



Contract Management – Curriculum Outline

Chapter 1: Introduction to Payer Contracting and Relationships

Key Takeaways

- I. Understand commercial payer relationships and contracting basics
- II. Learn more about the local Colorado insurance market
- III. Understand the basics of how data plays a role in contracting

1. Overview of contracting basics

- 1.1. Contracting, at its most basic, is the relationship between providers and health plans.
- 1.2. Commercial payers must contract with providers in order to complete a network for their members. *Health plans do not provide health care!*
- 1.3. The “relationship” aspect of contracting is often overlooked, but it is incredibly important.

2. Local insurance market breakdown

- 2.1. Colorado is a unique state because there are so many health plans in the insurance market. This creates a diverse payer mix with great opportunity.
- 2.2. Analyze the payer mix as it applies to your practice in order to find opportunities when contracting for certain plans/products.
- 2.3. Review a further breakdown of the larger commercial health plans in Colorado.

3. Using practice data in contracting

- 3.1. A strong contract has many factors beyond just great rates. A good agreement defines the relationship as well as each parties’ responsibilities and expectations.
- 3.2. An incredibly important part of contracting is centered around data and how you share it with your payers.
- 3.3. The SIM Initiative gives you a leg up with access to data aggregation tools (Stratus), training on Clinical Quality Measures (CQMs), and a better understanding of cost and utilization.

Chapter 2: Contract Reimbursement Models

Key Takeaways

- I. Know the various reimbursement models and their specific elements
- II. Understand the data elements that are important to each model
- III. Understand the risk in your commercial contracts

1. Fee for Service (FFS) overview

- 1.1. Fee for service remains the most common reimbursement model in the current insurance market and the majority of your commercial contracts are likely built around this model.
- 1.2. Analyze the services you provide most and use your practice data to show the payers this information.

1.3. Helping payers understand your costs, your outcomes, your availability (evening and Saturday hours), and your results are all valuable data elements to utilize when you negotiate rates in this model.

2. Per Member Per Month (PM/PM) overview

2.1. Per Member Per Month, also called *capitation*, is becoming increasingly popular as a model to reimburse primary care providers.

2.2. A PM/PM model contains, at its core, a certain level of financial risk. The payer is paying a per-member-per month fee whether you see the patient or not.

2.3. This is a great opportunity for primary care practices when it comes to managing their attributed lives and integrating the practice setting.

3. Value based/Shared savings overview

3.1. If a provider, or provider group, is able and has the capability of lowering the overall cost of care for their attributed lives, increasingly, payers are willing to share those savings with that group. Hence, shared savings.

3.2. Each year, a target spend rate is announced. If you beat the target rate, you get a piece of the delta (the difference between the target and the actual spend rate).

3.3. Be careful to identify “race to the bottom” arrangements! Use your practice information to analyze the spend and total cost to avoid these scenarios.

4. Analyzing risk in contracting

4.1. Very similar to the capitated model, risk-based contracts increase the responsibility for practices and providers, but it should come with additional incentives.

4.2. There can be upside risk and downside risk. Upside risk is for the more immediate future, while downside risk is based on a longer-term relationship.

4.3. In risk agreements you are at risk for the overall spend, the outcomes and the patients’ satisfaction.

5. The importance of data

5.1. Data is everything! Big data is better than small data, in other words, being able to follow trends by analyzing large data sets is incredibly important.

5.2. Understanding and showing the payers how you can control costs is incredibly valuable and you have the tools to do so.

5.3. Understanding your data and your trends is key to choosing the reimbursement model that works best for your practice and then you can capitalize on those opportunities.

Chapter 3: Contracting Strategies for Success

Key Takeaways

- I. Understand how to strategize for successful contract negotiations
- II. Know your data sources and how to compile the information
- III. Understand how to use your data to prepare yourself

1. Preparing your strategy

- 1.1. It is imperative to have a strategy in place before you approach the health plans to enter into contract negotiations because there are so many different elements to commercial contracts.
- 1.2. Each and every payer does things differently. It is important to cater your strategy to the payer you will be negotiating with.
- 1.3. When negotiating, always set high standards for your contract. This strategy will provide a bench mark for your conversation with the payers and can lead to stronger outcomes.

