

# 12 Tips For Managing Managed Care



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As chairperson of the Private Practitioners Group, I've borne witness to many colleagues' accounts of the burdensome workload, injustices and aggravations of partnering with managed care. While I encourage you to consider developing a private practice free of managed care (it's a viable – and sane - alternative), I know that many clinicians choose to participate in managed care panels as a way to begin or expand their practice, and some of them later successfully transition to a primarily or fully private pay practice. I recommend that you approach managed care participation strategically: prepare and fortify yourself with tactics and methods to help you to endure and, hopefully, to prevail despite the adversities intrinsic to managed care. What follows are twelve tips to help you to better manage your managed care experience.

## 1. Go Into It With Your Eyes Open

Recognize that in deciding to participate in managed care, you are striking a bargain: more referrals for less marketing. In other words, you have decided to accept the extra workload and aggravation entailed in working with managed care in exchange for the being relieved of some of the responsibility of marketing your practice. You may feel better about this bargain if you consciously accept it for what it is.

Participating in managed care is best suited for those of us who are meticulous (if not downright nitpicky!), punctual, and unflappable. If this isn't you, you may want to think twice about it! Managed care providers may be denied payment if they have not precisely followed the managed care bureaucracy's exacting and often inflexible requirements: failing to obtain preauthorization or obtaining it too late, failing to confirm a client's insurance enrollment, missing the deadline for filing a claim, and failing to follow up in a timely way on unpaid or lost claims are some of the many pitfalls that lead to forfeited payments.

## 2. Manage Your Expectations

Even if you are a stickler for details, it's likely that you will probably lose some money. Farsighted private practitioners will devise procedures (to use at intake and periodically thereafter) to determine whether the client's policy has lapsed (e.g., with a change in employment or as a minor child reaches maturity or graduates from college) or changed (e.g., become secondary to another policy when a client marries or becomes Medicare eligible). However, despite your best efforts, snafus happen – particularly if you have a large volume of managed care clients.

If you rely primarily or entirely on managed care, be prepared that once you have a full caseload, your income will plateau. The newsletter *Psychotherapy Finances* reports that managed care fees have been stagnant for over a decade; some managed care company's rates have dropped. Since the cost of living has increased, even a

stagnant fee represents a decrease in clinicians' real wages. *Psychotherapy Finances'* recommendation is to identify other non-managed care income sources (e.g., private pay) to supplement or, ultimately, supplant your managed care-dependent practice.

## 3. Protect yourself

I recommend that all social workers in private practice (whether working within or outside of the managed care system) obtain and use an Employer Identification Number (EIN). The EIN is an alternative to using one's social security number as a Federal Tax Identification Number (TIN). Using an EIN instead of your social security number will afford you some protection from identity theft. You can obtain an EIN even if you do not employ any staff. It's easy to obtain an EIN: for more information, go to [www.irs.gov/businesses/small/article/0,,id=98350,00.html](http://www.irs.gov/businesses/small/article/0,,id=98350,00.html).

Identity theft is a real danger in our profession. You may recall that a few years ago a Veterans Administration portable hard drive containing "sensitive information" (including TINs and names) regarding over one million professionals was lost, possibly stolen. For more information about identity theft, contact The Identity Theft Resource Center at 858-693-7935 or <http://www.idtheftcenter.org/>, and Consumer Reports at [www.consumerreports.org](http://www.consumerreports.org).

## 4. Reconceptualize Managed Care Work

Think about managed care as a system designed to provide short-term treatment within the framework of a medical model, focusing on symptom improvement for Axis I diagnoses of an individual identified patient. Working with managed care can feel somewhat less frustrating if you accept and work within that treatment model. If you don't feel comfortable with this type of work, then you may want to consider obtaining some additional training.

Many couples and family therapists object to managed care work, because the very idea of labeling one family member as the "identified patient" contradicts the

foundation of the systems perspective. Similarly, clinicians who work from a strengths based approach find that the illness focused medical model is antithetical to the core of their treatment philosophy. Some clinicians manage the difficult dialectic between these various models; most of us find that it's challenging to productively engage clients in this complex dialogue.

As clinicians, we know that not every client is suitable for a short-term, Axis I symptom focused model of treatment. Many of our clients present with personality disorders and dysfunctional character traits in addition to Axis I problems. When such a client approaches you within the managed care system, it will be a challenge to determine how to best handle this situation.

