

Payer Contracting- Assessment & Renegotiation Process Overview

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JULY 23-24, 2021

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Learning Objectives

- Gather payer agreements, amendments and fee schedules
- Determine When/How agreements can be negotiated
- Analyze/Compare payers' schedules
- Develop/Roll out renegotiation strategy

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Goal for this session

- Building the FOUNDATION for your Daunting Payer Contracting Renegotiation Project... to improve the bottom line and manage the process going forward.
 - No more excuses!
 - Take Charge!
 - You can do this!
 - And you can do it right!



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What We'll Cover to Get There

- Gather your current contracts/addenda and rates
 - Inventory the contracts
 - Inventory the rates
- Gather Utilization Data to use in Analysis
- Examples of Comparative Analysis & Offer/Counter Impact
- Determine **WHICH** contracts need tackling and **WHEN** contractually possible to renegotiate
- Initiate the Renegotiations Properly
- Determine and Manage timelines –
 - notices
 - terminations
 - effective dates
- Few Tips to Tackle Unexpected Obstacles
- Hone in on Allergy & Asthma specific nuances in negotiations

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Before we delve in... few important NOTES

- CPT is the trademark of the American Medical Association (AMA) and may be referenced on several pages of this presentation
- Discouraging Process: Perseverance Needed
- **Getting started on a payer contracting project is frustrating. Expect it to take:**
 - ~ 2 months just to gather info covered in this session if you are diligent
 - ~ A year to complete your first few re-negotiations and
 - ~ 2 years to feel you have a solid handle on most/all
 - Then plan on maintenance

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Gathering Your Contracts, Rates and Utilization

- Find all of your current FULLY EXECUTED (Both Practice and Payer/Network signed) agreements filed at the office
- Find all the Addenda/Amendments between original effective date and present
- If you cannot find, don't be embarrassed... you are in the majority and can blame the manager before you. 😊
- Request from payer or network
 - Each payer has its unique means of requesting copies of agreements and fee schedules...everchanging
 - Ask Rep
 - Portals
 - Fax #s or Email Address
 - 800 Request lines



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What Payers/Networks to Include In Contract and Schedule Gather Stages

- Commercial (BCBS, Aetna, UHC, Cigna, Humana, etc.)
- Government (No contract for Mcr and Mcd, per se, but get Fee Schedules)
 - Medicare
 - Medicaid
 - Tricare – HealthNet = West AND Humana Military = East
 - VA – tend to be at 100% Natl Mcr
- Government Replacement
 - Medicare Advantage Organizations (MAO) – Differ from Supplements
 - Medicaid Managed Care Organizations (MCO)
- Workers Comp/Auto – if rarely see, consider excluding from contracts
 - Find state FS if appropriate for your specialty and if one applies – few states based on UCR
- Networks – rented by payers and TPAs – ex: Multiplan and TRPN

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Can you negotiate with Tricare Contractors or Medicare/Medicaid MAOs and MCOs? YES

- Tricare:
 - Tricare Max Allowable essentially = Mcr rates
 - % discount is not required by Dept of Defense but DOD contractors
 - HealthNet (WEST) & Humana Military (EAST) often require 10% to 25% discount
 - Usual Language in Rate Exhibit: "Lesser of" % of Max Allowed or % of Billed Charges
 - Example: **Lesser of** 75% Max Allowed or 80% Billed Charges
- Medicare Advantage MAOs:
 - CMS does not require rates be same as Mcr
 - Plans can cover services not covered by Mcr
 - Sequestration reduction of 2% not necessarily implied in MA contracts – See CMS May 2013 Memorandum & Covid Guidelines & \$1.9 trillion bailout w additional 4% sequestration
- Medicaid MCOs: Administered by states with significant variation by state
 - Most states have Mcd fee schedule and MCOs offer % of these – most at 100% Mcd, but not all
 - Some states like TN do not have Mcd FS where MCOs offer % Mcr
 - If you're OON, some states protect MCOs... Ex: 95% of Mcd max

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Inventory Your Agreements Distinguish Individual vs Group and Direct vs IPA/PHO

Contracted through IPA

Sort

Sort

Sort

Term

Notice

Notice Due

Notice

Reimbursement Rates

Rep Contact Info

Notice Address

Termination Date

Contract Link

Original Effvt. Date

Anniversary Date

Days to Aniv.

Term (years)

Anniv.?

Anniv. Days

Notice Date

Notes

Commercial: Lesser of Billed Charges or 100% of Payer Market Fee Schedule
MedAdv: 100% of Payer MedAdv Fee Schedule (2% Sequestration Reduction)

Provider Relations (P): 800-123-4567

Sally Jones
S.Jones@Payer2.com
(P) 270-567-8933

Sally Jones
S.Jones@Payer2.com
(P) 270-567-8933

Bob Smith
Smith@ABCIPA.com

Provider Relations
Provider.Relations@Payer4.com

Payer 1 LLC
123 Street, Suite 2
PPO Town, USA 02220
Attn: Contracting Department

Payer 2
4000 Starway Blvd
Atlanta, GA 35444

Payer 2
4000 Starway Blvd
Atlanta, GA 35444

Payer
P.O. Box 1234
Orlando, FL 32801

Payer 4
1542 W. Elm, Bldg 1400
Nashville, TN 37201

Payer 1 Grp. Agrmnt. Fully

Payer 1 Amend. Eff.

Payer 2 Indv. Agrmnt. Part.

Payer 2 Indv. Agrmnt. Part.

ABC IPA Summary Rate

Payer 4 Grp. Agrmnt. Fully

Commercial: 130% of Payer RBRVS
MedAdv: 105% of CY MCR
MCD: 105% of State MCD FS
WC: 100% of State WC FS

60 days anytime

180 days tied to anniversary

120 days tied to anniversary

90 days anytime

90 days anytime

3/1/2021

8/19/2020

8/19/2020

4/1/2021

6/15/2021

179

132

73

240

316

1

1

1

1

N

Y

Y

N

N

60

180

120

90

90

Contracted through IPA

Show All

Hide Termed Contracts

Embed PDF File

Contracts

Sample Contract1

Sample Contract2

Sample Contract3

Other Tools

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Finding Your Current Rates While there are lots of sources ... Easier said than done

- Vague Contract Exhibits referring to undefined standard market schedules and not always clear re to which products rates apply
- Rates change over the years due to amendment and proprietary market schedules or CY MCR based schedules
 - Jcodes/Injectibles can often be changed anytime w no notice required
- Special Fax and Email queries
- Web Portals – becoming MOST COMMON way to find rates
- EOB Allowables – NOT most reliable way to determine contract rates
- Request population of CPT* list by rep – ideal if they will do it
 - Always verify the \$ amounts provided against any formula in the contract

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Create a List of All CPT Codes Performed Annually with Modifiers and Fac/Non-Fac columns

- Create MS Excel Spreadsheet with ALL Practice Codes with Modifier and Place of Service (Facility or Non-Facility) for each product (HMO, PPO, Med Adv, Exchange, Medicaid, etc)

CPT	Mod	HMO	HMO	PPO	PPO	Med Adv	Med Adv
		Fac	Non Fac	Fac	Non Fac	Fac	Non Fac

If primary care or office based specialty Non-Fac only; if surgical specialty Fac and Non-Fac needed

- Send to rep to populate the dollar amount of your current reimbursement by product
- Typical responses:
 - Rep populates sometimes or limits to top/sample codes
 - Rep sends FULL fee schedule for you to cull your CPTs
 - Rep sends you to a web-portal/email/fax #
- If payer rates on portal, pull \$ amounts for ALL Codes in practice utilization & by product (HMO/PPO ETC)
Sometimes Portal is missing labs, jcodes and other codes so ask rep to fill in these gaps

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Web Portals for Rates Reliable but...

