

Book: Contracting In A Managed Care Environment, Market-Based Approaches

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Publisher: Health Administration Press, 2002, Chicago, IL

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Book Review

An interesting and easy reading book that is truly ‘on target’ with current managed care contracting issues in today’s challenging environment for the healthcare community. This book starts with an interesting and explanatory Preface that gives the reader a great hint of things to come; and ends with an Appendix that offers healthcare administrators and other key executive, decision-making staff with a tool (Sample Managed Care Contract Checklist) that could significantly aid them in their decision-making processes for determining if they should do a managed care support contract; and to help them score potential contractors.

The authors in this book are exactly on target when addressing the many issues that healthcare decision-makers need to consider in today’s competitive environment; while keeping a close eye on their ‘bottom-line’ and keeping a foremost concern for quality of care being provided for their patients as their customers as well.

In the preface as the basic premise, and throughout the book, the author discusses that “managed care is about marketing” and is a “long-term, strategic marketing challenge which is often at odds with provider organizations perceptions.” This approach is at odds with provider perceptions in two ways: 1) Some view managed care as a fundamentally financial challenge (run by the Chief Financial Officer); and 2) How an organization perceives the long-term, genuinely historic significance of managed care either nationally or locally. The authors agreed the CFO plays an important role but cannot be the ‘leader’ in these types of decisions; and I agree fully.

Healthcare executives often view contracting as annual activity that results in contracts for the next year. The authors (and I having been on both sides of the fence so to speak); see contracting in the most long-term sense possible; five-years minimally, and 10-20 years is reasonable unless they are anticipating a single-payer system in the future.

It is vital to develop a long-term teaming relationship for organizational cohesion, pride, etc. and providers must know the answer to the fundamental question “what business are we/they in” in order to develop and act upon a managed care strategy for the next decade. I strongly support this viewpoint based upon my experience as well.

One key point brought out in the book was that you must “Respect the Local Nature of Healthcare” which I fully concur with. Many things in the healthcare industry can be and are standardized because they must be; but a ‘one size fits all’ philosophy for clinical and administrative functions of many national plans certainly does not fit well, ignores local considerations and comprises performance. This is true in many areas of the country like small, rural areas like where I was born and grew up; so other approaches to their unique market (market-based approaches) must be considered as is discussed in the book in detail.

After over 18 years working in military and civilian healthcare administration, information systems, acquisitions and contracting; including the last 3 years currently operating a fast growing healthcare information systems and management support services and consulting company for the last three years in the competitive Washington, DC area market; I believe these authors have a firm grasp and solid approach to contracting in the managed care environment. As a credentialed healthcare administrator, and prior military hospital administrator and contracting/acquisitions officer, I would strongly recommend this book to both federal and civilian healthcare providers whom I know, and those I don’t as well; to help them gain a fresh perspective on this important topic.

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