







- 1. How can you compete in your market without Strategic Perspectives?
- 2. How understanding the payers & the challenges in their contracts works to your advantage.
- 3. Our analytical models > empower contract strategy and performance.
- 4. Focus on the bottom line = (expected revenue denials) of <u>current</u> & <u>proposed</u> contracts. (It's the **revenue that matters**, **not** the **rates**.)
- 5. We'll discuss a few proactive strategies.







Hospitals often focus on the rates, assuming that winning the rate battle leads to winning the revenue battle.

**BUT** 

Payers sell complex benefit designs then deploy "bot" technology to "micromanage" your claims regardless of the rates, thus reducing your net revenue.

SO

Let's discuss how you can negotiate these contracts so they support your long-term strategic plans.







#### **Future State**

#### To win, you need:

- > Goals that support your System Strategies
- > Models: quantify positions (Revenues, Denials, Goals)
- > Experienced Payer Negotiators
- > Focus on Outcomes
  - = Successful Contract







#### Strategic Perspective

- 1. What are the primary services you provide to your community?
- 2. Do you include all system assets in negotiations?

Hospital, physicians, ancillary, etc.?

- 1. "System View" of the payer all Payer Products (revenues admin issues)
  - More options to leverage in negotiations
  - Decreases the payer's ability to pit one asset against another
- 2. Changing Services? New capabilities but not in your modeling data yet?
  - Can model scenarios to measure impact.







#### **Understanding your Payers**

Preparation is the Key to Success

"To defeat your enemy - you must know him" Sun Tsu, The Art of War

How understanding a little bit about the Payers challenges can be an advantage for you







#### Understanding your Payers

#### Payer Vulnerabilities

National payers are stuck in a fee-for-service (FFS) mentality

- Existing contracts (Benefit plan designs, denial algorithms)
- Sales relationships Brokers are still selling discounted POC

FFS claim adjudication system

- Changing from FFS to Value-Based Purchasing would require:
  - New systems and tools
  - Changing contracts with employers

Why would they when they are making so much money in current system? Picking apart your FFS claims







#### **Understanding your Payers**

#### Payers build their contracts to:

- 1. Lower their risk by moving it to you and
- 2. Works best in existing claims systems,
- 3. the more convoluted the better

Remember, the Payers <u>need you</u> to deliver the patient care <u>they have contracted</u> to provide to "members".

What value do they add?







#### **Contract Challenges**

#### Moving Risk to You

#### Payer contracts frequently have unilateral conditions:

- Claim Filing v Audit times
  - Provider: Limited time to file clams, but Payer has Unlimited time to audit
- Patient Verification Process
  - Provider: must Verify: a) covered person b) covered benefit c) medical necessity