- Payer specific portal or NaviNet/Availity with ID/PW
 - Often portal is not “enabled” for FS lookup – get FS lookup enabled
 - Numerous product/plan names that do not match contract plan names, ugh! – which apply?
 - Unclear if contractual percentage has been applied
 - Limit the # codes you can retrieve at one time to 10 or 20... tedious cut and paste
 - Often labs and/or injectables are limited or not there

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Find Medicare & Contract Values for All Codes include Lab, Supplies & Injectables Understand Doses & Know Costs

Payment Allowance Limits for Medicare Part B Drugs									
Effective April 1, 2020 through June 30, 2020									
Note 1: Payment allowance limits subject to the ASP methodology are based on 4Q19 ASP data									
Note 2: The absence or presence of a HCPCS code and the payment allowance limits in this table indicate whether Medicare covers a drug. These determinations shall be made by the local MAC contractor processing the claim.									
HCPCS Code	Short Description	HCPCS Code	Payment Limit	Vaccine AWP%	Vaccine Limit	Blood AWP%	Blood Limit	CS	CF
90371__	1	Hep b ig im	1 ML	117.829					
90375__	5	Rabies ig im/sc	150 il						
90376__	6	heat treated Rbg vaccine	150 il						
90586__	6	intravascular hepa vaccine	1 EAC						
90632__	2	adult im	1 ML						

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) January 2020 Fee Schedule									
HCPCS	Mod	Moda	JURIS	CATG	Coilng	Floor	WA (NR)	WA (R)	Description
A4216	---		D	06	0.33	0.43	0.43	0.00	Sterile water/saline, 10 ml
A4217	---		D	50	3.64	3.09	3.64	0.00	Sterile water/saline, 500 ml
A4217	---	AU	D	06	3.64	3.09	3.64	0.00	Sterile water/saline, 500 ml

2020 Clinical Diagnostic Laboratory Fee Schedule									
YEAR	HCPCS	MOD	EFF_DATE	INDICATOR	RATE2020	SHORTDESC			
2020	0001U	---	20200101	N	00720.00	Rbc dna hea 35 ag 11 bid grp			
2020	0002M	---	20200101	N	00503.40	Liver dis 10 assays w/ash			
2020	0002U	---	20200101	N	00025.00	Onc clrc 3 ur metab alg plp			
2020	0003M	---	20200101	N	00503.40	Liver dis 10 assays w/nash			
2020	0003U	---	20200101	N	00950.00	Onc ovar 5 ptrn ser alg scor			

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CMS Links to find Physician Fee Schedule + Injectables, Labs, DME/Supplies

- Physician Medicare Fee Schedule
<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeeSched>
- Injectables and Immunizations- Medicare Part B Drug Average Sale Price (ASP)
<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Part-B-Drugs/McrPartBDrugAvgSalesPrice/index>
- Labs- Clinical Laboratory Fee Schedule (CLAB)
<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/ClinicalLabFeeSched/Clinical-Laboratory-Fee-Schedule-Files>
- Supplies- Durable Medical Equipment, Prosthetics/Orthotics, and Supplies Fee Schedule (DMEPOS)
<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule>

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You think you know your rates but Rates Change – How can this happen? Two primary ways...

- Amendment provisions often allow the payer or network to modify the rates without the written consent of the provider
 - Sometimes notice is required but silence = acceptance
 - Sometimes no notice is required at all, especially on Payment Policy Changes (i.e. 25 modifier) and Injectables
 - Sometimes a fixed hardcopy list of codes are sent with new rates
 - Need to find codes your practice performs, find old rate and compare to new
 - Might impact few affected high volume codes, like admin codes for allergy shots
- Rates are tied to a *payer's proprietary* Market or Standard Fee Schedule or payer's RBRVS "based on" Medicare RBRVS or Medicare payable amount.
- As the payer decides to modify its proprietary market schedule in your market, your practice has essentially agreed to accept that modification without signature, sometimes no notice required, especially for injectables.
- *Therefore, make sure you have updated the rates very recently and if assigned to staff, verify with **from where and when** exactly the schedules were pulled and to what products they apply.*

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Take Your TOTAL Annual Utilization Data from PMS for ALL PAYERS

- Select a recent but mature one-year period
- ALL billed codes and new codes should be addressed
- Include CPT, Mod, Payments, Charges, Place of Service (Facility/Non-Facility)
- Include data field that delineates payer and product (HMO, PPO, Med Adv, Exchange, etc) if possible. If not collecting now, start collecting by product for better data in future.

and Marry it with your rates

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Run a 12 Month Utilization Report

with **ALL** CPT Codes Non-Facility (Office); Facility (Hosp/ASC) if applicable
 Total All Payers A MUST; Payer Specific Helpful though
 - Consider how Covid impacted utilization period-

