



Network Notification

Date: January 4, 2011

Number: OH-P-2011-01

To: Ohio Providers

From: CareSource

Subject: What Constitutes a Material Change to an Existing Contract

All Contracts with Material Changes will be reviewed, approved and executed by the Chief Executive Officer or Chief Operating Officer beginning with documents created on or after May 1, 2007.

Q. Are rate changes considered Material Changes?

A. Yes. The following are considered Material Changes: Any rate greater than the standard 100% of Medicaid or Medicare fee schedule, or methodology for inpatient, outpatient, Hospice, Skilled Nursing Facility, CareSource's Health Care Home, Infusion Schedule or 105% for MD/DO services.

Q. The Provider is requesting a name change only, but has the same Tax ID, is an amendment needed?

A. Yes, a new amendment is required.

Q. The Provider is requesting a Tax ID Number change only, but the name is the same, is an amendment needed?

A. Yes, a new amendment is required.

Q. What language changes are considered Material Changes?

- Any language changes with legal materiality defined as "any changes to indemnification language liability coverage, member rights, credentials, compliance with laws, term and termination changes or dispute language between documents."
- Any language change that represents operational aberrancies-claims, timely filing, appeal timelines, retroactive disenrollment time periods, Coordination of Benefits timelines or medical management procedure changes.

- Any language changes that represent financial aberrancies-removal of lessor language, high dollar implantable or pharmaceutical carve-outs or special arrangement, transfers or high dollar claims.

Q. Who approves Material Changes?

A. Any change to contract template language and all Material Changes to a contract require approval by the Vice President of Network Operations or Chief Operating Officer. After verification of this approval, the administrative assistant to the Vice President of Network Operations is the only individual authorized to make these changes.

Q. How are Material Changes submitted?

- All contracts with Material Changes will be forwarded by the Provider Relations Representative to the Director of Contracting, who will forward the change request to the Vice President Network Operations.
- The Vice President of Network Operations or the Chief Operating Officer will review material financial or operational concerns, and Legal Counsel will review legal language concerns. Contracts with Material Changes will be presented to Contract Strategy for tracking and informational purposes.

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- The Provider Contract Analyst is responsible for reviewing all systems to ensure that the contract is implemented appropriately for all standard and materially altered contracts.

Q. I am updating a contract that was executed prior to June 25, 2008, are there any requirements?

A. Yes. Any changes to existing contracts executed prior to June 25, 2008, will require a new executed base agreement in addition to amending the contract and gaining consensus for Material Changes.

Q. If I'm adding new practice locations, would this be a Material Change?

A. No. Only an attachment needs to be created and submitted for external/internal signature. Any change to an existing contract including additional legal entities (not practitioners) will be accompanied by a formal, sequentially numbered amendment.