

# Ramifications of participation contracts essay sample

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Participation contracts are created to allow the providers to have an overview of a plan to make a decision on if they will participate in a plan or not. The providers use the plan to see if participation would benefit them financially. The plan is broken down into parts that include an introductory section, the purpose of the contract, services that are covered, responsibilities of the physician, obligations of the managed care plan, compensation, and billing guidelines. The physician fees are typically higher than what the plan pays. While the plan may bring in more patients, the provider may still experience less revenue because the plan pays less than the provider's fees. The Providers also check to see if the plans protocols hinder their judgment in patient treatment. Depending on the plans the providers participate with, they can get more exposure because some plans want the physician names to be advertised through the newspaper, radio, and television. This would be an extra benefit to the provider because it could increase the revenue for them.

With a fee-for-service plan the main problem is preventive care is not covered. The patient can see any provider they would like to visit. Another benefit is the provider is paid for all test and services performed on the patient. The amount to be paid is based on how often the procedure is performed and the most usual or common charges for those procedures. With the discounted fee-for-service the physician takes the hit of receiving less money from the plan because they have negotiated at a lower rate. The physician is forced to treat the patients cost effectively instead of doing things that unnecessary. Also, if the patients are seen more than what is

paid for the physician takes on that risk (Valerius, Bayes, Newby, Seggern, 2008).

#### Reference

Valerius, J., Bayes, N., Newby, C., & Seggern, J. (2008). Medical Insurance: An Integrated Claims Process Approach (3rd ed.). Boston, MA: McGraw Hill.