

Part B Insider (Multispecialty) Coding Alert

Contracts: Weak Contract Negotiations Equal Weak Profits: Sharpen Both With 12 Tips

Hint: Establish a timeline for contract completion - and stick to it

Non-Medicare insurance carriers may be declaring victory if you don't take a magnifying glass to your contracts - and know what to look for - before signing.

Contract verbiage is just as negotiable as reimbursement. Whether you're dealing with PPOs, HMOs or other private payers, you can take control at the bargaining table even without extensive experience in contract negotiations. All you need are these 12 expert tips to put you in the know:

- 1. Be proactive.** Adopt a "you need us" attitude from the get-go. The worst thing you can do is feel intimidated or bullied by a payer.
- 2. Never accept a boilerplate contract.** When payers send you an initial contract, they are offering the absolutely no-frills deal - something you should never settle on before some bargaining.
- 3. Establish a timeline** for completing the contract negotiation. You want a good, constructive and productive process and an ability to close the loop with a reasonable timeline. If you can't reach agreement, move on.
- 4. Make sure the contract is with the right party.** For example, if you are a group practice with many physicians, make sure the payer identifies the group as the provider, not an individual physician.
- 5. 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.
- 6. Know fair and reasonable reimbursement amounts** for your specialty codes. Maintaining a reimbursement grid for all payers can help you determine these amounts. Then, 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.
- 7. Seek clear payment provisions** regarding requirements for submitting a clean claim and the timely filing deadline for payment. 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.
- 8. Obtain pre-auth and pre-cert requirements.** These requirements should be specified in your contract, not referenced in a document that you don't receive. And if there are other payment procedures in a provider manual, make sure you look at the manual before signing the agreement.
- 9. Inquire about the payer's market share.** If a plan has greater than 60 percent market share, you must recognize you will have little leveraging power to negotiate better rates and other provisions - unless supply and demand and/or geography favors your specialty. But if a carrier's reach is very limited within your region, taking the time and effort to contract may not be worthwhile.
- 10. Watch for silent partners when dealing with a PPO.** A silent partner, or silent PPO, occurs when a managed-care organization "sells" or "rents" its PPO provider network to another entity - such as a smaller PPO - so this new third party can take advantage of the discounts the original PPO negotiated with your providers.

You don't want the PPO offering price discounts to other PPOs unbeknownst to you. To prevent this practice, you should ask the PPO to disclose information on its relationships with other PPOs and networks. Also, make sure your PPO contracts do not contain an "all-payer" clause that will allow a PPO to rent or lease its physician network to noncontracted entities.

11. Beware "assignments" when dealing with PPOs. If a PPO plan can make assignments, it means your contract gives the company the legal right to transfer the contract to another entity, such as a PPO, without your permission. For example, if you allow assignment, you can't stop your PPO from selling out to another plan or merging with another PPO. That means you risk unprepared involvement with an unfavorable PPO.

To avoid such developments, you should always strive for a contract that states, "No assignments allowed without your written permission."

12. Ensure there is a definitive term to your contract and, if you wish, provisions for automatic extensions. Your post-termination obligations should include a provision that the carrier will pay usual and customary rates rather than contract rates.