Training Session Handouts

Get Higher-Paying Contracts with Proven Negotiation Strategies

Presented by: **Doral Jacobsen MBA, FACMPE**



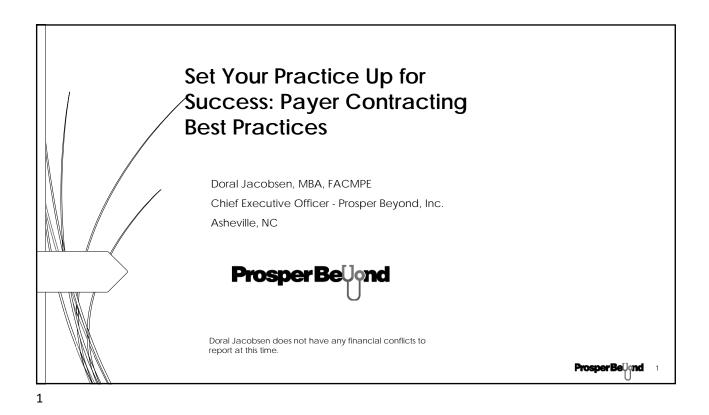
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Learning Objectives

Differentiate your practice through value proposition development

Analyze payer contract negotiation tactics and strategies

Inspect payer contract language for deal breakers

Agenda

Setting Up to Succeed: Toolkit

Payer Contracting Steps

- Develop a value proposition
- Complete market/payer assessment
- Complete top code analysis and establish modeling mechanism
- Engage in negotiation
- Evaluate contract language
- Monitor contract performance

Value-Based Models

Summary: Best Practices

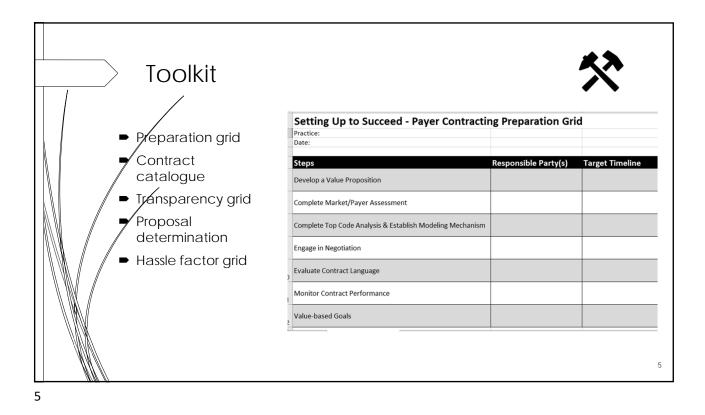
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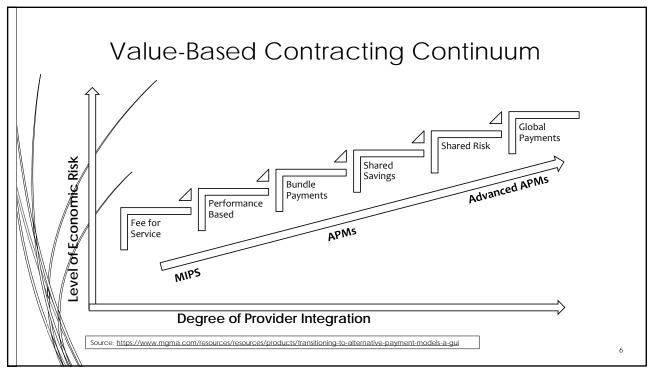
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Setting Up to Succeed: Toolkit

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Payer Contracting Steps

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Articulate practice's "vital stats" Understand how your practice compares to the competition Research payer market position/goals Tell your story in written formatmake it appealing and simple

Value Proposition: Step 1 Specifics Steps Articulate practice's "vital Practice's goals/purpose Clinician information, services, locations Understand how your practice Technology, access, affiliations compares to the competition Alternative payment models Research payer market Patient population information position/goals (active patients, visits) Tell your story in written Goals for the next 1-2 years format-Make it appealing and simple Have stories ready to tell outside stakeholders about how your team improved quality, improved patient access or dramatically improved the health of a patient. Make sure it is memorable and easily repeatable.

