



2008 CAHP Conference

Rick Martin, Deputy Director
Department of Managed Health Care
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Overview

- Office of Provider Oversight
- Goals
- Issues we face
- RBO Solvency
- Provider Complaints
- Block Transfers/Contract Terminations
- Balance Billing
- Claims Initiative

Office of Provider Oversight

Established July 1, 2007

Provider Solvency Unit

- Ensure risk-bearing organization's financial solvency requirements are met.

Provider Complaint Unit

- Enforce proper & timely payment
- Independent Dispute Resolution Process

Block Transfer Unit (February 2008)

- Review health plans transition filings to ensure enrollees have access to services if a contract termination occurs.

Goals

- Make sure the consumers get the right care at the right time.
- To balance consumer protections with the ability for private market to be sustainable.
- Providers get paid fairly and on-time.
- Develop a “transparent” network monitoring system.

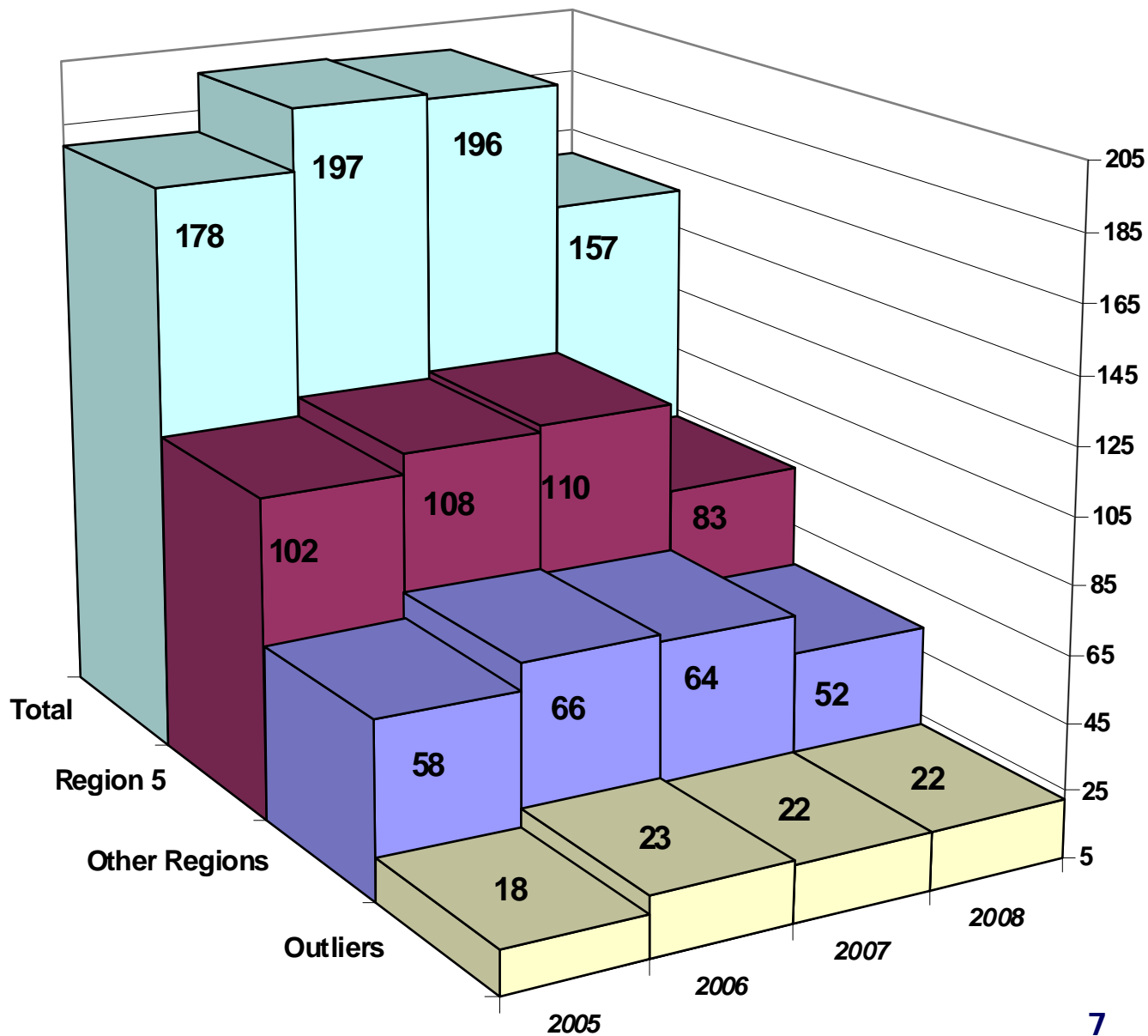
Issues we face

- Financial viability of the delivery system
- Contract terminations
- Challenging & changing provider networks – What is an adequate network?
- New products – impact on providers
- Provider reimbursement
- Balance Billing

