

Negotiating with Payers – How does your Practice Manage Contracts and Maximize Them?

Negotiating with payers can have a significant impact on the financial success of your practice. Have you reviewed your contracts and taken opportunities to highlight your accomplishments in patient satisfaction and improved outcomes?

Understand the Details in Your Payer Contracts

A simple table graph can help you keep track of payer contracts and when you start negotiations. In the graph, note the payers' contract elements for: renewal date, fee schedule revision, termination, timely filing, refund request, denials rate, fee scheduling rating, credentialing and reimbursement performance. It is also helpful to have in the same table the payer mix by charge percentage and payment percentage.

As you review your payer contracts, make sure you compare the actual reimbursement to what Medicare would have paid for the same service. Influencing factors in this comparison could include: contract rates or RVU year, modifier adjustments, denials, patient write-offs, payer adjudication flaws, GPCI adjustments and coding errors or unbundling.

Armed with data, your practice will be ready when it comes time to begin negotiations for renewal of payer contracts.

Appreciating Your Practice's Strengths and Weaknesses

Understanding your strengths and weaknesses is of utmost importance when you begin negotiations of payer contracts.

Some important points to consider include:

- Do you have good patient satisfaction data, as well as outcomes data and metrics to share?
- Does your practice have competition from other providers of the same specialty? And do you know who they are?
- Do you offer services that maximize convenience for patients, like laboratory, imaging and/or oral pharmacy dispensing?
- And, are you willing, if asked, to pilot quality incentives in your practice?

Having an accurate and unbiased approach to your strengths, and weaknesses, will best prepare you to negotiate the best possible contract with your payers.

But before you start that negotiation process, you also need to gather data for your payers. It is important that they understand your business model, so developing a relationship is key. They should appreciate what measures you take to increase patient satisfaction and outcomes. Communication is vital – you should focus on patient care and keep in touch with your provider reps and medical directors at least quarterly. If you have the opportunity, invite them to tour your practice and hear of the challenges you face with reimbursements.

At the same time, gather your own data, like patient satisfaction scores, quality scores, favorable PQRS data and patient testimonials. Identify measures used in the HEDIS tool (Health Effectiveness Data and Information Set) that is used by health plans to evaluate their performance on dimensions of care and service. Your practice can help the payer meet or exceed their own requirements.

For more help with payer contract negotiations, contact consulting@iononline.com.

The information in this article was developed from a presentation by ION Solutions' Business Optimization team on Payer Negotiations. A follow-up article on using InfoDive to help keep payers in compliance will follow in a future issue of ION Informs.