but

Payer: not responsible for reliable information





## Here is what our Model Summary presents



Sample Medical Center A Managed Care Modeling Dates of Service: XXXX to XXXX

							Current Contrac			Actual vs Co	irrent Contract	t Proposed Contract			Proposed vs Current Contract			
		Insurance Responsibility	Patient Responsibility	Total Allowed			Current Contrac	Lessor-of-	Expected	%	irrent Contract			Rate *	Lessor-of-	Impact of Minimum	Expected	Contract
Service Description	Charges	(From 835)	(From 835)	(From 835)	Rate	Rate Basis	Rate * Volume	Charges	Payments	Variance	\$ Variance	Rate	Rate Basis	Volume	Charges	Discount	Payments	% Change \$ Change
Inpatient Services																		
IP Medical	\$ 5,554,521	\$ 899,291	\$ 436,176	\$ 1,335,468	\$ 7,583	v30 DRG	\$ 1,324,827	\$ -	\$ 1,324,827	1%	\$ 10,640	\$ 6,17	0 v37 MS-DRG	\$ 1,197,087	\$ -	\$ -	\$ 1,197,087	-10% \$ (127,740)
IP Bone & Joint	\$ 1,192,396	\$ 177,885	\$ 38,884	\$ 216,769	\$ 7,583	v30 DRG	\$ 336,602	\$ -	\$ 336,602	-36%	\$ (119,833)	\$ 6,17	0 v37 MS-DRG	\$ 201,826	\$ -	\$ -	\$ 201,826	-40% \$ (134,776)
IP Surgical	\$ 2,526,490	\$ 427,702	\$ 130,023	\$ 557,725	\$ 7,583	v30 DRG	\$ 667,004	\$ -	\$ 667,004	-16%	\$ (109,279)	\$ 6,17	0 v37 MS-DRG	\$ 613,725	\$ -	\$ (15,695)	\$ 598,029	-10% \$ (68,975)
IP Female Reproductive	\$ 196,927	\$ 32,342	\$ 19,412	\$ 51,754	\$ 7,583	v30 DRG	\$ 50,635	\$ -	\$ 50,635	2%	\$ 1,118	\$ 6,17	0 v37 MS-DRG	\$ 59,618	\$ -	\$ -	\$ 59,618	18% \$ 8,982
IP Hepatobiliary/Pancreas	\$ 278,513	\$ 46,290	\$ 25,880	\$ 72,170	\$ 7,583	v30 DRG	\$ 62,548	\$ -	\$ 62,548	15%	\$ 9,622	\$ 6,17	0 v37 MS-DRG	\$ 62,790	\$ -	\$ -	\$ 62,790	0% \$ 243
IP Behavioral Health	\$ 205,331	\$ 51,047	\$ 4,227	\$ 55,274	\$ 850	Per Diem	\$ 80,046	\$ -	\$ 80,046	-31%	\$ (24,772)	\$ 85	0 Per Diem	\$ 79,900	\$ -	\$ -	\$ 79,900	0% \$ (146)
IP Chemical Dependency	\$ 21,909	\$ 992	\$ 661	\$ 1,652	\$ 850	Per Diem	\$ 850	\$ -	\$ 850	94%	\$ 802	\$ 85	0 Per Diem	\$ 850	\$ -	\$ -	\$ 850	0% \$ -
Deliveries																		
IP Delivery Normal	\$ 611,675	\$ 54,861	\$ 50,936	\$ 105,797	\$ 7,583	v30 DRG	\$ 125,736	\$ -	\$ 125,736	-16%	\$ (19,939)	\$ 6,17	0 v37 MS-DRG	\$ 156,889	\$ -	\$ -	\$ 156,889	25% \$ 31,153
IP Delivery C-Section	\$ 733,770	\$ 97,851	\$ 92,631	\$ 190,482	\$ 7,583	v30 DRG	\$ 158,354	\$ -	\$ 158,354	20%		\$ 6,17	0 v37 MS-DRG	\$ 217,725	\$ -	\$ -	\$ 217,725	37% \$ 59,371
