

# VIII: Amendment

## I. What should a physician look for in a managed care agreement concerning the health insurer's ability to change key aspects of the agreement while the agreement is in force?

- Does the agreement require the health insurer to tell you in advance that it will be changing important contractual obligations that you or it may have?
- If so, what kind of changes does it have to tell you about? For example, will the insurer be obligated to tell you about changes that may decrease your payment rates?
- How will you be notified? For example, will the insurer give you conspicuous written notice, or can it provide notice by posting the proposed change on a website?
- If you object, can you stop the health insurer from making the change? If not, can you get out of the agreement before the insurer implements the change?

## II. Unilateral amendment and notice

A managed care agreement is likely to let the health insurer amend the contract or other key documents e.g., policies and procedures, that nevertheless define the insurer's and your contractual obligations. For example, the contract will probably let the insurer unilaterally change fee schedules, products in which you are required to participate, multiple procedure reduction logic, coding edits, modifier use, administrative procedures (e.g., preauthorization, eligibility verification, referral requirements), and provider manuals even after you have signed the contract. Such changes may negatively impact your practice, for example, reducing reimbursement or increasing administrative obligations. Even if the agreement requires advance notice, it may not obligate the insurer to give you conspicuous written notice. The insurer might, for example, be able to provide the requisite notice on a website. If you are not regularly monitoring the website, the change may go into effect without you knowing.

## III. State approaches/compliance

State legislatures have recognized the problems that physicians face when health insurers are able to unilaterally amend managed care agreements. Accordingly, some states require health insurers to notify physicians in advance before making changes. Of these states, most require advance notice only when a proposed amendment is a material change. If a physician objects to the proposed amendment, some states let the physician to get out of the contract before the change becomes effective. Depending on the nature of the change, a state may allow the objecting physician to stay in the managed care agreement and prevent the health insurer from putting the change into effect. State laws addressing health insurer amendment issues are identified in the Managed Care Contract Legal Database under the category "Amendments."

