Eli's Rehab Report

Insurance: 4 Tips Help You Shop Wisely For Your Managed-Care Plans

Do your homework now to avoid losing money later

The fact that you and your fellow rehab professionals are fighting decreasing reimbursement is no secret. But instead of falling prey to insurance contracts that hurt your bottom line, fight back when you shop around for new plans -- by learning to spot which ones will give you the biggest headaches.

You could easily say that no managed-care plan is ideal, but with a little bit of homework, you'll see that certain plans spell more bad news than others.

1. Run a Fine-Toothed Comb Over the Contract

You can often spot a bad apple at the beginning of your search by simply reading the fine print, and experts agree that this task, although tedious, is a must and is critical for revealing potential problem areas.

Mistake: "So many therapists just sign contracts without even bothering to read them," says **Jim Hall, CPA,** with Rehab Management Services, a rehab billing and management company in Cedar Rapids, Iowa. Although to some people this is a no-brainer, reading the contract is the first step to evaluating any plan.

If the managed-care company doesn't let you see the whole contract up front with a **Fee Schedule** and pre-authorization requirements -- and believe it or not, some won't -- that should be a bright red flag telling you to take your business elsewhere.

For example, a company might ask you to pay a $150 application fee to be a part of its network, but it won't tell you what it will pay you and what its network restrictions are -- in other words, you haven't seen a real contract. "A case like this could be more of a mechanism of getting $150 out of many providers without a viable product on the other end that would direct any patients to you," says **Douglas White, DPT, OCS,** owner of Milton Orthopedic and Sports Physical Therapy in Milton, Mass.

Best bet: "My advice would be to have a lawyer look at any contract you're going to sign, because a lawyer will make sure you look at everything," White adds.

2. Compare the Fee Schedule to Other Payers'

If you're reading the contract and willing to further investigate the plan, the next step is to evaluate how much it will pay you. Look at the plan's fee schedule and compare it to your current payer sources. Is the reimbursement higher? Lower? About the same? If the rates are significantly lower, you may want to toss the plan. But how low is too low?

Strategy: A basic benchmarking step to evaluate a fee schedule is to compare it to Medicare's. Why: Medicare's fee schedule reimburses the cost of treating a patient with a very small component added for profit, Hall says. In essence you're breaking even, while money that goes back to you is a drop in the bucket. "So why would anyone want to sign a contract that rates lower than that?" Hall asks
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And contracts certainly exist that reimburse at consistently lower rates than Medicare's -- and people still sign them, Hall says.

3. Know Your Average Number of Visits

You may be satisfied with the rates you see in the plan's fee schedule, but don't accept them until you've seen how many visits the plan offers and compare that to how many visits your clients average.

"For example, a number of HMOs will grant you six visits, but most of my clients average about eight visits at best," Hall says. So you need to be aware of what kinds of patients you normally treat and how quickly you treat and discharge them.

Protect yourself: If you find that your average visits total higher than what the plan offers, make sure you read the requirements to obtain additional visits -- wrestling for those extra visits may not be worth your time. Suppose the contract offers you $40 per visit and six visits. It also says that you must obtain additional authorization if more than six visits are required.

At $40 per visit, you're going to spend 30 minutes before you even treat the patient attempting to obtain approval for the additional visits, so you've burnt $30 before you've even started treating, Hall says.

4. Know When to Say 'No'

One last thought to consider with insurance contracts is that if you're new to practice, you may opt to sign a low-paying contract because some cash is better than no cash while you build your caseload, Hall says. But make a note to revisit the contract after you've established yourself, because "in the long term, a contract like that doesn't make a lot of sense," Hall says, and you may want to let that plan go.

Tip: Also be aware of referral sources with insurance plans that make you cringe. "Sometimes therapists sign an agreement anyway because they don't want to lose a referral, but you need to ask, 'How much business can I do at a loss before I make a profit on the volume?' " Hall say