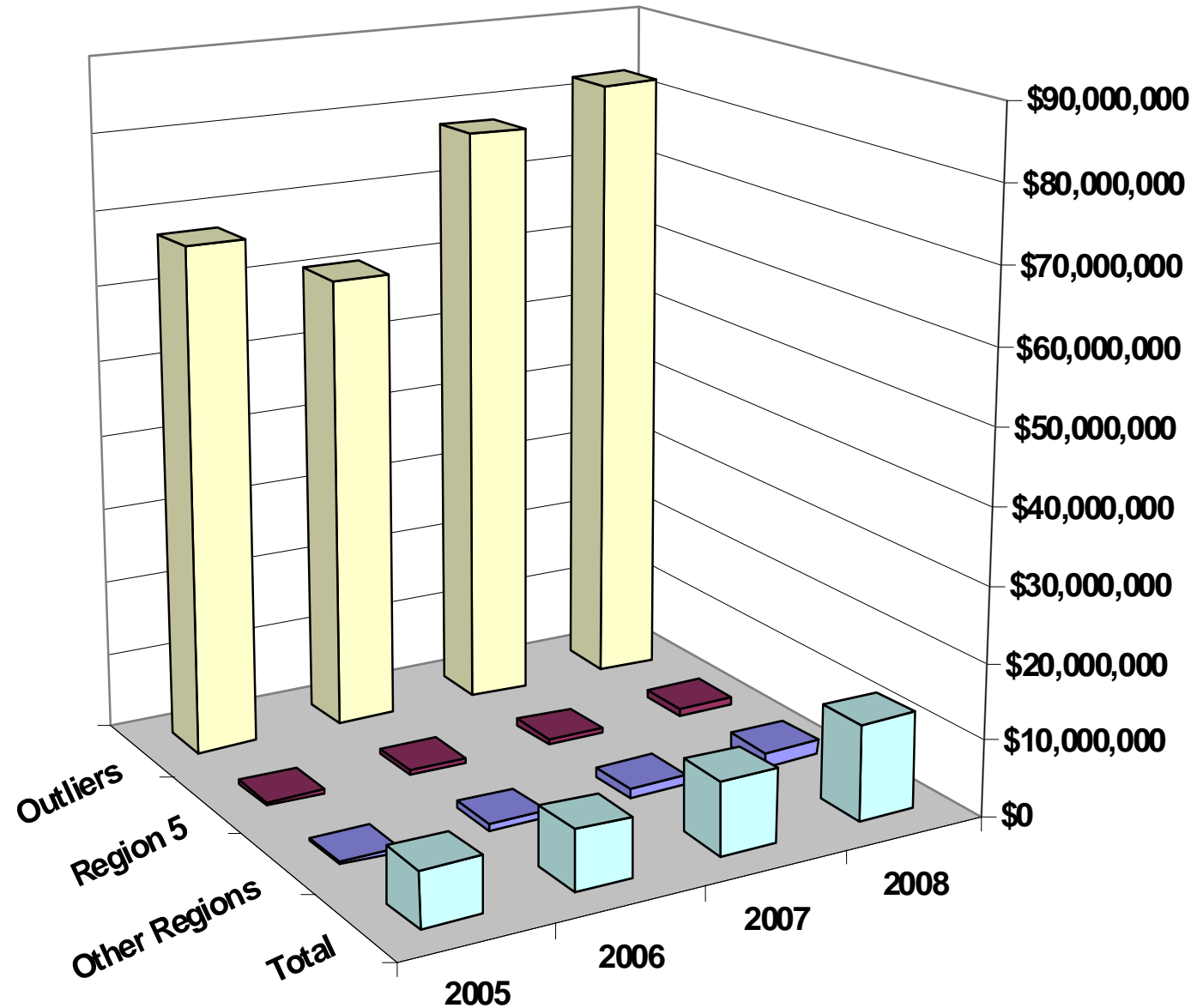
RBO Grading Scale

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>Q2 08</u>
Green	15%	13%	14%	13%
Yellow	69%	74%	72%	76%
Orange	0%	1%	0%	0%
Red	16%	13%	14%	10%

