

# Working with the Payers

Presentation by  
Joseph Humphry, MD  
And  
Catherine Britain

# The Premise

- \* Health plans are businesses first and health service providers second. The decision-making process is what good for business.

# Decision Drivers

- \* Employers – they pay the premiums.
- \* Subscribers
- \* Pharmaceutical companies – they offer rebates and discounts and have huge marketing budgets
- \* Providers - Clinicians
- \* Hospitals and other institutions
- \* Stock holders in for profit corporations
- \* Boards of Directors for non-profit organizations

# How are the dollars distributed?

- \* 40% to hospitals
- \* 25% to providers
- \* 25% to pharmaceutical companies
- \* 10% to others

# Two Approaches

- \* Regulatory/Legislative
  - \* Involves all payers or payer types in a state
- \* Negotiated
  - \* Usually involves one payer in a state or region
- \* Both can address telehealth services in general or a specific service

# Two Different Environments

- \* Fee for service – paid for each service delivered regardless of outcome
  - \* Rules are very prescriptive regarding the services that are paid for and how they are delivered
- \* Accountable Care/Coordinated Care –paid based on health outcomes for the patient and the community
  - \* Rules do not limit services or delivery methods rather focus on coordination of care

# Tips for Working with Payers

- \* Know how health insurance is regulated in your state, who makes the rules and who is affected.
- \* Educate health plans about telemedicine. Do not assume they understand how services are provided and what the costs are for each.

# Tips for Working with Payers

- \* Determine what services the health plan(s) actually pay for.
- \* DRGs (hospitals), home health and long term care are bundled services. The service is determined by the provider.
- \* Some health plans actually want to pay for services in the hospital setting in addition to the DRG.



# Tips for Working with Payers

- \* Business decisions are based on the best available information. These decisions are based on what is best for the health plan and what will please stakeholders.
- \* For some evidence-based medicine is not important. Telling a good story is. If the health plan can improve access and have satisfied customers with little risk of increased cost then they will listen.

# Tips for Working with Payers

- \* For the emerging ACOs and CCOs evidence will be of critical importance. Show them data that defines how using telehealth will help meet their metrics for performance.
  - \* Know the metrics - are they NCQA or CCO? What do the health plans have to accomplish?
- \* Don't sell telehealth as a means to reduce cost.

# Tips for Working with Payers

- \* If you are working with a payer on a 1-1 basis:
  - \* Never talk with the payer about your service alone. Bring providers and members of your community.
  - \* Don't look like a vendor, look like a solution.
  - \* Know the health plan's current services and contracts and don't try to duplicate services. Fill a gap in care.

# Tips for Working with Payers

- \* If you are working with a payer on a 1-1 basis:
  - \* Use an existing relationship with the health plan to discuss the best approach for gaining access to the plan's decision makers. Make sure they are on board with your proposal.
  - \* Try to access the medical director. He may not be the decision maker but he understands improving care and the challenges to access.

# Tips for Working with Payers

- \* If you are working with a payer on a 1-1 basis:
  - \* Acknowledge the upside liability for the health plan
  - \* Address quality. Offer to assist in developing standards, credentialing and utilization criteria.
  - \* If you have strong evidence of successful outcomes, don't settle for a pilot, but do limit the scope of your services to what is comfortable for both of you.

# Tips for Working with Payers

- \* If you are working with a payer on a 1-1 basis:
  - \* Know the business model you are proposing. If your service reduces hospitalizations, be prepared to show that with actual data. Then show the cost trade off for the telehealth service.
  - \* Price your service appropriately. Know what you need not what you think you need.

# Tips for Working with Payers

- \* If you are working with a payer on a 1-1 basis:
  - \* Finally, even if the health plan does not accept your proposal, keep the door open. Healthcare environments are undergoing tremendous changes. What is not seen as valuable this year may be the perfect answer next year. Build and maintain your relationship and continue to provide them with updated information about your services.



Thank you!

Questions?