For example, as a client's Axis I problems remit and the client no longer qualifies for managed care treatment, the clinician confronts a dilemma about how to arrange for continued treatment to address the remaining characterological issues. The options may be circumscribed by one's managed care contract, which, in some cases, may prohibit the clinician from continuing to work with the client, or may restrict the fee that can be charged for continued treatment beyond the managed care benefit; check your contract. Some clinicians will attempt to obtain authorization for additional sessions by appealing the managed care company's determination. Another option is for the clinician to consider referring the client to continue treatment with a colleague who is not participating in that managed care panel. Such referrals are SOP (i.e., standard operating procedure) in EAP work, another planned short term treatment model. A private practice clinician might identify a few trusted local colleagues who are out of network for the panels she participates in, with whom she can develop a mutual referral relationship, i.e., referring in-network clients to one another to continue the ongoing treatment with the out of network clinician. The obvious downside of this arrangement is that it interrupts the continuity of treatment, and some clients will not follow through with the transfer. However, at some point the managed care company generally stops authorizing additional sessions, or the client may drop out or "take a break" when she exceeds her annual allotment of sessions, which itself interferes with continuity of treatment, leaving the clinician in the position of helping the client to decide between the lesser of several evils.

Some say that as part of the informed consent discussion at the outset of treatment, managed care participating clinicians should inform their clients of the generally short term and Axis I focused model of the managed care benefit, and advise the client of what options she will have if she later decides to continue treatment beyond what the managed care benefit authorizes. Such an orientation

would be particularly helpful to clients with Axis II personality disorders who are likely to need and want long term treatment after their Axis I complaints have been addressed. This model affords the client with the ability to determine for themselves whether or not to begin treatment with a clinician who they may not be able to continue to work with in the long run, in exchange for the benefit of having a low managed care fee.

## **5. Inform Yourself**

Participating in managed care is complicated; there's a lot to learn. Just acknowledging this fact may help.

As seasoned managed care clinicians already know, things are in a constant state of flux in the managed care world: new legislation mandates changes and companies merge, implement new initiatives, and retire old ones. It's wise to keep yourself apprised about industry trends and relevant government policy initiatives. The monthly newsletter *Psychotherapy Finances* ([www.psyfin.com](http://www.psyfin.com)) and your professional organization are good sources of insurance industry and regulatory news.

Newcomers to managed care will have a lot to learn, including a whole new vocabulary of acronyms: NPI, CAQH, CPT, and ICD, among them. Be aware that each insurance company may offer several different insurance plans, each of which may have different fee schedules, procedures, requirements and policies. If you are doing "electronic transactions" for any client, then your entire practice needs to be HIPAA compliant. An electronic transaction involves the transmission (including sending, receiving or viewing) of electronically stored information regarding an identifiable patient which is stored electronically, on a computer (yours or someone else's – perhaps the managed care company's). For example, using the internet to check a client's eligibility or claim status is an electronic transaction and would necessitate HIPAA compliance. For more information, go to <http://www.socialworkers.org/hipaa/default.asp>.

## **6. Be Prepared**

All clinicians submitting claims for insurance reimbursement – whether in or out of network, assigned or not – should be prepared for the possibility of having their case records audited by the insurance company. Such audits may be initiated after the client has terminated treatment, so it's prudent to obtain the client's permission for an insurance company audit at the outset of treatment and to keep this document on file.

Another way to prepare yourself is to learn about good recordkeeping practices. In auditing case records, insurance companies are generally looking to confirm the

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dates of meetings and meeting length, that the treatment is “medically necessary,” that the record substantiates the diagnosis, that treatment interventions are appropriate to the diagnosis, and that over time some progress (i.e., symptom reduction) is noted. Some managed care companies (including, notably, Medicare) have their own specific recordkeeping requirements that you should become familiar with. The books “Prudent Practice” (NASW Press), “The Paper Office” (Guilford Press) and NASW National’s website ([www.socialworkers.org](http://www.socialworkers.org)) provide some guidance about practice documentation.

