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Keys To Successful Payor Contracting

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Today's Agenda

- ASCs – Today's market
- Contract Negotiations
- Contract terms and avoiding pitfalls
- Dispute resolution

ASCs – Preferred Site of Service

- **Cigna** - Effective as of April 2, 2021, approved select musculoskeletal procedures that can be performed in an outpatient hospital setting if the circumstances, including a medical necessity review, do not permit the procedure to be performed at an ASC.
- **United Healthcare** - “UnitedHealthcare members may choose to receive surgical procedures in an ambulatory surgical center (ASC) or other locations. We are conducting site of service medical necessity reviews, however, to determine whether the outpatient hospital department is medically necessary, in accordance with the terms of the member’s benefit plan.”

- Overarchingly, there are a few key items that should be kept in mind to ensure the best outcomes:
 1. **Understand your starting point.** Know where discussions are beginning and be prepared to ask for exactly what you want.
 2. **Seek the right contact.** Develop a connection with your agent and ensure they have authority to make changes.
 3. **Be diligent and proactive in your negotiations.** Do not wait for them to approach you upon expiration
 4. **Create a methodical approach and regularly follow-up with payers.** Agents can be hard to track down and it is important to stay top of mind.
 5. **Highlight your worth.** Create a meaningful pitch and drive home the reasoning behind your requests.

UNDERSTAND YOUR STARTING POINT

- Complete a landscape review of all current contracts
- Evaluate all payers as compared to the current Medicare Physician Fee Schedule (“MPFS”)
- Select your most critical areas for improvement, based on their current rates as well as the volumes generated in your organization
- Discuss a reasonable request for increase internally – consider what has changed since your previous negotiation and what you bring to the table
- Consider items besides just the rates – term length, termination, etc. and determine if any of these items should also be renegotiated

SEEK THE RIGHT CONTACT

- For most organizations, negotiations will be routed through a central hub to ensure a streamlined approach
- While this is reasonable from the payer side, it creates significant lag in feedback and does not create the personal connection for negotiations
- Work with the payer to determine your specific contracting agent – sometimes this is best done through previous contacts in the agency (i.e., circumventing the central hub entirely)
- Be prepared that changes may occur during negotiations, agents are shuffled often and can create some headaches ensuring you remain connected with the right individual
- Finally, ensure you are talking to a decision maker – this may take awhile, and you may have to work your way up through the ladder, but eventually, this will be critical to realizing significant change

BE DILIGENT AND PROACTIVE IN YOUR NEGOTIATIONS

- Develop internal tracking protocols for all payers, creating a system for negotiating on a regular basis
- All payers will have different effective dates and therefore contracting windows – it is critical that you approach them at the right time, otherwise you may miss your chance to negotiate that year or be automatically entered into an extension period
- Further, this process should be synced with internal revenue cycle management functions to ensure the contract in place is being followed appropriately

CREATE A METHODOICAL APPROACH

- A key driver in achieving your desired outcome is simply being persistent in your negotiations
- Due to the daily challenges of running a practice, these negotiations can be pushed aside or left waiting for months at a time
- Payers are likely not going to be the ones driving change; thus, it is imperative this remains at the forefront of the organization's priorities
- This is as simple as setting a weekly reminder to follow-up with payers, but it can show them you are serious about renegotiations and will push them to respond in kind

HIGHLIGHT YOUR WORTH

- As we indicated previously, you should meet with payers and proactively present your proposed increase and any other requested contract changes
- To substantiate this, develop a “pitch” for your organization
- Consider the payer you are presenting to and tailor your presentation for them – try to emphasize where you are meeting their needs and the strategic imperatives for their organization
- Highlight key items that support your request, including:
 - Value drivers (quality, cost, etc.)
 - Size and scope
 - Expected growth
 - Patient satisfaction scores
 - Goals for partnership with payer and mutual areas of opportunity

SUMMARY

- Payer contracting can be daunting given the size of the organization and the need for your practice to work with them in driving revenue, but payer contracting is similar to all other negotiations at the core
- Remember, **you do *not* have to accept their first offer** – work with them to determine areas for improvement and be prepared to justify why you feel you are worthy of such
- Consider the process and key points highlighted here and work to establish these functions internally or seek an external expert to work collaboratively with you to achieve success

Negotiating the Contract

- Is the ASC in a position to negotiate?
- Negotiating a contract can involve a lengthy process.
- Legal review comes at a cost.
- There is often little variance from standard template.

