Contract Negotiations to Enhance Patient Care

Paul W. Kim, J D, MPH
410-528-2979
pkim@coleschotz.com
Payor Contracts: Why?

- Negotiated, predictable, set reimbursement amounts (fee schedule)
- Less patient cost-sharing (more from health plans)
- Less administrative burden for you and patients
- Possibly fewer denials of services for patients
- No balance billing the patients
- Contractual rights (and responsibilities)
Relationship

• How important is it to you and your practice?

• What percentage of your patients are covered by this plan?

• How strongly do you feel about certain terms or provisions?

• Under what facts are you willing to walk away?

• Are there tangential benefits to consider?

• Is your current decision temporary or fatal?
Governing Law

- Different from compliance with laws
- State law
- Mandatory benefits for patients
- Prompt payment
- Balance billing the patients
- Waiver of patient cost-sharing (copayment, coinsurance, deductible)
Patient Services

- Sufficient description (CPT codes)
- Comprehensive for your patients
- Right to limit to your specialty or scope of practice
- Ability to add or delete (notice)
- Gatekeeper (delay of patient care)
- Preauthorization (delay of patient care)
Plans

• Different rates
• Different coverage rules
• Different policies
• Different patient populations
Reimbursement

- Payer-specific rates (fee schedule)
- Medicare rates
- Percentage of rates
- Percentage of charges (usual & customary)
- Most favored nation clause
- Non-covered services addressed?
- Prompt payment from health plans
Term

- At least one year (typically three or five years)
- Some renewals (some automatic)
- Longer the term, more potential for higher rates (not always)
- Longer the term, more potential for negotiation (not always)
Termination

- Breach
- Licensure suspension/revocation
- Bankruptcy
- Conviction (felony)
- Disability
- Performance measures (economic credentialing)
- Without cause
Hold Patient Harmless

• Insured members

• Covered services

• Patient cost-sharing only (copay, coinsurance, deductible)

• No balance billing the patients

• Non-covered services addressed?

• Upgrades
Indemnification

- Mutual
- Type of damages
- Attorneys’ fees
- Right to own legal counsel
- Settlement decisions
Limitation of Liability

- Actual or real damages
- Consequential or incidental damages
Confidentiality

- Different from HIPAA
- Real consequences
- Advisors exempt
- Injunction
- Damages
- FTC liability
Amendment

- Available
- Procedure
- Change in law
Notice

• Avoid one-way transmissions
• Require receipt confirmation
Third Party Beneficiary

- Expressly exclude
- Prevents patients from raising claims based on contract between practitioner and health plan
Dispute Resolution

- Mediation
- Arbitration
- Binding
- Cost
- Judicial
- Venue
- Jury
Employer vs. Employee

• **Practice/Hospitals/Nursing Homes**
  - Lowest Possible Compensation *(Sufficient/ Not Overpay)*
  - Maximum Expertise and Skills
  - Personnel Retention
  - Corporate Growth

• **Individual Podiatrist**
  - Highest Possible Compensation *(Sufficient/ Not Underpaid)*
  - Maximum Opportunity to Contribute and Learn
  - Job Satisfaction
  - Help Patients
Employment or Services Agreements

- **W-2 Employment**
  - Master-Servant Relationship
  - FT Annual Salary (plus bonus) or PT (Flexible)
  - Benefits
  - Potential Title/Ownership

- **1099 Independent Contractor**
  - Contractor Control and Freedom
  - Hourly Rate (Variable) or Per Project
  - No Benefits or Ownership
Patient Focus

- Pre-Contract Due Diligence (Interview)
- Preview of Employee Manual or Policies (Fringe Benefits)
- HIPAA Training
- Availability of Trainings on Best Practices and Current Guidelines
- Anonymous Compliance Hotline
Contract Provisions

- Compensation (or Costs) vs. Patient Care
- Quotas (Time Spent Per Patient)
- Stipend or Reimbursement for Trainings
- Availability of House Calls
- Availability of On-Call Coverage
- Charges to Patients Restricting Comprehensive Patient Care
Questions?

Thank you!