Participating in a Provider Sponsored Network

Board Membership vs. Network Membership vs. Contracting

- Larger agencies will expect to be key players, to be network members, and likely to serve on the network Board.
- Smaller agencies, or agencies which are single providers of specialized services, may not serve on the network Board and may only contract with the network to provide services, choosing not to become a network member.
- Agency members of a PSN may still contract with other networks or health plans to provide services

Options for Network Membership

- “Horizontal” network made up of MH and SA agencies
- “Vertical” network of behavioral health agencies and a hospital
- unlikely: join an Independent Practitioners Association, a Physician Hospital Organization, or Management Services Organization
- Any of the above in partnership with a Managed Care Organization contracting to manage behavioral services

How to Choose

- Market research: are there networks forming which are well positioned to compete?
- Can you join or create a new network that can be competitive?
- Do you have services, resources, time or know-how to offer a network, such that you can be a key player?
- If your resources are limited and your are not likely to be a key player in a network, is it wiser to contract with the network (make sure you serve a target group that is underserved, or that you provide services, prices, or service locations that are needed in the marketplace)

Examining Network Membership Agreements

- Who is eligible to serve on the decision-making Board? How are Board members elected? Who serves on the Board now? What group approves new members?
- What are membership costs, up front and continuing? What group(s) set and amend the network budget? Who authorizes network expenditures? Who hires, fires, and supervises network staff?
- How is reimbursement to providers determined? What group(s) decides reimbursement? What form will reimbursement take?

- How are decisions made? Do some types of decisions require a supermajority? Is profit-sharing determined by equity and risk? Do all member agencies have a voice in determining the overall direction?

Examining Services Contracts

- Is their protection against unilateral actions without provider approval or notification? (ability to refuse, reasonable time to make decision, "opt in" not "opt out")
- Who makes credentialing decisions? What staff qualifications are required?
- What level if insurance is required?
- What are the "covered services" you agree to provide, to what population, and in what time frames? Are they services you traditionally provide and have the capacity to provide?
- Do not delegate to the network your prerogative to review and approve contracts to which you will be committed you will fulfill !
- What are termination procedures (for you or the network to terminate the contract) and what wind-down period is required. Provider should be allowed ability to terminate immediately in the event of network bankruptcy, "material breach," or change of ownership?
- Ask for medical necessity, admission, discharge, and pre-certification criteria and review them closely. Ask for: "which shall not be unreasonably refused."
- Ask for a written description of the Quality Assurance/ Quality Improvement process, to learn what your commitments are.
- Ask for a written description of the reporting requirements and review them closely to insure that your IS can produce the info in the format required (e.g. "encounter" data.)
- Study the compensation portions of the contract: is payment timeliness specified (within 60 days, etc.), are there "administrative fees" or withholds?
- Make sure you are comfortable with any "exclusivity" clauses: can you sign other agreements, with what other plans or networks, and does this network require "most favored nation" pricing (best discount)?
- Examine "right of first opportunity" and "hold harmless" language carefully. Make sure the commitments go both ways.
- How and how often are you notified of who is eligible for services?
- Insist that separate agreements are referenced in each other, which takes precedence?
- Beware of these terms:
    - "provider must meet any separate conditions for…"

- “the network at its discretion may…”
- “…as necessary and appropriate”
- “reasonable and customary”
- “shall not abandon client care”
- “primary coverage shall maintain”
- “most favored nation pricing”
- “right not to offer participation”