

## Billing

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“But there is no CPT code for supervised exercise,” he adds. Because supervised exercise is not billable under CPT, you cannot include supervising patients who are independently performing exercises when billing for group therapy.

► Thinking that if you charge for group therapy, you can't be reimbursed for one-on-one codes on the same day.

If you provide and bill for group therapy and one-on-one codes on the same day to a Medicare beneficiary, you must append modifier -59 to the one-on-one codes on the claim form to be reimbursed for both, says Gawenda.

Remember, the group therapy code is untimed and providers may only bill one unit of group therapy per discipline per beneficiary per day. ■

## To sign or not to sign

### **Managed care contracts and your bottom line**

With managed care contract reimbursement rates dropping, you may feel like you have to sign every contract that comes across your desk just to keep your practice running.

Many rehab providers are trying to make up money lost through decreasing reimbursements by taking on more managed care contracts to increase their volume of clients, says **Lynn Steffes, PT**, president of Steffes & Associates Consulting Group in New Berlin, WI, and executive director of Midwest Rehabilitation Network, Inc., in Brookfield, WI.

But signing more contracts won't necessarily solve all of your problems. If you are signing every contract regardless of conditions, you may be filling your schedule with lower-paying clients at the expense of higher-paying, out-of-network clients, thereby adding more administrative burdens on your staff members and sacrificing the quality of care for patients.

“I think people think they have to take every contract that comes along,” Steffes says. “A lot of people in practice today have a more-is-better attitude. But I always say that more isn't better—better is better.”

By understanding key contract provisions and knowing important information about your own practice, you can be more selective about choosing managed care contracts that will work for you.

### **Take stock of what you have**

**Christy Beauchamp**, vice president of Preferred Therapy Providers, Inc., in Phoenix, works to secure managed care contracts for private physical, occupational, and

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speech clinics that belong to her network. Beauchamp says before you sign a contract, you need to know which managed care contracts you already have signed. If you belong to a network, make sure you're not signing a managed care contract you already have—especially if your network's contract has a better reimbursement rate.

Network members sometimes underbid themselves this way, says Beauchamp. “[Network members] very innocently signed a contract that they didn't know they had and unknowingly latched themselves onto a different reimbursement schedule,” she says.

### First things first

Beauchamp says the first thing she does when considering a contract is to look for the fee schedule. “Don't spend valuable time reviewing the contract unless you know what the managed care organization's going to pay,” she says.

If you belong to a network, you should contact the network to determine whether a group contract is being considered when you receive a solicitation from a managed care organization, says **Nancy Rothenberg**, vice president of PTPN, a national network of private practice rehabilitation professionals based in Calabasas, CA. Individual practices don't have as much clout as networks do when it comes to contract terms and rates, so it's advantageous to have the network work on a contract for the entire group, says Rothenberg.

Belonging to a network can be beneficial if your practice is in a competitive market where there is a high density of therapists, says Steffes. But if you are located in a rural area with few other providers, joining a network may not give you a competitive advantage, she says.

### Do your homework

Before you can determine whether a contract is right for your practice, you should evaluate the contract and your practice for compatibility. Our experts say you should consider:

- ▶ **Your cost to treat a patient.** This is your overhead divided by the number of visits on an annual basis.

- ▶ **The coverage in your area.** If the healthcare plan only covers a small number of people in your market, the contract may not be worth signing, Steffes says.
- ▶ **The health plan's other providers.** Will you be the only PT provider included in the health plan, or will you be one of many?
- ▶ **How the plan will affect your referral sources.** Beauchamp says you should think about whether the physicians who belong to the health plan will send their patients to you because of the contracts you have. Also, consider the flip side—if you leave a health plan, will its physicians continue to send you referrals?
- ▶ **How patients will be referred to your practice.** Patients who belong to HMOs must go to the therapists they are referred to. Those who belong to preferred provider organizations need a financial incentive. Be aware of the health plan's mechanism for patient referrals when considering a contract, Rothenberg says.
- ▶ **Your practice's capacity.** Will the plan place too many patients at a reimbursement level below your

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## To sign

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cost of treatment on the books? Will you have to hire more staff members to accommodate new patients?

- **How much administrative effort the plan requires.** Will the plan create extra paperwork? If you are already participating in the plan, are claims paid accurately, or do you have to chase after your payments? Steffes recommends finding out whether the plan requires prior authorization and what the authorization process involves before treating a patient, which can increase administrative burden and delay treatment.
- **What kinds of quality assurance measures are required.** Find out whether the plan requires all therapists to be credentialed, because the credentialing process can take anywhere from several weeks to several months, Steffes says.
- **What products are included.** Check the contract's definitions to determine whether workers' compensation and auto liability products are included and the reimbursement for their inclusion. Try to carve out those products if they don't make good business sense, Steffes says.