Newborns													1					
IP Normal Newborn	\$ 131,570	\$ 15,699	\$ 14,114	\$ 29,813	\$ 7,583	v30 DRG	\$ 32,457	\$ -	\$ 32,457	-8%	\$ (2,644)	\$ 6,17	0 v37 MS-DRG	\$ 49,692	\$ -	\$ -	\$ 49,692	53% \$ 17,235
IP Neonate	\$ 542,802	\$ 105,710	\$ 64,958	\$ 170,668	Multiple	Per Diem	\$ 192,000	Ś -	\$ 192,000	-11%	\$ (21,332)	Multipl	e Per Diem	\$ 192,000	\$ -	Ś -	\$ 192,000	0% \$ -
		4 200,120	,	<b>4</b> 2. ajaza	a.epie		+ 202,000	*			· (==,===,				*	*		
Inpatient Subtotal	\$ 11,995,903	\$ 1,909,668	\$ 877,902	\$ 2,787,570			\$ 3,031,060	ś -	\$ 3,031,060	-8%	\$ (243,489)		1	\$ 2,832,102	ś -	\$ (15,695)	\$ 2,816,407	-7% \$ (214,653)
	,,	, ,,,,,,,,,	,	4 4,107,070			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	,,		(=:=,:==,		<del> </del>	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	-	(,,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	(22,400)
Outpatient Services																		
Outpatient Procedure Grouper	\$ 87,849,851	\$ 10,609,767	\$ 4,151,222	\$ 14,760,989	150.0%	2013 FS	\$ 14,768,585		\$ 14,768,585	0%	\$ (7,595)	132	% BC FS	\$ 14,626,262	\$ (14,285)	\$ (22,007)	\$ 14,589,970	-1% \$ (178,615)
OP Cardiac Cath	\$ 851,004	\$ 138,438	\$ 25,333	\$ 163,771	225.0%	2013 FS	\$ 148,729	\$ -	\$ 148,729	10%	\$ 15,041	132	% BC FS	\$ 148,468	\$ -	\$ -	\$ 148,468	0% \$ (261)
ER Level 1	\$ 36,248	\$ 7,022	\$ 15,098	\$ 22,120	70.0%	PPR	\$ 25,374	\$ -	\$ 25,374	-13%	\$ (3,254)	\$ 32	2 Case Rate	\$ 24,794	\$ (498)	\$ (1,385)	\$ 22,910	-10% \$ (2,464)
ER Level 2	\$ 275,083	\$ 93,383	\$ 75,473	\$ 168,856	70.0%	PPR	\$ 192,558	\$ -	\$ 192,558	-12%	\$ (23,702)	\$ 65	2 Case Rate	\$ 171,476	\$ -	\$ (10,853)	\$ 160,623	-17% \$ (31,935)
ER Level 3	\$ 3,980,269	\$ 1,299,899	\$ 936,352	\$ 2,236,251	70.0%	PPR	\$ 2,786,194	\$ -	\$ 2,786,194	-20%	\$ (549,944)	\$ 1,44	9 Case Rate	\$ 2,500,974	\$ (117,177)	\$ (224,897)	\$ 2,158,900	-23% \$ (627,294)
ER Level 4	\$ 8,697,755	\$ 2,831,304	\$ 1,591,310	\$ 4,422,614	70.0%	PPR	\$ 6,088,438	\$ -	\$ 6,088,438	-27%	\$ (1,665,824)	\$ 2,88	O Case Rate	\$ 4,821,120	\$ (129,481)	\$ (232,339)	\$ 4,459,299	-27% \$ (1,629,139)
ER Level 5	\$ 6,098,549	\$ 2,017,993	\$ 983,091	\$ 3,001,084	70.0%	PPR	\$ 4,268,990	\$ -	\$ 4,268,990	-30%	\$ (1,267,906)	\$ 5,20	O Case Rate	\$ 3,634,800	\$ (125,970)	\$ (203,586)	\$ 3,305,244	-23% \$ (963,745)
