

6 simple tips for renegotiating payer contracts

November 02, 2015 | [Michelle Cavanaugh - Revenue Cycle Manager at Kareo](#)

The last quarter of the year is the signal to start evaluating the past year and planning for the coming one. There are lots of critical tasks that impact your bottom line that you need to complete. One of those is reviewing your payer contracts and looking for ways to improve your reimbursement.

Often practices just let contracts renew year after year without reviewing the terms. This is referred to as the evergreen clause. The problem is that practices change: new providers and services are added; the size of the patient panel grows; and the practice may be in a stronger position to negotiate better rates. This is especially important for small practices that already have tight margins. Small practices may not have the same negotiating power as a large enterprise but getting better rates isn't impossible. There may be unexpected opportunities to correct mistakes or show the value of better reimbursements.

The first thing to do is gather all your contracts and review each one thoroughly to be sure you understand the terms. Are they group agreements or individual contracts? Do you have all the amendments and addendums?

There are a few key things to check right off the bat: If you have individual contracts, is there any variation? Are any new providers still contracted under an old practice? If your providers are being paid for the same service at different rates, find out why and address it with the payer. Are there limitations placed that prevent you from rendering the level of care you feel your patients require, such as restricting in-office lab testing? These are things that with just a small amount of work may be corrected and updated.

If you'd like to try to change the terms of the contract on a larger scale, especially reimbursement rates, here are some tips:

1. It is easier to renegotiate before you sign a new contract or renew than to renegotiate mid-year. So, now is the time to gather your ammunition. But be sure to check your contracts to find out how far in advance of renewal you need to request changes.

2. If your contract doesn't provide a detailed fee schedule then you'll need to get it. You may be able to find it on the payer's portal or through your payer representative. It could take some legwork to get it. Consider creating a spreadsheet with your practice fee schedule for self-pay and your fee schedules for your top payers. You don't have to list out every visit type, procedure, and service. Just list the top 10 or 20. This can help you see where your reimbursement is comparatively low. Then, you can decide if you want to try to renegotiate.

3. Send any proposed changes through the proper channels and send it in a manner that requires a signature and provides tracking. Be sure to include practice name, TIN, names of providers, date when you expect a response, and contact information for the person negotiating for the practice.

4. Create a formal request that details what you'd like to change in your contract. Do not treat this process casually.

5. Make sure you provide supporting documentation for all your requests. This should include an explanation of value propositions and should showcase to the payer how this change benefits patients, the practice, and the health plan. Consider the following questions when detailing benefits: Is it a service that is hard to find locally? Are you using newer techniques or technology that other providers may not have? Do patients prefer you to other providers (shown through reviews or surveys)? Have you seen an increase in patients from that payer for that procedure?

6. Lastly, be willing to negotiate. Fight for what you want but know when to back off and negotiate. You might still get a better rate even if it isn't exactly what you were hoping.

If you do all the work, and the insurance company refuses to negotiate then you have to decide if it is worth it to keep accepting those plans.

Sometimes it's not.