Avoiding Pitfalls

- Regardless of negotiating position, ASCs can avoid contracting pitfalls by:
 - understanding the components of the contract;
 - implementing necessary operational changes to ensure compliance with contract terms; and
 - establishing a cordial relationship with the plan representative.

Four Parts to the Contract

- Participation Agreement
- Compensation Schedule
- Policies and Procedures
- Regulatory Appendices

Analyzing Key Contract Provisions

Term and Termination

- Termination without cause, timeframe
 - Any time?
 - Only upon anniversary date?
- Auto renewal vs. hard end date

Compensation Terms

- Define services and reimbursement rates
- Become familiar with payment policies currently in effect
- Understand reimbursement terms and methodologies
- Confirm advance written notice of reimbursement changes

Claim Submission and Payment

- State prompt pay laws do not always apply
- Payment terms follow the contract
- Submission of claims must be timely
- ASC must confirm accurate payment
- ASC does not have unlimited time to correct incorrect payments

Policies and Procedures

- What lies in the Payor's policies and procedures?
- What controls between the agreement and the policies and procedures?
- How is Payor notifying of material changes to policies and procedures?

Utilization Management

- Preauthorization requirements must be met.

Notices

- Should not be treated as a boilerplate provision
- Specify mailing addresses and emails
- Understand when notices become effective
- Be aware of termination and reimbursement changes requiring a specific type of notice

Amendments

- Unilateral amendments-
 - Who receives that notice?
 - Can the Payor modify reimbursement on notice?
 - What happens if the amendment is unacceptable?

Dispute Resolution

- ASC negotiated a fair contract, but not realizing expected revenue?
 - *Why?*

Causes

- Payor error
- Confusion or ambiguity about applicable rate
- Pre-certification issues
- Failing to submit clean claims
- Documentation issues
- Cutting-edge services
- Audit activity
- Failing to appeal timely

Avoiding/Resolving Claim Issues

- Time *is not* on your side – promptly process and post all EOBs and claim payments
- Thoroughly understand Payor claim submission rules
- Provide proper documentation with claims
- Document *in writing* all interactions with Payors.
- Understand and carefully follow appeal procedures and deadlines.
- Look for patterns in denials
- Carefully escalate the issues

Dispute Resolution

- Document, document, document
- Follow the processes in contract and policies and procedures
- Ensure compliance with Payor's time frames
- Engage in discussions with Payor representatives
- Involve legal counsel
- Arbitrate if necessary

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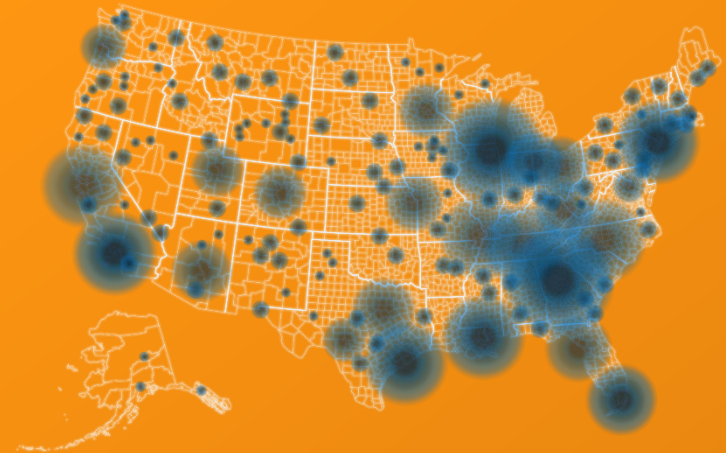
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THANK YOU



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