



What's Changing in Managed Care Contracting for Clinical Laboratory, Anatomic Pathology, and Genetic Testing (plus a SARS-CoV-2 update)

On September 9, Rhodes' Director of Product Management, Rick VanNess, participated in a panel at the Annual Executive War College (EWC), a conference on laboratory and pathology management. Other panelists were Franke Dookie, CEO and President of Sales Management Operations Consulting, Kristine Bordenave, a strategic consultant with KKBordenave Consulting, and Barry Davis, Chief Growth Officer of Avalon Healthcare. Together, the group discussed how insurance companies are continually trying new methods for overseeing laboratory costs as well as how COVID-19 has both helped and hindered laboratories' growth.

The recording of this panel can only be viewed by EWC attendees however, we decided to provide the key points that were discussed as well as a [video of Rhodes Group's presentation](#) as they may be beneficial to your organizational strategies.

Contracting with managed care has remained straight forward, however, Managed Care Organizations (MCOs) are deploying various strategies to persuade members' ability to choose:

- Preferred Laboratory Networks – coined by United Healthcare, however a similar method used by Aetna, PLNs require labs to register compendiums and gain preferred status by the MCO
- Laboratory Benefit Management – relatively similar to pharmacy benefit managers, LBMs attempt to manage testing for payers by offering utilization reviews and test approvals (especially esoteric tests)

These strategies can be good for laboratories to assist payers in understanding lab tests, but can also hinder outreach and growth.

After credentialing or becoming “in-network,” difficulties in payment continue to increase due to:

- Prior Authorizations
- Medical Necessity Codes
- New coding or reporting policies

As an ancillary service, labs are in a challenging situation due to the need to perform the test/service and seek payment later. Strategies to educate providers and programmed solutions aimed to address these initial barriers are evolving.

- Lots of talk about value-based purchasing, but negotiations between labs and payers remain focused on fee-for-service. Payers are immediately benefitting from CMS cuts from the Protecting Access to Medicare and Medicaid Act (PAMA), thus it makes sense to avoid altering current payment structures.
- The COVID-19 pandemic has created an interesting trichotomy between the government (mandated testing), the lab (testing methodologies), and the payer (willingness to pay). Testing remains high (although tapering) with very small denial rates and it has detracted the attention from the thousands of other lab tests that are experiencing higher rejection rates.

Within each of these discussion points, Rhodes is armed with solutions to help you. Rhodes Group's Fusion product will help you get paid quicker with less denials by creating automated claim scrubbing techniques tailored specifically for your organization! As an example, we have created more than 300 scrubs in our company's history, many of which are focused within the market our clients operate. Rhodes can help clients address prior authorization and medical necessity issues, keeping your revenue consistent while maintaining the focus on patient care for your providers. Lastly, we have innovative analytics to help clients approach payers differently by enabling you to effectively convey the value of lab testing. Rhodes is an IT services and software company - we are here to help as the healthcare market continues to change.