

Optometry Coding & Billing Alert

Reader Questions: Look to Your Contract for Help With Termination

Question: My practice is considering terminating a contract with one of our payers and becoming non-par rather than participating. I've never gone through a contract termination. Can you tell me the process I should follow for this action?

Minnesota Subscriber

Answer: Read your contract and follow what it says in writing on how to terminate your participation with the payer.

Most likely, you'll need to notify the insurance company in writing. If so, be sure to send the letter via certified mail with a return receipt.

Your insurance contract establishes your policies, your procedures, the benefit, the length of the contract, what to do in case it needs to be terminated, what happens after it is terminated and how you are to be paid.

Timeline: Most times you have to give the payer 60 or 90 days notice, depending on your contract. Medicare, however, will only let you out of your contract at the end of the year.

Additionally: Check the insurance laws in your state. Some state laws allow you to terminate a contract without cause and give you a timeframe in which to submit the termination. So check your state laws to see if there are regulations you need to follow at that level.

When you terminate your contract, there are several things that you want to make sure of. You need to ensure that the payer pays all your claims, once you are terminated, as a non-contracted provider.

Make sure the payer will handle, within a specific timeframe after termination, your outstanding claims that have not been resolved.

Assuming that you are dropping the plan due to low payments, have a fee in mind that you would accept from the plan. If you are one of just a few providers in the area, there may be some financial incentive to keep you happy.

Good practice: From a customer service perspective, notifying the patients who carry that insurance that the physician has dropped the plan and is no longer participating is a good idea.

Also, let them know that you will still be available to the patient as a non-participating provider.