

# Psychiatry Coding & Reimbursement Alert

## Practice Management Tips: Check These 3 Simple Steps to Ease Out of Network Pay

### Keep your patients informed of your decision.

If your psychiatry group is considering a move to becoming a non-contracted provider, follow these three steps to set your practice up for success.

### 1. Evaluate Your Existing Contracts and Patient Base

Before your practice starts talking about becoming out of network with a payer, you should review your contracts. There are particular key areas to pay attention to as you go through the contracts, says **Melanie Maycock, CCA**, a billing consultant from Abrahams Medical Consulting in Romulus, Mich.

According to Maycock, you'll want to look for the following things:

- Enhanced groupers
- Implant thresholds
- Procedure rates versus case rates
- Silent PPOs
- Reduction of state mandated fee schedules
- Claims filing limitations
- Penalty for provider termination.

You also want to determine how going out of network will affect your patients and, as a result, patient perception and satisfaction. You can still see patients with the insurance even if you go out of network with a payer, but if the patient's plan does not have out of network benefits, you will need to determine how to transition their healthcare to a participating provider.

"Generally patients with no out of network benefits will be directed to another facility," Maycock explains. "Assisting the patient in that transition and providing clear communication on the reasons non-participation became necessary is crucial to maintaining good will."

Keep in mind: As your practice grows and patient demographics change, you will need to evaluate the success of continuing as an out of network provider. If the best contract available will cause a loss of revenue, more patients with that insurance will only create a larger loss. If one or two large employers in your area switch payers, your practice dynamics can significantly change.

"One of the reasons that more providers are considering taking the step to remove themselves from their contracted status is the constant reduction in contracted reimbursement. Maycock says. "The insurers are giving providers a smaller and smaller piece of the pie while they're collecting record profits. Insurers typically reimburse using packaged reimbursement formulas that often do not cover the cost of providing quality patient care. An out of network strategy often provides the only opportunity to control reimbursement and provide a more stable financial platform for providers."

### 2. Consider Renegotiation of Your Existing Contract

If you're having trouble with a particular payer, it may be worth doing some negotiating before you choose to go out of network.

If reimbursement is too low, you can try to renegotiate your contract or get some carve-outs so that the fee schedule is above your costs. If you think the contract is not acceptable, schedule a meeting with your provider relations representative to discuss your needs and determine if negotiation is a possibility. You may also want to focus on re-training members of your billing staff to confirm that they are billing correctly and collecting all the reimbursement your contract allows.

Often, if you let your payer know you're thinking about becoming out of network, they will take some time to negotiate with you. "Once you've established with your payer that you're going to be terminating the contract, they will provide their best offer," Maycock says. "Then you can determine if an on-going contracted relationship is financially viable."

Another option: You can also consider limiting the number of patients scheduled with a particular payer until payment issues are resolved. This will ensure care for your current patient base along with minimal additional damage to your bottom line while you determine what steps should be taken to resolve payer issues. Use caution though and check the terms of your contract to determine your contractual obligations regarding patient scheduling.

### **3. Inform Your Patients of Your Decision**

If your practice weighs the pros and cons and determines that going out of network is best, be sure to inform your patients and make clear the reasons for your decision.

Modify your written financial policy to clearly state how patient out of pocket costs will be billed and what collection/billing practices will be implemented. "It is key that it be written and followed without exception," Maycock warns. "If you have a stated policy and all patients are going to be billed as if they were in network when it comes to copays and deductibles and coinsurance, but you've not written that as part of your financial policy, it's not considered to be part of your financial policy.

Make this written information available to your patients, and consider posting a notice in your waiting room as well.

Be prepared to answer patients who call about their explanation of benefits. Maycock recommends having a script that everyone on your billing staff follows so that the explanation and the overall message stay consistent.

Bottom line: "Being upfront and open, addressing patient concerns, and thoroughly training your entire staff on the new process is the key to making sure your patients are comfortable and your transition to out of network is successful," Maycock says.