

Spring Cleaning

By Ashley Elmore and Trista Nelson

It's that time of year, when spring is right around the corner. As we are preparing to spring clean our homes and spruce up our yards, it's also time to dust off those payer contracts.

Here are some things you can do to spring clean your contracts:

- Catalog your contracts – know your renewal dates, familiarize yourself with the term of contracts, determine if you have to terminate on the anniversary date, and compile a summary of your rates.
- Are you at the end of the contract term? Some contracts are evergreen and automatically renew year to year. Others have term limits.
- Have you added additional services, locations or providers that need to be accounted for? It is very important that you are paid appropriately for all of the services your practice provides. This is also a good time to ensure the payers have all of your providers and locations loaded correctly in their systems.
- What are your lowest paying contracts? Now is the time to put together proposals and renegotiate those lower paying agreements as soon as possible.
- What do you want to accomplish with your contracting efforts in 2021? Set your priorities and goals for the year and make a negotiation plan!

If you decide it is time to renegotiate your agreements, here is a to-do list to get you started:

1. Prioritize renegotiations – which contracts are most urgent to negotiate?
2. Find a contact person with the payer. This can be a challenge, often times you have to start with a 1-800 number and request a direct contact.
3. Develop a reasonable proposal. You don't want to send a proposal that is not market-competitive for your specialty. An unreasonable proposal will likely shut down negotiations quickly.
4. Be consistent and prepared to follow up frequently. You are coming to them, they are not coming to you. Most times, this is important for your practice, but not a high priority for the payer. They will let it get pushed aside if you do not continually follow up.
5. Once a counter proposal is received back from the payer, run a financial analysis and request a contract to review language.
6. Be prepared to go back and forth on rates. Do not get hung up on a few CPT codes. Look at the big picture. Overall, does the weighted average of the proposal increase your current rates? If the payer proposes a multi-year contract, be sure to include escalators for years 2, 3, etc.
7. While you are negotiating rates, review the language in the agreement and provide a red line review of the contract to the payers.
8. Once rates and contract language are agreed upon, keep in mind it will take 30-45 days for the payers to load the new terms. This is an ideal time to send an updated roster of physicians, providers and locations to be sure the new contract is loaded correctly.
9. You will receive an effective date from the payer. Keep an eye on your claims to be sure you are being paid according to your new contractual rates after that effective date.

Keep in mind that the process of renegotiating your contracts can be tedious. You have to be patient and diligent. But, in the end you will be thankful that you did your spring cleaning and have fresh new agreements!