ER Critical Care	\$ 173,166	\$ 58,413	\$ 29,772	\$ 88,186	70.0%	PPR	\$ 121,217	\$ -	\$ 121,217	-27%	\$ (33,031)	\$ 5,20	O Case Rate	\$ 67,600	\$ -	\$ -	\$ 67,600	-44% \$ (53,617)
OP Rehab - PT	\$ 12,417,420	\$ 6,147,490	\$ 1,870,472	\$ 8,017,962		2013 FS	\$ 10,169,692	\$ (934)		-21%			% 2018 FS	\$ 2,259,646	\$ -	\$ -	\$ 2,259,646	-78% \$ (7,909,113)
OP Rehab - OT	\$ 1,011,162	\$ 610,624	\$ 101,678	\$ 712,302		2013 FS	\$ 833,015	\$ (404)		-14%			% 2018 FS	\$ 180,575	7	\$ -	\$ 180,575	-78% \$ (652,035)
OP Rehab - ST	\$ 8,631	\$ 5,575	\$ 104	\$ 5,679		2013 FS	\$ 6,708	\$ (258)	\$ 6,449	-12%			% 2018 FS	\$ 1,708	*	\$ -	\$ 1,708	-74% \$ (4,741)
OP CT Scan	\$ 663,787	\$ 169,968	\$ 69,874	\$ 239,842	Multiple		\$ 257,889	\$ -	\$ 257,889	-7%			% 2018 FS	\$ 49,221	\$ -	\$ -	\$ 49,221	-81% \$ (208,668)
OP MRI	\$ 1,647,558	\$ 602,883	\$ 366,593	\$ 969,476	Multiple	2013 FS	\$ 989,963	\$ -	\$ 989,963	-2%	\$ (20,487)	100		\$ 196,158	\$ -	\$ -	\$ 196,158	-80% \$ (793,805)
OP IV Therapy	\$ 74,836	\$ 22,620	\$ 10,136	\$ 32,757	Multiple		\$ 35,554	\$ -	\$ 35,554	-8%	4-1	100		\$ 20,251	7	\$ -	\$ 20,251	-43% \$ (15,303)
OP Mammography	\$ 293,431	\$ 133,818	\$ 11,836	\$ 145,654	Multiple		\$ 142,030	\$ -	\$ 142,030	3%			% 2018 FS	\$ 65,554	*	\$ -	\$ 65,554	-54% \$ (76,476)
OP Nuclear Medicine	\$ 396,355	\$ 132,106	\$ 46,963	\$ 179,069		2013 FS	\$ 220,616	\$ -	\$ 220,616	-19%			% 2018 FS	\$ 60,283	\$ -	\$ -	\$ 60,283	-73% \$ (160,333)
OP Other Diagnostic Radiology	\$ 1,122,924	\$ 332,350	\$ 253,878	\$ 586,229	Multiple	2013 FS	\$ 587,349	\$ (20)		0%	\$ (1,100)	100		\$ 183,891	\$ -	\$ -	\$ 183,891	-69% \$ (403,438)
OP Ultrasound	\$ 424,777	\$ 123,410	\$ 66,895	\$ 190,305	Multiple	2013 FS	\$ 196,349	\$ -	\$ 196,349	-3%	\$ (6,044)	100	% 2018 FS	\$ 64,691	\$ -	\$ -	\$ 64,691	-67% \$ (131,658)
OP Other	\$ 883,049	\$ 262,946	\$ 88,860	\$ 351,806	449%	2013 FS	\$ 363,055	\$ (18,374)	\$ 344,681	2%	\$ 7,125	Multip	le 2018 FS	\$ 165,798	\$ (1,195)	\$ (2,031)	\$ 162,572	-53% \$ (182,109)
Outpatient Subtotal	\$ 126,905,855	\$ 25,600,010	\$ 10,694,942	\$ 36,294,952			\$ 42,202,303	\$ (19,990)	\$ 42,182,313	-33%	\$ (14,024,748)			\$ 29,243,270	\$ (388,606)	\$ (697,099)	\$ 28,157,565	-33% \$ (14,024,748)
All Services Total	\$ 138,901,758	\$ 27,509,678	\$ 11,572,845	\$ 39,082,522			\$ 45,233,362	\$ (19,990)	\$ 45,213,373	-31%	\$ (14,239,401)			\$ 32,075,372	\$ (388,606)	\$ (712,794)	\$ 30,973,971	-31% \$ (14,239,401)