2. Know your data sources

- 2.1. A good place to start when looking at contract rates is the Medicare Fee Schedule (MFS). Almost all commercial contracts use the MFS as the back bone for rates and this will give you a starting point for reimbursement.
- 2.2. Your EHR system is a great place to pull readily available information. Use this to analyze the top 10-20 CPT codes by volume to focus on the most important services to your practice.
- 2.3. Being a SIM practice gives you access to data aggregation tools. This data allows you to analyze trends in your patient population to show payers that sick patients are getting better and you are cutting costs at the same time.
- 2.4. Cost and utilization reports are another great source of practice data. You can use this information to hammer home the point that your practice is saving the health plan money.

3. How to use your data and why it is so important

- 3.1. A common misconception is that the payers have all of the data for contract negotiations. This is not necessarily true. You have real time data in your practice!
- 3.2. Use your data to support yourself when entering contract negotiations so you can show the payers, in black and white, how your practice is succeeding.
- 3.3. Practice data will be pivotal in preparing yourself for discussions to add mental and behavioral health services to your contracts.

Chapter 4: Communicating with the Payers

Key Takeaways

- I. Know the proper channels of communication for contract negotiations
- II. Understand how/why it is important to build lasting payer relationships
- III. Understand how to use your data to tell your story

1. Proper channels of communication

- 1.1. As we have stated before, contract negotiations have evolved and rarely involve face to face interactions. Telephone and email are the most common ways to communicate.

1.2. Contract negotiations take time. Do not become discouraged by the extensive process and remember to remain professionally persistent.

1.3. Each commercial payer has a team of representatives tasked to work on contracts. These are the individuals you want to seek out.

2. Building relationships with your commercial payers

2.1. Contracting is a never-ending story and there are always opportunities to revisit your commercial agreements. With this being the case, you will likely have regular contact with the payers and it will be beneficial to foster a true relationship.

2.2. Provider Relations representatives are a good point of contact for not only contracting inquiries, but also many other things. Having a strong relationship is beneficial to your practice in the long run.

3. What do the payers want to know?

3.1. Use your data to tell your story. The payers will not know much about your practice without you telling them. At the same time, it is not enough to just tell them; you actually have to show them using your information.

3.2. Do your best to understand the payers' pain points. Helping make their lives easier will in turn bring benefit to your practice. It may be small at first, but these are steps to build on.

3.3. Along the same lines, make it known to the payers how they can help with your pain points. Considering that this is a mutual relationship, they will be compelled to work with you to help your practice.

Chapter 5: Connecting the Dots in your Commercial Contracts

Key Takeaways

- I. Understand that behavioral health policies are different for each payer
- II. Know your own capacity when adding behavioral health services
- III. Know some key questions you can ask your payer representatives

1. Analyze your payer mix

1.1. Your payer mix is the breakdown of the insurances you accept in your office. Analyze your payer mix to understand which payers are the most important to your practice when it comes to volume.

1.2. Keep in mind that some of the payers may have a specific network for behavioral health services and some payers may not cover these services. Each payer does things differently.

2. Understand your contracts

2.1. Considering that each payer does things differently, you need to understand each of your commercial contracts so you know how you will be paid. Read through your contracts to analyze the structure for your reimbursement.

2.2. When looking at your reimbursement, you will need to know which codes you can use for behavioral health services and the requirements for those services.

3. Strategize using practice information

3.1. Adding behavioral health providers may impact the overall capacity for your practice. Keep this in mind when making these changes.

3.2. Use your own practice data and information to analyze the cost of adding these services as it applies to space and personnel.

4. Have the conversation with your payers

4.1. Now that you have analyzed your payer mix, reviewed your contracts, and strategized using your own information; you are ready to have a conversation with your payers about adding behavioral health.

4.2. You should ask your payer representatives a series of questions to make sure your behavioral health services are covered and that your information is submitted correctly. More of these questions are listed in the resource sheet at the end of this chapter.

Chapter 6: Redline a Sample Contract

Key Takeaways

- I. Know how to effectively read through contract language
- II. Understand the nuances of commercial payer contracts

- 1. Redline a sample contract to review language and content.**
- 2. Focus on key elements of commercial insurance contracts.**