Some clinicians are unaware that most CPT codes designate the length of a session as well as identifying who the meeting participants were. For example, the oft-used 90806 CPT code indicates a session duration of about 45 to 50 minutes in length, and there is a different CPT code which identifies a shorter meeting. Needless to say, expect that briefer meetings will be paid at a lower rate. Insurance companies (again, including Medicare) expect that the CPT codes submitted reflect the actual meeting length (not the planned meeting length); if a client arrives significantly late for a session, then you may need to use a different CPT code that reflects the shorter meeting length. Since all CPT codes specify that services are provided in person, “telephone sessions” held in lieu of broken appointments or for any other reason cannot be billed to insurance.

Keep in mind that if an insurance company audit finds your records lacking, they may demand repayment. In fact, insurance companies (including Medicare) often audit a portion of a clinician’s covered caseload and extrapolate based on the results of those records; so, for example, if they audit 10% of one’s records and they find some deficiency, they may multiply that deficiency by ten to calculate the repayment amount owed to them. Some years ago Oxford demanded repayment from 80 of the over 300 clinicians whose records they had audited, calculating repayments by extrapolating in this manner. NASW and other professional organizations advocated for their members, and ultimately Oxford retreated from this demand. If you are notified of an intent to audit, you may want obtain guidance from your professional organization.

## 7. Know Your Obligations

Read your managed care contract. It spells out the insurance company’s expectations and your obligations.

Keep in mind that the insurance company considers it to be your responsibility (not the client’s) to determine whether or not a client’s insurance is one in which you are participating, regardless of how that client located you. If you fail to do this you may later discover that you have

inadvertently violated your contract by charging the client more than the contracted rate, which may necessitate reimbursing the overpaid amount.

You may want to devise some procedure to ensure that you are promptly informed of changes in the insurance coverage for your existing clients. If, during the course of your work with a client, his or her insurance switches to one in which you are participating, or if a client becomes Medicare eligible (either losing the prior insurance or making that other insurance secondary to Medicare), or if an existing client’s insurance terminates, you may find that your financial arrangement with that client has to change accordingly. If this is discovered after the fact, the insurance company may demand repayment or may decline to pay for sessions already held.

## 8. Know Your Rights

I’ve found that many clinicians don’t realize that they may be able to charge their managed care clients for broken appointments. According to Psychotherapy Finances (June 2005), if the practice is not prohibited by your managed care contract, and if you inform all of your clients of your broken appointment policy at intake (they recommend that you have a signed agreement on file), then you may be able to charge managed care clients for broken appointments. “The key,” according to Psychotherapy Finances, “is that all patients have to be treated the same.” Many physicians have patients sign an agreement reminding them that the fee is the patient’s (not the insurance company’s) responsibility.

Familiarize yourself with the NY State mental health parity regulations; you’ll find information about this at: [www.ins.state.ny.us/timothy.htm](http://www.ins.state.ny.us/timothy.htm) .

Get to know the procedures available to contest unfavorable managed care determinations and actions. For example, a managed care company’s decision not to authorize additional sessions can be appealed. Each company outlines internal and external appeals procedures. More egregious problems can be brought to the attention of the NY State Insurance Department (1-800-358-9260, [www.ins.state.ny.us](http://www.ins.state.ny.us) ) which investigates complaints against managed care companies including violations of the state’s prompt payment law. The NY State Attorney General’s Health Care Bureau (Helpline 800-771-7755; [www.oag.state.ny.us/health/health\\_care.html](http://www.oag.state.ny.us/health/health_care.html) ) addresses systemic issues, taking law enforcement action and proposing new legislation regarding industry-wide problems. I recommend that every private practice clinician keep these numbers handy – chances are that at some point you’ll need them!

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## 9. Advocate

Most social workers are unaware that some colleagues successfully advocate with managed care companies to be paid a higher rate or to avoid a rate reduction. This strategy is more likely to succeed when the clinician's practice fills an inadequately met need in the managed care company's panel, offering a special skill such as a second language or an office location in an underserved vicinity (e.g., a rural locale).

What constitutes an inadequately met need will vary from community to community and from panel to panel. In some communities, the gender, sexual orientation or religious affiliation of the clinician or a particular specialty or niche may be in demand, while in other locales these same characteristics may not. Before contacting the managed care company, gather some statistics to bolster your case with some factual information. Often the calls you get from prospective clients (who are insured with that company) will be a tip off that your practice is fulfilling an inadequately met need for that insurance panel. Your practice may be so full that you are turning away clients, or prospective clients may tell you that they've had difficulty locating a clinician with the needed skill or location who is accepting new clients. Consider keeping a log of these calls (without identifying the applicants' names). Utilize the managed care company's provider directory, often available on their website, to identify how many other mental health clinicians (including those in other disciplines) are offering the same distinguishing features (e.g., second language, location, etc.) that your practice offers. The search criteria in the directory's search engine may help you to reflect on what practice characteristics are significant to this managed care company. Finally, consider contacting the managed care company's provider relations department to ask what needs in your community they are eager to fill.