Value Proposition: Step 2

Steps

Specifics

- Articulate practice's "vital stats"
- Understand how your practice compares to the competition
- Research payer market position/goals
- Tell your story in written format—Make it appealing and simple

- What does your practice do differently?
- How do you serve patients better, faster, more efficiently?
- Have you received quality designations from other payers?
- Have you earned awards/designations from independent organizations?
- Do you have high social media rankings?
- Do you have low staff turnover?
- What does your practice do to reduce healthcare costs?

Think: Why are we valuable to a network? What do we do that keeps patients healthier and costs minimized?

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Value Proposition: Step 3

Steps

Specifics

- Articulate practice's "vital stats"
- Understand how your practice compares to the competition
- Research payer market position/goals
- Tell your story in written format—Make it appealing and simple

- Define payer's position in the market
- Understand competitors' network participation
- Appreciate that payer's goals and focus are for the year
- Define products—Anything new?
- · Alternative payment models?
- Get to know the people you are talking to—they are human too

"Thank you for being our champion in your internal discussions. What other information can I provide you?" $\frac{1}{2} \int_{\mathbb{R}^n} \frac{1}{2} \int_{\mathbb{R}^n$

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Value Proposition: Step 4

Steps

Specifics

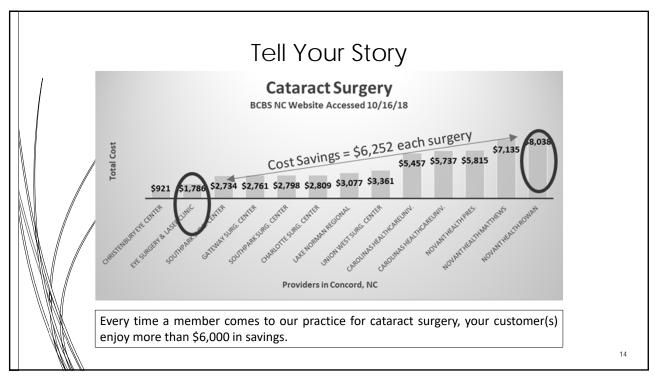
- Articulate practice's "vital stats"
- Understand how your practice compares to the competition
- Research payer market position/goals
- Tell your story in written format—Make it appealing and simple

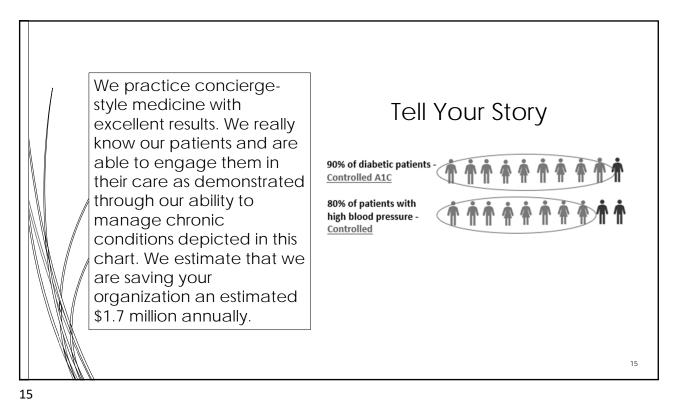
- · Make it clear and easy to follow
- Anticipate questions the payer may have about your value proposition
- Provide facts, figures and data that demonstrates your value quantify
- · Ensure it is visually interesting
- Print and email format
- Use it as a relationship-building tool

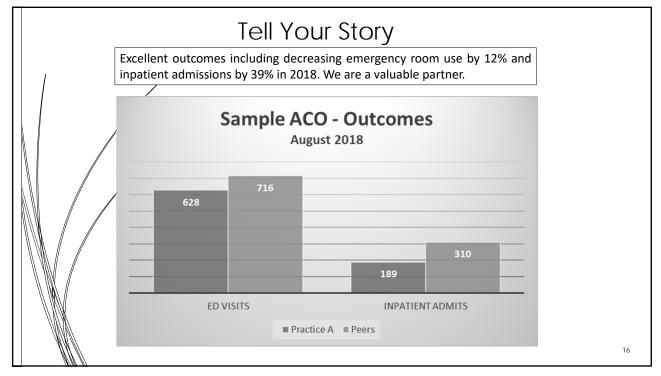
This should be a "sales" piece for your practice. Something you are proud to share.

