

Where is the Paddle ?

Contract Management in 2016

California Orthopaedic
Association

May 19th 2016



Kim Fenton, MA

Coastal Healthcare Consulting Group, Inc.

(714)-651-7319



Kim Fenton

- President - Coastal Healthcare 20 years
- Principal Negotiator CIGNA and Humana – 9 years
- Currently Manage 60 Groups Credentialing and Contracting.
- Lifetime over 13,000 contracts, 10,000 physicians
- All specialties, significant Orthopaedic experience.
- California, Nevada, Texas in August
- Ancillaries, Hospitals, Surgery Centers, DME

Where Did I put that Canoe?

- Review existing contracts, terms rates and performance
- Assess your needs
- Assess your assets
- Payors perspective
- CPT analysis
- Product line review
- What is a **COMPELLING** letter
- Follow up / three no's to get a yes





Reality Check- Everything is Negotiable

Medical Groups, IPAs and Managed Medi-Cal: Can be the most likely to respond to a rate request.

Networks: Administrative entities with names like First Health, Multiplan, Coventry. They can have a wide rate range.

Workers Compensation/MPN's: Discounts can be negotiated,

PPOs: They are sold through Healthplans such as Blue Shield, Blue Cross, CIGNA, Aetna, Health Net, United/Pacificare. They negotiate and have ranges, but you need to be organized and present good information.

HMO's: Blue Shield, Blue Cross, Kaiser etc. can be administered by medical groups and IPAs. The Medical Groups and IPA's try to have a standard fee schedule but they have a rate range, capitation, carve-outs, risk sharing etc.

It just requires effort.....

What Are Your Current Rates and Terms?

$$\begin{aligned}
 &\text{If } \underline{\text{non-facility}} \text{ site of service, then: } [(Work\ RVU * \\
 &\text{Statewide Work GAF)} + \\
 &\text{else } \underline{\text{facility}} \text{ site of service: } [(Work\ RVU * \\
 &(\text{Non-Facility PE RVU} * \text{Statewide PE} \\
 &\text{GAF)} + (\text{MP RVU} * \text{Statewide MP GAF})] * \\
 &(\text{Facility PE RVU} * \text{Statewide PE GAF}) + (\text{MP RVU} * \\
 &\text{Conversion Factor (CF) = Base Maximum Fee} \\
 &\text{Statewide MP GAF}] * \text{Conversion} \\
 &\text{Factor = Base Maximum Fee}
 \end{aligned}$$

Is it worth the effort ?



What Are Your Current Rates?

CPT	Description	Aetna	Aetna vs MC	BC	BC Area 2 vs MC	BS	BS vs MC	Cigna	Cigna vs MC	HealthNet	HN vs MC
0054T	BONE SURGERY USING COMPUTER			\$ 205.81	-	\$ 117.90	-	NA	-	\$ 187.92	-
20526	INJ Carpal Tunnel	\$ 81.90	93%	\$ 100.11	99%	\$ 91.91	104%	\$ 79.74	90%	\$ 105.92	120%
20550	INJ. TRIGGER POINTS	\$ 62.07	91%	\$ 76.65	99%	\$ 70.83	104%	\$ 71.74	105%	\$ 81.72	120%
20600	ARTHROCENTESIS, ASPIRATION/INJECTION; SMALL JOINT/BURSA/GANGLIOION CYST	\$ 56.03	103%	\$ 68.82	117%	\$ 63.90	118%	\$ 62.84	116%	\$ 65.26	120%
20605	ASP./INJ. INTERMEDIATE JOINT	\$ 61.47	108%	\$ 75.08	121%	\$ 70.50	124%	\$ 70.07	123%	\$ 68.35	120%
20610	ASP./INJ. MAJOR JOINT OR BURSA	\$ 74.51	109%	\$ 93.85	132%	\$ 85.60	125%	\$ 85.08	124%	\$ 82.32	120%
20612	ASP/INJ Ganglion Cyst any local	\$ 60.49	86%	\$ 75.08	97%	\$ 68.99	98%	\$ 70.31	99%	\$ 84.88	120%
20680	REMOVAL, IMPLANT; DEEP	\$ 521.40	72%	\$ 749.25	96%	\$ 614.31	84%	\$ 431.25	59%	\$ 873.04	120%
23430	TENODESIS, LONG TENDON, BICEPS	\$ 790.87	94%	\$ 972.93	102%	\$ 888.17	105%	\$ 1,044.25	124%	\$ 1,011.06	120%
25609	OPTX DSTL RAD FX	\$ 990.62	84%	\$ 1,304.54	102%	\$ 1,045.57	89%	\$ 1,083.09	92%	\$ 1,414.79	120%
26055	TENDON SHEATH INCISION-trigger finger release	\$ 728.72	107%	\$ 818.08	95%	\$ 731.46	108%	\$ 307.32	45%	\$ 814.58	120%
27130	ARTHROPLASTY, ACETABULAR/PROXIMAL FEMORAL PROSTHETIC REPLACEMENT, W/WO AUTOGRAFT/ALLOGRAFT	\$ 1,466.24	97%	\$ 1,892.68	112%	\$ 1,632.17	108%	\$ 1,590.06	105%	\$ 1,808.94	120%