e Solutions

Sample Medical Center A Managed Care Modeling Dates of Service: XXXX to XXXX

																-1 Contract			Proposed v	
									nsura	ince sibility		atient onsibili	tv		tal wed	Lessor-of- Charges	Impact of Minimum Discount	Expected	% Change	\$ Change
Service Description						Charges	s		From			om 835			n 835)	\$ - \$ -	\$ -	\$ 1,197,087 \$ 201,826 95) \$ 598,029	-10% \$ -40% \$ -10% \$	(127,740) (134,776) (68,975)
Inpatient Services																s -	\$ -	\$ 59,618 \$ 62,790	18% \$ 0% \$	8,982 243
IP Medical					\$	5,554,	521	\$	89	99,291	\$	436,1	76	\$ 1,3	335,468	\$ - \$ -	\$ -	\$ 79,900 \$ 850	0% \$ 0% \$	(146)
IP Bone & Joint					\$	1,192,		\$		77,885	\$	38,8	$\overline{}$		216,769	\$ -		\$ 156,889	25% \$	31,153
IP Surgical					\$	2,526,		ς .		27,702	\$	130,0	-		57,725	\$ -	\$ -		37% \$	59,371
IP Female Reproductive					\$	196,		\$		32,342	\$	19,4	-	\$	51,754	s -	ŝ -	\$ 49,692	53% \$	17,235
					_			•						-		\$ -	\$ -	\$ 192,000	0% \$	-
IP Hepatobiliary/Pancrea	as				\$	278,	$\overline{}$	\$		46,290	\$	25,8	-	\$	72,170	s -	\$ (15,6	95) \$ 2,816,407	-7% \$	(214,653)
IP Behavioral Health					\$	205,		\$		51,047	\$	4,2	$\rightarrow$	\$	55,274	5 (14,285	5) \$ (22,0	07) \$ 14,589,970	-1% \$	(178,615)
IP Chemical Dependency	1				\$	21,	909	\$		992	\$	6	61	\$	1,652	ŝ -	\$ -	\$ 148,468	0% \$	(261)
																5 (498	\$ (1,3		-10% \$ -17% \$	(2,464)
Deliveries																\$ (117,177 \$ (129,481			-23% \$ -27% \$	(627,294) (1,629,139)
IP Delivery Normal					\$	611,	675	\$		54,861	\$	50,9	36	\$ 1	105,797	\$ (125,970 \$ -	\$ (203,5		-23% \$ -44% \$	(963,745) (53,617)
IP Delivery C-Section					\$		770	\$		97,851	\$	92,6	-	-	190,482					
	2,000,000	y 000,000 T		y	•		<b>.</b>	ب ندر	()			+ (220)300)			200,510	3 ·	\$ -	\$ 2,259,646 \$ 180,575	-78% \$ -78% \$	(652,035)
OP Rehab - ST \$ OP CT Scan \$	8,631 663,787	\$ 5,575 \$ 169,968	\$ 104 \$ 69,874	\$ 5,679 \$ 239,842	44 Multi	9% 2013 FS ple 2013 FS		,708 \$ ,889 \$	(258)	\$ 6,449 \$ 257,889	-12% -7%			100% 2018 FS 100% 2018 FS	\$ 1,708 \$ 49,221		\$ -	\$ 1,708 \$ 49,221	-74% \$ -81% \$	(4,741)
OP MRI \$	1,647,558	\$ 602,883	\$ 366,593	\$ 969,476	Multi			,963 \$		\$ 989,963	-2%			100% 2018 FS	\$ 196,158	-	\$ -	-	-80% \$	(793,805)
OP IV Therapy \$	74,836	\$ 22,620	\$ 10,136	\$ 32,757	Multi			,554 \$	-	\$ 35,554	-8%			100% 2018 FS	\$ 20,251		\$ -	\$ 20,251	-43% \$	(15,303)
OP Mammography \$	293,431	\$ 133,818	\$ 11,836	\$ 145,654	Multi			,030 \$	-	\$ 142,030	3%			100% 2018 FS	\$ 65,554		\$ -	+ 00,00	-54% \$	(76,476)
OP Nuclear Medicine \$ OP Other Diagnostic Radiology \$	396,355 1,122,924	\$ 132,106 \$ 332,350	\$ 46,963 \$ 253,878	\$ 179,069 \$ 586,229	Multi Multi			,616 \$	(20)	\$ 220,616 \$ 587,329	-19% 0%			100% 2018 FS 100% 2018 FS	\$ 60,283 \$ 183,891		\$ ·	\$ 60,283 \$ 183,891	-73% \$ -69% \$	(160,333) (403,438)
OP Other Diagnostic Radiology S OP Ultrasound S	424,777	\$ 332,350	\$ 253,878 \$ 66,895	\$ 586,229	Multi			,349 \$	(20)	\$ 587,329	-3%			100% 2018 FS 100% 2018 FS	\$ 183,891		\$ -	\$ 64,691	-69% \$ -67% \$	(131,658)
		223,720	00,033	230,000		202010	230			230,543	370	(0,0.4)			J 34,032		1	5 57,032	01,10	(202,000)
OP Other \$	883,049	\$ 262,946	\$ 88,860	\$ 351,806	44	9% 2013 FS	\$ 363	,055 \$	(18,374)	\$ 344,681	2%	\$ 7,125	Mi	Itiple 2018 FS	\$ 165,798	\$ (1,195	(2,0	31) \$ 162,572	-53% \$	(182,109)
Outpatient Subtotal \$ :	126,905,855	\$ 25,600,010	\$ 10,694,942	\$ 36,294,952			\$ 42,202	,303 \$	(19,990)	\$ 42,182,313	-33%	\$ (14,024,748)			\$ 29,243,270	\$ (388,606	\$ (697,0	99) \$ 28,157,565	-33% \$	(14,024,748)
All Services Total \$ :	138,901,758	\$ 27,509,678	\$ 11,572,845	\$ 39,082,522			\$ 45,233,	,362 \$	(19,990)	\$ 45,213,373	-31%	\$ (14,239,401)			\$ 32,075,372	\$ (388,606	5) \$ (712,7	94) \$ 30,973,971	-31% \$	(14,239,401)

