

A stack of several books is shown from a low angle, looking up at the spines. The books are arranged in a slightly curved line, creating a sense of depth. The spines are light-colored, and the pages are visible at the edges. The background is a soft, light blue gradient. The title 'How to Garner Negotiating Power' is centered over the books in a black, serif font.

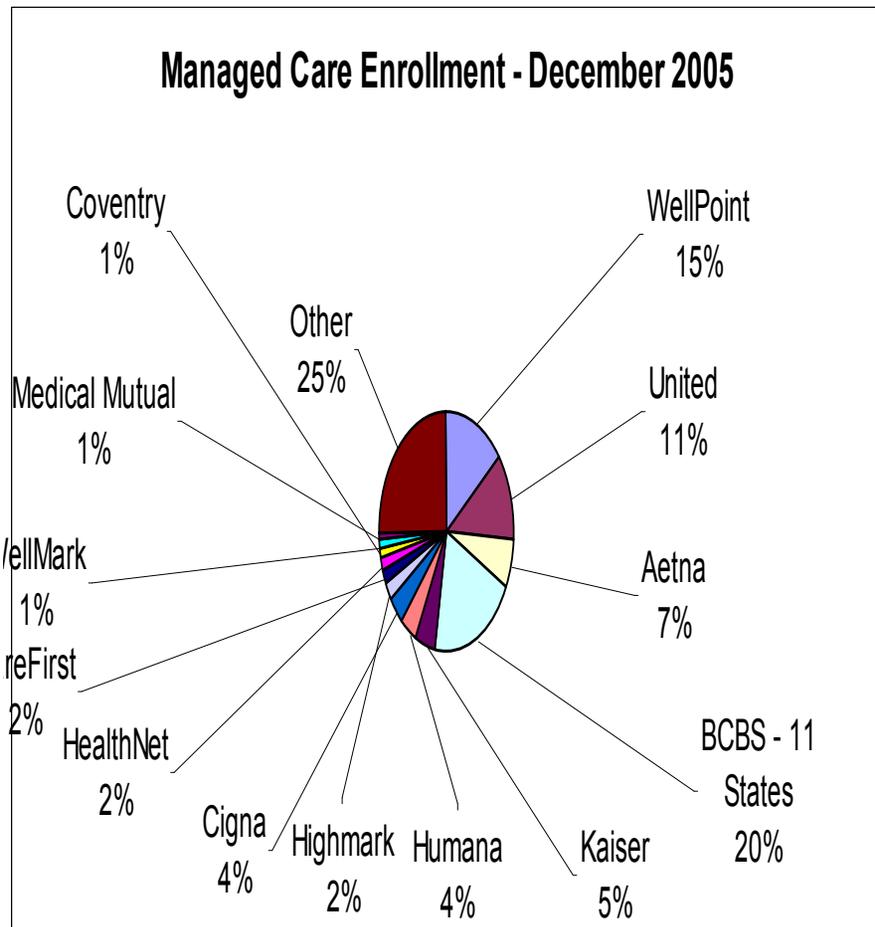
# How to Garner Negotiating Power



# Session Outline

- State of the national and *local* managed care markets
- Current payer priorities
- Factors driving “provider leverage”
- What the payers are saying
- Assessing your practice’s leverage
- Techniques for maximizing leverage
- Positioning your practice for the future
- Quiz Results
- Questions

# The National Managed Care Marketplace



- 25 Plans make up 75% of enrollment
- Source: AIS Market Data AISHealth.com



# The National Managed Care Marketplace

*“For those who track the ins and out of health plans, 2005 was anything but boring?” [HealthLeaders](#), March 2006*

- **Reacting to Changes in Medicare - Part D and Medicare Advantage**
- **More Mergers**
- **Consumer Driven Health Care**
- **Increasing Premiums - Up 11.2% from 2003 to 2004\***
- **Continued Public Sector Focus**

