

## Managed Care Negotiation Strategies Using Transparency and Case Data to demonstrate to Payers How ASCs Save Money

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### Presentation Objectives

1. Outline the need for accuracy with case forecasting;  
how is this useful?
2. Explain how to provide Payors with meaningful data  
that supports managed care negotiations
3. Provide simple to use examples for how to document  
this information
4. Share what we learned along the way so you can arrive  
at the answer more efficiently

### The Power of Information

*What information is needed to Negotiate Contracts?*

- 1) Operating Cost Data
- 2) Capital Expenditures
- 3) Hospital Reimbursement / Cost to Payor
- 4) Volume that can move from and to the hospital
- 5) Examples of actual hospital cases
- 6) Variances in payment methodologies
- 7) Literature demonstrating trends
- 8) Case mix
- 9) Payor Mix

## Data Collection

- Identify opportunities for contract enhancement
- Determine which direction will have the greatest opportunity to maximize revenue
- Justify determination of whether to remain out of network or to go in network
- Prepare for possible in network changes in revenue for budgeting and planning purposes

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## Using Data to Forecast Opportunity

### *Questions to Answer:*

- Will you gain access to new volume?
- What impact will adding new surgeons have?
- What is the revenue impact? In network re-negotiation vs. out of network new contract?
- Can the center accommodate & service new volume?
- What types of new cases will come?
- Does the new case mix justify new rates?

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### *Importance of Educating the Payor*

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### The Importance of Educating the Payor

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Payor Representatives who negotiate ASC rates are...

- Not clinicians or ASC operators, thus they do not have experience with running ASC's
- Usually less experienced with facility negotiations
- Often provided little to no education with respect to surgical cost
- Accountable and incentivized to maintain a budget

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### The Importance of Educating the Payor

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Payor Representatives commonly believe...

- all ASCs are alike
- all ASCs should be compensated at the same rates
- ASCs should be paid at "some percentage of Medicare"
- Any increase in ASC "spend" is negative

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### The Importance of Educating the Payor

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- Payors frequently do not understand how much more they pay for the same services in hospital environment

*Quantify the value of cost savings to the payor*

- Provides the Payor Negotiator the ability to get internal approval for non standard pricing and / or enhanced increases

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*Data Collection*

*Pertinent Information Needed*

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What is the Most Useful Data

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- Patient specific information that the payor can verify
- Examples should be specific

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Data Collection – Information to gather

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- Date of Service
- Payor Name
- Product Type
- Procedures Billed, in the order they were billed by MD
- Location Name
- Location Type (In vs. Outpatient)

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## Data Collection Pitfalls and How to Avoid Them

1. What is the Physician's current and projected professional contract status?
  - Is physician contracted with payor today
  - Is physician planning to remain contracted with payor tomorrow?
2. Non Specific Payor Categories
  - Commercial
  - Other
  - PPO
  - HMO
  - Medicare

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## Data Collection Pitfalls and How to Avoid Them

3. Procedures vs. Cases
  - All CPT's listed in a case vs. Primary Code
  - Secondary codes listed as Primary
  - One surgeon having disproportionate case volume
4. Ambiguous Location Listings...
  - "Memorial Medical Center"
  - Memorial Med Cnt
  - Hospital

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## Example Data Collection Format

*\*Note: Payor Names and Data Examples are fictitious, and created for teaching purposes. Similarities to actual names and locations are coincidental.*

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Example Data Collection Format

Surgery Center of Illinois

DOS	Surgeon	Payor Name	Product Type	Primary CPT	2nd CPT	3rd CPT	Location Name	Location Type

Example Data Collection Format - Examples

Surgery Center of Illinois

DOS	Surgeon	Payor Name	Product Type	Primary CPT	2nd CPT	3rd CPT	Location Name	Location Type
9/29/2011	Green	BCBS	Commercial	49505			Northwestern Medical Center	Outpatient

Example Data Collection Format - Examples

Surgery Center of Illinois

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9/30/2011	Smyth	BCBS of USA	HMO	66984			Univ of Chicago Med Center	Hospital

## Example Data Collection Format – Examples

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9/30/2011	Lambert	BCBS	Super Duper Senior 65	42820	69436	69436	Cook County	Inpatient

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## Data Collection - Reducing the Risk of Errors

- When collecting data manually, case identifiers i.e. account numbers should be included
- When ever possible, obtain electronic list; if not obtain printed listing
- Scan data for specific location of service and ask what user defined acronyms or abbreviations stand for
- Confirm no changes in physician contracting are on the horizon

## Case Forecasting

Once you have it, analyze the data and filtered to get down to:

- ASC Appropriateness
- Contracting opportunity
- Realistic volume forecasts

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## *Hospital EOB's*

*(the other critical piece of information)*

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## Hospital EOB's

- EOB – Explanation of Benefits  
...aka... What the hospital got paid  
...aka... The missing link
- Establishes what market rates are
- Determines what reimbursement/contracting opportunities & projected reimbursement ranges the ASC might obtain

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## Obtaining Hospital EOB's

- How to request information from patient (surgeon)
- Timing the request
  - 1) Ask before surgery
  - 2) Follow up after surgery at first PO visit
  - 3) Ask again at last PO visit
- What to do when you get them
  - 1) Document CPT codes billed
  - 2) Verify allowed amounts

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## Obtaining Hospital EOB's

*How do you present the information to the payor?*

- Compare EOB to existing contract rates
- Clarify volume that can move with appropriate rates
- Compare EOB to proposed rates that enable center to shift volume
- Calculate and demonstrate total savings =  
Case volume \* Savings  
 $500 \text{ case} * 1000 / \text{case} = \$500,000$

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## Summary

1. Accurate data the payor can validate is imperative to success
2. Despite having the data, payors can not always access it or know how to use it
3. Documentation needs to be simple and understandable
4. Share whatever you can as long as it supports the prospects for cost savings

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