

White Paper - Third Party Contracting (April, 2014)

Structure long term (3-5 years) third party contracts to maintain historic levels of technical payments, when the group is billing globally for referred services.

HBP Services, Inc.
11 Research Drive, Suite 2
Woodbridge, CT 06525
203-397-8000



Third Party Strategy

1. Review all contracts with reimbursements based on historically high technical/global payments for 88305 and other major codes.

Assumes best payer allows:

88305-26	88305-TC	88305 (Global)
\$60	\$80	\$140

2. Attempt to re-negotiate the rates at the earliest opportunity. Don't wait for current term to end.
3. Lock in these rates and offer a modest adjustment over a multi-year time frame. While a one year/ 3% increase might have been acceptable in the past, the new mantra is "**Go Long**".



Third Party Strategy

4. Many payors are willing to write multi-year contracts if the increases are favorable to them.

5. Depending on the level of activity billed globally (vs PC only), the Practice proposal might include:

Year 1	+3%
Year 2	+2.5%
<u>Year 3</u>	<u>+2%</u>
Year 4/5	+1.5%

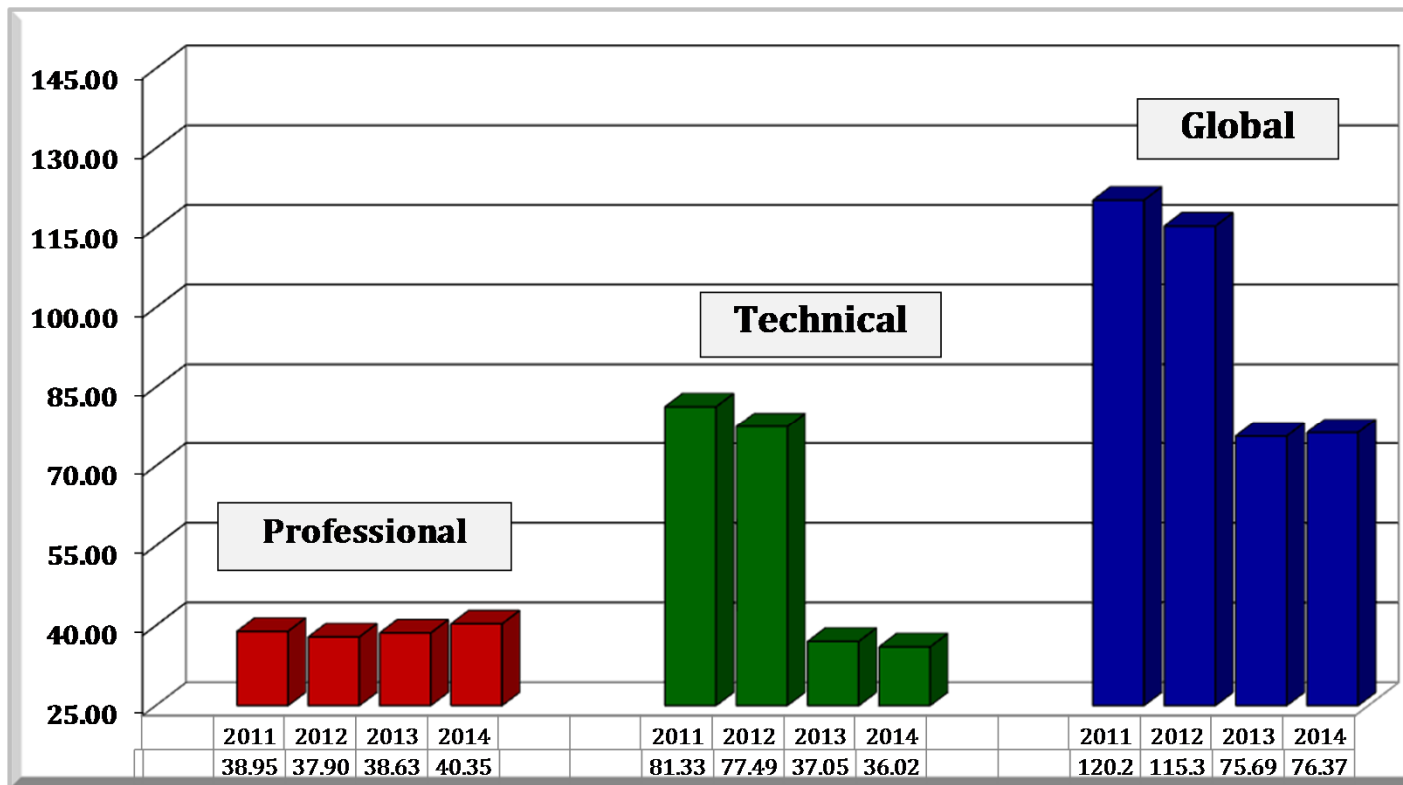
This approach protects the critical baseline reimbursement.