Practice:		Asthma and Allergy Practice X Geographic Area									
Area:		100% spec yr of Medicare	100% of Medicare	Non-Facility Conversion Factor 36.0896	Facility Conversion Factor 36.0896	Calendar Yr 2020		Charges as			
Code	Mod Description	Non-Facility	Facility	RBRVS	RBRVS	Utilization	Charges	% Mcr	Payer Max Allowed		
95146	Antigen therapy services	\$ 70.15	\$ 3.61	\$ 70.15	\$ 3.61	221	\$ 71.00	101%	\$ 98.21		
95147	Antigen therapy services	\$ 70.59	\$ 3.61	\$ 70.59	\$ 3.61	198	\$ 71.00	101%	\$ 98.83		
95148	Antigen therapy services	\$ 103.20	\$ 3.61	\$ 103.20	\$ 3.61	280	\$ 95.00	92%	\$ 144.48		
95149	Antigen therapy services	\$ 137.13	\$ 3.61	\$ 137.13	\$ 3.61	143	\$ 128.00	93%	\$ 191.98		
95165	Antigen therapy services	\$ 17.71	\$ 3.61	\$ 17.71	\$ 3.61	258110	\$ 23.00	130%	\$ 24.80		
96372	Ther/proph/diag inj sc/im	\$ 16.59	\$ 16.59	\$ 16.59	\$ 16.59	55	\$ 45.00	271%	\$ 41.01		
96401	Chemo, anti-neopl, sq/im	\$ 96.62	\$ 96.62	\$ 96.62	\$ 96.62	2534	\$ 134.00	139%	\$ 135.27		
97802	Medical nutrition, indiv, in	\$ 43.46	\$ 39.05	\$ 43.46	\$ 39.05	225	\$ 65.00	150%	\$ 60.84		
97803	Med nutrition, indiv, subseq	\$ 37.79	\$ 32.94	\$ 37.79	\$ 32.94	233	\$ 55.00	146%	\$ 52.91		
99201	Office/outpatient visit, new	\$ 53.97	\$ 30.17	\$ 53.97	\$ 30.17	11	\$ 77.00	143%	\$ 75.56		
99202	Office/outpatient visit, new	\$ 88.71	\$ 57.42	\$ 88.71	\$ 57.42	43	\$ 129.00	145%	\$ 124.19		
99203	Office/outpatient visit, new	\$ 124.97	\$ 85.75	\$ 124.97	\$ 85.75	2152	\$ 186.00	149%	\$ 174.96		
99204	Office/outpatient visit, new	\$ 189.38	\$ 146.64	\$ 189.38	\$ 146.64	8987	\$ 281.00	148%	\$ 265.14		
99205	Office/outpatient visit, new	\$ 238.67	\$ 191.52	\$ 238.67	\$ 191.52	230	\$ 352.00	147%	\$ 334.14		
99211	Office/outpatient visit, est	\$ 27.55	\$ 10.36	\$ 27.55	\$ 10.36	744	\$ 35.00	127%	\$ 38.57		
99212	Office/outpatient visit, est	\$ 53.53	\$ 29.29	\$ 53.53	\$ 29.29	195	\$ 76.00	142%	\$ 74.94		
99213	Office/outpatient visit, est	\$ 87.12	\$ 58.04	\$ 87.12	\$ 58.04	7044	\$ 125.00	143%	\$ 121.97		
99214	Office/outpatient visit, est	\$ 125.75	\$ 89.18	\$ 125.75	\$ 89.18	15001	\$ 184.00	146%	\$ 176.05		
99215	Office/outpatient visit, est	\$ 168.31	\$ 126.01	\$ 168.31	\$ 126.01	239	\$ 247.00	147%	\$ 235.64		

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At this Stage, Stop and Evaluate Charges Why?

- All too often, practices have certain codes that fall below contract rates and almost all contracts have "lesser of charges or contract rate" provision
 - Contracts that are primarily based on a percent off of charges will be devastating if ...
 - *Example: Charges are at 150% of CY Mcr and the agreement pays 50% of charges – you are agreeing to get paid 75% of CY Mcr.*
 - Many agreements default to a very low % of charges if no value for a specific code is in payer FS
 - ...default often at 35 to 50% of billed charges
-
- Note: With few exceptions - Charge the same for all payers, even self-pay, for single analysis basis across all payer types... why?

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Create a Side-By-Side Line Up of all your Payers' and Medicare Rates Best to Include Charges, Max Allowable and Utilization too

