

## Therapists: Master your contract negotiation tactics

As a new or seasoned therapist, you might be tempted to sign every contract you can get your hands on in order to obtain business. However, do not contract with a managed care plan without a thorough review.

The fear of not being able to see patients without accepting a contract, a lack of financial knowledge of the cost of running a practice, and inexperience in reading and understanding the implications of managed care contracts cause many therapists to sign on the dotted line before conducting any research, explains **Nancy Rothenberg**, vice president of Calabasas, CA-based PTPN.

In an aggressive managed care market, the cost of reimbursement may very well be below the cost of the therapy that you are providing, and with these types of contracts, you could be out of business before you know it, says **Nancy J. Beckley, MS, MBA, CHC**, president of Bloomingdale Consulting Group in Brandon, FL.

Do some basic research and learn about the business side of the managed care organization. At a minimum, Beckley suggests you verify that:

- ▶ The managed care plan has met all federal and state regulatory requirements and is authorized to do business.
- ▶ The managed care plan is solvent, which you can verify by reviewing financial statements, public documents filed with the state insurance commissioner, and recent newspaper articles.
- ▶ Claims payment history is positive. Check references from small as well as large providers listed in the payer directory or online.

Rehab providers have a fiduciary and clinical responsibility to collect information on organizations that they contract with. Request information from the managed care plan to learn as much about it as possible.

Other sources of information include the following:

- ▶ Department of Insurance
- ▶ Consumer Information Services

- ▶ Local chambers of commerce
- ▶ Advocacy groups
- ▶ Employer groups insured by the plan
- ▶ National Committee for Quality Assurance
- ▶ URAC, formerly known as the Utilization Review Accreditation Commission

Also, obtain a copy of a contract used in the provider's service area. Be aware of obligations that bind you to policies that may be developed or to policies that are revised and unilaterally applied during the contract term, says Beckley.

Most likely, the managed care plan will require the provider to sign its standard contract.

If this is the case, Rothenberg says

**It's best to know your own deal-breaker points, says Nancy Rothenberg.**

there are several key items to consider when reviewing a managed care contract, including:

- ▶ The methods for directing patients to the practice
- ▶ Payment amount and methodology
- ▶ Amount of time for payment and claims submission
- ▶ Overpayment recovery methods and time frames
- ▶ Provider fees or withholds
- ▶ Billing requirements
- ▶ Credentialing requirements
- ▶ Termination clauses

It's best to know your own deal-breaker points, says Rothenberg. Very few managed care payers will modify the contract for an individual provider, so you need to know what is acceptable and when to walk away. If a managed care organization really wants your practice, it might be able to compromise on your deal-breaker points, she says.

### Negotiation 101

Once you have reviewed the contract terms and the proposed rates, it's time to enter into negotiations, says

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## Contracts

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Beckley. The larger the provider you are and the more clinics you have in desirable geographic areas, the more potential negotiating power you have with managed care plans, she says.

If you are not in an existing therapy provider network, you will have to step up to the negotiations with information, determination, and confidence about what you can bring to the table.

If your practice does belong to a therapy network, Rothenberg suggests contacting your network to see whether a group contract is being considered. "Individual practices have less clout when it comes to rates and contract terms, and it is almost always more advantageous to have their network work on a contract for the entire group," she says.

If no group contract is being considered or you're an individual practice, Beckley suggests you keep the following negotiating tips in mind:

- ▶ **Know your walk-away position.** This includes knowing when to discontinue the negotiations either because of the reimbursement being offered or because of contract terms that are untenable for a small provider.
- ▶ **Know your market strengths.** What is your referral base? Do you have key physician groups that refer you a large volume of therapy business? Do you offer comprehensive services in addition to PT, such as OT and SLP? Do you offer specialized therapy services such as work hardening, handicapped driving instruction, or head injury treatment programs? Align your negotiation position with your market strength.
- ▶ **Have a managed care strategy.** Look at how you will approach the market to analyze your position with respect to the competition and the managed care market. If the core of your business is Medicare, and that is what prospers in your market, build your managed care strategy around your Medicare financial and marketing strategy. If 50% of your reimbursement predictably comes from Medicare, develop financial portfolios that will look at various payer mixes and the level of profitability that they will bring you. In a workers' compensation clinic, your skill expertise is built around a different level than in a clinic specializing in neuro cases. Contracting with a Medicare managed care plan may not fit into your overall strategy unless you have the clinical staff with expertise and willingness to work with the senior population. The same can be said about a clinic with a pediatric focus.
- ▶ **Have command of your financial information.** By the time you are ready to accept a contract, you should have an understanding of the contract's rate structure on your overall financial picture. Although you may not know the particular volume of patients that this contract will bring, you can begin to build a profile based on the number of insured lives in the marketplace, the major employers that are insured under the plan, the key physician groups that control referral, etc. You can begin to develop a reimbursement scenario for multiple levels of referrals. As tempting as it may seem, never walk into a contract without knowing the effect it will have on your business, particularly if you are a new provider.
- ▶ **Negotiate with the right person.** Make sure that you are talking to the person who can make a decision. The individuals charged with network development for ancillary providers are not usually the decision-makers at the health plan. Often, you are dealing with a lower-level person who is doing the footwork of identifying providers, delivering contracts, and picking up signed contracts. It's best to find out early which aspects of the contract the person has control over.
- ▶ **Identify contract errors.** The network developer from the managed care plan may present the contract to you as a "fait accompli" and leave you with

the impression that he or she can't change the contract because it is the standard contract that has to be used with everyone. Point out areas of concern that are minor and work from that vantage point. The

developer will understand that you are serious about participation and conscientious about your business. Ask for consideration in having the minor point