Keep in mind that there are federal antitrust regulations that severely limit the ability of providers and their professional organizations from taking concerted action as a group to negotiate fees paid by managed care companies. However, as an individual panel member you have every right to communicate your thoughts, opinions, concerns or objections to a managed care company's actions or policies.

When problems arise, some clinicians encourage the client to obtain assistance from their employer's human resources department. The organization that purchases the managed care services (often an employer or union) may have greater leverage in negotiating with the managed care company.

## 10. Manage Your Caseload

Despite participating in managed care panels, some clinicians report receiving few referrals. In some cases, managed care panels may be closed to new applicants. These circumstances may indicate that this managed care panel has too many providers in that location. One option is to consider relocating your practice to a vicinity where the need is greater. Call the company's provider relations department or use their online clinician directory to determine what geographic locations might be underserved by a particular managed care company.

Another way to generate referrals is to do some simple marketing. Contact other health care professionals participating in the same managed care panel and practicing in nearby locations to explore the possibility of receiving referrals and, perhaps, of making mutual referrals to one another. Contacting some of the larger local employers, unions, and employee assistance programs whose constituents utilize the managed care plans in which you participate in may also yield some results. Although many social workers hesitate to do such outreach, some of these "gatekeepers" will be glad to learn of your availability.

## 11. Plan Your Exit Strategy

Some managed care participating clinicians will have the opposite problem: inundated with too many managed care clients, they work long hours in a dire attempt to earn a decent income. If this is your situation, you may want to consider restricting your managed care work to the hours that are in the least demand (generally weekdays during working and school hours), or strategically drawing down your managed care work by resigning from managed care panels one at a time while increasing the self-pay portion of your income. Use the time prior to terminating your contract to engage those clients in some discussion about continuing in treatment with you outside of the managed care system. To achieve the best results, before presenting this change to your clients take the time to plan what to say and how you will address your clients' reactions.

Consider that even if you charged your private pay clients the same rate that managed care now pays you, you would be in a better position in that you would have reduced the administrative and bureaucratic demands on your time. As client copayment rates are rising, it's become easier for clients to accept paying the entire managed care rate, which in some instances is not much higher than the client's copayment. Some clinicians decide to charge their more financially comfortable clients a higher fee while accommodating indigent clients with a reduced fee which

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might, at times, even be as low as the copayment they were paying under their managed care plan. If you do this, you may be surprised to find that the higher out of network fees offset the lower fees, and may yield the out of network clinician a higher average fee and a higher overall income than managed care participation had provided.

Check your contract to determine the required procedure for resignation, and submit your resignation by registered and/or certified mail, so you have some proof that it was submitted and received in a timely fashion.

Keep in mind that your managed care participation has given you some recognition in the community and that you can use this to market and move your practice in the direction of private pay.

### 12. Don't Lose Hope!

Change is on the horizon! Political pundits are saying that the time is ripe for health care reform. The National Coalition of Mental Health Professionals and Consumers (<http://www.thenationalcoalition.org>) is one of many organizations advocating for change.

In the meantime, know that you can work towards diminishing your involvement with managed care, if you

are so inclined. The book "Breaking Free of Managed Care" (Guilford Press) is an inspirational and practical guide. LCSWs who can get to the lower Manhattan NASW-NYC chapter office are welcome to attend the Fee & Marketing Support Group meetings of the Private Practitioners Group, which focuses on building our practices with and without managed care. Or you can form your own marketing support group: gather a few trusted, like-minded colleagues to meet regularly and use Breaking Free of Managed Care as a touchstone for your discussions.

Finally, the NASW-NYS Managed Care Task Force invites you to complete the online feedback form at <http://www.naswnys.org/feedbackform.asp>. Your responses help us to identify significant trends and concerns about the managed care industry, information we can use to strategically plan interventions and keep the entire NASW community informed.

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