the business side of healthcare

Code	Modfile Description	% of Medicare		Non-Facility Conversion Factor		Facility Conversion Factor		Utilization (2019)	Payer Max Allowable	Payer 1				Payer 2				Payer 2					
		100.0%	100.0%	36.0896		36.0896				Commercial	MedAdv	All (Dr. Adam)		All (Dr. Barry)		Commercial		MedAdv		All (Dr. Adam)		All (Dr. Barry)	
		Non-Facility	Facility	RBRVS	RBRVS	NF	FAC			Charges	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF
99202	Office/outpatient visit, new	\$77.14	\$51.21	\$77.14	\$51.21	23	0	\$142.00	\$104.14	\$69.13	\$92.57	\$61.45	\$75.60	\$50.19	\$86.40	\$57.36	\$104.14	\$69.13	\$100.28	\$66.14	\$100.28	\$66.14	
99203	Office/outpatient visit, new	\$168.16	\$106.66	\$168.16	\$106.66	1197	0	\$202.00	\$147.37	\$103.49	\$130.99	\$91.99	\$106.98	\$75.13	\$122.26	\$85.86	\$147.37	\$103.49	\$141.91	\$91.99	\$141.91	\$91.99	
99204	Office/outpatient visit, new	\$166.55	\$131.12	\$166.55	\$131.12	4284	0	\$308.00	\$224.84	\$177.01	\$199.86	\$157.34	\$163.22	\$128.50	\$146.85	\$224.84	\$177.01	\$177.01	\$216.52	\$177.01	\$216.52	\$177.01	
99205	Office/outpatient visit, new	\$210.37	\$171.30	\$210.37	\$171.30	50	0	\$387.00	\$284.01	\$231.26	\$252.45	\$205.56	\$206.17	\$167.87	\$235.62	\$191.86	\$284.01	\$231.26	\$273.49	\$231.26	\$273.49	\$231.26	
99211	Office/outpatient visit, est	\$23.59	\$9.35	\$23.59	\$9.35	9	0	\$41.00	\$31.85	\$12.62	\$28.31	\$11.22	\$23.12	\$9.16	\$26.42	\$10.47	\$31.85	\$12.62	\$30.67	\$12.62	\$30.67	\$12.62	
99212	Office/outpatient visit, est	\$46.20	\$26.11	\$46.20	\$26.11	257	0	\$83.00	\$62.37	\$35.25	\$55.44	\$31.34	\$45.28	\$25.59	\$51.74	\$29.25	\$62.37	\$35.25	\$60.06	\$35.25	\$60.06	\$35.25	
99213	Office/outpatient visit, est	\$76.10	\$51.99	\$76.10	\$51.99	4580	0	\$137.00	\$102.74	\$70.19	\$91.32	\$62.39	\$74.58	\$50.95	\$85.23	\$58.23	\$102.73	\$70.19	\$98.93	\$70.19	\$98.93	\$70.19	
99214	Office/outpatient visit, est	\$110.36	\$80.05	\$110.36	\$80.05	854	0	\$169.00	\$148.99	\$108.97	\$132.43	\$96.06	\$108.15	\$78.45	\$123.60	\$89.66	\$148.99	\$108.97	\$152.62	\$108.97	\$152.62	\$108.97	
99215	Office/outpatient visit, est	\$148.17	\$113.11	\$148.17	\$113.11	103	2	\$333.00	\$200.03	\$152.70	\$177.81	\$135.73	\$145.21	\$110.85	\$165.95	\$126.68	\$200.03	\$152.70	\$191.26	\$152.70	\$191.26	\$152.70	
99218	Observation care	\$101.07	\$101.07	\$101.07	\$101.07	0	13	\$160.00	\$136.45	\$136.45	\$121.29	\$121.29	\$99.05	\$99.05	\$113.20	\$113.20	\$136.45	\$136.45	\$131.39	\$136.45	\$136.45	\$136.45	
99219	Observation care	\$137.53	\$137.53	\$137.53	\$137.53	0	12	\$263.00	\$185.67	\$185.67	\$165.04	\$165.04	\$134.78	\$134.78	\$154.03	\$154.03	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	
99220	Observation care	\$187.33	\$187.33	\$187.33	\$187.33	0	13	\$384.00	\$252.90	\$252.90	\$224.80	\$224.80	\$183.59	\$183.59	\$209.81	\$209.81	\$252.90	\$252.90	\$252.90	\$252.90	\$252.90	\$252.90	
99221	Initial hospital care	\$103.06	\$103.06	\$103.06	\$103.06	2	32	\$237.00	\$139.13	\$139.13	\$123.67	\$123.67	\$101.00	\$101.00	\$115.43	\$115.43	\$139.13	\$139.13	\$139.13	\$139.13	\$139.13	\$139.13	
99222	Initial hospital care	\$139.44	\$139.44	\$139.44	\$139.44	0	82	\$263.00	\$186.25	\$186.25	\$167.53	\$167.53	\$136.65	\$136.65	\$156.18	\$156.18	\$186.25	\$186.25	\$186.25	\$186.25	\$186.25	\$186.25	
99223	Initial hospital care	\$204.96	\$204.96	\$204.96	\$204.96	0	65	\$473.00	\$276.70	\$276.70	\$245.96	\$245.96	\$200.86	\$200.86	\$229.56	\$229.56	\$276.70	\$276.70	\$276.70	\$276.70	\$276.70	\$276.70	
99224	Subsequent observation care	\$40.17	\$40.17	\$40.17	\$40.17	0	11	\$160.00	\$54.23	\$54.23	\$48.20	\$48.20	\$39.37	\$39.37	\$44.99	\$44.99	\$54.23	\$54.23	\$54.23	\$54.23	\$54.23	\$54.23	
99225	Subsequent observation care	\$73.66	\$73.66	\$73.66	\$73.66	0	16	\$132.00	\$99.44	\$99.44	\$88.39	\$88.39	\$72.19	\$72.19	\$82.50	\$82.50	\$99.44	\$99.44	\$99.44	\$99.44	\$99.44	\$99.44	
99231	Subsequent hospital care	\$39.80	\$39.80	\$39.80	\$39.80	0	19	\$96.00	\$53.73	\$53.73	\$47.76	\$47.76	\$39.01	\$39.01	\$44.56	\$44.56	\$53.73	\$53.73	\$53.73	\$53.73	\$53.73	\$53.73	
99232	Subsequent hospital care	\$73.29	\$73.29	\$73.29	\$73.29	0	10	\$171.00	\$98.94	\$98.94	\$87.95	\$87.95	\$71.82	\$71.82	\$82.09	\$82.09	\$98.94	\$98.94	\$98.94	\$98.94	\$98.94	\$98.94	
99233	Subsequent hospital care	\$105.62	\$105.62	\$105.62	\$105.62	0	26	\$246.00	\$142.59	\$142.59	\$126.75	\$126.75	\$103.51	\$103.51	\$115.59	\$115.59	\$142.59	\$142.59	\$142.59	\$142.59	\$142.59	\$142.59	
99238	Hospital discharge day	\$74.07	\$74.07	\$74.07	\$74.07	0	2	\$170.00	\$99.99	\$99.99	\$88.88	\$88.88	\$72.59	\$72.59	\$82.96	\$82.96	\$99.99	\$99.99	\$99.99	\$99.99	\$99.99	\$99.99	
99243	Office consultation	\$0.00	\$0.00	\$125.63	\$98.23	0	2	\$313.00	\$169.60	\$132.62	\$150.75	\$117.88	\$123.11	\$96.27	\$140.70	\$110.02	\$169.60	\$132.62	\$169.60	\$132.62	\$169.60	\$132.62	\$169.60
99244	Office consultation	\$0.00	\$0.00	\$158.05	\$158.05	0	2	\$341.00	\$253.80	\$213.37	\$225.60	\$189.66	\$184.24	\$154.80	\$154.80	\$177.02	\$253.80	\$213.37	\$253.80	\$213.37	\$253.80	\$213.37	\$253.80
99251	Initial inpatient consult	\$0.00	\$0.00	\$50.45	\$50.45	0	2	\$123.00	\$68.11	\$68.11	\$60.54	\$60.54	\$49.44	\$49.44	\$56.50	\$56.50	\$50.45	\$50.45	\$50.45	\$50.45	\$50.45	\$50.45	
99252	Initial inpatient consult	\$0.00	\$0.00	\$50.45	\$50.45	0	2	\$123.00	\$68.11	\$68.11	\$60.54	\$60.54	\$49.44	\$49.44	\$56.50	\$56.50	\$50.45	\$50.45	\$50.45	\$50.45	\$50.45	\$50.45	
99253	Initial inpatient consult	\$0.00	\$0.00	\$117.95	\$117.95	0	28	\$290.00	\$159.23	\$159.23	\$141.54	\$141.54	\$115.59	\$115.59	\$132.10	\$132.10	\$159.23	\$159.23	\$159.23	\$159.23	\$159.23	\$159.23	
99254	Initial inpatient consult	\$0.00	\$0.00	\$171.68	\$171.68	0	18	\$410.00	\$231.76	\$231.76	\$206.01	\$206.01	\$168.24	\$168.24	\$192.28	\$192.28	\$231.76	\$231.76	\$231.76	\$231.76	\$231.76	\$231.76	
99282	Emergency dept visit	\$43.91	\$43.91	\$43.91	\$43.91	0	3	\$100.00	\$59.28	\$59.28	\$52.69	\$52.69	\$43.03	\$43.03	\$49.18	\$49.18	\$59.28	\$59.28	\$59.28	\$59.28	\$59.28	\$59.28	
99283	Emergency dept visit	\$65.70	\$65.70	\$65.70	\$65.70	0	4	\$153.00	\$88.70	\$88.70	\$78.84	\$78.84	\$64.39	\$64.39	\$73.58	\$73.58	\$88.70	\$88.70	\$88.70	\$88.70	\$88.70	\$88.70	

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Now Let's Determine Who's Robbing You Most