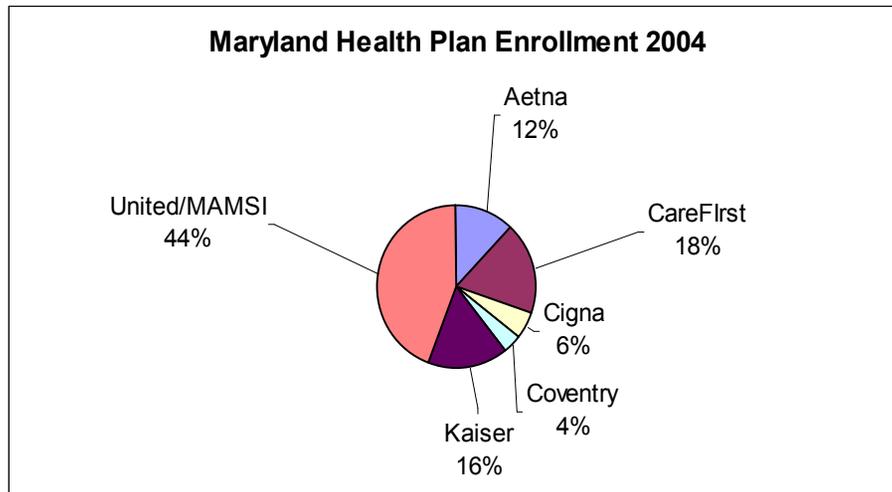
Source: [Maryland Healthcare Commission 2005 Comprehensive Performance Report](#)



# The National Managed Care Marketplace

- A Desire to Use Technology to Increase Patient Safety and Evaluate Care Delivery
- Decreasing HMO Numbers
- Growth in Disease Management plans and products
- Huge interest in Pay for Performance -  
Both private and public

# The Local Managed Care Market



- 6 Major Plans Cover 2.4 Million HMO/PPO members
- Source: Maryland Health Care Commission 2004 Comprehensive Performance Report



# The Local Marketplace

- **Medicare** - Return of MC Advantage plans, Influx of new drug plans
- **Mergers** - Mamsi/United, Coventry/First Health, Fewer purchase options for the local employer/consumer, Easier purchasing comparison
- **Consumer Directed Health Plans** - Healthcare Savings/Reimbursement Accounts
- **Increased Premiums** - LARGE deductibles and copayments, Creation of tiered networks
- **Public Sector** - Changes in HealthChoice, Addition of special/high cost populations through waivers



# The Local Marketplace

- **Technology** - Incentives for EMRs, Use of provider data for network product development and clinical credentialing
- **Decreasing HMOs** - Increase in popularity of PPO and POS products, Decreases in rates in HMO products
- **Disease Mgmt** - Entry of American Healthways and XLHealth
- **Pay for Performance** - Use of Bridges to Excellence, and tiered networks to create outcomes based reimbursement



# Factors Driving Leverage

- **Practice Size and Location** - Network Adequacy both a public and private sector purchasing driver and comparison factor
- *Demonstrable* **Effective Management of Specific Patient Types and Diseases** - Needed for disease management and public sector populations
- **Information Management Capabilities** - Belief that EMRs increase patient safety and quality of care delivery, Accurate data needed for product development and demonstration of quality and efficiency
- **Consistent Cost Effectiveness** - Lower LOSs, better than benchmark outcomes and efficient utilization improve plans' bottom lines
- **Expertise or Unique Population Served** - <sup>9</sup>



# What the Payers are Saying

- Few if any providers have leverage
- We compare our rates to market and you must be able to demonstrate that other payers are paying you more
- Employer/Purchaser feedback does matter to us
- We are using your data to form our opinions of your practice



# What the Payers are Saying

- Rate negotiations take 2 - 6 months
- You must deal with a Director or VP
- Most practices do little or no data analysis or management and are not prepared to negotiate
- For some specialties - most future reimbursement increases will be outcomes based
- If you don't have leverage, don't waste your time or our time



# Assessing Your Practice's Leverage

- Compare yourself to your peers in your geography for size and location
  - Use hospital websites, payer directories, medical society membership lists
  - *Does your size, location or expertise differentiate you?* - Don't forget, payers needs vary.
- Examine Your Service Mix
  - *Are you managing diseases relevant to payer priorities (MC, MA, diabetes, COPD) ?*
  - If not, could you do so and does it make sense to do so?
  - *Are you "demonstrably effective?"*



# Assessing Your Practice's Leverage

- Review Your Information Systems Capabilities
  - Review your patient management and patient care capabilities
  - *Are you able to demonstrate that their use is improving patient care?*
  - *Are your data collection tools resulting in credible data submissions to the payers?*
  - *Do you have the information you need to negotiate?*
  - If not, do you need to add technology?
- Review your data for your top diagnoses
  - Find credible benchmarks to which you can compare (specialty societies, HEDIS)
  - Trend your LOSs and outcomes
  - Make operational changes to improve your performance
  - *Can you demonstrate consistent cost effectiveness with your results?*