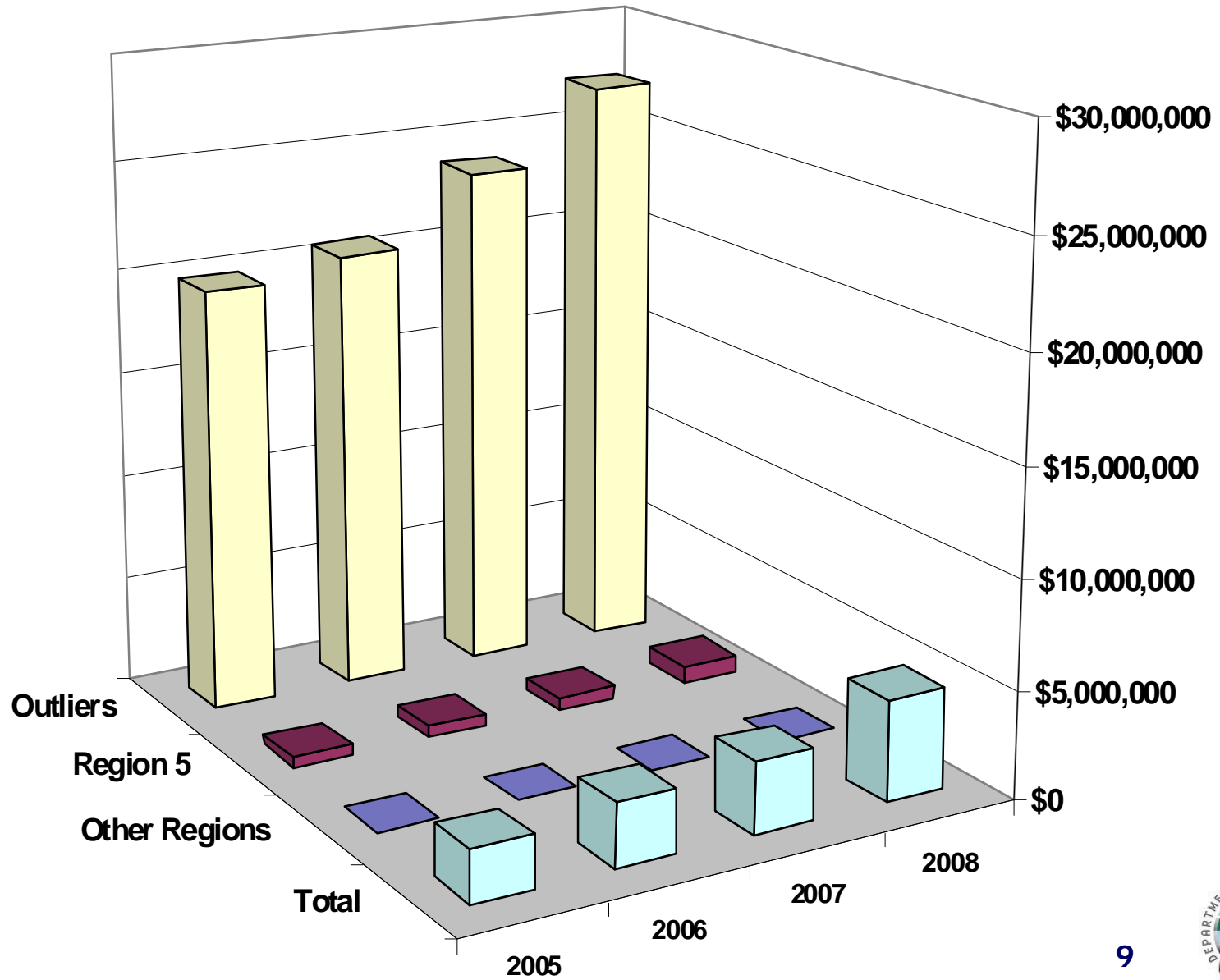
Number of RBOs



