

This resource provided by Dawn Boyd, Director, Managed Care Contracting, The Godbey Group.

Managed Care Contracting Termination Checklist

The day has arrived and many are whispering (and some shouting); 'We need to terminate this contract now!' Is this a good idea? And if so, what are some of the reasons that got the provider to this point in the managed care negotiation process?

In the decision process there are certain drivers that may lead to termination. These include:

- o Contract negotiations are stalled - jump start negotiations with the payor with a termination notice
- o Payor requires termination notice before considering rate negotiations
- o Payor relations un-cooperative and unresponsive to re-negotiating rates / language
- o Provider's managed care strategy - provider does not want to continue participating in network
- o Planned last step in the decision-making process

Complete each step on the Contract Termination Checklist to optimize your performance and avoid jeopardizing your position. The advantages of using a systematic—step-by-step—termination process are:

- o Positions you to achieve better rates and contracts
- o Efficiency. It reduces your negotiation time
- o Enhances your negotiation position. You are now proactive plus motivating the payor to 'come to the table' to achieve fair, equitable negotiation results
- o Closes the gap - focus is now on solving the problem by closing the gap while diffusing the emotional stand-off approach

Termination Checklist

Directions: Complete the check-list for each step prior to Payor Termination. Date and initial as each step is completed; make additional notes as needed.

NOTE: If you use an outside managed care contracting resource request that they use the checklist too.

1. Review contract clauses that impact termination
 1. Effects of termination
 1. What are the services and time period provided after term?
 2. What is the patient transfer provision from the facility?
 3. What does the hospital / health system do with new patients?
 4. Does the payor or the hospital have access to medical records after termination?
 2. Term of agreement; e.g. Is it 1 or 2 year or evergreen?
 3. Term date; e.g. What is the last day to term?
 4. Notice agreement with 'cause' or 'no cause'
 5. Solicitation of patients' provision; (e.g. letters, brochures, TV spots)
 6. Recent amendments; Did the hospital make amendments (on their own) that impact the termination process?
2. Complete contract review by hospital attorney and gain an opinion on 'GO—NO GO'
3. Facilitate meeting with your attorney, payor attorney and client contact to ensure consensus on termination terms; NOTE: this may require multiple meetings.
4. Discuss the attorneys' opinions regarding the contract and termination implications plus provide an overview of termination process with Managed Care team and CFO
5. Develop termination strategy including: messaging, customized talking points/thought points, print and non-print media, meeting with community stakeholders
6. Schedule debriefing session with Sr Management, the Board and other key decision makers to: gain support for termination, clarify roles and share termination strategy
7. Communicate contract termination to payor in writing and reference section(s) pertaining to the termination clause