Payer Contracts and Negotiations

AABC Birth Institute
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Overview

• Why do you need to contract with an insurer?

• What do you need to know in order to negotiate a contract with an insurer?

• Which strategies should you use to convince an insurer to reimburse birth center facility fees?
Contracting Models

- Integrated practice w/Birth Center that effectively is considered “office-based” professional fees for midwifery in preventive care, well women care, gyn, prenatal, labor, delivery, postpartum.
  - Providers are employees (direct or contracted) who are paid by the Practice and bill under a TIN number for a group or individually.
  - Professional Fees – ACOG rules - Global Billing
    - Bundled payment for “episode of care” including both facility and professional fees
    - Billed on CMS 1500 Form (electronically)
- Free-Standing Birth Center – Ancillary Facility Contracting – TIN
  - Bills only for facility fees – mom and baby are separate patients
  - Generally considered an outpatient facility –
  - Case Rate for facility use for mom delivery, transport and/or newborn facility or separate.
    - Billed on a UB04 Form (electronically)
Practice Management Revenue Cycle

Prepare

Operational

Informational

Practice Management Systems

Operational Business Management

Payer Contracts Analysis and Negotiations

Scheduling, Coding, Billing, Collections, Cash Flow

Quality / IT Reporting
Clinical Patient Trends
Cash Flow Management

Should I go in network? How can I maximize my reimbursements? Are the contract terms favorable? Are my billed charges high enough? Am I paid correctly?
Contract Negotiation Process

Phase 1: Prepare
- Data Analysis
- Proposal Letter
- Make Initial Contact with Payer

Phase 2: Negotiate
- Negotiate until agreement is reached
- Analyze Counter offers

Phase 2: Continue to Negotiate
- Escalate to Senior Management
- Consider Out of Network Option

Phase 3: Monitor / Re-negotiate
- Monitor Claims
- Re-Negotiate

Negotiations Completed
Preparation

**Best Practice 1: Knowledge**
- Know your insurer. Know your history with the insurer. Volume of your clients;
- Why the insurer should include birth centers in their network

**Best Practice 2: Benchmark**
- Benchmark against other payer contracts to determine different patterns of reimbursement

**Best Practice 3: SWOT**
- SWOT Analysis for your payer fee schedules and birth center facility rates: Look for soft spots in the fee schedule that you can negotiate or renegotiate, assess your out-of-network options.

**Best Practice 4: Who will contract on your behalf and who at the Insurer**
- Reach out to the person responsible in your region for facility contracting at a Payer. Who is that person?

**Best Practice 5: Proposal**
- After the Initial email or contact, prepare a Proposal Letter and Rate Sheet.
S.W.O.T. – Identify Saleable Solutions and Potential Obstacles to Getting a Contract or Increase

**Strength**
- Location
- Size and Market Importance
- Birth Center Model
- Referral Network/Families

**Opportunities**
- Employer Groups
- ACO and maternity models
- Value Based Contracting

**Weakness**
- State specific regs
- Payer reimbursement policy

**Threats**
- Out of network reimbursement
- Consolidation of insurers
Best Practice 3: In vs. Out of Network Option

Physician Out-Of-Network Modeler for Payer SAMPLE PAYER

Medicare Year: 2015

Model Parameters

- % of business this payer accounts for: 100
- % of your business lost going Out of Network: 30
- Out of Network administrative overhead: 10
- % of your business entered into Charge Master: 90
- Bill Charge Discount Rate: 20
- Estimated % rate change in network: 0

Recalculate

Total In Network Profit: $18,000
Total Out of Network Profit: $100,309
Better or Worse(-) in Network: $-15,961
**Best Contracting Practices**

**NEGOTIATE:**

**Best Practice 6:**
- ✓ Deliver highly impactful proposal letter to a facility contracts manager at the payer. Have available data regarding your outcomes, birth center outcomes, licensing, accreditation, etc.

**Best Practice 7:**
- ✓ More follow up, follow up again and again, keep the payer in constant communication

**Best Practice 8:**
- ✓ Evaluate payer proposals and look for ways to optimize counter offers. If payer does not provide a proposal or counter proposal, don’t take first “No” as an answer.