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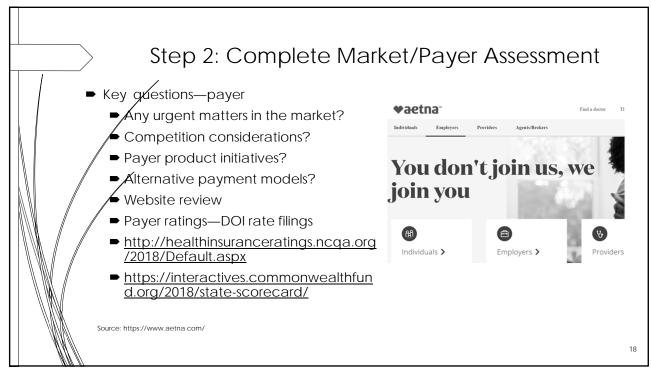
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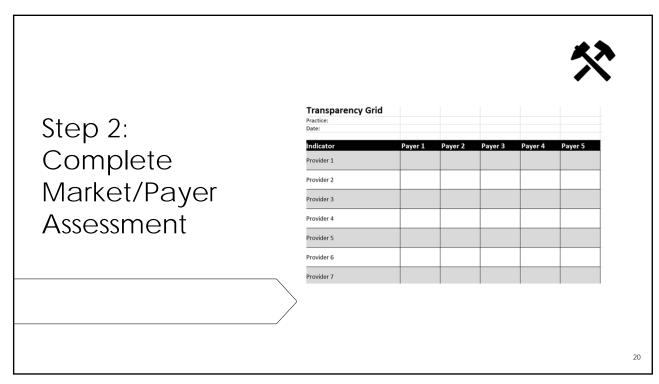