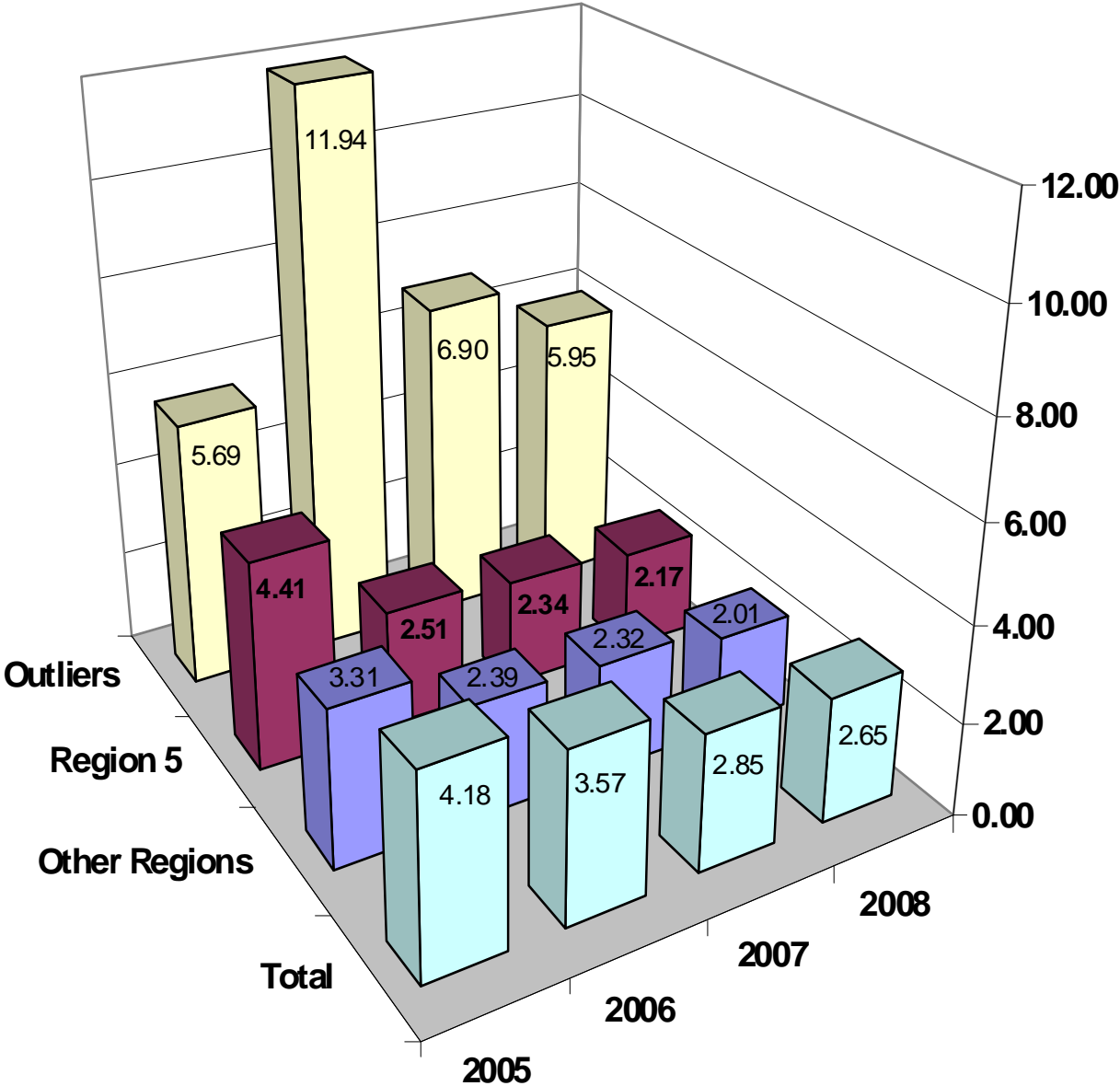
Tangible Net Equity