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Sample Medical Center A																			7	
Managed Care Modeling Dates of Service: XXXX to XXXX																				
Dutes of Selvice. John to John																				(
							Cur	rent (	Contra	ct					Actual	vs Cu	rrent (	Contract		ed vs Current
		Total																		
Service Description																			hange	\$ Change
Inpatient Services		Allowed								Lesso	or-of-	E	xpected		%					
IP Medical IP Bone & Joint	/-			D			D-4	- * * * -		CI.			-				A 14-		-10% -40%	\$ (127,740) \$ (134,776)
IP Surgical	(F	rom 835)		Rate	Ra	ate Basis	Rat	e * Vo	olume	Chai	rges	Pi	ayments		Variar	ıce	Ş Var	iance	-10%	\$ (68,975)
IP Female Reproductive													•						18%	\$ 8,982
IP Hepatobiliary/Pancreas																			0%	
IP Behavioral Health IP Chemical Dependency	\$	1,335,468	3 \$	7,58	3 730	DRG	\$	1 22	4,827	\$		\$	1,324,827			1%	¢	10,640	0%	\$ (146)
ir chemical dependency	_	1,333,400		7,56	3 V30	טווט	_	1,32	4,027			7	1,324,027			1/0	٧	10,040	0,0	*
Deliveries	\$	216,769	9   \$	7,58	3 v30	DRG	\$	33	6,602	\$	-	\$	336,602		-3	36%	<b>S</b> (1	19,833)	DEC.	A 24.477
IP Delivery Normal IP Delivery C-Section	_	,	<del></del>	,			_		,	<del>-</del>		-	,	-			, ,		25% 37%	\$ 31,153 \$ 59,371
ir beivery disection	\$	557,725	5   \$	7,58	3  v30	DRG	\$	66	7,004	\$	-	\$	667,004		-1	16%	\$ (1	109,279)	37%	3 35,371
Newborns	4	F4 7F	4 6	7.50	220	DDC	<u>^</u>		0.625	<u>^</u>		4	E0 C2E	ı		20/	<u> </u>	1 110		
IP Normal Newborn IP Neonate	\$	51,754	4   \$	7,58	3  V30	DRG	\$	5	0,635	\$	-	>	50,635			2%	\$	1,118	53%	\$ 17,235
IF Neonate	\$	72,170	) \$	7,58	3 730	DRG	\$	6	2,548	\$	_	ç	62,548		1	15%	ċ	9,622	0,6	, -
Inpatient Subtotal		/2,1/(	J >	7,56	3 V3U	טאט	ş	0.	2,540	Ş		Ą	02,540			15%	<del>ې</del>	9,022	-7%	\$ (214,653)
Outpatient Services	\$	55,274	4   S	85	0 Per	Diem	\$	8	0,046	\$	_	Ś	80,046		-3	31%	\$	(24,772)		
Outpatient Services  Outpatient Procedure Grouper	_	,	•				_		,	•		<u> </u>	,	- 1				, , , , ,	-1%	\$ (178,615)
OP Cardiac Cath	\$	1,652	2   \$	85	0 Per	Diem	\$		850	\$	-	\$	850		9	94%	\$	802	0%	
ER Level 1		\$ 36,248	\$ 7,022	\$ 15,098	\$ 22,120	70.0% PPR	\$	25,374	ş -	\$ 25,374	-13%	\$ (3,254)	\$ 322 Case Rate	9	24,794 \$	(498)	\$ (1,385)	\$ 22,910	-10%	\$ (2,464)
ER Level 2		\$ 275,083	\$ 93,383	\$ 75,473	\$ 168,856	70.0% PPR	\$	192,558	\$ -	\$ 192,558	-12%		\$ 652 Case Rate	5	171,476 \$	-	\$ (10,853)	,	-17%	
ER Level 3 ER Level 4		\$ 3,980,269 \$ 8,697,755	\$ 1,299,899 \$ 2,831,304	\$ 936,352 \$ 1.591,310	\$ 2,236,251 \$ 4,422,614	70.0% PPR 70.0% PPR	\$	2,786,194 6,088,438	\$ -	\$ 2,786,194 \$ 6,088,438	-20% : -27% :		\$ 1,449 Case Rate \$ 2,880 Case Rate	- 1	\$ 2,500,974 \$ \$ 4,821,120 \$	(117,177)	\$ (224,897)	\$ 2,158,900 \$ 4,459,299	-23% -27%	\$ (627,294) \$ (1,629,139)
ER Level 5		\$ 6,098,549	\$ 2,017,993	\$ 983,091	\$ 3,001,084	70.0% PPR	Ś	4,268,990	\$ -	\$ 4,268,990	-30%		\$ 5,200 Case Rate		3,634,800 \$	(125,970)	\$ (203,586)	\$ 3,305,244	-23%	\$ (963,745)