You can find most of the information about the health plan on the managed care organization's Web site or by calling the organization. Rothenberg says it is important to weigh all of the factors before making a decision about a contract. "These are all pieces that fit together to make the puzzle," she says.

### Reviewing the contract

Individual practices may not have the opportunity to change contract terms, so reviewing the contract carefully before deciding whether to accept it is important, Rothenberg says. The following are several major items she recommends looking for:

- **Fee schedule.** Make sure the contract contains a clear and explicit fee schedule.

- **Term.** Does the contract lock you into a term that's too long?
- **Amendments.** Can the contractor change the terms of the contract, including the fee schedule, without your consent?
- **Termination.** If you are unhappy with the contract, how easy is it to get out of it?

Be aware that even if the terms of the contract allow you to terminate the contract early, some state laws may require you to complete care initiated during the contract under its terms even after termination, adds Steffes.

Beauchamp recommends looking for "lesser of" language in contracts and reading the stipulations of that language carefully.

Using that language in a contract is not a new or unusual practice, but now many payers are building in more options at the lesser of level. For example, a patient who is on workers' compensation may be at the lesser of discount off a state-mandated fee schedule, group health rates, or a usual and customary amount as determined by the payer—whichever is the lesser amount.

If you don't understand the lesser of language in the contract you've been offered, call the health plan to get more information, Beauchamp says.

### Quick contract checklist

Before signing that managed contract, make sure that you:

- Know what contracts you already have
- Look for a clear, explicit fee schedule
- Check with your network, if you belong to one, to check whether a group contract is being offered
- Know how much it costs you to treat a patient
- Find out who the healthcare provider's clients are and the number of covered lives in your area
- Read the contract for amendment, term, and termination requirements
- Know your walk-away points for negotiations

You may also want to look for reciprocal language in the contract to make sure that the contract doesn't put you at an unfair risk, she adds. If the language allows the contractor to terminate the contract with 90 days prior notice, you should be able to do that as well.

"I truly believe that contracts should be very fair and reciprocal to both sides," Beauchamp says.

## Negotiating

If you're not happy with the contract you've been offered, you don't have to accept it as is.

Although it can be difficult for therapy providers, especially individual practices, to change the terms of a contract, Beauchamp says she encourages providers to try.

If you want to change the contract terms, send the person responsible for negotiations your specific requests in writing, Rothenberg says.

If you want to change the contract rate, speak with the negotiator to determine whether there is any flexibility in rates.

Beauchamp recommends preparing for negotiations by:

- ▶ Making a list of what you absolutely must have
- ▶ Knowing your walk-away points, the points at which you would walk away from negotiations
- ▶ Deciding what you will do if the managed care organization refuses to concede to any of your requests

## How low you can go

If a reimbursement falls below your cost of providing service, including a reasonable profit margin, it is too low, Rothenberg says.

"Many practices fall into the trap of seeing excess capacity and thinking that some business is better than none, and then take low-paying contracts," she says. However, that kind of rationalization leaves you at risk of filling up your schedule with low-paying appointments, she adds.

It also devalues therapy, allowing payers to expect to pay less for your services. Then the higher-paying business you think you can balance out low-paying contracts with will no longer exist, causing overall reimbursements to therapists to decrease.

"If a contract is not right for your practice, don't accept it. If other practices get the business, then it may have been right for them, but it still wasn't right for you," Rothenberg says.

## Saying no

Deciding not to accept a contract may mean seeing more patients out-of-network. If you provide specialized services or practice in an affluent area, this may be a better option for you, Beauchamp says.

Diversifying your business can help you to avoid putting all of your "eggs in the managed care basket" and feeling forced to take contracts that you don't want, Beauchamp adds.

Therapists can add health and wellness programs to their practices or explore vendor programs that can help a practice to achieve a broader, cash-based income, Beauchamp says. ■

## Attorney not required

Having an attorney review every managed care contract may not be necessary—or practical—for many therapy providers, says **Nancy Rothenberg**, vice president of PTPN, a national network of private practice rehabilitation professionals in Calabasas, CA.

"Having lawyers review every contract that comes to a practice can be an expensive proposition and probably not that productive as it is difficult to get contract terms changed by a single office," Rothenberg says. She suggests reviewing contracts for a short-term termination provision, such as 90 days, so if you are unhappy with the contract, you won't be locked into it for a long period.

**Christy Beauchamp**, vice president of Preferred Therapy Providers, Inc., in Phoenix, says she believes that if the contract is a nonrisk PPO, therapy providers who are committed to learning as much as they can about the core language of managed care contracts can adequately review a contract. However, for capitated or shared risk agreements, Beauchamp recommends seeking counsel from a consultant experienced in risk-based healthcare agreements. Check with your professional association for resources, she says.