

# Contracting Considerations: Cautions, “Red Flags” and other Factors Influencing Decision-Making Progress

Matthew Roberts & Dan Gallagher

# What is CIMS?

CIMS is a clinically and financially integrated independent practice association (IPA) that is comprised of fourteen independent federally qualified health centers (FQHC).

The members of CIMS are located across the state. CIMS is not exclusive, meaning that the individual CIMS members can negotiate their own managed care agreements with health plans instead of contracting with CIMS.



**CIMS**  
Patient Centered ∞ Provider Focused

# What is an IPA?

An IPA is a legal entity organized and directed by physicians in private practices based on a shared vision for achieving improved clinical outcomes for patients. Some of the functions of an IPA include:

Negotiating contracts with insurance companies;

Assembling credentials;

Establishing primary care provider and specialist responsibilities;

Disbursing payments to physicians; and

Conducting utilization review and quality assurance.

# CIMS Contracting Process

CIMS, as an IPA, may contract on behalf of its members under a single contract with payors. Joint contracting is an ancillary benefit to creating the ability for the Centers to operate in a more clinically integrated manner while at the same time assuming financial risk for managing the patient population.

CIMS can educate members and hold educational sessions about various clinical and contracting matters.

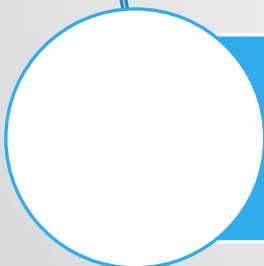
Because CIMS is **not exclusive**, no Center is required to accept a managed contract that CIMS offers its members. Each Center can decide to accept or reject a contract and can pursue its own.

Each Center could also decide to only contract through CIMS. This is an independent decision by each of the individual Centers.

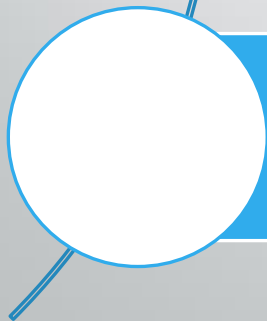
# CIMS Contracting Process



In order to contract on behalf of its members, it is important that CIMS maintain its clinical and financial integration in order to minimize antitrust risk.



Examples of clinical integration include shared electronic health records, shared administration/practice management software, use of clinical protocols to treat certain conditions, etc. The individual CIMS Centers utilize a shared electronic dashboard.



Example of financial integration having each Center have some financial risk associated with the performance at CIMS. A specific example is the annual withholding by CIMS on behalf of each Center.

# CIMS cannot do the following:

Demand individual Centers not to negotiate their own managed care agreements with health plans as a basis for remaining a member of CIMS

Engage in boycotts of a payor. This would include agreements with the purpose or effect of refusing to deal with competitors or payors. Encourage individual Centers to boycott payors.

Engage in collusion with Center or other providers on pricing or other competitive information. It is important not to discuss pricing or other competitive information contained in contracts or potential contracts with other Centers or with CIMS.


Encourage individual Centers to terminate existing individual agreements with payors in order to enter into an agreement with CIMS.

# Important things for individual Centers to do as part of evaluating managed care agreements:

- 1. Conduct an inventory of all agreements that the Center is party to. Identify and organize all amendments to the existing agreements.
- 2. It is very important to be familiar with the key terms and requirements in the existing contracts.
- 3. Train Center c-suite level executives on managed contracting skills and strategies and on how CIMS works. CIMS can provide this training but there should be no sharing of information about individual Center rates.
- 4. Understand managed care contracting strategy and how CIMS fits into that strategy. Have a process for CIMS reviewing potential contracts negotiated outside of CIMS similar to but different from a messenger model.

# Important things for individual Centers to do as part of evaluating managed care agreements:

- 1 Understand how individual Centers can use CIMS when evaluating potential individual Center's agreements.
- 2 CIMS can provide explanation of key terms in agreement.
- 3 CIMS can provide general strategy advice.
- 4 CIMS cannot negotiate financial offers made by a payor to individual Centers.
- 5 Refer to the [Managed Care Contract Review Checklist](#).



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