the business side of healthcare

Code	Modfile Description	% of Medicare		Non-Facility Conversion Factor		Facility Conversion Factor		Utilization (2019)	Payer Max Allowable	Payer 1				Payer 2				Payer 2				Payer 3			
		100.0%	100.0%	36.0896		36.0896				Commercial	MedAdv	All (Dr. Adam)		All (Dr. Barry)		Commercial		MedAdv		All (Dr. Adam)		All (Dr. Barry)		Commercial	
		Non-Facility	Facility	RBRVS	RBRVS	NF	FAC			Charges	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF	FAC	NF
99202	Office/outpatient visit, new	\$77.14	\$51.21	\$77.14	\$51.21	23	0	\$142.00	\$104.14	\$69.13	\$92.57	\$61.45	\$75.60	\$50.19	\$86.40	\$57.36	\$104.14	\$69.13	\$100.28	\$66.14	\$100.28	\$66.14	\$100.28	\$66.14	
99203	Office/outpatient visit, new	\$168.16	\$106.66	\$168.16	\$106.66	1197	0	\$202.00	\$147.37	\$103.49	\$130.99	\$91.99	\$106.98	\$75.13	\$122.26	\$85.86	\$147.37	\$103.49	\$141.91	\$91.99	\$141.91	\$91.99	\$141.91	\$91.99	
99204	Office/outpatient visit, new	\$166.55	\$131.12	\$166.55	\$131.12	4284	0	\$308.00	\$224.84	\$177.01	\$199.86	\$157.34	\$163.22	\$128.50	\$146.85	\$224.84	\$177.01	\$177.01	\$216.52	\$177.01	\$216.52	\$177.01	\$216.52	\$177.01	
99205	Office/outpatient visit, new	\$210.37	\$171.30	\$210.37	\$171.30	50	0	\$387.00	\$284.01	\$231.26	\$252.45	\$205.56	\$206.17	\$167.87	\$235.62	\$191.86	\$284.01	\$231.26	\$273.49	\$231.26	\$273.49	\$231.26	\$273.49	\$231.26	
99211	Office/outpatient visit, est	\$23.59	\$9.35	\$23.59	\$9.35	9	0	\$41.00	\$31.85	\$12.62	\$28.31	\$11.22	\$23.12	\$9.16	\$26.42	\$10.47	\$31.85	\$12.62	\$30.67	\$12.62	\$30.67	\$12.62	\$30.67	\$12.62	
99212	Office/outpatient visit, est	\$46.20	\$26.11	\$46.20	\$26.11	257	0	\$83.00	\$62.37	\$35.25	\$55.44	\$31.34	\$45.28	\$25.59	\$51.74	\$29.25	\$62.37	\$35.25	\$60.06	\$35.25	\$60.06	\$35.25	\$60.06	\$35.25	
99213	Office/outpatient visit, est	\$76.10	\$51.99	\$76.10	\$51.99	4580	0	\$137.00	\$102.74	\$70.19	\$91.32	\$62.39	\$74.58	\$50.95	\$85.23	\$58.23	\$102.73	\$70.19	\$98.93	\$70.19	\$98.93	\$70.19	\$98.93	\$70.19	
99214	Office/outpatient visit, est	\$110.36	\$80.05	\$110.36	\$80.05	854	0	\$169.00	\$148.99	\$108.97	\$132.43	\$96.06	\$108.15	\$78.45	\$123.60	\$89.66	\$148.99	\$108.97	\$152.62	\$108.97	\$152.62	\$108.97	\$152.62	\$108.97	
99215	Office/outpatient visit, est	\$148.17	\$113.11	\$148.17	\$113.11	103	2	\$333.00	\$200.03	\$152.70	\$177.81	\$135.73	\$145.21	\$110.85	\$165.95	\$126.68	\$200.03	\$152.70	\$191.26	\$152.70	\$191.26	\$152.70	\$191.26	\$152.70	
99218	Observation care	\$101.07	\$101.07	\$101.07	\$101.07	0	13	\$160.00	\$136.45	\$136.45	\$121.29	\$121.29	\$99.05	\$99.05	\$113.20	\$113.20	\$136.45	\$136.45	\$131.39	\$136.45	\$136.45	\$136.45	\$136.45	\$136.45	
99219	Observation care	\$137.53	\$137.53	\$137.53	\$137.53	0	12	\$263.00	\$185.67	\$185.67	\$165.04	\$165.04	\$134.78	\$134.78	\$154.03	\$154.03	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	\$185.66	
99220	Observation care	\$187.33	\$187.33	\$187.33	\$187.33	0	13	\$384.00	\$252.90	\$252.90	\$224.80	\$224.80	\$183.59	\$183.59	\$209.81	\$209.81	\$252.90	\$252.90	\$252.90	\$252.90	\$2				

Calculating the “What If” Comparison what if total utilization is multiplied by each payer’s utilization