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**What is your managed care rehabilitation quotient?**

<b>Business development &amp; marketing</b>		
Is there a current business plan?	Yes	No
Is it being implemented successfully?	Yes	No
Do you have a current marketing plan?	Yes	No
Is it being implemented successfully?	Yes	No
Do you have a market tracking system?	Yes	No
Are you using the information?	Yes	No
Have these plans been updated for managed care?	Yes	No
<b>Customer service</b>		
Do you regularly perform patient satisfaction surveys?	Yes	No
Are you aware of how patients perceive your staff?	Yes	No
Do you regularly perform confirmation calls to patients?	Yes	No
Do you survey ex-patients as to why they left?	Yes	No
<b>Costs</b>		
Do you know your fixed overhead per productive hour?	Yes	No
Do you know your variable overhead per productive hour?	Yes	No
Do you know the full cost for your top five procedures?	Yes	No
<b>Managed care contracting</b>		
Do you know to which managed care plan you belong?	Yes	No
Do you know the volume you receive from each plan?	Yes	No
Do you know the reimbursement for your top five procedures?	Yes	No
Do you know your profitability by plan?	Yes	No
Do you know how referrals are generated for each plan?	Yes	No
Does your staff meet managed care credentialing guidelines?	Yes	No
Does your facility meet managed care credentialing guidelines?	Yes	No
<b>Policies &amp; procedures</b>		
Do you have a current policies & procedures manual?	Yes	No
Have all staff members reviewed the policies and procedures?	Yes	No
Do you have a new staff member training program?	Yes	No
Do you have a system to measure staff productivity?	Yes	No
Is organization productivity measured?	Yes	No
<b>Profitability</b>		
Do you know your five most profitable procedures?	Yes	No
Do you know your three most profitable payers?	Yes	No
Do you know your least profitable procedures?	Yes	No
<b>Referral base</b>		
Do you know what payer classes make up your referral base?	Yes	No
Do you know what percent each payer is of your total business?	Yes	No

Source: Managed Care for Rehab Professionals Made Easy: Mastering Contracts and Obtaining Fair Reimbursement, by Nancy J. Beckley, MS, MBA, CHC. Published by HCPro, Inc.

## Contracts

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reviewed with the people at the health plan who can make an adjustment.

- ▶ **Learn to say no.** There may be specific contract terms that you will want excluded, such as a requirement that you pay for copies of medical records and other documents needed under the utilization review plan. If you are negotiating with a plan with already low reimbursement, it may be prohibitive for you to pay not only the copy costs but also the staff time involved in pulling records and copying them. If you are unable to exclude a clause of this nature, it may be best for you to walk away. Know your walk-away position, however, before you do so.

You can use an attorney to do the negotiations for you, but this can be expensive, says Rothenberg. Plus, most attorneys don't review managed care contracts frequently enough to know the issues surrounding the delivery of therapy services. In the end, it might be in your best interests to know how to negotiate on your own behalf, she says.

As with any contract, the most important part is the termination clause, says Rothenberg.

You want a contract you can get out of for any reason with ideally no more than 90 days' notice. This helps if you end up signing a contract that you later regret because the longest you'll be stuck with it is another three months. ■

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## Right- and left-brain learners: Strategies to facilitate hemisphere learning

There is increasing evidence that the learning preferences and styles of adult learners drastically influence how effectively they acquire new knowledge.

The right and left hemispheres of the brain process information differently, and learners tend to absorb and manage information using the dominant hemisphere (Rose & Nicholl, 1997).

The right hemisphere of the brain is devoted to the creative aspects of learning and depends on music, color, visual stimulation, and pictures to process information. The left hemisphere of the brain is concerned with logical, reality-based functioning and enables learners to deal with language, math, and problems requiring analysis (Rose & Nicholl, 1997).

### Information processing

The right-brain learner processes information holistically, seeing the big picture or the answer first, not the details. When analyzing a problem, right-brain learners start with the major concept and work backward to find the

details and formulate a conclusion. These learners will become impatient with the details of a problem unless they are able to "see" its conclusion or solution quickly.

For example, when confronted by a patient who is experiencing chest pain, nausea, and dyspnea, the right-brain learner may assume that the patient is having a heart attack, an assumption that may or may not be correct. This learner may overlook details (e.g., lab studies and history) and come to an inaccurate conclusion. Right-brain learners need help with gathering data and analysis skills to support their conclusions. They also need help maintaining schedules and adhering to time limits.

Left-brain learners process information in a linear manner, processing from the parts and then to the whole. These learners gather information and problem solve in a step-by-step manner, using logic and reason to form conclusions. They maintain detailed schedules, checking off tasks as they are accomplished (Middle Tennessee State University, 2006; Rose & Nicholl, 1997).