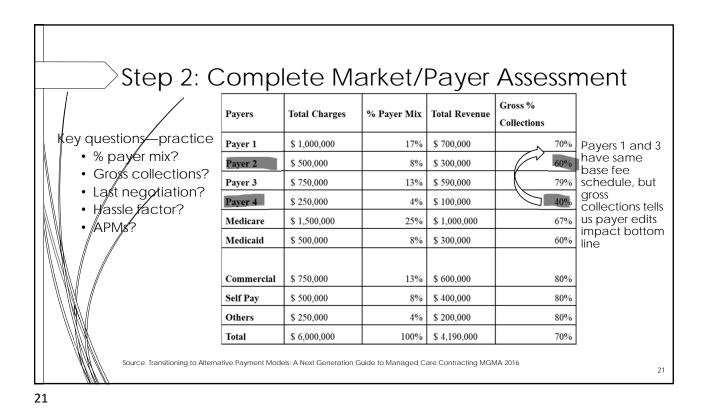




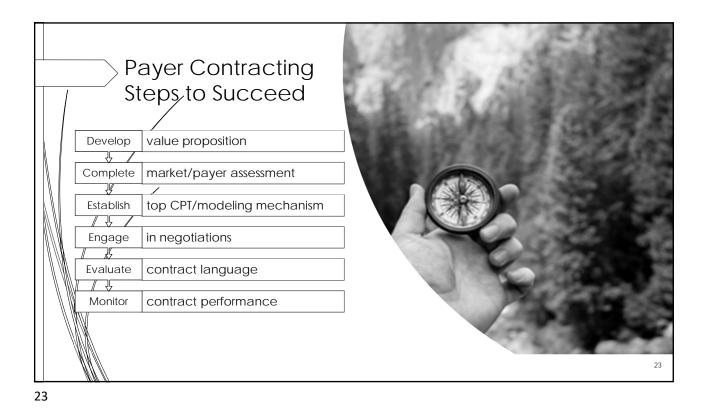


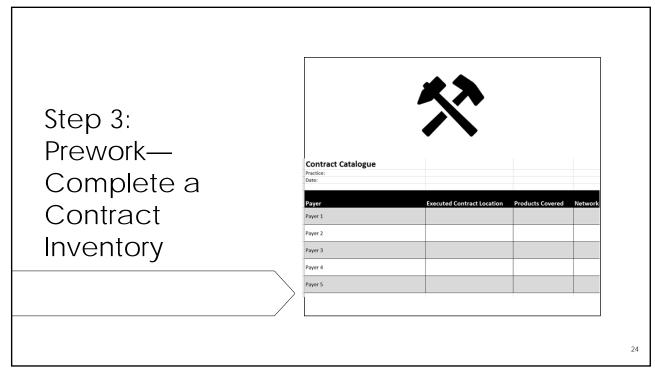


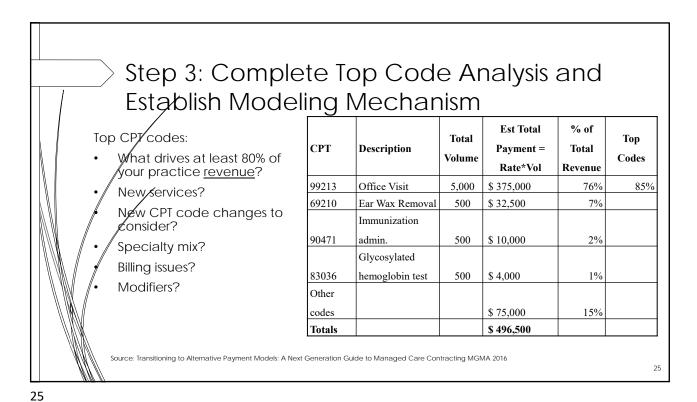




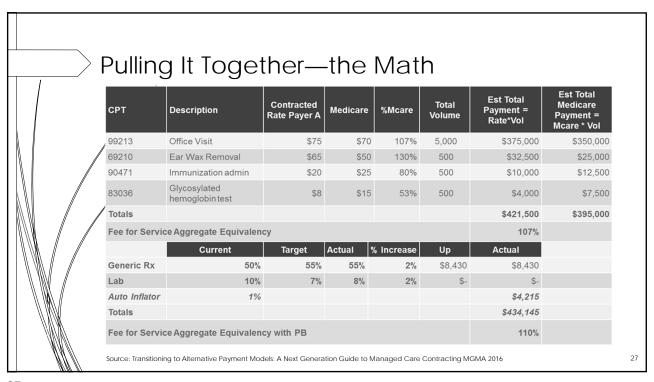
Step 2: Complete Market/Payer Assessment 💸 Hassle Factor Grid % Payer Mix Prior Payer Gross Collections **Adjusted Collections** AR Days AR 120+ Period P4P Comments Hassle Factor (A-F) Reporting Payer 1 38% 115% 42 10% 17% challenges Communication Payer 2 69% 79 1% D 29% 97% 56 22% 2% D Payer 3 Payer 4 51% 85% 51 18% 13% No Issues С Payer 5 32% 84% 40 9% 3% NA Payer 6 18% 105% 63 8% 61% NA В Source: Transitioning to Alternative Payment Models: A Next Generation Guide to Managed Care Contracting MGMA 2016 22