CPT Code		NF Util.	Payer 1	Rates x Util.	Payer 2	Rates x Util.	Payer 3	Rates x Util.	Payer 4	Rates x Util.	Payer 5	Rates x Util.	Payer 6	Rates x Util.	100% of 2020 MCR	Rates x Util.
10060	Surgery	6	\$168.94	\$1,013.66	\$124.22	\$745.34	\$116.77	\$700.62	\$178.88	\$1,073.29	\$181.37	\$1,088.19	\$176.40	\$1,058.38	\$124.22	\$745.34
10120	Surgery	3	\$212.16	\$636.48	\$156.00	\$468.00	\$146.64	\$439.92	\$224.64	\$673.92	\$227.76	\$683.28	\$221.52	\$664.56	\$156.00	\$468.00
10160	Surgery	3	\$182.15	\$546.45	\$133.93	\$401.80	\$125.90	\$377.70	\$192.87	\$578.60	\$195.54	\$586.63	\$190.19	\$570.56	\$133.93	\$401.80
11055	Surgery	8	\$87.93	\$703.44	\$64.65	\$517.23	\$60.77	\$486.20	\$93.10	\$744.82	\$94.40	\$755.16	\$91.81	\$734.47	\$64.65	\$517.23
11056	Surgery	3	\$103.55	\$310.65	\$76.14	\$228.42	\$71.57	\$214.71	\$109.64	\$328.92	\$111.16	\$333.49	\$108.12	\$324.36	\$76.14	\$228.42
11720	Surgery	3	\$45.73	\$137.18	\$33.62	\$100.87	\$31.61	\$94.82	\$48.42	\$145.25	\$49.09	\$147.27	\$47.74	\$143.23	\$33.62	\$100.87
11730	Surgery	6	\$154.51	\$927.08	\$113.61	\$681.68	\$106.80	\$640.77	\$163.60	\$981.61	\$165.87	\$995.25	\$161.33	\$967.98	\$113.61	\$681.68
11750	Surgery	115	\$218.99	\$25,184.02	\$161.02	\$18,517.66	\$151.36	\$17,406.60	\$231.87	\$26,665.43	\$235.09	\$27,035.78	\$228.65	\$26,295.08	\$161.02	#####
12001	Surgery	3	\$126.26	\$378.79	\$92.84	\$278.52	\$87.27	\$261.81	\$133.69	\$401.08	\$135.55	\$406.65	\$131.84	\$395.51	\$92.84	\$278.52
12002	Surgery	3	\$154.25	\$462.75	\$113.42	\$340.26	\$106.61	\$319.84	\$163.32	\$489.97	\$165.59	\$496.78	\$161.06	\$483.17	\$113.42	\$340.26
20520	Surgery	4	\$295.80	\$1,183.20	\$217.50	\$870.00	\$204.45	\$817.80	\$313.20	\$1,252.80	\$317.55	\$1,270.20	\$308.85	\$1,235.40	\$217.50	\$870.00
20526	Surgery	53	\$109.72	\$5,815.41	\$80.68	\$4,276.04	\$75.84	\$4,019.48	\$116.18	\$6,157.50	\$117.79	\$6,243.02	\$114.57	\$6,071.98	\$80.68	\$4,276.04
20527	Surgery	14	\$118.44	\$1,658.19	\$87.09	\$1,219.26	\$81.86	\$1,146.10	\$125.41	\$1,755.73	\$127.15	\$1,780.12	\$123.67	\$1,731.35	\$87.09	\$1,219.26
20550	Surgery	465	\$76.21	\$35,439.70	\$56.04	\$26,058.60	\$52.68	\$24,495.08	\$80.70	\$37,524.38	\$81.82	\$38,045.56	\$79.58	\$37,003.21	\$56.04	#####
20551	Surgery	9	\$78.20	\$703.80	\$57.50	\$517.50	\$54.05	\$486.45	\$82.80	\$745.20	\$83.95	\$755.55	\$81.65	\$734.85	\$57.50	\$517.50
20552	Surgery	66	\$77.75	\$5,131.70	\$57.17	\$3,773.31	\$53.74	\$3,546.91	\$82.33	\$5,433.56	\$83.47	\$5,509.03	\$81.18	\$5,358.10	\$57.17	\$3,773.31
20600	Surgery	140	\$70.30	\$9,842.34	\$51.69	\$7,237.01	\$48.59	\$6,802.79	\$74.44	\$10,421.30	\$75.47	\$10,566.04	\$73.40	\$10,276.56	\$51.69	\$7,237.01
20605	Surgery	232	\$72.77	\$16,883.60	\$53.51	\$12,414.42	\$50.30	\$11,669.55	\$77.05	\$17,876.76	\$78.13	\$18,125.05	\$75.98	\$17,628.47	\$53.51	#####
20610	Surgery	2076	\$86.34	\$179,239.58	\$63.48	#####	\$59.68	\$123,886.18	\$91.42	#####	\$92.69	#####	\$90.15	\$187,147.21	\$63.48	#####
20612	Surgery	43	\$86.17	\$3,705.46	\$63.36	\$2,724.60	\$59.56	\$2,561.13	\$91.24	\$3,923.43	\$92.51	\$3,977.92	\$89.98	\$3,868.94	\$63.36	\$2,724.60
25600	Surgery	3	\$465.91	\$1,397.73	\$342.58	\$1,027.74	\$322.03	\$966.08	\$493.32	\$1,479.95	\$500.17	\$1,500.50	\$486.46	\$1,459.39	\$342.58	\$1,027.74
25605	Surgery	6	\$758.69	\$4,552.14	\$557.86	\$3,347.16	\$524.39	\$3,146.33	\$803.32	\$4,819.91	\$814.48	\$4,886.85	\$792.16	\$4,752.97	\$557.86	\$3,347.16
26341	Surgery	13	\$149.48	\$1,943.21	\$109.91	\$1,428.83	\$103.32	\$1,343.10	\$158.27	\$2,057.52	\$160.47	\$2,086.09	\$156.07	\$2,028.94	\$109.91	\$1,428.83
26600	Surgery	4	\$416.22	\$1,664.87	\$306.04	\$1,224.17	\$287.68	\$1,150.72	\$440.70	\$1,762.81	\$446.82	\$1,787.29	\$434.58	\$1,738.32	\$306.04	\$1,224.17
26605	Surgery	11	\$456.45	\$5,020.94	\$335.62	\$3,691.87	\$315.49	\$3,470.36	\$483.30	\$5,316.29	\$490.01	\$5,390.13	\$476.59	\$5,242.46	\$335.62	\$3,691.87
26725	Surgery	3	\$476.30	\$1,428.91	\$350.22	\$1,050.67	\$329.21	\$987.63	\$504.32	\$1,512.97	\$511.33	\$1,533.98	\$497.32	\$1,491.95	\$350.22	\$1,050.67

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If Missing Rates for Any Payers – Exclude Code

- Having a \$0 value for any payer for a code can inappropriately imply the payer pays \$0, and the amount might just be missing and not \$0, thus incorrectly understating that payer’s aggregate fee schedule value in the comparison
- If little-to-no utilization of code, don’t sweat it.
- If highly utilized code or a high reimbursement amount code, be diligent in asking rep for the code if not in portal
- If issue is a new replacement code, replace old code in the data with the new code using old code utilization
- Be cognizant that just because there is a rate in a schedule it does not mean it is a covered service

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Roll Up Total ALL PAYER Utilization X Each Payer's FS

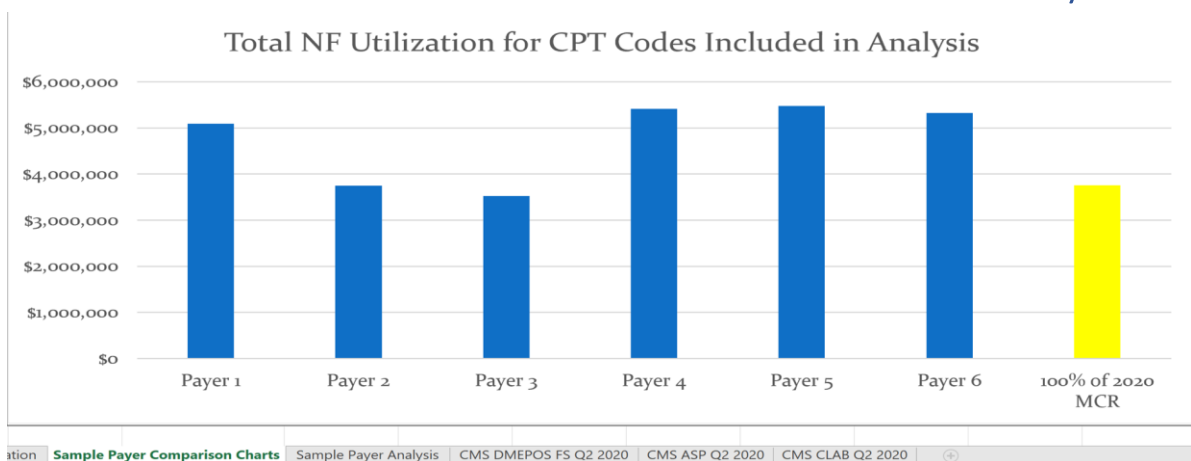
C	D	E	F	G	H	I	J
	Payer 1	Payer 2	Payer 3	Payer 4	Payer 5	Payer 6	100% of 2020 MCR
Surgery	\$445,224	\$327,371	\$307,728	\$471,414	\$477,961	\$464,866	\$327,371
Radiology	\$758,860	\$557,985	\$524,506	\$803,498	\$814,658	\$792,339	\$557,985
Lab	\$133	\$98	\$92	\$141	\$143	\$139	\$98
Medicine	\$6,083	\$4,472	\$4,204	\$6,440	\$6,530	\$6,351	\$4,472
E&M	\$2,974,865	\$2,187,401	\$2,056,157	\$3,149,857	\$3,193,605	\$3,106,109	\$2,187,401
Injectables	\$326,738	\$240,248	\$225,833	\$345,958	\$350,763	\$341,153	\$240,248
DME	\$632,105	\$464,783	\$436,896	\$669,288	\$678,584	\$659,992	\$464,783
Total	\$5,144,008	\$3,782,359	\$3,555,417	\$5,446,596	\$5,522,244	\$5,370,949	\$3,782,359