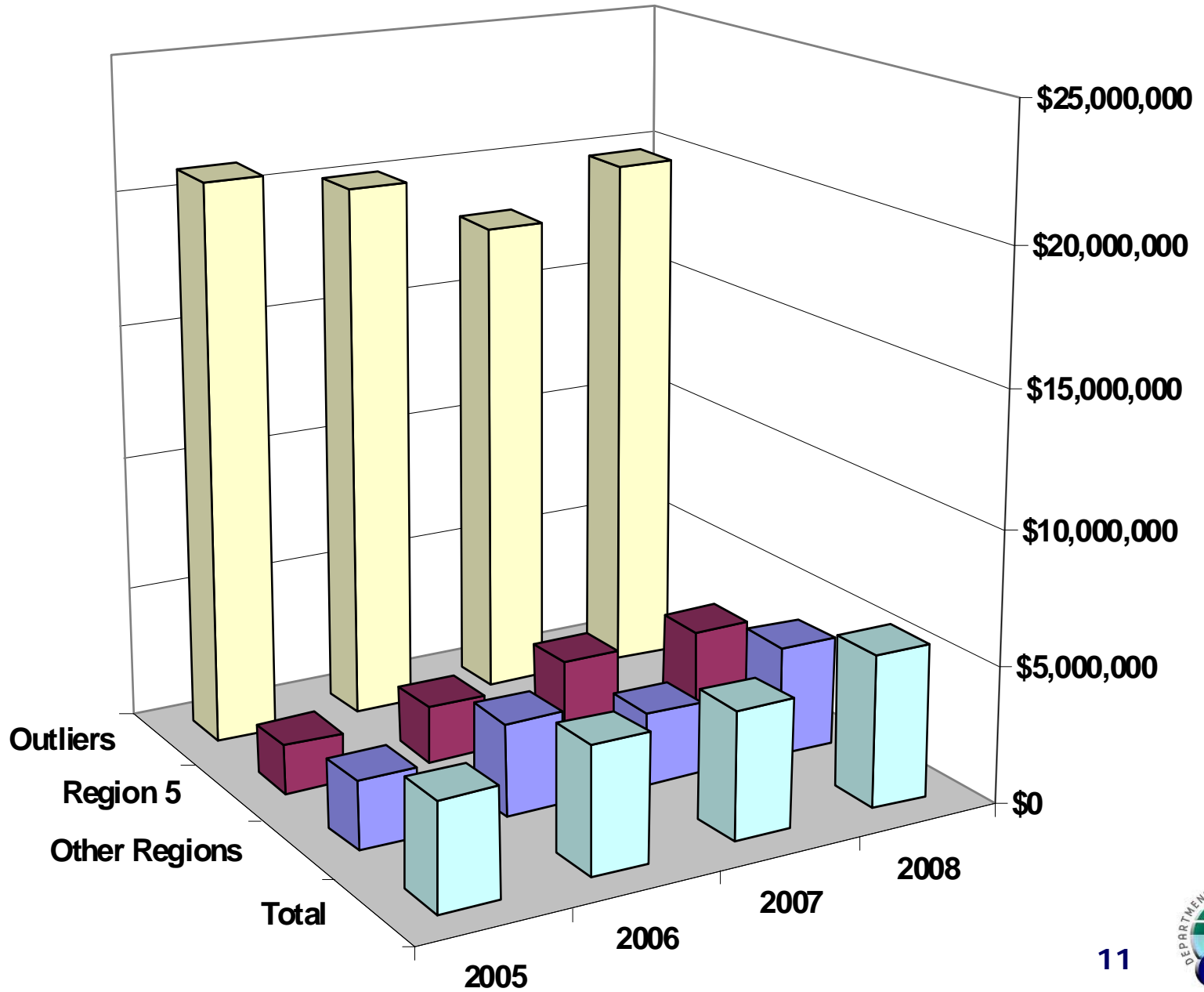
Working Capital



