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Hi, it's Dr. Weitz. Thank you so much for joining me for this episode of The Private Medical Practice Academy. I want to talk about actually getting your insurance Contracts most of the time when you're starting up, you are so preoccupied with just getting onto the insurance plans that you failed to realize how important it is to get the agreements right. From the beginning. One of the things that I want you to understand is how important it is that these initial contracts are negotiated from the get, go, and how its going to impact your practice for many years to come. A lot of times you think to yourself, Oh, lets just get a contract in place.

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So we start getting paid. And I totally understand that. Yeah, because at first blush, that seems to make sense, but not really. And want you to realize that you are literally making a decision that is going to potentially cost you 10 to 20% of your pro fees from that insurance company for potentially the next 10 to 20 years. Oh my God. This woman is hanging in crape. Oh this is absolutely terrible. Why is she telling me this? Well Because when you agreed to take a rate that let's say is 85% of Medicare, because you think to yourself, I just have to participate with this particular payer.

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You need to understand that you're not only locking yourself into this rate for the next two to three years, let's say the initial term of the contract, but you're also establishing this as your base rate. That means this is the rate that you are going to be Negotiating from for the rest of your practices life. That means this is the rate that you are going to be Negotiating from for the rest of your practices. Life as a general statement, most payers give two to 3% increases at each contract renewal. Historically Medicare has also given cost of living increases. So let me say this. In other words in 10 years', if you start out being paid a fraction of Medicare, then probably in 10 years, you're still going to be getting less than Medicare from that commercial insurer in case I haven't been clear enough.

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This is why even a 2% difference in the contracted rate for a commercial insurance is worth fighting for. I also want to point out to you that as the practice grows, you actually become more valuable to your payers. And you need to understand that your contracted rates are not static. You're going to be renegotiating these contracts and renegotiating your rates as your practice grows and your rates should rise accordingly. Now I'll be the first to admit that Negotiating higher reimbursement rates is no easy task. Not only are the pair Contracts complex, but you are engaging directly with parties that have control over your practice is revenue and Negotiating with an insurance company to get better.

0 (2m 58s):

Rates is going to take work, but that works is going to pay off. So I'm going to give you some tips on how to get this negotiation process started and make it a little easier

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For you. First,

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I want you to think about the value that you provide to them. Payers are going to be reluctant to increase your reimbursement rate. If you don't actually give them a sufficient reason for why they should pay you more and not to be obnoxious, but simply saying to them, Hey, your rates are too low. And I think I deserve more than that is not actually a legitimate reason. You are going to need to gather adequate data to demonstrate the value you provide to the insurance company in order to persuade them. So there's a thing called a SWOT S w O T analysis. That's going to give you the framework to start this process.

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So what is SWAT? It stands for strengths, weaknesses, opportunities, and threats. You are going to use it to see where you stand relative to your competitors' and to help you define a concrete blueprint for your growth. From here, you are going to be able to articulate how you provide value to your payers. So let's start with strengths. Strengths are obviously the positive internal attributes of your practice. For example, you may have a particular field of expertise. That's rare in your location. You may have a strong brand name or you may have high patient satisfaction.

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Now I understand that you were first starting this practice, but you may have that data from your current employer. You want to gather as much data to back up your strengths as possible. So for example, if you don't already have it, maybe your current employer has survey's that they've been distributing two patients and you actually have patient satisfaction data, or maybe you have patient reviews that you can point to now for pointing out the obvious weaknesses are the opposite of your strengths. These are areas in which your practice may not be as strong as your competition. If you're first starting your practice, you may want to have a plan for addressing some of these weaknesses.

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What could potential weaknesses be? Well, maybe you don't have the ability to do a specific procedure because you're not going to have that piece of equipment or obviously starting out. You may not have as many providers as your competitors on the other hand, because you're just starting out. You should actually have better availability, potentially in all fairness as a new practice, you should not have any significant weaknesses, but you do wanna put out the effort to think through what potential weaknesses could be in the future and have a proactive plan for how you're going to mitigate those weaknesses opportunities are the external factors that may have a significant influence on your clinic's success.