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Payer Fee Schedule Comparison – Non Facility All CPT Bands – What If Total Utilization X Each Payer FS

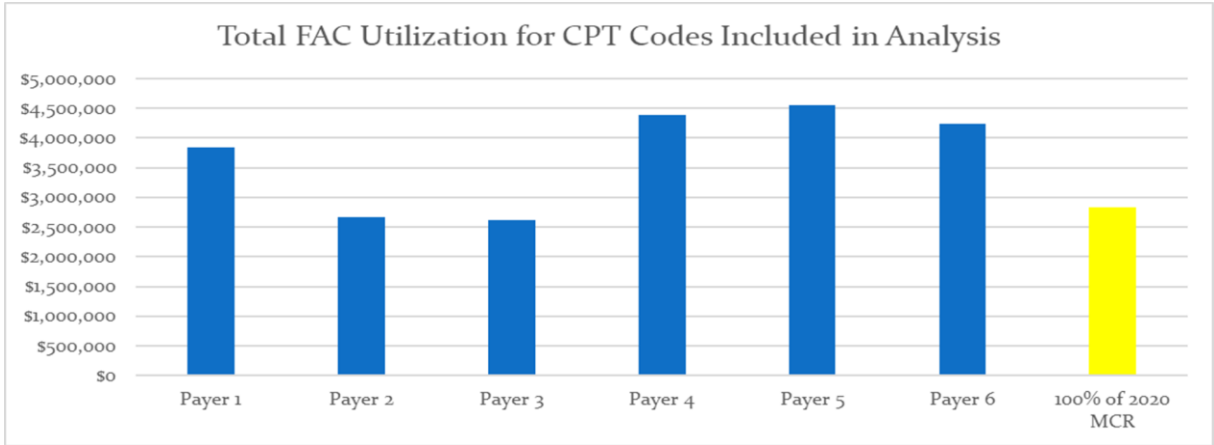


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Payer Fee Schedule Comparison – Facility All CPT Bands – What If Total Utilization X Each Payer FS

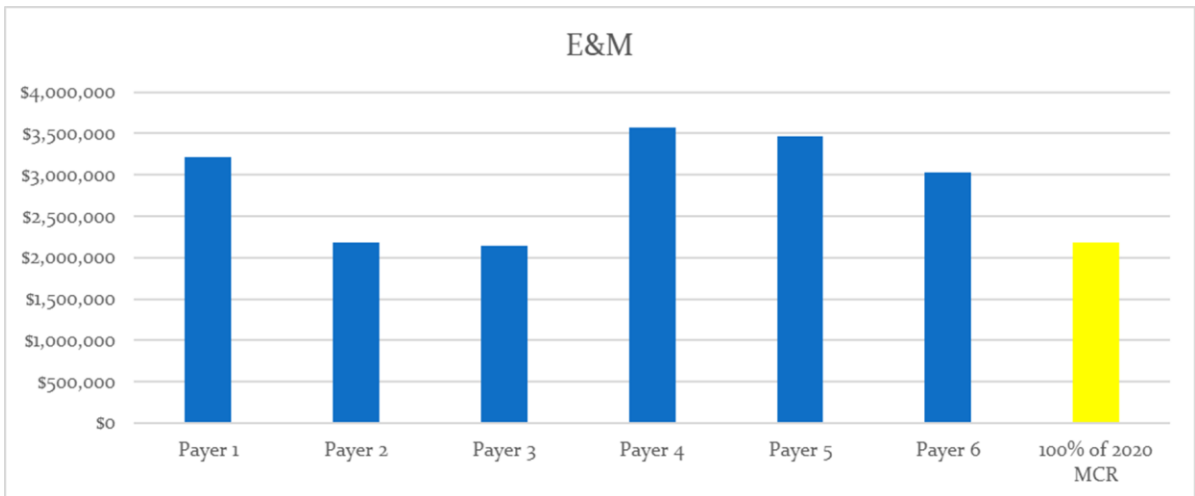


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Evaluation and Management NF – What If



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Do “What If” Analysis for All Major Bands as well

- E&M
- Surgical
- Medicine
- Lab
- Radiology
- Injectable Challenges – especially JCodes and Immunizations
- Sometimes use Specialty Band Subset – Examples:
 - Peds- subset analysis Preventive Visits, Immunization Admin
 - Derm – subset analysis of dermatopathology or Mohs
 - Rad – subset analysis of high tech MRI and CT
 - Oncology/Urology – Cull Radiation treatment out of rad band

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If Disappointing Offer but Don't want to Walk... Try Carve-outs, Multi Year Escalator &/or Restrict Initial Term to 1 Yr

	Payer 3 Current	Payer 3 Proposal on 8/1/2020	Practice Counter on 8/15/2020	Payer 3 Counter Y1 on 10/15/20	Payer 3 Counter Y2 on 10/15/20	100% of 2020 MCR
Surg	\$2,784,894	\$2,868,441	\$3,620,362	\$2,924,138	\$3,063,383	\$2,784,894
Rad	\$384	\$395	\$499	\$403	\$422	\$384
E&M	\$55,298	\$56,957	\$71,887	\$58,063	\$60,827	\$55,298
HCPCS	\$3,823	\$3,938	\$4,970	\$4,014	\$4,206	\$3,823
Total	\$2,844,399	\$2,929,731	\$3,697,718	\$2,986,619	\$3,128,838	\$2,844,399
% of 2020 MCR	100%	103%	130%	105%	110%	100%

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Use Your Contract Inventory Notice Dates and Comparative Line Up of Rates and Utilization to determine what to tackle and when

- Which payers' rates need most attention
- Payer Mix – what % of business for each payer
- What date can you notify the payer or network
- Does contract allow off-anniversary notice
- Send notices to initial payers – don't negotiate too many at one time – overwhelming
- Get concurrence of your physicians/managers
- Send notices

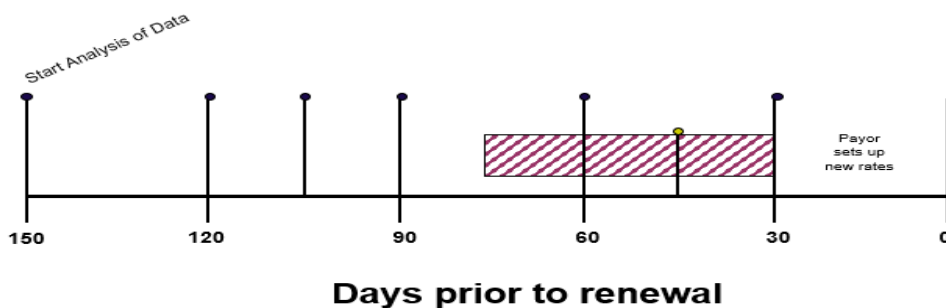
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Term and Termination Provisions Set Timeline For Re-Negotiations –

Know when you can go to the table



Example assumes 90-day notice is contractually required.

