



HBP

data - information - KNOWLEDGE

Third Party Reimbursement Strategy

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Background Information

- Review **Hospital Contract**

What are the terms of the contract regarding non participation with a Hospital “par” third party?

- Review **Third Party Contracts**

Obtain all payer contracts - Verify they are current

What are the termination requirements?

Review the payment terms when the contract was signed

Current Third Party Provider Rep

Who negotiates the contract?

Who is their Supervisor?

Contract file should be at the Practice and Billing Company

- Set up a **Third Party Calendar**



Third Party Payer Overview

Payer	% Mix (Charges)	At a % of Medicare	Contract Term (from – to)	Notice Requirements
BC/BS				
Aetna				
MultiPlan				
Cigna				
United/Oxford				
Medicare				
Medicaid				

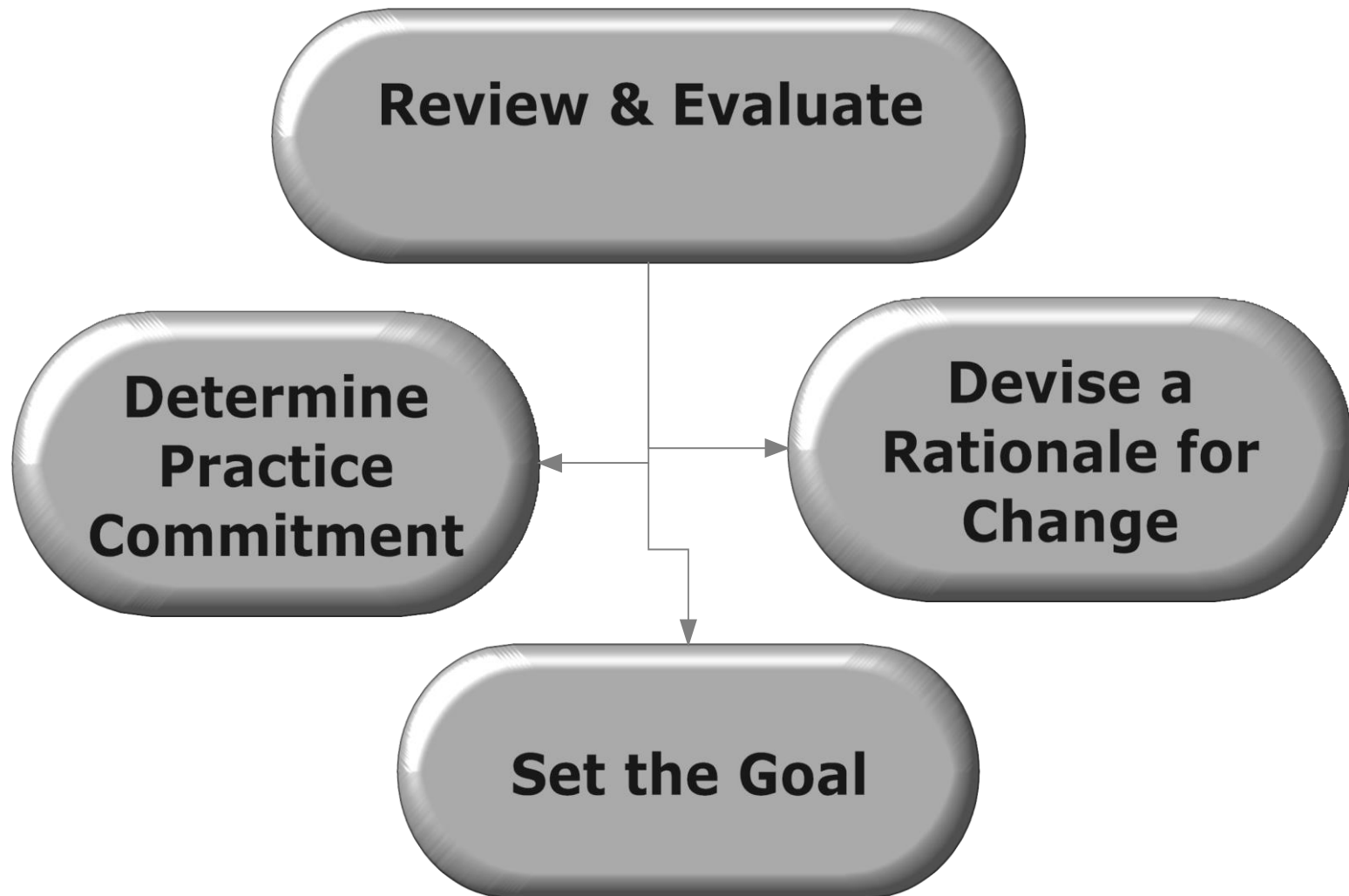


Third Party Calendar

<u>Payer</u>	<u>Start Date</u>	<u>Contract Period</u>	<u>Notification Date</u>	<u>Days of Notice</u>	<u>Notes</u>
Cigna	10/1/2012	5/1/11-4/30/12	11/1/2011	180	Annual Contract Renewal - let contract run for full year. Renegotiate for rates for 2013
BCBS	11/30/2011	1/1/11-3/31/12	12/31/2011	90	(15 Month Contract)
Aetna	6/1/2013	12/1/10 - 11/30/13	7/1/2013	120	3 Year Arrangement - 4% increase in Years 2&3
Connecticare	11/1/2012	7/1/10-6/30/13	12/31/2012	180	3 Year Arrangement
Multiplan	3/1/2011	11/1/10-10/31/11	4/30/2011	180	Negotiations in Process
UHC/Oxford	10/1/2012	2/1/12-1/31/13	11/1/2012	90	Annual Contract Renewal



Objectives



Objectives

- To **maximize** reimbursement arrangements
 - For Professional services
 - Part B Income
- To annual adjust for inflation and the newest trends/insights
- Other objectives?
- To address future activity trends
- Consider changes in Relative Value Units



HBP Strategy- How to Get Started?

- **Determine the level of commitment**

What position is the Practice willing to take?

- ✓ Willing to participate in meetings- (practice or payer site)
- ✓ Does the Practice need to obtain Hospital permission to allow non participation?
- ✓ Selective (Carve Outs) vs. Across the Board increases
- ✓ Phase in for goal and timetable
