

What to discuss first, language or reimbursements?

It's my general recommendation that when reaching out to a contracting representative you should not open the discussions by suggesting you'd like to negotiate/renegotiate the entire agreement. Rather I believe that unless you have just a **very few** language points it's best to bifurcate discussions, starting first with the financials. If those discussions lead to a satisfactory resolution then and only then go back to the payor and ask to discuss certain elements of the contract language. Without doubt be sure to include those protections which as you have read previously here are essential for shielding against revenue cuts and other unpleasant surprises.

Why the general suggestion for a bifurcated process that starts with reimbursements? I just don't see where it does a practice or facility much good to expend time and resources first negotiating contract language only then to be told there will be no associated financial concessions, or only insignificant concessions. If the dollars and cents won't make dollars and sense over the next two or three years then any changes to language you secure are almost a "ho-hum."

Engaging a payor over financial terms and conditions is sure to be a battle that won't be decided in a matter of a few days. Start by asking for more than you realistically hope to get. And expect that a payor will offer crumbs – less than it is willing to settle on. Unless a payor slams the door in your face and says it's not willing to enter into any discussions there should be some give and take, ultimately arriving at a middle ground acceptable to both sides.

Don't be surprised if a payor asks to see your numbers justifying any request to bump certain codes, groups of codes, or groupers. Expect throughout the process to be told that your requests are impossible because times are tough, competition for Members drives premiums down and thereby puts a cap on reimbursements, Member out-of-pocket costs must be kept down, "Yada, yada, yada."

Never forget that a contracting representative's job description does not include giving surety to your financial success. No matter what might be said or implied to the contrary, that person's job is to protect the payor's bottom line. When discussing reimbursements this means conceding as little as possible, and preferably nothing.

You'll find in some instances that barriers will be erected to so discourage efforts that you or the physician-owners throw up your hands in frustration, fold your tent, and go away. And when that happens the payor wins.

Now that is not to say that every contracting representative is the devil incarnate. I've dealt with some good folks who really did "get it." They understood that the deal has to work for both sides if it is to work at all. But you're going to find that sometimes you'll be at war for financial survival. And Managed Care war can be ugly. (I've been there, done that, and I have the t-shirts in three sizes and all four colors.)