# Techniques for Maximizing Leverage

- **Know if a Relationship is Expendable**
  - Can you realistically afford to terminate a payer
  - If so, what are the ramifications and how will you deal with them
- **Know what you are getting paid**
  - Both from the payer in question and the payer's competition
  - Know how the two compare
  - If possible, know how your costs compare
- **Know what your practice's data is telling the payer**
  - Review what you know they have
    - LOS, prescribing patterns, ordering patterns and frequencies, referral patterns and frequencies, specialists utilized, hospitals utilized
  - Know how it compares to your peers



# Techniques for Maximizing Leverage

- Know what your data tells you about the payer
  - Understand their denial patterns
  - Calculate their processing error rate
  - Understand their Days in AR and how it compares to other payers
- Be prepared
  - Have a negotiation strategy and plan that emphasizes your leverage points
  - Make your analysis available to the payer
  - Speak in their terms whenever possible
  - Hire expertise if needed



# Positioning for the Future

- Data will be key.
- Create a practice infrastructure that facilitates and promotes:
  - Accurate data capture
  - Scheduled data analysis
  - Regular data review
  - Operational changes that improve outcomes



# Positioning for the Future

- Start preparing now
  - Maximize the use of your existing technologies and data
    - If you are not fully utilizing your practice management software(s), do it.
    - If you are not analyzing your financial data, do it.
      - » It can be the pre-cursor to analyzing your clinical data
      - » It may produce the funding for future practice needs
  - Evaluate whether you want to play in “pay for performance”
    - If so, identify the human and technology resources you need and the capital requirements and find them



# Positioning for the Future

- Consider leverage when making strategic planning decisions
  - Does adding an office in a location have payer value?
  - Is there a real or projected market need for that new service?
  - Does purchasing a technology make sense?



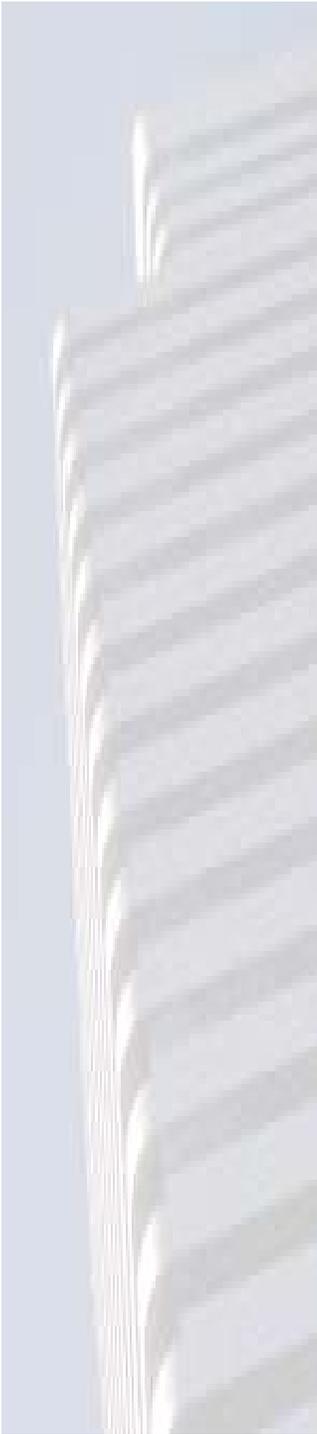
# Positioning for the Future

- Stay Aware of Market Changes
  - Read the materials you receive from your payers
  - Check their websites routinely
  - Talk with your provider relations representative regularly
  - Identify opportunities to familiarize yourself with local and national trends

# Final Thoughts

*“The payer/provider relationship is based on information. Poor information can lead to misunderstanding, mistrust and lost opportunities”* Managed Healthcare Executive, March 2005

*“Using one’s leverage in health care negotiation does not mean intimidating, threatening or even demanding, it means effectively accomplishing. Leveraging is not a game of who wins and who loses; rather it is a negotiation technique.”* Managed Care Interface, September 1998



# Quiz Findings Questions???

Contact Information:

Shelby L. Boggs

Vice President, Marketing and Business Development

phone: 443-544-2234

email: [sboggs@pmptrs.com](mailto:sboggs@pmptrs.com)