

# Dermatology Coding Alert

## Ensure Contract Negotiation Success With These 3 Key Steps

### Clarify fee schedules or risk lost reimbursement

Reading the fine print doesn't just apply to auto purchases and personal loans; it applies to your participating provider contracts with insurance carriers, too. If you don't pay attention to the small details during contract negotiations, you could be setting your practice up for disaster.

Follow these expert tips and give yourself a head start on getting the best contracts for your practice.

#### 1. Review the Contract Language

Watch for things that need to be added or taken out, such as specific fee schedule information and arbitration clauses, and then negotiate with the carrier.

**Tip:** You should never accept a boilerplate contract. When payers send you an initial contract, they are offering the absolutely no-frills deal, expecting that you'll negotiate. Don't settle on a basic contract without bargaining for the best things for your practice.

**Remember:** When looking at the contract language, you should also review the length of the contract and what happens when the contract expires. Your contract should specify when the contract is up and whether there are automatic extensions, as well as renewal options and processes.

#### 2. Negotiate Your Payment Rate

If you contract with a payer but end up with poor reimbursement rates, you'll only end up with hassles. "If you negotiate a low reimbursement amount, your practice is going to have a lot of headaches," says **Steve Verno, NREMT, CMBSI**, director of reimbursement at Emergency Medicine Specialists in Hollywood, Fla. "Your doctors are going to say, 'How come I am not making any money and I have got a contract?'"

**Key strategies:** Obtain a specialty-specific fee schedule from the payer whenever possible. Most contracts will attach a generic fee schedule, but this may not provide the valuable information you need on your most frequently reported codes.

Make sure the fee schedule in your contract is comparable to the fair reimbursement amounts for your specialty codes. If a payer offers you a fee schedule with fees that fall below what you receive from other payers, use your reimbursement grid as a bargaining tool.

Don't, however, base your decision solely on the fee schedule of your 10 most commonly reported codes the insurance company requests that you give them. Ask for a full fee schedule from the payer.

**Clarify:** The contract should also be clear about what items you can bill the patient at usual and customary rates--such as noncovered services, denied services, and services found not "medically necessary" by the payer.

**In addition:** Negotiate things other than just your fees. Check the carrier's policies on modifier use, multiple surgery adjustments, timely filing time period regulations, recoupment, bundling and arbitration clauses.

"You can end up thinking you got the best deal in the world with a fee schedule that looks great, but the house you just

purchased is on swamp land because they pay 25 percent on the third multiple surgery, do not pay on key modifiers, their timely filing is 30 days, etc.," says **Barbara J. Cobuzzi, MBA, CPC, CPC-H, CPC-P, CHCC**, director of outreach programs for the American Academy of Professional Coders in Salt Lake City. "Be careful--the fee is not the entire contract."

### **3. Determine How Outstanding Claims Get Handled**

The final step before you sign a contract should be to determine how the carrier will deal with unpaid or incorrectly paid claims.

"The big secret is determining and negotiating your outstanding claims. Even though a lot of doctors sign a new contract, they forget about the claims that they currently have in the system that remain unpaid or remained incorrectly paid," Verno says.

**Stay tuned:** Watch for an article on how to negotiate outstanding claims in a future issue of Medical Office Billing & Collections Alert.

**Warning:** Arbitration clauses in contracts say that before you can sue an insurance company over an issue, you first have to go through arbitration.

"You don't want that," says **Barbara J. Cobuzzi, MBA, CPC, CPC-H, CPC-P, CHCC**, director of outreach programs for the American Academy of Professional Coders in Salt Lake City, Nev. "You want the ability to sue an insurance company if they're messing with you."