

# Psychiatry Coding & Reimbursement Alert

## Payer Relations: Know What to Watch Out For to Ace Payer Contract Negotiations

**Pay attention to eight key points in the fine print.**

There is no necessity that you have to maintain your contracts on a January-December calendar, but it is definitely essential to review your contracts and consider negotiations on a timely basis so that you stay ahead in the game. Your payers might be benefitted if you don't review your contracts or know what to look for while signing on with them.

Take a look at the expert advice on how to start the negotiation process and what to review to ensure your practice puts its best foot forward in payer meetings.

### Start Early and Keep Things Moving

Sometimes, your practice will reach out to the payer to start contract negotiations, and sometimes, the payer will contact you. Either way, you should plan to start the process long before you need to have the contract in place.

"The negotiation process could take up to a year," says **Steven M. Verno, CMBSI, CHCSI, CMSCS, CEMCS, CPM-MCS, CHM, SSDD**, a coding, billing, and practice management consultant in Central Florida.

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 an agreement, move on.

**Be proactive.** Adopt a "you need us" attitude from the get-go. The worst thing you can do is to feel intimidated or bullied by a payer.

### Tap the Right People to Negotiate

Make sure you involve the right people in your contract negotiations. While one person — perhaps you — may be the main contact, several people in your practice should review the contract and participate in discussions. Different people bring different perspectives and strengths to the negotiation process, and employees in different roles in your practice may think of things another staff member might not consider. "The provider, the office manager, the medical biller/medical coder to name a few," Verno says.

**Tip:** Your practice may want to consider involving a lawyer in negotiation meetings. "Hire a lawyer with experience in healthcare law," Verno adds.

### Focus on 8 Points

Contract verbiage and reimbursement are both areas for potential negotiation. Your practice can take control at the bargaining table even without extensive experience in contract negotiations. All you need are these eight expert tips to put you in the know:

**1. Never accept a boilerplate contract.** When payers send you an initial contract, they are offering the absolutely no-frills deal, and you should never settle on it before some bargaining. "A standard or boilerplate contract is usually one-sided, and it favors the insurance company," Verno warns. "Your goal is to make the contract equal for you and the insurance company."

**2. 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.

**3. Define timelines.** Ensure the contract spells out any time requirements your practice will face. "Time is very important in a contract, and time is affiliated with (a) the claim submission timeframe, (b) the claim payment timeframe, and (c) the time for the submission and resolution of an appeal," Verno says. "I've seen some contracts which say, 'Carrier will pay claims in a reasonable timeframe.' What is this reasonable timeframe? Can you enforce this in a court of law?"

**4. 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.

**5. Know fair and reasonable reimbursement amounts** for commonly billed codes that your practice often reports. 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.

**6. 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 non-covered services, denied services, and services found "not medically necessary" by the payer.

**7. 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.

**8. 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.

"Some contracts allow the insurance company to make changes or updates to specific sections of the contract, and these changes are made automatically without your approval," Verno cautions. "There are times when all good things must come to an end. When the contract is terminated, is there a complete termination? Some contracts allow some terms to remain in force even after the contract ends."