 Major negotiation period

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Getting the Notice and Negotiation Started

- Find notice terms and termination provisions – these drive when and how notice is to be sent
- Decide upon the payer or network with which to negotiate based on...
 1. notice dates and
 2. financial impact on practice of payer rates
 - both strength of schedule and % market share of payer
- You will be inclined to want to negotiate the whole darn bunch of them but generally don't tackle more than two major negotiations at one time

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Challenges and Tips Regarding Renegotiation Notice

- Know #days notice required and if tied to anniversary
- Rarely a “renegotiation” clause – Use Term and Termination provision as the driver
- If Individual vs Group Agreement - all providers sign
- Info to include covered later in session
- Send w signature receipt required and SAVE proof
- Plan to follow up – you drive the timeline
 - Without Termination Date on Table – Payer is rarely in any hurry

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What if you ask nicely without term notice?

- Sometimes the payer will come to the table in good faith and negotiate without the threat of termination - rarely, but if paper is old they want to get a compliant agreement done too.
- Agreements lack a “re-negotiation” clause so often termination is the only contractual mechanism to use
- Unfortunately, without term notice, there is no hurry on the payer’s or network’s part and so expect LONG delays in responses
- If termination is *tied to anniversary* and you try w/out termination, and then get frustrated with the negotiation, you may have to wait a year to get tougher because you just missed the notice period

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Let’s write your notice to Renegotiate/Terminate Send w Proof of delivery to Contract Notice Address and to Rep

- Practice name
- Practice TIN, Group NPI and Locations
- Physicians and Mid-levels w Individual NPI
- If Individual Agreements – signature of each provider
- **Intent to renegotiate but with termination date** if terms not agreed upon by given date
- Date by which you request a response
- On Letterhead
- Keep the delivery receipt until negotiations are done

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What if you are leaving IPA or PHO and Negotiating a Direct Agreement

- Send Directly to IPA/PHO but also to Payer advising you are leaving IPA/PHO and wish to go direct
- Review your IPA or PHO agreement to determine what notice to the IPA or PHO is required
- Remember that your credentialing may be “delegated” through the IPA/PHO and you will need to credential directly – ask payer about how to make this transition without a non-par gap.

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Have a decent rep?

- There are some very professional reps out there – wish it was the majority
- Some Payers and Networks have gone to a no-assigned rep approach – generic email, phone, fax
- Give the rep a ring or email with a heads up to advise you are sending formal notice per the contract terms and advise you wanted to give a courtesy heads-up and not blind-side him/her.

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Prepare List of Things That Sets You Apart for Negotiating Leverage – save these for later

- Primary Care – most markets have a shortage and members are very loyal to PCPs; Employers want happy employees
- Specialists – unique procedures, highly trained, shortage in market, certain govt plans require access to members, etc; Orthopedics prime to offer bundled payment program for joints
- Put yourself in their shoes – they want to keep costs down
 - Extended Hours – reduces payers' cost for the very expensive ER visits
 - Willingness to hear what your practice can do to change utilization/referral patterns or facility use or improve their Members' experience
 - Happy to consider performance based programs – most today are for PCPs
 - Payers are looking to keep their customers, mostly employers, happy
- Employers with which you have a very good working relationship – keep them informed

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As you send notices.... Ask yourself this serious question

Are you ready to walk out on the contract and actually terminate if the network will not present the rates and terms that you require?



How Well Do You Play ???

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Expected responses to your notice

- Due to reform we are not able to entertain any rate increases at this time. Our CEO needs to continue her \$24mil base salary and if we give you an increase, she won't meet her bonus goals.
- You are asking for a 23% increase all at one time – we can't do that. It is not our fault that you did not complain the last ten years as we kept lowering your rates.
- We cannot provide an increase at this time but we can consider your eligibility for our P4P program that pays a pittance and it will be paid a year and a half after the period for which you are being reviewed
- THE CLASSIC _ You are at market schedule and other providers accept these rates - So What! So they haven't evaluated their contract either?

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None of these are reasonable – Respond with confidence

- We understand that your company would like to keep our rates at current schedules which are no longer sustainable for our practice....
- Cite concise value added info about your practice and state:
...I would like to prepare an offer for your consideration. Would it be best to base it on:
 - Current proprietary schedule or a particular year and locality of Medicare or
 - If Mcr, what year and locality
 - Carve-outs of highly utilized or specialty codes
 - Oh and...What would be the initial term of the new schedule?

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Before We Wrap Up Today... Few Tips on unforeseen issues you will encounter

- Who has access to the agreements?
- How to prepare if you plan to walk (or bluff)
- How to manage the timeline if term date approaching
- State Laws that can impact negotiations or term
- What if you are in a CIN or contracted with a IPA or PHO

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If You Do Walk...

- Ask payer if and when member letters will drop in the mail
 - Know your state's law, if any, re member notices
- Request copy of Letter in advance from payer and list of members to whom they will send
- Notify Patients with your own notice – make it about the patient as much as possible
- Ask payer how Continuity of Care in your agreement and members certificate will be administered
 - Know your state's law re Continuity of Care
- Educate Schedulers and Billing Staff
- Establish Policy if Payer direct pays to patients
- Educate Employers and Patients w/o sharing confidential info

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If Negotiations Are Going OK But Need More Time

- If termination date is approaching and law or payer guidelines require member notices soon, put an extension on the table to postpone notices.
- Ask payer if email extension is adequate or does it need to be on letterhead
- Typically 15 to 30 day extension is adequate to wrap up; keeps all parties focused on new deadline
- Payers often ask practice to “rescind” vs extend – in most cases don’t take potential term off table, just extend deadline and/or term date

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Research Your State Laws

These apply to insured plans but you can make them apply to self-funded

- Among laws that usually work for you in negotiations ...if they exist
 - Timely Payment
 - Timely Filing
 - Medical Necessity
 - Material Change/Amendment
 - Over/Underpayment and Offsets
 - Credentialing Timeframes
 - Any Willing Provider
 - Fee Schedule Disclosure
 - Assignment of Benefits upon Termination



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State Laws Working Against you

- Among laws that can work AGAINST you in negotiations...if a law exist...and these do exist in most states...
 - Patient Hold Harmless*
 - Continuity of Care Upon Termination
 - Offsets

*Most states require reserves for HMOs and insured plans but DOL does not require reserves of self-funded plans. If insolvent the insured plan has funds to pay run out claims as the plan phases out.

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Do you need to be in every network?

NO

Certain Specialties can survive more easily
than others without payer and network
agreements

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In Conclusion... Initial Phase of Project

- Start by gathering your agreements/addenda and rates for all codes
- Use ALL codes and Weight by All Payer Utilization to compare fee schedules “apples to apples” – payer to payer and Medicare
- Know When and How to initiate a negotiation and manage the timeline using contractual terms
- Prepare and/or Manage... do it right!
 - Timelines – Notice to Payers, Term Dates, Member Notices
 - What Makes you Special from Payer perspective
 - State Laws
 - Ask Payer What Kind of Offer They Can Administer

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Questions?

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