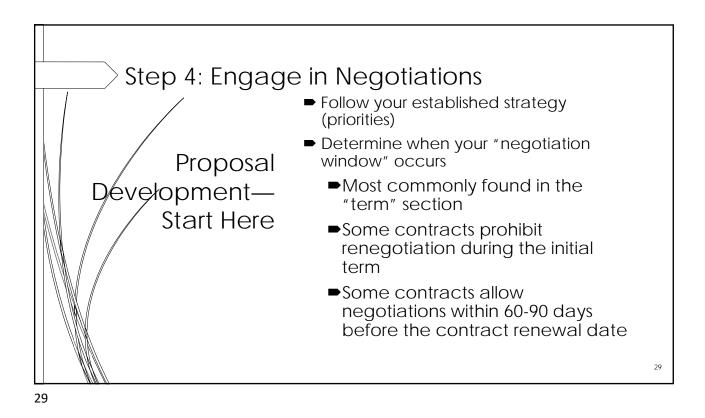


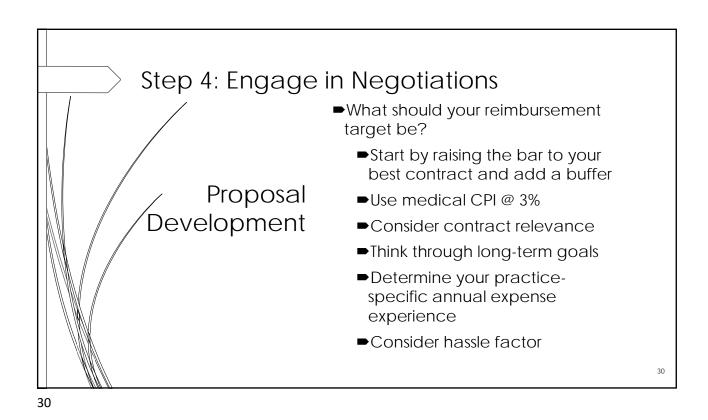


Step 3: Complete Top Code Analysis and Establish Modeling Mechanism Modeling mechanism: Est Total Est Total Medicare Excel expertise Total Contracted %Mcare **Payment** Payment Volume Rate Payor A (Rate*Vol) Medicare (Rate/Medicare) (Mcare * Vol) Medicare FS 99213 375,000 350,000 5.000 Office Visit CPTs/Volumes 9210 500 32,500 50 25,000 500 20 10,000 12,500 500 7,500 395,000

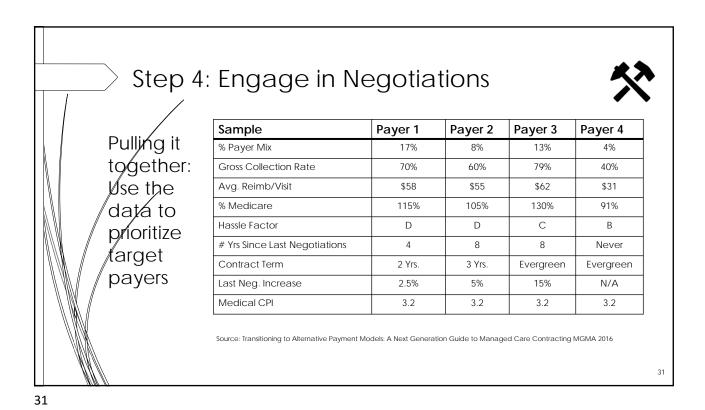


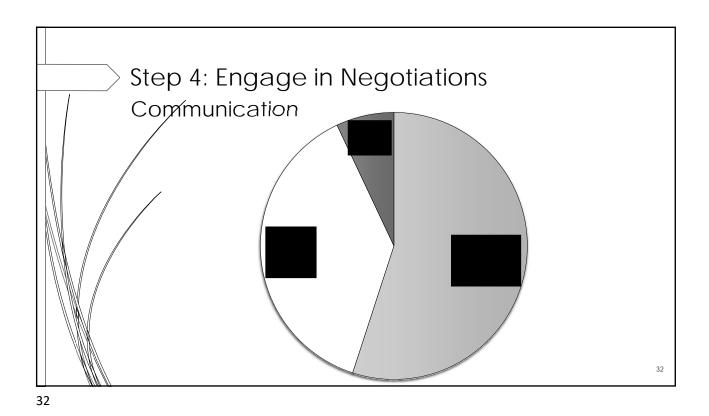






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Communication—Initial Email

Dear ___

The purpose of this letter is to initiate renegotiations of the contract for our practice. As you might recall, this contract was renegotiated for a two-year term back in 2016, which will end in June 2018. In reflecting back on the timetable for that negotiation, we felt it prudent to begin this process a little early.

We request that Payer A increase our current fee schedule X% beginning in June 2018. This is less than half the medical rate of inflation. As we are sure you are aware, our expenses increased at an alarming rate as they did for most physician practices. The most significant increases were in malpractice premiums (XX%) and healthcare coverage for our staff (XX%), although as with many small businesses, we also suffer under increased fuel and petroleum-related product costs.

We depend entirely on reimbursements from health plans to cover our expenses. We realize that fayer A is faced with similar challenges as premium increases suggest. To ensure that we are financially healthy and able to provide the high quality standard of care for your membership to which they are accustomed, we request an increase to merely cover our inflationary costs.

We are open to discussing this matter in person. If you would like to have a face-to-face meeting, please let me know and I will begin working on a date.

We thank you in advance for your attention to this matter. We value our relationship with Payer A and look forward to continuing to serve your membership.

Sincerely,

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Communication—Follow-Up Email

Dear_

We are in receipt of your response to our proposal. While we appreciate the adjustments for a few vaccines, to continue to maintain the level of service to which your members are accustomed, we also need inflationary adjustments for a few CPT codes. As your costs increase each year, ours do as well. Additionally, we have invested significantly in becoming a Patient Centered Medical Home (PCMH) which bolsters our ability to proactively manage patient populations. This saves everyone on the cost side and enables us to rigorously work on the quality piece as well (helping your HEDIS measures).

