Managed Care Contracting Strategies
Keys To Successfully Negotiating A Managed Care Contract
Keys to Negotiation

- Analyze the contracts
- Define your leverage
- Decide what you want to negotiate
- Remember that negotiation is a give and take situation
- Understand the meaning of “partnership” with the payer
Keys to Negotiation

• Try to find out what the payer is interested in
• Determine what services are important to you up front
• Make sure everyone is on the same page
• Remember that the payer is not your enemy
The Negotiation Process
Before Negotiating

• Prepare payer assessment worksheet (see example)
• Analyze reimbursement rates
  – Compare discounts to current practice fee schedule
  – Compare rates to Medicare rates (what % Medicare)
  – Compare rates to other payer rates
  – Perform a cost accounting analysis
• Review legal provisions
Starting the Process

• Identify your leverage
  – Point: If you cannot find leverage, go get it! Do not start a negotiation without it
• Decide on what to negotiate financially
• Identify non-financial issues to negotiate
• Contact the payer and begin the negotiation
  – Start with practice’s payer rep first then move up the chain of command if you have to
Financial Negotiation

- Increase reimbursement over all CPT codes/
- Increase reimbursement for only targeted codes?
- Important: Prepare revenue impact worksheet
Non-Financial Negotiation

• Think of those non-financial “things” that would:
  – Make your practice life much easier
  – Protect your practice
  – Drive patients to your practice
Examples of Non-Financial Issues to Negotiate into Your Contract

• Coding edit guidelines (CMS/CCI)
• Quick payment with interest or revert to billed charges.
• Auto - Timely filing of extension in the case they lose claim
• Auto credentialing when adding new doctor to practice
• Delegated credentialing/group contract
• Reduce referrals needed for everything (no re-auth)
• No paper attachment requirements
• Audit rights
Examples of Non-Financial Issues to Negotiate in to Your Contract

• Assignment of contract
• Print out of unpaid claims every 30 days
• No binding arbitration – If strong case, better in front of jury
• No silent PPO’s (cannot sell your name)
• No hold harmless clause
• Favored nations – pay you the best rate they pay
• Appeals Process – detailed contract
• Clean claim definition
• Unbundling
Examples of Non-Financial Issues to Negotiate into Your Contract

• Fee Schedule changes – Certified letter for switch
• Termination clause – usually 60 – 90 days
  – If you have leverage in area, you can go to 30 days
  – If they have leverage it should be longer – 91-180 days
  – Note: (Does your group have to vote to terminate a contract?)
• Closing panels (stop seeing patients by group, by product, by doctor)
Examples of Non-Financial Issues to Negotiate in to Your Contract

- No all products clause
- Overpayments time limit – check your state’s laws
- Exclusions – service carve-outs
- Tie mandatory annual rate increase to medical CPI
- Provide marketing assistance
Tip: Leverage is the key to managed care negotiation success
Negotiation Strategies
Strategies

• Find Leverage in Numbers
  – IPAs
  – Group practices
  – Integrated delivery systems
  – Antitrust considerations

• Find Leverage in Geography
  – Create a mapping of locations
Strategies

– Tip: Remember that each service area will be different geographically, which might dilute this leverage. If so, look for other leverage opportunities

• Find Leverage in the Lack of Competition
  – Tip: Never burn bridges with a payer just because your practice has no competition

• Do You Bring Something “Special” to the Network?
  – Trying to define “special”
Strategies

• **Find Leverage in Quality**
  – The RBRVS dilemma
  – Financial outcomes
  – Clinical outcomes
    • Tip: Find out what the payer wants and deliver it (i.e. what are the cost drivers for the practice’s specialty)
    • Tip: Get a utilization report card from the payer if you can
Strategies

• **Find Leverage in Patient Volume**
  – Apply 20% rule
  – Count new patient visits
  – Use patient survey results
  – Use “beg and plead strategy”
  – Use cost accounting numbers in the negotiation
  – Provide Comparative Utilization Information
Strategies

• They Continue to Talk to You as You Move up the Chain of Command
  – Might this show that you have some leverage?

• Find Leverage by Threatening Termination
  – Don’t go there unless you have to!
  – Consider antitrust implications
  – Don’t burn bridges unless you have to!
     • If the contract is terminated, what is the likelihood the practice can ever get back into the network or health plan in the future?
QUESTIONS