access and availability – fix in 2 weeks

Good cop, Bad cop

- Don't be afraid to consult with regulators
- Regulators know their regulated entities
- Regulators can get information
- Regulators can audit
- Fines, penalties and sanctions more effective than threat of loss of contract or license



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