Reasons That Make Sense

- Rates are too low- unsustainable
- Contract is old- terms are outdated
- Need to add or delete product types
- Solo to Group, adding Staff
- Changes to patient mix or auth process
- Slow or incorrect payments

Leverage?

- Plan data bases have a significant error rate. Do a directory search to determine the real competition. How do they have you listed?
- Plans have both access and mileage requirements they must meet.
- Plans are under pressure to grow- what would your termination effect?
- What do you do different ? After hour appointments, urgent care, 23 hour knee replacement, lower readmission rates, sub specialty, outcome data, locations, ease of access?
- Can you control facility costs?
- Can you partner, bundle, manage data ?



Do your patients like you ?

Patient portals? Email? Results online? Does the doctor text?
Do you think outside the box? How are your goals aligned
with the plans? Concierge medicine? Cash rates published?
Great web presence?

- How are you better, faster, more efficient than your competitors?
- Who are your competitors?
- What do they do better?
- What are their Yelp reviews? Facebook Page? Do they tweet?
- What are your competitive advantages?



What Is Your Story ?

Example:

Orthopaedic Surgeon (joints/hips) has .02 % revision rate, .1% infection rate and 0% percent readmission rate. National average is 6% revision rate, 5% infection rate and a 4% readmission rate.

Savings to plan on 50 surgeries = \$100,000 annually. Asking for 20% bonus based on measurable results or \$20,000



Sample Letter

- Clearly identify who you are. TIN, NPI, ETC.
- Have the correct name and mailing address
- Clearly state your business case
- State exactly what you want
- Ask for a response in two weeks
- On letterhead
- Physician signature
- Follow up time



Contacting the plans....

- Blue Cross disconnected all their provider phone lines... really.
- United Healthcare sends you through a massive phone tree then on to India
- Cigna uses a call center in the Philippines
- Blue Shield and Health Net answer the phone
- Certified mail is better



No, No, No, Maybe, Yes

- We are not able to offer any rate increases at this time.
- Premium increases don't count.
- We can't make up for your failure to negotiate for years all at once.
- It's not in the budget.
- We don't negotiate with anyone.

After You Get Your Offers

- Look at key codes/volume –did office visits go up and ancillaries go down?
- Did they add product lines? Medi-Cal, Covered Cal, Point of Service ?
- Narrow Networks with no hospital match?
- Did they add in “ Lessor Than” language?
- Check the termination clause
- Did they add unworkable Authorization criteria?



Look at key codes



Code	New	Current Sigma - 100% of 2008 FS	New	Total Volume	Volume Calculation - Offer	Volume Calculation - Current	Difference
99213	\$96.94	\$64.09	151%	6418	\$622,160.92	\$411,329.62	\$210,831.30
99214	\$145.12	\$99.47	146%	6389	\$927,171.68	\$635,513.83	\$291,657.85
99243	\$193.84	\$142.51	136%	1145	\$221,946.80	\$163,173.95	\$58,772.85
70553	\$594.82	\$1,495.27	40%	48	\$28,551.36	\$71,772.96	(\$43,221.60)
72141	\$367.65	\$705.06	52%	94	\$34,559.10	\$66,275.64	(\$31,716.54)
72148	\$371.91	\$677.91	55%	162	\$60,249.42	\$109,821.42	(\$49,572.00)
					\$1,894,639.28	\$1,457,887.42	\$436,751.86

