

Third Party / Managed Care – An objective analysis

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In an environment of de-listed optometric services, the role of third party insurance providers has, and will likely, become increasingly important. Third party/managed care companies may see Canada as an attractive and lucrative market now that essentially half Canada's population (predominantly those of working age) is de-listed from provincial coverage.

Freed from the constraints of provincial health programs, CAO members should be aware of the 'double-edged sword' of third party insurance providers. Generally, 'for-profit' companies may be more difficult to deal with, and dictate lower fees, than provincial insurance plans ever did.

CAO has been contacted by representatives of U.S. managed care providers seeking information about the Canadian marketplace. In some cases, these companies feel they have opportunities with Canadian subsidiaries of American clients. A tremendous cost-savings for such a corporation may be realized by extending an established program into another jurisdiction, as opposed to 'starting from scratch'.

While many American providers have a strong *national* presence, their representation in *individual* states is not equal across the United States. Solidarity is essential to the success these jurisdictions achieved.

Member education is critical in pointing out that something that seems too good to be true, likely is. Agreeing to discounts in professional fees in exchange for a possible increase in patient volumes may initially seem attractive, but could prove to have a significant negative impact upon the 'bottom line'. Clinical decision-making may also be taken out of the hands of

the practitioner, but full liability for those decisions is retained.

Following are some scenarios that practitioners may find interesting:

- Patients are typically directed to specific optometric practices through 'preferred provider' lists.
- Most managed care providers will set the examination fee, and there is no option for the practitioner to 'balance bill' to reach their customary fee.
- The procedures required for each patient encounter may be dictated, removing clinical judgment (but not liability) from the equation.
- There is no option to 'limit' the number of 'managed care patients' examined.
- The ophthalmic products utilized, and their pricing, may also be dictated.
- An internal 'quality assurance' committee may review records to ensure that all required procedures have been performed – financial claw backs may apply should any 'deficiency' be identified.
- Contracts are typically of two to three years duration, at which time re-negotiation, with competition, may drive fees lower.
- Should an employee choose to attend a non-affiliated practitioner, their benefits may be significantly curtailed.

It becomes increasingly apparent that such arrangements are primarily designed to help the managed care provider be competitive; gaining market share by 1) reducing or restricting services to patients, and 2) reducing the fee payment to the provider (optometrist).

CAO members are encouraged to closely analyze and be aware of the realities of managed care.