

# MSO Build or Buy: Strategic Considerations

Traditional management service organization (MSO) models have shifted away from purely administrative and management services in support of physician practices to more population health services organization (PHSO) models for independent provider associations (IPAs), accountable care organizations (ACOs), health systems or other provider entities taking premium risk from payors. MSOs are now focused on helping organizations be successful in premium risk arrangements and population health management by supporting providers with quality improvement and building infrastructure for true population health management. As the drive for value-based payment (VBP) grows from both CMS and employers as well as some state Medicaid agencies, providers and payors are weighing their options for building, buying or partnering to gain access to the MSO services needed to meet their VBP and population health management objectives. Developing the right build, buy or partnership MSO strategy for your organization is a key step on the roadmap to successful VBP transformation.

The ability to leverage MSO services to manage populations and data analytics is a critical success factor for delivering high quality care and performing in incentive-based payor contracts. Organizations taking on premium risk are investing in services and infrastructure they need to optimally manage their contracts and provider networks. The decision to build the capabilities in-house or to partner with a MSO to forge them is an important one for risk-bearing entities and can have significant impacts on performance in VBP. Because of the capital investment required and the vast diversity of MSO offerings, it is critical to understand the network need, scope and associated costs prior to building or purchasing MSO services.

## 1. Define Value-Based Payment and Population Health Management Vision and Strategic Goals

Prior to any work related to building, buying or partnering for a MSO, it is imperative to clearly articulate your organizational vision, goals and objectives with relation to the membership, geography, lines of business, care delivery network and level of premium risk you are targeting to be responsible for over the next three to ten years, depending on your specific situation and level of current engagement with VBP. This vision and strategy will inform the types and depth of MSO services your organization will require in order to be successful.

## 2. Identify Gaps Between Today's Network, Membership, Contracts and Performance Versus Your Vision and Goals

Because the relationship with a MSO is an investment that builds infrastructure capacity, the level of investment your organization makes must be calibrated to your strategy. It is crucial to invest only in the pieces your organization truly needs and is ready to implement. Be careful in selecting your MSO partner (or building these capabilities internally) to include only services that will directly fill gaps in achievement of your strategic goals. In working through this exercise, some strategic goals for your MSO are best met with resources already available in-house and a few changes to your existing policy. There may be distinct services that you can build readily, or your organization may actually benefit from a different tactic, such as a redesigned governance structure.

Once you have identified the gaps to achieving your strategic goals in your current state, you should then narrow your needs to specific MSO services that will help you achieve your strategic goals. The following table identifies services that may fill gaps in your organization.



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**Table 1. Example Gaps and Potential MSO Services**

Gap	Potential MSO Services
<b>Financial</b>	<ul style="list-style-type: none"> <li>• Group Purchasing</li> <li>• Payor and Vendor Contract Management</li> <li>• Coding/Billing</li> <li>• Population Health Management Analytics</li> <li>• Financial Services and Decision Support</li> <li>• Risk Adjustment and Reinsurance</li> </ul>
<b>Administrative</b>	<ul style="list-style-type: none"> <li>• Human Resources / Personnel Management</li> <li>• Clerical Support / Office Management</li> <li>• Credentialing</li> <li>• Physician Referral Management</li> <li>• Provider Relations and Call Center</li> <li>• Network Management</li> <li>• Claims Administration</li> <li>• Information Technology</li> <li>• Data Sharing</li> <li>• Legal Services</li> </ul>
<b>Quality and Compliance</b>	<ul style="list-style-type: none"> <li>• Data Infrastructure</li> <li>• Regulatory Compliance Oversight</li> <li>• Compliance Audit and Training</li> <li>• Quality Education and Training</li> <li>• Utilization Management and Care Coordination</li> <li>• Behavioral Health</li> <li>• Pharmacy Benefits Management</li> <li>• Appeals and Grievances</li> <li>• Fraud, Waste &amp; Abuse Services</li> </ul>
<b>Member Services</b>	<ul style="list-style-type: none"> <li>• Care Management and Care Coordination</li> <li>• Tele-Health</li> <li>• Care Model Guidelines</li> <li>• Call Center and Member Support</li> <li>• Patient Portal</li> </ul>

### 3. Build, Buy or Partner Strategy

The final step in selecting the best MSO for your organization is to decide which of your identified service gaps, if any, are appropriate to build instead of purchasing. While building MSO services is an opportunity to invest in the infrastructure and customize services to meet your needs, it may limit the abilities to achieve economies of scale through buying into a larger MSO. On the other hand, purchasing MSO services under a financial arrangement constricts autonomy in practice operations but receives the benefits of reduced administrative burden and higher compensation through improved quality and other metrics. Your organization should develop a set of business requirements highlighting your immediate and future needs and evaluate these against your overall strategic objectives to find alignment. Areas that align well should be considered for building whereas the services that are outliers make good candidates for buying from or partnering with an established MSO.

### Conclusion

For organizations taking on premium risk, the delegation and administration of MSO services become a critical factor in successful population health management. As an organization matures in its ability to take on more risk, the level of MSO services it is responsible for increases as well. Each organization has unique needs and aligning those with the organization's strategy, existing resources and competencies will help outline which services are highest priority to build or buy. Collectively, this will allow the organization be a valuable player in the VBP and population health management space.

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For more information on how to select the best MSO for your organization, please contact Carla D'Angelo, COPE Health Solutions at [cdangelo@copehealthsolutions.com](mailto:cdangelo@copehealthsolutions.com) or call (213) 514-4823.