ER Critical Care		\$ 173,166	\$ 58,413	\$ 29,772	\$ 88,186	70.0% PPR	\$	121,217	\$ -	\$ 121,217	-27%	\$ (33,031)	\$ 5,200 Case Rate	- 5	67,600 \$	-	\$ -	\$ 67,600	-44%	\$ (53,617)
														_						
OP Rehab - PT		\$ 12,417,420	\$ 6.147,490	\$ 1.870.472	\$ 8,017,962	449% 2013 F	s ¢	10.169.692	\$ (934)	\$ 10,168,758	-21%	\$ (2,150,796)	100% 2018 FS	-	2.259.646 \$		\$ -	\$ 2,259,646	-78%	\$ (7.909.113)
OP Rehab - OT		\$ 1,011,162	\$ 610,624	\$ 101,678	\$ 712,302	449% 2013 F	-	833,015	\$ (404)	\$ 832,610	-14%	\$ (120,308)	100% 2018 FS	- 1	180,575 \$	-	\$ -	\$ 180,575	-78%	\$ (652,035)
OP Rehab - ST		\$ 8,631	\$ 5,575	\$ 104	\$ 5,679	449% 2013 F	\$ \$	6,708	\$ (258)	\$ 6,449	-12%	\$ (770)	100% 2018 FS	5	1,708 \$	-	\$ -	\$ 1,708	-74%	\$ (4,741)
OP CT Scan		\$ 663,787	\$ 169,968	\$ 69,874	\$ 239,842	Multiple 2013 F		257,889	\$ -	\$ 257,889	-7%	\$ (18,047)	100% 2018 FS	4	\$ 49,221 \$	-	\$ -	\$ 49,221	-81%	\$ (208,668)
OP MRI		\$ 1,647,558	\$ 602,883	\$ 366,593	\$ 969,476	Multiple 2013 F		989,963	\$ -	\$ 989,963	-2%	\$ (20,487)	100% 2018 FS	5	196,158 \$		\$ -	\$ 196,158	-80%	\$ (793,805)
OP IV Therapy		\$ 74,836	\$ 22,620	\$ 10,136	\$ 32,757	Multiple 2013 F: Multiple 2013 F:		35,554 142,030	\$ -	\$ 35,554	-8%	\$ (2,797)	100% 2018 FS	- 1	20,251 \$	-	\$ -	\$ 20,251	-43%	\$ (15,303)
OP Mammography OP Nuclear Medicine		\$ 293,431 \$ 396,355	\$ 133,818 \$ 132,106	\$ 11,836 \$ 46,963	\$ 145,654 \$ 179,069	Multiple 2013 F: Multiple 2013 F:		220,616	\$ - \$ -	\$ 142,030 \$ 220,616	3% : -19% :	\$ 3,625 \$ (41,547)	100% 2018 FS 100% 2018 FS	- 1	65,554 \$	-	\$ -	\$ 65,554 \$ 60,283	-54% -73%	\$ (76,476) \$ (160,333)
OP Other Diagnostic Radiology		\$ 1,122,924	\$ 332,350	\$ 253,878	\$ 586,229	Multiple 2013 F		587,349	\$ (20)	\$ 587,329	0%	\$ (41,347)	100% 2018 FS	- 1	5 183,891 \$	-	\$ -	\$ 183,891	-69%	\$ (403,438)
OP Ultrasound		\$ 424,777	\$ 123,410	\$ 66,895	\$ 190,305	Multiple 2013 F		196,349	\$ -	\$ 196,349	-3%	\$ (6,044)	100% 2018 FS	5	64,691 \$	-	\$ -	\$ 64,691	-67%	\$ (131,658)
OR OIL		A 000	A 2020	4 00.000	A 254.577	4400/ 0222		262.057	A 440.000	A 244.000	001		** ** * **		400 700 4	****	A 49.000	450.575	E2011	A 1400 4000
OP Other		\$ 883,049	\$ 262,946	\$ 88,860	\$ 351,806	449% 2013 F	5 5	363,055	\$ (18,374)	\$ 344,681	2%	\$ 7,125	Multiple 2018 FS	- 5	165,798 \$	(1,195)	\$ (2,031)	\$ 162,572	-53%	\$ (182,109)
Outpatient Subtotal		\$ 126,905,855	\$ 25,600,010	\$ 10,694,942	\$ 36,294,952		\$	42,202,303	\$ (19,990)	\$ 42,182,313	-33%	\$ (14,024,748)		5	\$ 29,243,270 \$	(388,606)	\$ (697,099)	\$ 28,157,565	-33%	\$ (14,024,748)
All Services Total		\$ 138 901 758	\$ 27.509.678	\$ 11,572,845	\$ 39,082,522		é	45,233,362	\$ (19,990)	\$ 45,213,373	-31%	\$ (14,239,401)		-	\$ 32,075,372 \$	(388,606)	\$ (712.794)	\$ 30,973,971	-31%	\$ (14,239,401)
An Services rotal		\$ 130,301,738	27,303,078	¥ 11,372,043	+ 35,002,322		Ş	+3,233,302	(13,330)	÷ 43,213,373	-3176	y (14,235,401)		- 1	32,013,312	(365,006	J (/12,/94	4 30,373,371	-31%	÷ (14,235,401)