I'm sure you are aware that independent medical practices are in a position to bend the cost curve because we are not beholden to any system. To remain independent, we depend on our payer partners to work with us on reimbursement integrity, compensating us at reasonable rates considering inflation costs. We understand that these small increase requests, see below, are a drop in the bucket because we know we keep children out of the ED. It costs significantly more when a child is seen at the ED instead of our office. Our expanded hours and medical home focus saves your employers money—and that is exactly what we strive for with our care management protocols.

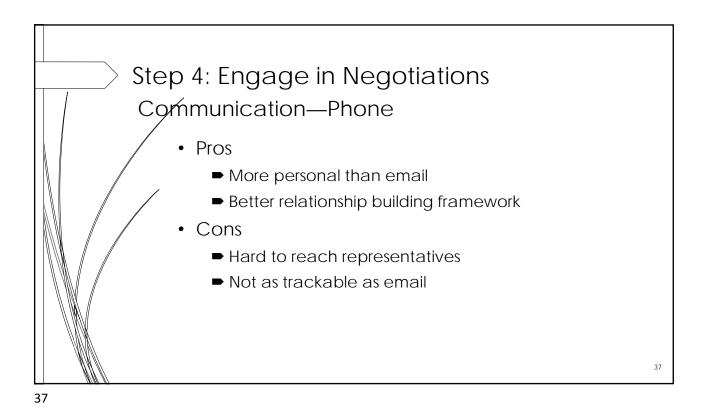
We would like to discuss our proposal by phone with a representative from Payer A. Please provide a contact for us and we can set up a call. Our response to your initial proposal is below:

Counter: CPT Rate, CPT Rate etc.

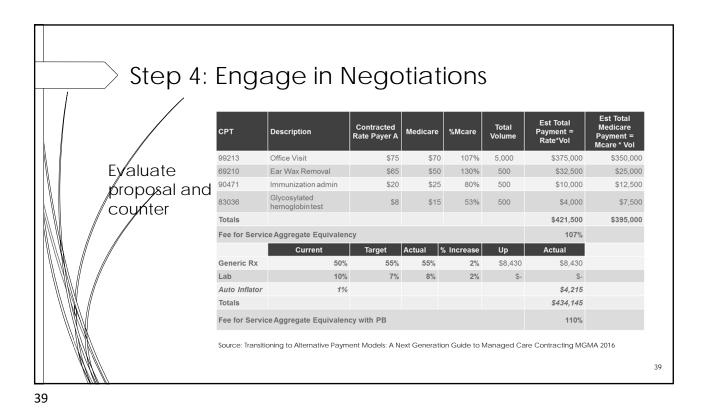
We look forward to collaboratively working with Payer A to serve our community.

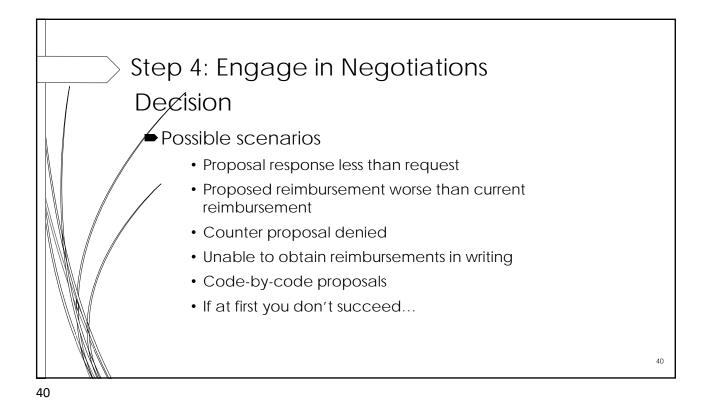
Sincerely,

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Step 5: Contract Language

Language Evaluation—High Notes

• Ierm and termination

• Defines the length of the contract and when it may be terminated

• Is this in your contract?

• Areas to examine

• What is the length of the contract? When and how does it renew?

• What are the conditions in which you may terminate the contract? With cause? Without cause?