- ✓ Threaten to ***non par***
- ✓ Implement ***non par***

- ✓ **Develop a rationale for change**



HBP Strategy- The Goal and Plan

■ Set the Goal

- Baseline Goal- for example 125 % of Medicare as a fixed amount + annual inflation adjustment
- Consider selective adjustments for codes with the highest utilization (Carve Outs)
- Projection of increased income from each proposal
- Implementation within 6 months of request for change
- Establish an open line of communication with the third party reimbursement decision maker

■ Review and obtain Practice approval of the methodology

- To avoid second guessing
- Define a single Practice decision maker



HBP Strategy- The Goal and Plan

▪ **Schedule Best Reimbursement**

- Payers often want to be assured that the amount requested is reasonable
- List the payers provided
- Show published levels, like Worker's Compensation

▪ **Global Billing for Referred Services**

- Historically the billing was TC vs. PC

Now there are opportunities to combine billing:

Save on duplicate billing costs (PC from 6 -10%)

– As well as for the payers

Increased reimbursement for referred services



HBP Strategy- The Goal and Plan

- **Piggyback the PC and TC**
 - When payers are willing to recognize a % of charges
- **% of Medicare**
 - Utilize Medicare reimbursement levels for the baseline
Review all codes
- **Extend time** to submit claims and appeal
 - Both should be 6 months
- **Structure fee schedules** to be rational
 - Taking advantage of payer focus on RVU methodology



Strategies - Moving Forward

- **Propose Multi-year Arrangements**

- From 3-4 years
 - New groups may get up to 5 years
- Implement as soon as possible
 - Don't wait for a Calendar or prior contract year

- **Focus on Specific Codes**

- Payers want top 5 (best to present top 10)
 - Weighted by Medicare fees or RVU's NOT volume
- Others at statewide fees



Strategies - Moving Forward

- **Include Inflation Provisions**
 - Starting with the change in the Reasonable Compensation Equivalents (RCE) at 2.1% (1999 to 2004)
 - Determine the last time an increase was granted
 - Present with 3% compounded each year
- **Goal** - Make an adjustment each year