**Best Practice 9:**
- ✓ Review contract for language that affects operations, including reimbursement

**Monitor:**

**Best Practice 10:**
- ✓ Monitor payments and re-negotiate when the time frame allows.
Goals

• How to propose a managed care fee proposal that will pay a reasonable total fee between professional and facility
• Prepare a SWOT analysis to identify opportunities and threats to a center’s reimbursements.
• Conduct a managed care proposal reimbursement analysis used for benchmarking, fee schedule pattern identification and business modeling
  • Evaluate in-network vs. out-of-network options and maximize your billed charges to uniform, customary & reasonable (UCR) levels.
  • Episode of Care Fee for Facility for both mom and baby
  • Bundling Payment for both professional and facility
• Negotiating
  • Techniques for negotiating “win- win” agreements with managed care companies
• Monitor
  • Simple technique for monitoring claims payments and comparing to your contracted rates to ensure that you are not underpaid
  • Contracts’ Language - Operations and Reimbursement terms
What should we ask for and why?

Professional Fee Contracting

• Negotiations - Medicare Based rate
• Par reimbursement with Physician Schedule
• Comparison of terms with other contracts
• Demonstrate data to support need of midwifery in the geographic area
• Credential with in-network insurers of the BC transferring hospital
• Discuss possible carve outs of higher performed charges, such as Codes 59400, 59410,59409 with increases factored into any proposed rate structure
<table>
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<tr>
<th>Description</th>
<th>CPT/HCPS Codes</th>
<th>Fee for Service</th>
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<tr>
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<tr>
<td>Home Visit Newborn</td>
<td>99502, 99347-99350</td>
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<td>-Newborn Hearing Test</td>
<td>92587</td>
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<tr>
<td>-Newborn Screening Panel</td>
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<td>Lactation Consultations</td>
<td>CPT/HCPS</td>
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<td>Lactation Classes</td>
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<td>Preventative, Individual Counseling</td>
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<td>Preventative, Group Counseling</td>
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<td></td>
<td>96150 Initial Visit (each 15 mins)</td>
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<td></td>
<td>96151 Reassessment</td>
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<tr>
<td></td>
<td>96152 Intervention (single)</td>
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<tr>
<td></td>
<td>96153 Intervention (group)</td>
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<tr>
<td></td>
<td>96154 Family Intervention (w/ patient)</td>
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<tr>
<td></td>
<td>96155 Family Intervention (w/o patient)</td>
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<tr>
<td>Childbirth Education</td>
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<tr>
<td>Childbirth Classes</td>
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Birth Center Facility Contract

Arguments of coverage if unable to contract with an Insurer

• Case Rate Agreements
• ACA - Medicaid must reimburse Birth Centers
• Location - far distance to a hospital if rural
• Hospitals are not the equivalent care of delivering at birth centers and therefore if there is no birth center within 30 miles, then you are allowed to get a gap exception
• Uniqueness of a birth center and growing demand of women choosing out of hospital birth
• Demonstrate outcomes that reduce hospital admissions
• Network coverage dictates who is needed in network
• Utilize your clients and family members to push insurers to provide coverage
• The payment out of network will cost the insurer higher fees but also create expense to their members in deductibles, co-payments, facility admission payments, etc.
• Employer preference is a huge barrier to allowing birth centers as part of a network. Go after the Employers
Birth Center Facility Rate Sheet
Review contract for language that affects reimbursements

- Term and termination (90 days without cause)
- Use of non-par providers, e.g., ancillary services, anesthesia
- Timely submission of claims (90 is better, agree for 180 at the latest)
  - Make sure clock restarts up rejection etc.
- Timely claims payments (30-45 days from receipt of claims)
- Claims Payment Adjustments: You are responsible vs. a withhold from future payments
- Claims Changes: Ask for changes to be agreed to in writing, e.g., recoding, reordering, claims modifications
- Multiple Procedures
- Retrospective review of overpayments, 90 days maximum, 180 is usual, pay them vs. payer deducts automatically
- Lesser of Language, make sure your chargemaster is set at high enough UCR levels
- Changes to contract should trigger 30 day termination without cause, fee schedule changes should be categorized as material changes requiring 90 days
- Performance Based Metrics: Make sure the metrics, reconciliation period, dates etc. are clear and that you have control