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For example, there may be changes in government regulations that are coming down the pike that you think may have a positive impact on your practice relative to somebody else's. What do I mean by that? Well, in

many cases, your strengths position, you too take advantage of those opportunities that are coming down the pike. Let's say, for example, there's an underserved niche market for a particular type of service. If one of your strengths is expertise in that service, then you can see as this opportunity by marketing your practice to that market for that insurance plan, because they are going to need that me average next lets talk about threats.

0 (6m 44s):

Threats are uncontrollable risks that are the external to your practice. For example, let's say a practice within your specialty opens across the street, that would be considered a threat to your practice because they theoretically could take some of your patients. The best way to prepare for threats is to have a contingency plan in place. Something like that occurs. Now, obviously if you're first starting your practice, you don't know what the threats are, but you can hypothesize and put forth potential contingency plans as a, just in case. The key here is that I want you to be prepared to discuss your weaknesses and potential threats in negotiations.

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In case the payer brings him up to, you know, eventually you're gonna get to be able to get on the phone or have something in writing with the payer. And if you can demonstrate that you're working on your weaknesses or have at least thought about them, have thought about what the potential threats could be. Then you will have demonstrated that you have thought about these issues have a contingency plan. And as a result, the payer is more likely to trust you. In fact, acknowledging that there are some minor weaknesses and then promptly explaining how you going to deal with them. Is it one of the ways in which you increase trust the corollary to this is nobody's perfect. And if you come across as arrogant in that, you will never have any weaknesses of any sort and you will never have any threats that could possibly impact you.

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This is just totally unrealistic. So now that we've gone through an analysis of your strengths, weaknesses, opportunities, and threats, you are going to want to put pen to paper, so to speak and come up with a draft of what I call the health plan proposal letter. This letter is going to help you gather your thoughts for your initial contact with the provider relations person. And it's very likely, is it a matter of fact, almost a a hundred percent that that person is going to want to have you send your request in writing as an integral part of the contracting process? Yeah, they are going to have a nice conversation with you, but ultimately they are going to want you to send them something.

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So what are you actually going to put in this letter? Let's start with the obvious. You need to include your basic demographic information, including, but not limited to your name, the practice name, your tax ID, number, your address, and all of your contact info, phone, email, and fax. You want to make sure that you mentioned your board certifications and the continuing education specific areas of interest and whether or

not you have hospital privileges. And of course, which hospitals, those would be, make sure that you add any information that you think is going to make you stand out to your payers. Remember when I talked to you about finding in defining what makes you stand out, what's your niche.

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This is where this becomes super important next. And there should be another obvious thing you want to state the objective of your letter. I E I want to ask for a better rate, but needless to say it is not sufficient to simply write a letter saying, I want more money. You need to stress. Y your practice is valuable to the health plan. Why should they give you more money? You need to spell out the strengths of your practice and what you are bringing to the payer and to your market. This is why you went through the exercise of listing your strengths, weaknesses, opportunities, and threats. Before you sat down to write this letter, and if you've tuned me out until now, here is a key Pearl, come back to me and listen to this.

0 (10m 23s):

You want to write this letter as if you were defining your practice in a specialty to someone who has no knowledge of health care. For instance, if you are a specialist, define your specialty in terms of the number of board certified specialist in the state are the types of patients. You treat the procedure codes that you bill and any other information that's going to help create a picture of your practice in the minds of the health plan. Staff, don't assume that the provider relations person who is reading your letter knows anything about your specialty or your practice and what might make it unique. Even if you are a primary care provider, which as you probably know, is in high demand.

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Given the national shortage indicate how important you are to the payers network, by telling them your capacity for taking care of X number of patients of their plan in their panel. Now, I know you may not actually have this information since you're first starting out. So how do you come up with those numbers? Well, I'll give you a hint. You can look at your numbers from your existing practice and then extrapolate next. You need to clearly ask for what you want. For example, if they've currently offered you 90% of the current year of Medicare and you want to be a hundred percent, then you need to say as much and then provide them a few reasons for that rate increase.

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One of the first things that the insurance companies going to look at is how often, what is the prevalence of your ENM codes? Even if you are a specialty office that does surgical procedures, knowing the proportion of revenue and the frequency count that is comprised of your ENM codes is going to help you. Why is that? Well? Because if a surgical specialty has 80% of codes and the M category, this is going to result in less of an initial bite in terms of what the payer thinks they're gonna have to increase by then, if you give them your procedure codes, a couple of other things that you may want to include in the letter, if it applies to your practice would be the topic of in-house labs.

