

Health Information Compliance Alert

Payer Contracts: Master Payer Negotiations With Expert Insight

Don't forget to address possible 2021 pandemic woes.

If your practice checkbook has been thrown a loop by 2020, you're not alone. And that's why payer contract negotiations are incredibly important as the year winds to a close. Even if you aren't planning to approach the negotiating table with a plethora of changes, it's critical to review each contract with each payer.

Knowing these particulars is crucial for other reasons too, like putting together a compliance manual for your billing/coding department. You need to know what's in your contracts in order to make sure you're remaining compliant and have the proper checks and balances, says **Terry Fletcher, BS, CPC, CCC, CEMC, CCS, CCS-P, CMC, CMSC, CMCS, ACS-CA, SCP-CA**, owner of **Terry Fletcher Consulting Inc.** and consultant, auditor, educator, author, and podcaster at **Code Cast**, in Laguna Niguel, California.



Look to Your Advantage

Physicians, practices, and even large hospital systems have suffered during the pandemic, with fewer patients seeking care or even a temporary ban on providing some aspects of care. Payers haven't faced the same problem; they've still been collecting premiums from those they insure but haven't had to pay out as much or anything due to some of the restrictions, like the bans on elective procedures.

Keep these disparities in mind as you approach contracts for 2021, Fletcher says. Take a methodical, analytical approach to the negotiating table by doing your homework first.

Unprecedented challenges have rocked the healthcare industry due to the COVID-19 public health emergency (PHE), and you should not discount those realities. Gather your quarterly and half-year reports and spend time evaluating how exactly the pandemic has affected your business, Fletcher recommends.

Tip: For example, you might want to consider the impacts - fiscal, technical, professional, and personal - that telehealth has had on your practice during the pandemic. Consider asking yourself these questions:

- Have telehealth services helped bridge any cash flow gaps during the pandemic?
- Was the technical investment for hardware and software equal to the financial return?
- Is your specialty assured of telehealth services reimbursement from both private and public payers in the future?
- Do you have a payer-specific plan for transitioning to more in-person care when the PHE ends or will you continue to utilize telehealth regularly in your organization?

Regardless of your answers for your practice, keep telehealth in mind as a point of negotiation.



Other things to consider: Look at current market trends, look at certain negotiating points, and look at what happened or is still happening during the pandemic, Fletcher says. Do your research on cost analysis by establishing dollar value on both tangible and intangible items. Delivering quality healthcare comes at a cost, and you need to understand that dollar value before you can negotiate effectively.

Three macro trends in healthcare to consider more closely: cost, consolidation, and new technology, says **Stephen L.**

Ondra, MD, founder and CEO of **North Star Health Care Consulting LLC** in Williston, Florida, in "Macro Trends in Healthcare Delivery," a chapter in a recent book, *Value-Based Approaches to Spine Care*. Looking at these macro trends can be an important starting point for figuring out a strategy for success, both in individual business and for a more accessible, equitable, and affordable healthcare delivery system, he says.

Whoever is doing the negotiating also needs to set the terms by which they personally will abide. Fletcher recommends asking yourself whether you're willing to walk away, as well as knowing in advance which procedures or terms you absolutely won't budge on and which you're willing to use as concessions.

"Ask yourself what your practice can and can't live without. You're not going to get everything you want; remember, this is a negotiation. So, in the end, you will have to compromise on some points," she says.

Put It in Writing

Healthcare contracts are legal documents, but the terms aren't absolute until the contract is signed. As you're negotiating, ask for everything to be put in writing in a preliminary format, Fletcher recommends. Verbal agreements by an individual representative may not pan out, and that could put lasting strain on the relationship between a provider and that individual representative or even the entire payer entity.

Once you have everything in writing - and before you sign - read the contract. Look out for one-sided clauses that may not be to your advantage at all, including on amendment provisions, definition of medical necessity, rate changes, timely filing provisions, and prevailing contract and termination language, Fletcher says.

Since healthcare contracts are legal, binding documents, you should also feel empowered to have a consultant help you figure out what to pursue and for an attorney to read over anything before you sign.