

# Critical Strategies for Negotiating Contracts

*Are you leaving money on the table when negotiating payor contracts?*

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## **Proven negotiating strategies and tactics:**

- Start early. Payors will commonly try to create a false sense of urgency.
- Do your homework. Be aware of what is fair for your market and the value you bring to the payor network.
- Don't give in too hastily. If the fee schedule is too low, ask why; get justification. Take your time to understand BEFORE you approve anything.
- Have only one internal practice point of contact for contracts. Avoid confusion and problems associated with notification of contract changes.
- Get support. If you negotiate a contract once every year or two, you are probably being out-manuevered! Turn the tables around and out-manuever the payor by seeking professional assistance.
- Adopt a position that payors *can be guided to give you a better deal through skillful negotiation.*

For many practices, "negotiating" is not really negotiating at all. Agreeing to the payor's terms without careful analysis of the contract and having workable strategies to *truly negotiate* the best terms for your practice is a process that many groups have neither the expertise nor the time to take on. True negotiation is the art and science of give and take until the best deal can be struck that optimally benefits the practice. For pathology practices that have *experienced* negotiators or consultants, *actual* negotiation of contracts is more common and the financial outcomes are usually more positive. For practices that rarely review their contracts, the payor is frequently given an undeserved position of power.

## **Providers need more help than payors.**

Finding assistance that has extensive experience with payors can work to the benefit of practices that do not have the expertise or time to negotiate the best contract that they can get. In the arena of negotiating provider/payor contracts, uncertainty and lack of time can be damaging to a practice's revenue performance. Identification of local and practice-specific business

factors that impact the payor places your practice in a more powerful position. Digging for information and knowing how to leverage it for the benefit of the practice is essential to successful negotiation.

## **A typical contract runs to 30 pages.**

Many provisions may be structured to produce favorable results for the payors in relation to payor audits, collection of overpayments, modifications of fees with little or no provider recourse, authorization based denials, coding methodologies disguised to reduce payments, limited rights of arbitration, restrictions of rights related to underpayments, misrepresentation of actual fees to be paid and lack of accountability related to format and content of explanations of benefit.

**Knowledge is power.** In the payor contracting component of the practice revenue process, it's not just written knowledge that counts, but it's the direct experience in negotiating contracts that results in the best outcomes. Negotiating on hundreds of contracts each year provides the knowledge and experience crucial to obtaining the most favorable contract terms available to pathology providers. *The benefits of well negotiated contracts include both a reduction of risk and an increase in revenue.* Other parts of contracts can also be changed. For example, payors can be held financially responsible for other payors to whom they "rent" their network.

- *Remember that you stand to net more revenue by investing in professional negotiation assistance than simply by taking what the payor offers.*

You can structure the best possible deal through skillful negotiation. *You don't have to leave money on the table!* While payors may act as though they are in charge, the provider must remember these words, "**Let's negotiate.**"

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