



**Student Training Outline – Group Health Managed Care Organization  
Year 4 Health Care Management Clerkship (OCOM 895)  
Appendix G – Academic Year 2007/2008**

I. Purpose

The overall intent of this experience is to have students gain insight into: 1) the operations of a Managed Care Organization (MCO) that directly and indirectly affect the quality of care that physicians provide; and 2) how MCOs control health care costs by covering needed and appropriate medical care. Students will benefit from the managed care perspectives of those individuals, many of whom are professionals from the medical field (e.g. doctors, nurses, pharmacists, etc.) who are employed by MCOs.

II. Suggested Learning Issues (to be supplemented by MCO personnel)

1. Physician Perspective of Managed Care

Most MCO experiences allow time with the Medical Director. The Medical Director is either a full or part-time position held by a physician who usually has significant experience seeing patients in an office setting.

*Possible questions for students to ask/initiate during this experience include:*

- A. What is the role of the Medical Director at the MCO.
- B. Who makes the decisions at the MCO concerning reimbursement denials for physician/hospital/ancillary services? If it is physician services, do the claims get reviewed by someone in the attending physician's same medical specialty? What if there isn't a physician of the same specialty? What about D.O.s versus M.D.s reviewing osteopathic manipulative medicine services provided by Doctors of Osteopathic Medicine?
- C. What data is used to deny reimbursement? What is the appeals process?
- D. Why can't a physician just provide services that in his/her judgment are appropriate and then be fairly reimbursed? Why does a third-party (MCO) have to get involved? What value does the MCO provide?
- E. What can a physician do to minimize the perceived/real adversarial role between MCOs and physicians?

2. Physician Contracting, Reimbursement, and Credentialing

These areas directly impact the physician from a financial perspective. It is important to understand how the MCO calculates its fee schedule, since MCO revenue could impact as much as 50% of a physician's annual revenue. Also, if a physician is in the MCO's network of physicians (e.g. PPO, HMO, etc.), patients would have an incentive to visit him/her (lower co pays, etc.) vs. a physician that was not in the network (higher co pays, etc.).

*Possible questions for students to ask/initiate during this experience include:*

- A. How is the physician fee schedule developed?
  - B. How often is the fee schedule updated?
  - C. Does the MCO have multiple fee schedules? If yes, why?
  - D. What type of physician networks does the MCO have (HMO/PPO, etc.)? What is the difference in networks from a physician/patient perspective?
  - E. What constitutes a physician contract? Can physician negotiate contract?
  - F. What is the credentialing process? What criteria are reviewed? Why is credentialing needed?
  - G. Does a physician get input into the credentialing process?
3. Case Management/Disease Management

These are critical areas of an MCO. Most MCOs believe that these activities are the future of care management. Since 1% of utilizers from any given population result in 30% of the health claims dollars, and 10% of the utilizers result in 50 to 75% of claims, there are significant incentives from a number of perspectives to address this population.

*Possible questions for students to ask/initiate during this experience include:*

- A. How are cases identified for case management?
  - B. What does case management entail?
  - C. What disease management programs are in place?
  - D. How was the decision made to go with a disease management program?
  - E. Does the MCO track outcomes of its case management and disease management activities?
  - F. Does the MCO have patient questionnaires in place, in order to identify potential high risk individuals as early as possible?
  - G. What is the attending physician's role relative to case or disease management programs that impact his/her patients?
  - H. What can a physician do to ensure the best care for his/her patient?
  - I. What communication does the physician receive from MCO regarding case/disease management activities initiated by MCO with their patients?
4. Care management which includes pre-certification, concurrent review, retrospective review, and medical policy.

This area, usually staffed by nurses, is the first line of communication with the physician/hospital staff. Inpatient and outpatient information from the providers is assembled to determine appropriateness for reimbursement. The MCO will usually use some third-party guidelines to conduct this review process. Medical Policy (MCOs may have different names for it), is used to specifically evaluate physician services usually against some hybrid to Medicare guidelines, to determine if physician services should be bundled, denied, or paid as submitted.

*Possible questions for students to ask/initiate during this experience include:*

- A. What criteria are used to make decisions?
  - B. What are their percentages of denial?
  - C. What value do their services add?
  - D. What can a physician do to decrease reimbursement and service denials?
5. Pharmacy Management

This area impacts the physician mostly through the formularies that are involved. Pharmacy is important not just from a cost perspective, but also in its ability to integrate pharmacy and medical services at the optimum level for the patient.

*Possible questions for students to ask/initiate during this experience include:*

- A. What is the role of the pharmacy within the MCO?
- B. Why and how is a formulary developed?
- C. How does an MCO link the medical and the drug side of care?
- D. What interaction is there between the pharmacy and the physician?
- E. What can a physician do to better serve his/her patients from a pharmaceutical perspective?

6. Data Analysis, Physician (Provider) Profiling, and Quality Outcomes

An MCO analyzes data, conducts physician or provider profiling, and reviews quality outcomes that will directly and indirectly impact a physician's medical practice.

*Possible questions for students to ask/initiate during this experience include:*

- A. How do the areas of data analysis, provider profiling, and quality outcomes review impact the physician and his/her medical practice?
- B. Can a physician get access to data about his/her practice?
- C. Can a physician get access to comparative data about his/her practice vs. his/her peers' practice?