• Without cause: 90 days-out at any time is optimum

Step 5: Contract Language Language Evaluation—High Notes

- - Defines how you are reimbursed

Areas to examine

- What is it based on?
- Lesser-than language?
- Carve outs? Case rates?
- How are new codes or unspecified codes reimbursed?
- Exclusions?
- Withholds?
- Maximums?

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Step 6: Monitor Contract Performance Go-Forward Strategy

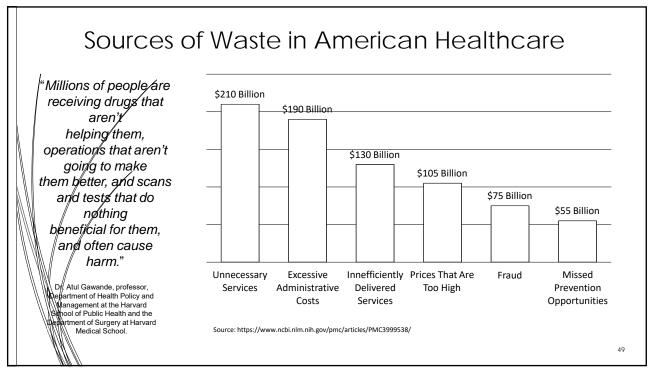
- Review your experience on an annual basis
- Keep executed agreements
- Compare performance to other payers
- Review fee schedules annually
- Trend your payer mix and collection %s at least annually
- Constantly renegotiate agreements

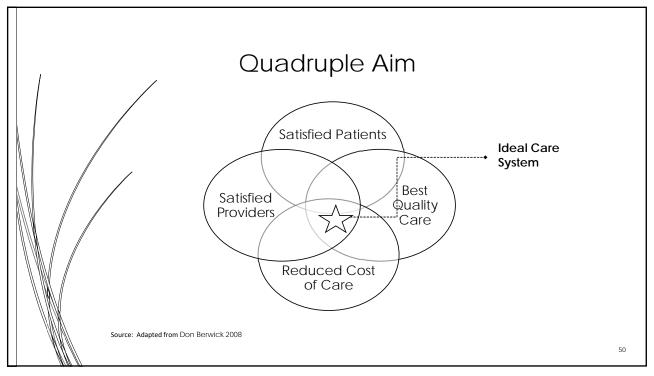


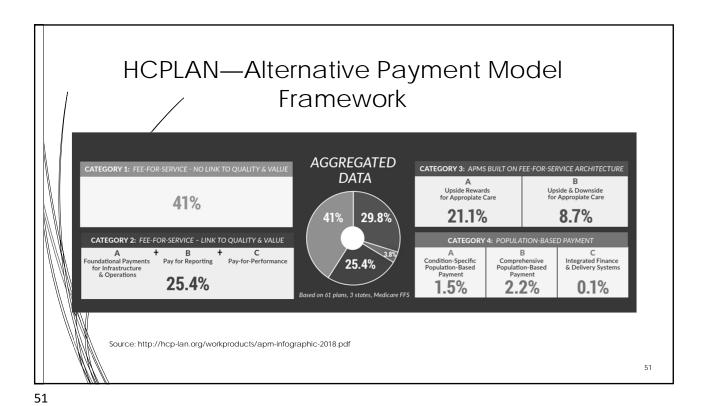
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Value-Based Model Alignment Provider Technology / Care Provider Admin. **Payment Models** Integration Analytics Management Engagement Complexity Necessary Capabilities Capabilities Level Fee For Service Low Low Low Low Low **Pay For Performance** Medium Medium Low Low Low **Bundled Payments -**Medium Medium Medium Medium Medium BPCI, CJR Shared Savings – Medium Medium Medium Medium Medium MSSP Track 1 Medium High High High High 2 & 3 Shared Next Gen ACO High High High High High CPC+ High High High High High CEC High High High High High осм High High High High High **Global Payments** High High High High High 52



Summary: Best Practices

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Keys to Success

- ✓ Develop your personal sales pitch—value proposition
- ✓ Understand that they need you...
- ✓ Ask to meet and roll out the red carpet
- ✓ Involve the team
- ✓ It's all about building relationships
- ✓ Draft your communication and include reimbursement goal
- ✓ Do it all in writing
- ✓ Keep at it
- ✓ Quantify success
- ✓ You're not ever really done: Conclude by planning your renegotiation next start date

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