

# THIRD-PARTY PAYOR CONTRACT NEGOTIATIONS



Why should a third-party payor provide greater reimbursement than you are receiving now?

BY GIL WEBER, MBA

**M**anaged care contract representatives approach negotiations with physicians with one goal in mind: to give away as little as possible. During contract negotiations, a plan staffer—whose knowledge of ophthalmology may be only that cataract surgery is Medicare’s biggest eye surgery expense—will want to know why they should pay you more. To achieve better reimbursement, you must be able to answer that question.

Unfortunately, most health plan contract negotiators don’t fully appreciate that one ophthalmologist is not the same as every ophthalmologist, and that there are differences in how they practice. The representative’s question about what’s in it for them can therefore become an obstacle during negotiations if increased reimbursement for cataract surgery comes across as the practice’s chief concern.

This article discusses several factors that can make a difference for cataract and refractive surgery practices seeking greater reimbursement.

## PATIENT CARE DIFFERENTIATION DATA

To obtain higher reimbursement, it’s important to differentiate your practice from others that offer cataract surgery. Otherwise, this key surgical service may be viewed as little more than a commodity, and your request may be

viewed simply as an increased cost to the plan.

The plan representative’s primary goal is cost containment, so present hard data that show how your practice can help achieve this goal. Everyone says they’re the best, but do you have solid data to back up the claim? You should be able to demonstrate that your practice delivers high-quality care at a lower cost in a way the plan sees as beneficial and worth greater reimbursement (see the sidebar below for examples of information likely to be detrimental to your cause).

**Outcomes data.** If you can, present documentation showing that your rates of complications and returns to the OR are among the lowest for the city, county, or state where you practice. Additionally, document that your numbers of perioperative visits and associated claims are lower than your colleagues’ but that the quality of care (eg, evidenced by patient satisfaction surveys conducted by an independent entity) your practice provides has not been compromised.

**Data on advanced technologies and techniques.** Document the use of cutting-edge technologies and techniques not readily available elsewhere in the service area and present data showing the standard deviation improvement in outcomes with these offerings.

**Comparative data.** If you have been reporting data into databases such as the Intelligent Research in Sight registry or Merit-Based Incentive Payment System that reflect favorably on the job you’re doing compared to others, present those data.

You must enter the negotiations with confidence that what you do can benefit the plan and its members. Present this fact concisely so that the contract representative can appreciate it.

## OTHER DIFFERENTIATING FACTORS

Differentiating factors aside from patient care could pique a plan negotiator’s interest and cause that person to make a case to higher-ups for paying you more. With some brainstorming among physicians and staff, you should be able to find at least one or two ways to differentiate your practice; a few ideas are detailed below. Doing so can help you change the plan representative’s perception that your practice offers the same cataract surgery commodity as all other ophthalmology practices.

**Location.** If yours is a group practice with multiple locations distributed across the geographic service area, highlight the convenient access it offers to the plan’s members. If your practice has an ambulatory surgery center, briefly share documentation of the savings that can accrue to the plan with the center’s use.

## INFORMATION NOT TO INCLUDE IN A NEGOTIATIONS REQUEST

When sending a negotiations request, two types of statements are less likely to elicit a positive response.

► **No. 1: Lengthy information about the practice.** Do not send a negotiations request that includes pages and pages of information about you and your colleagues. A sentence or two about

each is fine, but a contracting representative is unlikely to read through 20 pages of curriculum vitae, and the information is likely irrelevant to the conversation.

► **No. 2: Generalized statements.** Representatives are likely to be put off by

generalized claims that yours is the leading practice in the state or performs more cataract surgeries per month than most others perform in a year. These statements may be accurate, but they indicate that the only thing in this for the plan is higher costs.

**Hours.** If your hours are particularly attractive to members and/or you can show that patients are typically seen more quickly for nonemergency care than at other practices in the community, include this information during contract discussions.

**Accessibility.** Depending on where you practice, having physicians and staff who speak other languages may differentiate your practice and make it more attractive to the plan and its members. Don't hesitate to highlight patient-friendly distinctions such as this during negotiations.

### REFRACTIVE SURGERY

Do health plans care about refractive surgery? The answer is yes and no because refractive surgery can mean different things in different managed care plans. LASIK and other procedures to correct refractive error are generally elective and therefore not covered for payment by most plans. Some third-party payors, however, include various medically necessary services under their umbrella definitions of refractive surgery.

For example, if the management of corneal thinning is a covered service, the implantation of intrastromal corneal ring segments to treat pellucid marginal degeneration maybe a paid surgical service under the plan's umbrella definition of refractive surgery. Another plan may specify the reimbursement for some but not all corneal transplants under its refractive surgery umbrella. In this situation, Descemet stripping endothelial keratoplasty is covered, but keratoprosthesis may not be because it is deemed investigational or experimental.

This is where some prediscussion homework can help you make a case for better reimbursement. Document improved outcomes for the services a plan defines as covered. Share solid data showing low complication rates and steps you've taken, particularly through the use of advanced technology, to get patients through the entire process as quickly and safely as possible with measurable cost containment for the payor.

### CONCLUSION

My three rules of managed care contracting are as follows:

- ▶ **No. 1.** Having no contract is better than having a bad contract;
- ▶ **No. 2.** Bad contracts rarely get better with time; and
- ▶ **No. 3.** Payors who won't negotiate in good faith deal out bad

contracts more often than not.

Despite protestations and representations to the contrary, sometimes managed care is unfair, and you may feel disrespected. When this occurs, consider whether it's a contract you might be better off not having. No practice wants to lose access to a group of patients. If, however, a payor dismisses the value your practice could bring to it and its members and its reimbursements do not ensure that you're making a profit, why continue to suffer the adverse financial consequences of a disingenuous payor's stubbornness? ■

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