Look at your Physical Therapy, Pathology, X-ray & MRI before final decision

The “Lesser Than” Trap



Review Reimbursement Reports by Payor & Compare to Medicare

Code	Description	Work Comp	Medicare 2010B Area 26	95% WC	120% MC
97110	Therapeutic Exercise	\$ 33.21	\$ 32.90	\$ 31.55	\$ 39.48
99213	E&M	\$ 56.93	\$ 75.44	\$ 54.08	\$ 90.53
72141	MRI	\$ 646.00	\$ 575.76	\$ 613.70	\$ 690.91
72148	MRI	\$ 640.00	\$ 580.55	\$ 608.00	\$ 696.66
27132	Total Hip	\$ 3,212.24	\$ 1,803.82	\$ 3,051.63	\$ 2,164.58
27487	Total Knee	\$ 3,139.56	\$ 1,896.69	\$ 2,982.58	\$ 2,276.03
22612	Lumbar Fusion	\$ 2,049.44	\$ 1,689.16	\$ 1,946.97	\$ 2,026.99
		\$ 9,777.38	\$ 6,654.32	\$ 9,288.51	\$ 7,985.18

Difference

(\$1,303.33)



General California Information

- Blue Cross has multiple fee schedules and prefers three year contracts. Volume counts.
- Blue Shield will offer higher rates, more strategic and with solid hospital affiliations.
- Health Net will negotiate to stay competitive with the bigger players directories but they have a ceiling.
- United has a wide variety of fee schedules. Plan on spending 6-9 months on this negotiation.
- CIGNA will update rates strategically.
- San Diego County is the most difficult....

Recap

- You have to continue to be diligent about your contracts and your revenue.
- You have to continue to challenge the clauses that don't make sense.
- Complain accurately but often to the plans, DMHC and the CMA.
- You must demand more from your billing staff regarding obtaining contracting reports. You can no longer accept: “the system can't do it” or “it is the IT guy's fault.”

Healthplan Contract Changes

Cumulative Third Year Changes

\$533,228.00

Healthplans	Period	Total Payment Amount	Increase	
Aetna Changes and Payments By CPT Code	Jan - Dec			.10 First Year
Base Year		\$659,795.00		
First Year		\$725,775.00	\$65,980.00	
Second Year			\$65,980.00	
Third Year			\$65,980.00	
			<u>\$197,939.00</u>	
Blue Cross Changes and Payments By CPT Code	Jan - Dec			.02 .03
Base Year		\$2,331,366.00		
First 18 Months		\$2,377,993.00	\$46,627.00	1st yr.
Second 18 Months		\$244,933.00	\$71,340.00	3rd yr.
			<u>\$117,967.00</u>	
Blue Shield Changes and Payments By CPT Code	Jan - Dec			.30 Bariatric increase
See Foot Note 1				
Tricare Changes and Payments By CPT Code	Jan - Dec			.20 First Yr.
Base Year		\$197,473.00		
First Year		\$236,968.00	\$39,495.00	
Second Year			\$39,495.00	
Third Year			\$39,495.00	
			<u>\$118,484.00</u>	
Tricare Changes and Payments By CPT Code	Jan - Dec			.04 .02 .02
Base Year		\$1,205,116.00		
First Year		\$1,253,321.00	\$48,205.00	
Second Year		\$1,278,387.00	\$25,066.00	
Third Year		\$1,303,955.00	\$25,568.00	
			<u>\$98,839.00</u>	
		Total Annual Increase	Total Annual Cumulative Increase	
First Year			\$200,306.00	
Second Year		\$130,541.00	\$330,847.00	
		\$202,382.00	\$533,228.00	

Diligent Contracting Results in:

- Revenue increases
- Less stress for the physician & office manager
- Higher level of efficiency equals →
Working less and making more!!!





Thank You!

Kim Fenton

President

Coastal Healthcare Consulting Group

(714) 651-7319

E-Mail: KimF@HealthcareConsultant.org

www.Healthcareconsultant.org