- *It is always better to have counsel to review your agreement*
ACO

Commercial Payer ACOs

ACA - development of networks of providers who are held accountable for the cost and quality of the full continuum of care delivered to a group of patients, including maternity

Intended to reduce fragmentation and improve coordination among various providers, to result in lower health care use

Primary provider is the point guard, generally may participate in only one ACO

Specialist may participate in many ACO's

Different structures and models of ACO which will give birth centers opportunities to integrate into systems to the benefit of childbearing women.
Engaging Employers for Birth Center Contracting Success

Kendra Wyatt
New Birth Company
Maternity Care
A. The Health Plan will cover one routine sonogram/ultrasound for the entire pregnancy. Additional routine ultrasounds/sonograms, and/or other tests to determine fetal sex, size or gestational dates or age, unless there is a family history of genetic abnormality or the woman is 35 years or older will not be covered.
B. Amniocentesis is not covered by the Plan, unless pre-approved as a medical necessity.

A. Midwives
A. A midwife is a registered nurse who is certified after receiving specialized training in the field of midwifery who performs services in a Birthing Center. The Health Plan does not cover benefits provided under the care of a midwife.
Engaging Employers Directly

**Goal**
Reimbursement that covers a Specific mom employed or covered by a business contracted with the target insurance plan.
Birth Centers Engaging National Employers Together

Denver

Phoenix

Chapel Hill

Kansas City
The Transform Maternity Care (TMC) program emerged given Members’ FRUSTRATION with the current state of maternity care desire to better support the wellbeing of their employees.
What are experts telling employers?

- Leverage Data for Quality Improvement
- Implement Employee Education & Decision Support (Open Enrollment)
- Redesign Payment Methods
- Review Benefit Design

Birth Center Response

- National Birth Center Study II, Your PDR Reports
- Ask Employers to mention Birth Centers in their benefits  Eg. Apple
- Case Rate vs Fee for Service, are all of your services covered?
- Incentives for healthy pregnancy & normal birth, get creative
Pearls

• Document the Employer of Mom & Dad or Plan Sponsor
• Support Business Owners who support you
• Provide Letters of Introduction about Midwifery, Birth Centers and your Business to be sent from your client to their employer. Must assume they don’t know what they don’t know
• Invite Human Resource Managers to visit your birth center

• Leverage Vendor relationships; your vendor works for you!
• Consider joining your local Chamber of Commerce to network directly to other businesses
• Did you consider that the State is an Employer?
• You have the right and the responsibility to advocate and market your business.
• JOIN THE INDUSTRY RELATIONS COMMITTEE
• Keep your head up. Don’t give up!
Questions

• Please fill out the handout form and hand to AABC volunteers coming around the room

• email: 

Kendra@newbirthcompany.com
Industry Relations Committee Goals

• Develop a Culture of Outreach
  • Educating the public and providing awareness of birth center model of care

• Engage major insurers in discussion of birth center plan coverage
  • Linda Davis, healthcare consultant to broaden our visibility to insurers through development and networking
  • Collectively reach out to Major Employers and Unions to cover BC

• Develop an Insurer Payer Report Card - surveys to members
  • Insurer, State, Plan, In-Network, Pay out-of-network, Codes payable
Industry Relations Projects

• Updating information re: insurers on AABC website
• Tool Kit— Forms, Insurer Letters
• Field new queries re unilateral actions by Insurers; i.e. midwifery fee reimbursement not par with MD
• Collaborate with Legislative Committee re Insurance laws affecting birth center contracting, i.e. NAICS, Medicaid Managed Care Law, ACA
• Create a Board of Billing Tips and resources for proper coding, i.e. new ICD-10 codes for lactation