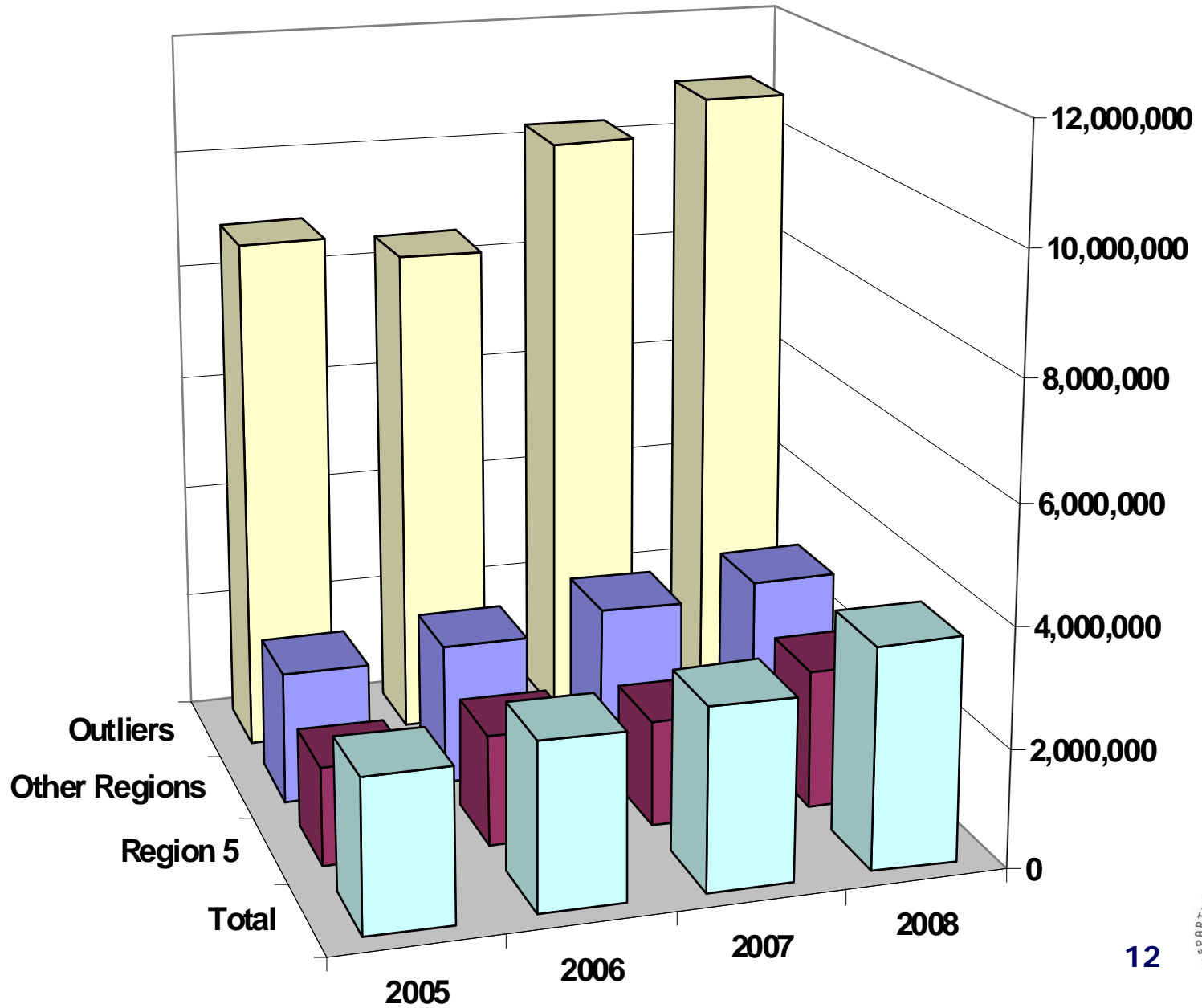
Cash to Claims Ratio



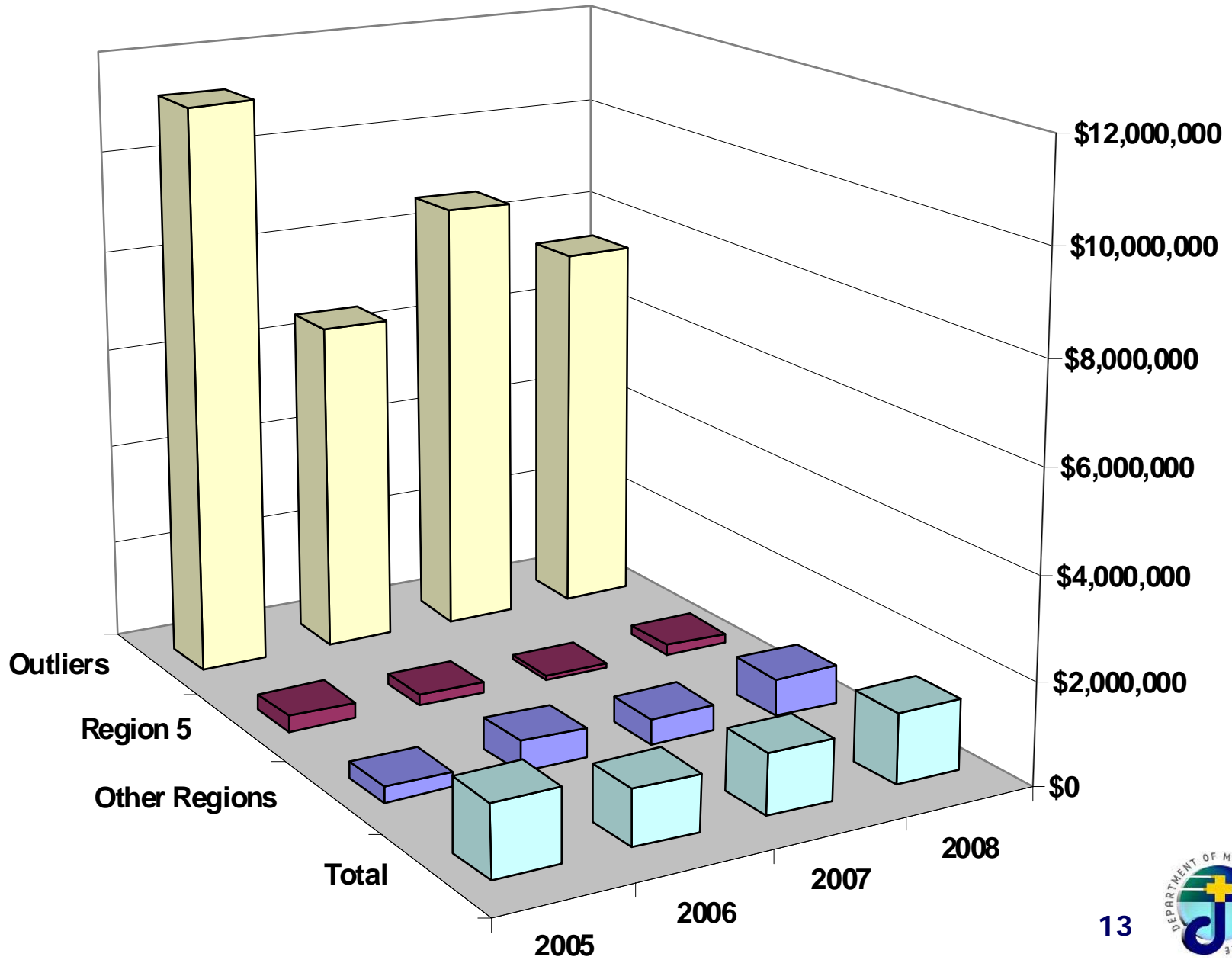
Cash and Marketable Securities (only) Growth



