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## **What Payers Don't Want You to Know When Negotiating Managed Care Contracts, 'Implementing Contract Negotiations: Let the Games Begin'**

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### **\*Promote the Big Picture**

Payers who are evaluating your need for a new contract or for increased reimbursement may be striving to achieve their individual departmental goals rather than organizational goals. Don't hesitate to point out the advantages to their company in the overall, long-term scheme of things. Payers are powered by revenue that is directly rooted in the satisfaction of their employer groups, covered patients, and the quality of the healthcare provided to them. If you can point convincingly to factors that will impact patient/employer satisfaction and, in the process, save the company aggregate dollars through preventive care or procedures that will favorably impact their long-term payout picture, you make your case and stand by it. Dollars and Cents talk. If you have a large book of business and patient base, it is key that you remind the payer of what is at stake, to them.

### **\*Contracting as a Team Sport**

#### **➤ *First and Second Level Negotiations***

As described in part II, Prepare your proposal letter and send it to the payer's first level contract negotiator, who can often be identified through a simple phone call to request the name of the person to whom your proposal for contract should be addressed. It is tempting to find a way to leapfrog over first and even second-level contacts, and attempt to streamline the process by going directly to the top-level contracting decision-maker. Resist this temptation. While a first or second level negotiator has little decision making authority; violating chain of command can be perceived as a serious offense by many payers. Once doing so they may ignore your request or resist it.

#### **➤ *The Waiting Game***

In many cases after you submit your proposal, it is reviewed and analyzed by many internal payer departments such as actuarial and sales before a counterproposal is submitted back to you. This process can take several weeks. Be patient but simultaneously remember the adage about the "squeaky wheel".- Continue to follow up in a timely and courteous manner with your first level negotiator, preferably by email, so that you have written documentation in case you need it with senior payer management as you get further into your negotiations. This can be useful if you are not getting return e-mails, follow up back etc. to show you acted in good faith and have not been receiving correspondence. First level contracts personnel often send a quick e-mail but do not follow up via other methods of correspondence such as phone or US Mail.

➤ ***Good Cop, Bad Cop***

On the provider side, in many cases, it is advantageous to have your billing director or practice manager implement negotiations with the payer. However, as negotiations progress, and you are working with senior level management to finalize negotiations, it's a good idea to have their senior management working with your senior management. On your end, get a physician advocate involved who can strongly and clearly represent the practice's needs from a owner/shareholder perspective. In many cases, this person has the ability to help turn the tide in the practice's favor and close the deal. This is where teaming and leveraging the personnel in your practice helps.

➤ ***Take It to the Top for the Win.***

Once you go back and forth with your first level negotiator and receive your last counterproposal (usually 2) , and assuming it is not what you need to close the deal, now is the time to bump it up the payer food chain. Let the first level negotiator know that you are dissatisfied and that you will be contacting his/her manager or director to complete your negotiations as they are individuals with the power and decision making authority to understand your needs and how it benefits their organization.

**\* Finalizing the Contract**

When the contract arrives for your signature, check to verify that it includes the reimbursement rates and terms that you agreed to. In some cases, the payer will incorrectly send you an outdated or incorrect agreement.

Once you sign your agreement send it (certified mail, return receipt) to ensure and document their receipt.

Just because you have sent in your agreement doesn't guarantee that the payer will implement it. Staff changes, mergers, acquisitions or even a change of heart by someone in payer senior management (unfortunately despite the ethical considerations on their part--this does happen occasionally) can sometimes allow your contract to fall into the payor's "black hole" To avoid this pitfall, have your staff follow up regularly with the payer to ensure your receipt of a fully executed agreement (both parties sign).

After a payer mails the fully executed agreement, the contract is sent to claims or provider services to load the new rates and terms. As such, after your receipt of the fully executed agreement contact the general number for provider relations and verify that they have loaded your new contract with the correct rates into their systems. There is nothing worse that going through this entire process only to learn that they are still paying you under your old agreement and that now you not only have the problem of getting the contract loaded properly, but the headache of having to retrospectively collect \$\$ on incorrectly paid claims.

In summary, remember to:

- 1) Leverage the facts from your information gathering and proposal letter, parts I and II
- 2) Send your proposal letter to the correct first level contract negotiator.
- 3) Work through the payer's chain of command
- 4) Leverage your personnel and, most importantly,
- 5) DON'T TAKE NO FOR AN ANSWER. No just means you haven't gotten to the right person yet. Persevere.