Third Party Strategy

6. The 2013/14 Medicare reductions need to be avoided, if possible.

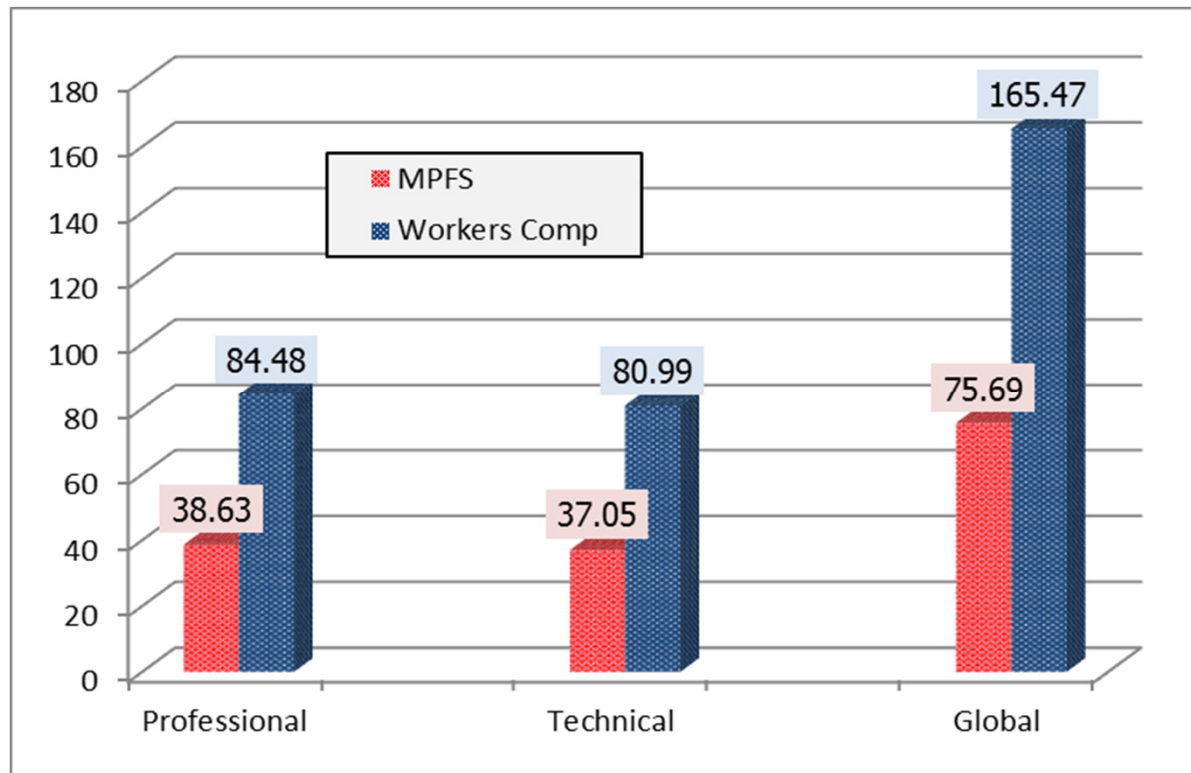
88305 Annual Comparison – Connecticut Medicare



Third Party Strategy

- 7. Utilize other published rates when available, i.e. Workers Compensation.

2013 Connecticut MPFS vs Workers Comp



Third Party Strategy

8. Present favorable rates paid by other payors as blinded data.

	<i>88305-26</i>	<i>88305-TC</i>	<i>88305 (Global)</i>
Current	45.00	60.00	105.00
Payor A	60.00	80.00	140.00
Payor B	55.00	72.00	127.00
Payor C	48.00	68.00	116.00
Workers Comp	84.48	80.99	165.47
Average	61.87	75.25	137.12

9. Try to present selective codes for “carve-out” . Request ten codes, settle for five. Accept area-wide usual and customary for other codes when calculations indicate this as the best strategy.
10. Consider current “Run Rate”, if different from CY 2013. **Use to Practice advantage**