Claims Payable and IBNR



Average Net Income for All RBO types



Provider Complaints

September 2004 to September 2008:

Received 11,965 complaints

- 7,147 complaints were reviewed
- Recovered more than \$9.4 million for providers

Examples of hospital complaints:

- Ping – pong denials (issues pertaining to the Division of Financial Responsibility)
- Emergency care (Is it an Emergency?)
- Post emergency stabilization care
- Failure to pay pursuant to contract
- Coding disputes
- Timely submission and payment of claims

Examples of physician complaints:

- Medical necessity - Authorization
- Experimental/Investigational services
- Reasonable and customary value
- Failure to pay pursuant to contract
- Coding disputes
- Timely submission and payment of claims

Current Trends

- Poor dispute resolution responses
- Failure to consider good cause on late claims
- Bouncing provider back and forth between the plan and group
- Inappropriate reimbursement requests and offsets
- Plan not paying according to contract
- Failure to recognize provider's complaint as a provider dispute
- Failure to properly adjudicate claim until provider complains to DMHC

Block Transfer Unit

Primary focus regarding terminations

Access and Availability

- Distance
- Availability & Capacity of Providers
(Bed Capacity for hospitals)
- Comparable Services
- Admitting Privileges
- Financial Capacity (mainly for medical groups)

Block Transfer Statistics (# of filings)

<u>Calendar Year</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008*</u>
Provider Groups	24	77	93	98
Hospitals	155	190	240	269
Total	179	267	333	367

*As of 10/15/08, this data reflects contract termination dates that occur between 1/1/08 to 12/31/08.

Challenging and Changing Provider Networks

- Hospital Closures
- Bankruptcies
- Provider System Acquisitions:
 - Bargaining Power
 - Plans inability to contract
 - Increase in actual terminations
- Capacity Issues (alternate hospitals)
- Exclusive Admitting Privileges
- Lack of Specialty Providers

Block Transfers -Contract Terminations

The Block Transfer Team is

- Meeting with more health plans to discuss business process improvements.
- Meeting with more providers at their request.
- Actively monitoring the changes in the provider networks.
- Developing a provider network monitoring system.

Balance Billing



Claims Initiative

- Re-evaluate R&C methodologies for non-contracted ER services
- Re-direct resources to those who pay unacceptable rates:
 - Audits
 - Investigations
 - Enforcement Actions
- Created a special Task Force Unit to expedite claim payment violations
- Enhance methods to get more timely, pertinent and accurate claims data from payers
- Increase outreach to providers and consumers to help them identify claim payment problems and understand ways the DMHC can help resolve payment disputes
- Work collaboratively to make IDR process a more useful process