

# Chiropractic IPAs -- The Time Is Now, the Vehicle Is Here, Part I

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For years the medical profession has had IPAs (Independent Physicians Associations). These associations have served several different purposes, but the main purpose has been for intra-network referrals and to help access managed care, such as PPOs, TPAs, HMOs, and the rest of the alphabet soup. Hospitals play a major role in this as well. Across the country we see larger hospitals affiliate with or buy smaller community hospitals in preparation for national health care. At the same time many of these hospitals have their staff physicians join IPAs or special hospital physician associations.

Some community hospitals are developing their own hospital organizations without aligning themselves with the giants.<sup>1</sup> This gives a tremendous advantage to managed care companies. With hospital IPAs or other medical IPAs, the MDs are members of a hospital staff. Therefore the PPO, HMO, etc., can simply evaluate the credentialing process used by the hospital and then adopt those credentials as being adequate to meet the needs of their company. Now they simply accept the hospital's MDs, DOs, etc., automatically as their participating provider network.

## Time to Catch up

Recently the chiropractic profession has started developing IPAs. Many PPOs, etc., do not have a chiropractic component because they don't know what to do with the chiropractors. It's not a matter of prejudice. Often they wish to have a chiropractic network to be competitive with their counterparts. The problem is credentialing. It is extremely expensive for a company to establish a chiropractic network. They have to contact the individual chiropractors by phone, mail, or both, and then they have to credential and verify credentials. It is not unusual for the cost to be several hundred thousand dollars for an insurance company to develop a chiropractic network for their company alone. The man hours in processing credentials and verification is staggering.

## Time to be Careful

The good news/bad news about the development of IPAs in the chiropractic arena is that the same good news/bad news revolves around most new types of organizations, associations or businesses. On the one hand, there are opportunists that have no intention of giving anything back to the profession and simply feed on the fear of individual practitioners, collect money for dues or other forms of remuneration, and are never heard from again.

Others start off with good intentions that never come to fruition. There are a few IPAs that have been professionally formed, reasonably priced, have contracts, have standards of care and appropriate credentialing levels. To be involved in those kinds of IPAs will be the key to most chiropractors having heavier involvement in managed care.

Roger W. Calton Esq., a health care attorney in Laguna Niguel, California states: "The growth of the managed care industry has been phenomenal. As with any growth industry, there are some players who are providing a valuable service with long-range plans, and others who are merely opportunistic feeding on the frenzy of doctors trying to get into managed care."<sup>2</sup> Mr. Calton warns that some problems can arise if an IPA is not appropriately constructed. "Whenever you have a group of competitors who are now working together in a network, numerous anti-trust issues can arise. For instance, if the group decides collectively upon the price they will charge, the group may have just engaged in an unlawful conspiracy to fix prices. In another example, while the group can encourage networking within the organization, if the IPA requires that you refer your patients to certain designated entities for services, there may be an unlawful, tying arrangement, or depending upon the structure and compensation, an illegal referral scheme. Each plan needs to be carefully examined before you pay your money and sign up. While the legal aspects can't be overlooked, the operational aspects are primary. We suggest that you evaluate the organization, its principals, their experience, reputation and the true value of the plan."

As chiropractors move ahead in the arena of IPAs, it is important, as stated by Mr. Calton, to carefully evaluate any participation with groups that are engaged in gray areas: collective price fixing versus the IPA negotiating contracts individually with each payer; doing utilization review and obtaining a percentage of the dollars generated by the doctors involved in the IPA; or unlawfully requiring patients be referred to specific secondary physicians or facilities. It's decidedly important that an IPA do its legal homework.

### Time to Understand the Process

To fully understand the development of the IPA phenomenon, you have to understand the evolving needs of PPOs, HMOs and other managed care groups. When a new company first is desirous of developing business in a region, they typically want to quickly develop a network of providers. Their attitude is, the more physicians the better, hurry and get everybody to sign up. Often their credentialing levels are low.

But as time passes and experience is gained by the PPOs, they find out that these large networks are time consuming, very expensive to maintain, and not really needed to satisfy the employers nor the policy holders needs to access appropriate health care service.

Now the managed care company often goes into a second phase. They shift from focusing on a bigger network to forming what they consider a "better" network. They try to keep only the top qualified physicians by doing a yearly re-selection and re-credentialing process. The special emphasis is on slowing down or stopping the growth of the network either by closing their panel, severely restricting it, or increasing the qualifications to join.

This is the reason that more physicians across the country are getting the "doctor, you're fired" letter from managed care companies. The trend then becomes fewer providers that are better qualified. Those fewer providers will likely be the ones recognized and utilized in other networks that are developing. Companies buy, lease, and trade networks frequently. At times even with a well run IPA, present members get accepted into a PPO network, but members who join later are no longer accepted into that PPO. New members have to hope and wait for new contracts by the IPA because the panel has closed on some of the original PPOs. As usual the early bird catches the worm.

Having curtailed the growth and downsized, the PPO now has a less costly animal to maintain. Closing and downsizing panels increasingly becomes a source of frustration for providers that want to participate in managed care. The PPOs and other managed entities understand that implementing this kind of activity potentially puts them in a major dilemma. They know there will be increased negative publicity, and potentially a backlash from the increasingly large number of previously qualified providers who are now unfairly left out of newer and smaller panels. An IPA with appropriate contracts, flexibility, and intent, can significantly help with this. In essence, the IPA can take on the expense of developing and maintaining the network, thereby alleviating this from the PPO's budget and allowing more practitioners to participate in the managed care arena.

### *References*

1. Tri-City Hospital Staff Meeting, July 1994.
2. Roger W. Calton, Esq., health care attorney, Laguna Niguel, California, from article, "Managing managed care," Texas Journal of Chiropractic, June 1994.

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Editor's Note: Part II of Dr. Talcott's article will appear in the Dec. 2, 1994 issue of "DC."

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