

## Alternative Health MCOs: The Accreditation Trend

Accreditation, which is an external assessment of a health plan's quality, began to take hold of the medical managed care industry as early as 1990 in response to the demands of the purchasers of HMO benefits - namely, the consumers, employers and unions. The result was the formation of three major accrediting organizations: the National Committee for Quality Assurance (NCQA), the American Accreditation Healthcare Commission/URAC (AAHC) and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).

The role of the accrediting organizations is to bring together the various stake holders in the managed health care model to come to agreement regarding the standards which a managed care plan should meet and then assess and report back to employers and the public on the quality of the health plans. The stake holders in the managed health care model include business coalitions, medical associations, nursing associations, consumer groups, state insurance regulators and insurance associations.

To receive accreditation, the health plan undergoes an extensive evaluation by the accrediting organization. The accrediting standards include the important functions of credentialing, member rights and responsibilities, utilization management and quality improvement. The health plan must demonstrate that it substantially meets the accrediting organization's standards, which is accomplished in a two-step process.

First, the health plan submits volumes of written materials to the accrediting organization demonstrating that it meets the standards for these important functions. Then the accrediting organization conducts an on-site visit with the health plan to verify that the written programs, policies and procedures submitted are fully operational and of the quality required by the accreditation standards. While the accreditation process is quite expensive for a health plan to undertake, it also requires extensive self-assessment which ultimately improves the managed care programs that the health plan provides to its members.

Most medical HMOs are either currently accredited by one or more of these accrediting bodies or are applying for accreditation in the very near future. Why the emphasis on accreditation when it is such an expensive proposition? Simply put, it's market demand. Purchasers of health care, particularly large employer groups, are demanding an external verification of health plan quality. Therefore, those health plans that do not receive accreditation may not be able to compete for the lucrative contracts (the large employer groups).

The next step in the evolution of alternative managed health care is to obtain accreditation directly from the accrediting bodies. Currently, an alternative health MCO may apply for NCQA accreditation for the credentialing of chiropractors under the Physician Organization Certification. NCQA does not currently have any standards for the credentialing of other alternative health care practitioners such as acupuncturists or massage therapists; thus, an MCO may not receive accreditation for credentialing

of those professionals.

NCQA will also entertain an alternative health MCO's application for accreditation as a credentials verification organization (CVO). A CVO performs credentialing/recredentialing for other MCOs or IPAs, the idea being that the CVO can do it better, faster and cheaper if credentialing/recredentialing is its specialty. Currently, NCQA will not accredit an alternative health MCO for any other important functions such as utilization management or quality management.

The American Accreditation Healthcare Commission (AAHC/URAC) will accredit alternative health MCOs for any of its categories. This means that an alternative health MCO can be accredited for utilization management only (group insurance or workers compensation), for credentialing only (group insurance), or for the entire program, which includes all categories such as quality management, network management, member services, credentialing and utilization management.

Two alternative care MCOs have already made significant strides in the accreditation arena. Alignis, based in Atlanta, Georgia, obtained accreditation from AAHC/URAC in 1997 for utilization management, becoming the first chiropractic MCO to attain that distinction. Just recently, American Specialty Health Plans received AAHC/URAC accreditation for its chiropractic and acupuncture products in the areas of utilization management, credentialing and the health plan as a whole. Also recognizing the importance of an external quality verification, TRIAD Healthcare has indicated that it plans to pursue not only AAHC/URAC accreditation, but NCQA accreditation as well.<sup>1</sup>

What does this mean to the average practitioner? For one, independent accreditation of alternative health MCOs elevates the credibility of alternative care in the medical managed care arena. Many HMOs know little about alternative health care until their own health plan decides to contract with an alternative care IPA. Why are medical health plans interested in offering alternative care, about which many know little?

Again, it is market demand. Health plans compete for members, and the members are requesting access to alternative health care. The health plans' discovery that these alternative care MCOs run comprehensive utilization management, quality management, network management, member services and credentialing programs that meet the accrediting organization standards is a resounding positive for the image of alternative health care.

If history repeats itself, I suspect that attainment of accreditation will become the new litmus test by which health plans will determine who they will contract with for alternative care benefits. In other words, now that it has been shown that alternative health MCOs can secure accreditation, health plans will begin to demand that the alternative health MCO with whom they contract be accredited.

The upside to this is that the alternative health MCOs improve the quality of their programs through the extensive self-assessment they must undergo to undergo an accreditation evaluation. This improvement will be visible primarily through improved utilization review turnaround times, improved MCO staff knowledge when answering your questions and, in some cases, improved grievance and appeal processes.

The potential downside is twofold. Given that accreditation is an expensive process, if the health plans do not provide higher capitation rates to the accredited alternative health MCOs, participating practitioners are less likely to see their managed care fees increased in the near future. The other

potential downside affects the smaller alternative care MCOs who may not have the capital to undergo accreditation and thus have a more difficult time competing with the larger alternative health MCOs who can afford to pursue accreditation.

For more information on NCQA, visit their web site at [www.ncqa.org](http://www.ncqa.org) or call (202) 955-3500. To learn more about AAHC/URAC, visit their web site at [www.urac.org](http://www.urac.org) or call (202) 216-9010.

### *Reference*

1. Sportelli L. The difference between vision and hallucination is how many others can see it, too. *Examiner* Fall 1998, NCMIC Insurance Company.

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