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Remember that in-house labs are convenient, both for the patient and provider. They can also give you real time data, but you need to understand that the rate might default to that have the payers, national vendors, such as lab, Corp or quest, because these companies can afford to deeply discount their prices because they perform millions of tests. You may also want to include supplies. If you have specific supply reimbursement requests or negotiations about bundled codes or specific modifier issues. I want to point out to you that you are probably going to be writing to multiple health plans while it should seem obvious to you.

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You want to make sure that you customize your letter and requests to each specific health plan. Okay? I can hear you thinking. But Dr. Weitz. I've heard the trying to negotiate with insurance companies is feudal. Especially if I'm in a small practice, especially if I'm a solo provider, you're probably thinking why should I even bother? Right? Well, first I want you to understand that a proposal letter starts a paper trail. Contract negotiations are like a marathon. And this letter is an important factor in that endurance test of contract negotiations. Unlike a voicemail, you can confirm the receipt.

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If the person who receives the letter, isn't the right person, they can easily hand off your request to the right person and give them the high rate of turnover in the staff at these health plans. The letter is Your Practice is placeholder, regardless of whom you've been working with, basically its going to serve as Insurance. So you don't have to start all over in the event that your initial contact person changes midstream. This should go without saying, but make a copy. Before you send this letter, the health plan proposal should be sent by certified mail with return receipt requested that way. You know that it actually got there and they can tell you, oops, it got lost and be prepared to follow up.

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I remember when I told you this is a marathon in general, if you send 10 letters to the various health plans, you might think that maybe one or two, or going to respond to you without having to make a follow-up call. Sometimes you call and they say, Oh, we didn't get the letter. You can then quickly scan the letter that you had made a copy of and e-mail or a fax, the signed copy that you have, whatever you do, don't get frustrated or at minimum don't show it. It's really just not going to help you. Once the right person at the plan has a letter, consider yourself ready to start.

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The letter can serve as your agenda for future discussions with the payer and will help both of you and the provider relations person to remember what the unique issues are. Now. I'm sure I don't need to say this. And I know I'm going to sound like you're a mother, but be nice. You need to be friendly, but firm in your negotiations or whatever you do in an adversarial attitude is not going to get you very far. And basically you

don't want to give the payer any reason to put up resistance approach the situation as if you're trying to find common ground, not as if you're on the offensive and needless to say don't sound condescending or entitled.

0 (16m 3s):

Please understand that my last comments were not meant to be offensive. They are just that. Sometimes we use big words and use The I'm a doctor attitude. And when you're talking to the people at the health plan, that really is just not beneficial. So the last thing I want to talk about is what you're probably thinking to yourself now, which is why do I even need to do this in the answer? Is you don't, you could theoretically get your office manager to write these letters. The kicker here is that the office manager, or whoever's going to write this on your behalf needs to have the info that I outlined for you in order to be able to articulate the issues second who's ever doing the Negotiating has to have the experience in communicating with the provider relations people in conveying your information.

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So unless your office manager is experienced. And to be honest, usually when you're starting out, you don't have that quality office manager. You are probably better off communicating your points to the payers by yourself, okay? For all of you who are thinking, Oh, I don't want to do that. So I have another option. And the answer is, of course you are other options. It shouldn't be it. You can outsource your contract negotiations. Sometimes you can enlist your billing company to do it for you, either that is included in their price or they'll do it as in all a cart service, you can also hire a company that specially negotiates contracts, but understand that outsourcing your Contracts two, one of those companies, it's probably going to cost you several thousand dollars per contract.

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Yeah. And in any event, even if you outsource your contract negotiations, it's still on you to provide your strengths, weaknesses, opportunities, and threats. Since no one is going to know this information better than you. And to that end, please, please, please. Don't abdicate that responsibility because at the end of the day, your bottom line really depends on it. Thanks for joining me. The shortest sign up for my newsletter below, and I'll be sending you tips on how to start your practice best run your practice, grow the practice, and then ultimately be able to leverage your medical practice into multiple other businesses.

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I hope to see you soon.