Tips and Tricks for Negotiating Contracts with Insurance Companies

Plus! The three most common types of contracts that govern corneal transplants, how to calculate carve outs, and the arguments to help you win a renegotiation!

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Tips and Tricks for Negotiating Contracts with Insurance Companies

Contract negotiations between health care providers and insurance companies are subject to the ever-changing forces in the market, government, and the goals of the provider and their practices. While most medical groups do not have a set proactive methodology for negotiating for physician reimbursement, most have more leverage than they think.

Following is a checklist to help you identify and correct potential contracting issues that can yield positive results for you, your practice, and your patients.

Negotiation Checklist:

- **Be proactive.** Review all of your commercial contracts before you start performing transplants in a facility. Be aware that a contract is a whole package. It's not just written for corneal surgeons, but for a facility as a whole.

- **Negotiate from a positive perspective.** Insurance companies are susceptible to ongoing market conditions unknown by the physician, therefore it's best practice to negotiate from a constructive stance.

- **Familiarize yourself with fee schedules, know the Medicare billing guidelines.** Be aware of insurers that state "average reimbursements" in terms of RVU's or the Medicare schedule. Fees for frequently used CPT codes may be below average while a rarely billed CPT code may be several times higher to skew the average.

- **Submit relevant CPT codes by volume in advance to the insurance company.** Have the insurance company specifically define the fee schedule for high volume codes prior to signing the contract.

- **Negotiate for a termination provision, allowing you to cancel the contract without cause.** Insurance companies almost always have language allowing them to terminate. Giving yourself the same provision puts both parties on equal footing and gives you more leverage; a 30-day notice is ideal, 90-days is acceptable. Remember, a provision stating that a fee schedule deemed "non-negotiable" can be negotiated.

- **Accept nothing less than Medicare's formula for multiple procedures.** It is imperative, particularly for surgery groups, to negotiate the discount insurance companies apply to multiple surgical procedures. It is important to obtain 100% coverage for the primary procedure and 50% for every secondary procedure. It is not typical for insurance companies to include a COLA (cost of living adjustments) into contracts. If there is a COLA, many times you will need to remind the company of the increase

- **Beware of one rate for multiple products.** Some companies try to offer the same rate for a PPO, Worker's Compensation, and Auto Accidents. Different categories should have separate fee schedules that reflect the complexity of care and abide by the individual standards of the state in which they reside.

- **Be willing to educate your carriers so they understand your business.** Your Eye Bank can be a resource. CorneaGen can help. Just ask!

- **Include a provision that allows the provider to amend submitted claims and/or payments retroactively.** This is known as a "Look-back Provision," where both parties have the same period of time to seek an amendment—60 to 90 days is the industry standard.

- **Negotiate for the right to contest an amendment or modification.** Make it clear that the insurer will accept a check for a refund instead of having them deduct the amount from future payments.

- **Insist that the insurance company abide by the procedures of Medicare billing.** Be wary of contracts that unilaterally bundle procedures and down code Evaluation and Management Service Levels.

- **If you care for out of network patients or work in ER's be aware of the Silent PPO Provision.** If at all possible, insist it not be part of the contract, or request mandatory written notice with the right to refuse. Point out that the insurance logo on the patient's card is the contracted entity.

Commercial Contracts: 3 Common Types That Govern Corneal Transplants

1

Payments based on Medicare fee schedules and Medicare policies

Best practice

- Payment based upon Medicare ASC fee schedule or Hospital Outpatient (HOPD) fee schedule, with the Medicare coverage guidelines governing the contract.
- Safest for facilities performing a high volume of corneal transplants.
- Medicare policies account for increasing costs in corneal tissue processing and surgical technology.

2

Payments based on Medicare schedules with some codes 'carved out'

Acceptable, if you can cover costs

- Payment is based upon ASC or HOPD fee schedule, with certain CPTs "carved out."
- Acceptable if you write in an escalation clause to account for rising tissue costs and/or changes in technology related to tissue (DSAEK, DMEK, etc.).

3

Payments based on Medicare schedules with implants bundled

May require renegotiation

- Payment based upon the Medicare ASC or HOPD rates, however, all implants are explicitly stated to be included in the grouper payment.
- Completely unfavorable for a facility with busy transplant surgeons. Unfortunately, some facilities wrote contracts before corneal surgeons joined the team.

What can you do?

- Review all of your commercial contracts **BEFORE** you start performing transplants in a facility.
- Try to renegotiate.
  - ASC Association meetings can be helpful.
- Understand that a contract is a whole package, it is not just written for corneal surgeons, but for the facility as a whole.
  - You may need to move specific cases to another place of service, or perform those cases.
  - The facility is *still* responsible for the invoiced costs of tissue processing and transportation.

Case Studies

CALCULATING A DSAEK "CARVE-OUT"

Example: *A commercial carrier wants to negotiate a carve-out for DSAEK to reduce the need for manual processing of tissue invoices.*

Calculate the minimum reimbursement needed to cover costs:

$1,665 Medicare facility fee for corneal transplants
\+ $2,700 to $3,300 base tissue fees
\+ $500 to $1,000 added to processing costs

= $4,865 to $5,965, this is your starting point for your carve-out negotiation.

Consider technology and coding changes when negotiating carve-outs.

CONTRACTS WITH IMPLANTS "BUNDLED"

Example: *A commercial contract pays $1,500 for a cataract procedure and $2,000 for keratoplasty. Your facility does 200 cataract and 10 corneal transplant surgeries every month.*

If you find that you are in an unfavorable bundled contract, here's how you build a new base for renegotiation.

Question: Does this case mix earn more reimbursement under this commercial contract or under Medicare?

Answer: Total Medicare revenue is less than $300k monthly, while the private contract earns $320k.

- Calculate your ratio of cataract to keratoplasty and be ready to renegotiate a contract at higher "grouper" rates or under different terms.
- Further keratoplasty procedures can be done at a hospital.

Advocate for your practice.

- Some carriers may use a different claims system for implants.
- Meet with your provider representative and educate them on ASC's. Get them to correct their claims processing system to accept these claims properly.
  - File a paper claim and include the governing policy
  - Some carriers use HCFA 1500; some UB92
  - Some use CPT codes; others use ICD-10
  - Revenue codes may mismatch when an ASC claim is entered into a system designed for hospitals (i.e. 490 vs. 270)

Tips Going Forward

Do not sign a contract without reading it closely and analyzing its effects on your practice! Try to renegotiate.

Before negotiating with your carriers:

- Know the Medicare billing guidelines
- Have your case costs ready
- Let them know if a fair deal is not reached they may be restricting their patients' access to care
- Be prepared to tell the carrier that you will take your transplants to a hospital (more expensive) setting if an agreement cannot be met on this

Questions to ask your finance department:

- Do you get paid fully for all cases using corneal tissue? K-pro too?
- Do you have any contracts which "carve-out" cases with tissue?
  - If so, do they have escalation clauses?
  - Has anyone policed the escalation clauses?
- Any contracts with no implants at all? Medicaid?
  - If so, why was that signed?

Sources

"Insurance Contracts and Corneal Transplants – Presenting Tips for Obtaining Full Reimbursement"
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