CBIZ

Sample Medical Center A Managed Care Modeling Dates of Service: XXXX to XXXX																Curr		Proposed
							Propo	osed C	ontract								Cont	ract
											Impa	ct of						
Service Description	Charges						Rate *		Lessor-o	of-	Mini	mum	Ex	pected				
Inpatient Services																01.01		٨٥١
IP Medical	\$ 5,554,52	Ra	ite	Rate	Basis		Volume		Charge	S	Disc	ount	Pa	yments		% Chan	ge	\$ Change
IP Bone & Joint	\$ 1,192,39	4												•	_		_	
IP Surgical	\$ 2,526,49	\$	322	Case I	Rate	\$	24,79	94   \$	(	498)	\$	(1,385)	\$	22,91	0	-1	0% \$	(2,464)
IP Female Reproductive	\$ 196,92					<u> </u>	,		,				_		<del></del>		,	
IP Hepatobiliary/Pancreas	\$ 278,51	\$	652	Case I	Rate	\$	171,4	76   \$		-	\$ (	10,853)	\$	160,62	3	-1	7% \$	(31,935)
IP Behavioral Health	\$ 205,33	~	002	50501		~		, J			7 (	20,000,	~	100,02	_		. , , ,	(31,333)
IP Chemical Dependency	\$ 21,90	Ś	1,449	Case I	Rate	\$	2,500,9	74 \$	(117,	177)	\$ (2	24,897)	\$ :	2,158,90	o l	-2	3% \$	(627,294)
Deliveries		7	1,113	Cusc I	iate	7	2,500,5	, , ,	(11/,	-,,,	7 (2	2 1,007 /	-	, ,	<del></del>		J/0 7	
IP Delivery Normal	\$ 611,67	Ś	2,880	Case I	Rate	\$	4,821,1	20   \$	(129,	481)	\$ (2	32,339)	\$ 4	4,459,29	9	-2	7% \$	(1,629,139)
IP Delivery C-Section	\$ 733,77		_,000	30301		7	, ,		, ,	-	· ·		Ψ -	., 100,20	_			(1)023)133)
Newborns		\$	5,200	Case I	Rate	\$	3,634,80	00   \$	(125,	970)	\$ (2	03,586)	\$ 3	3,305,24	4	-2	3% \$	(963,745)
IP Normal Newborn	\$ 131,57	-	,			<u> </u>			()	/	· ·	- 3,000		, ,	<del></del>			
IP Neonate	\$ 542,80	Ś	5,200	Case I	Rate	\$	67,6	00   \$		_	\$	_	\$	67,60	0	-4	4%  \$	(53,617)
	5.2,00	7	3,200	5050		Ψ.	0,,0	- V			7		Ψ.	0,,00			.,,,,	(33)31/
Inpatient Subtotal	\$ 11,995,903	\$ 1,909,668	\$ 877,902	\$ 2,787,570			\$ 3,031,060	ş -	\$ 3,031,060	-87	5 (243,489)			\$ 2,832,102	\$	- \$ (15,695	\$ 2,816,40	7 -7% \$ (214,653)
Outpatient Services	-	<del>                                     </del>					+					l	+	+			-	
Outpatient Services Outpatient Procedure Grouper	\$ 87,849,851	\$ 10,609,767	\$ 4,151,222	\$ 14,760,989	150.0% 20	13 FS	\$ 14,768,585	ś -	\$ 14,768,585	09	6 \$ (7,595)	1990	6 BC FS	\$ 14,626,262	\$ (14,2	95) \$ (22,007	\$ 14,589,97	0 -1% \$ (178,615)
OP Cardiac Cath	\$ 851,004	\$ 138,438	\$ 25,333	\$ 163,771		13 FS	\$ 148,729	\$ -	\$ 148,729	109			6 BC FS	\$ 148,468	\$ (14,2		\$ 148,46	
	- 552,004	200,100	- 20,000	- 200,772	223.070 20	-3.0	2 10,723	•	2 210,723	107	25,042	132		y =10,100	-	7		(202)
ER Level 1	\$ 36,248	\$ 7,022	\$ 15,098	\$ 22,120	70.0% PP	R	\$ 25,374	\$ -	\$ 25,374	-139	6 \$ (3,254)	\$ 322	Case Rate	\$ 24,794	\$ 14	98) \$ (1,385)	\$ 22,91	0 -10% \$ (2,464)
ER Level 2	\$ 275,083	\$ 93,383	\$ 75,473	\$ 168,856	70.0% PF		\$ 192,558	\$ -	\$ 192,558	-129		\$ 652		\$ 171,476	\$	\$ (10,853)		
ER Level 3	\$ 3,980,269	\$ 1,299,899	\$ 936,352	\$ 2,236,251	70.0% PP	R	\$ 2,786,194	\$ -	\$ 2,786,194	-209		\$ 1,449	Case Rate	\$ 2,500,974	\$ (117,1	(224,897	\$ 2,158,90	0 -23% \$ (627,294)
ER Level 4	\$ 8,697,755	\$ 2,831,304	\$ 1,591,310	\$ 4,422,614	70.0% PF	R	\$ 6,088,438	\$ -	\$ 6,088,438	-279	6 \$ (1,665,824)	\$ 2,880	Case Rate	\$ 4,821,120	\$ (129,4	81) \$ (232,339	\$ 4,459,29	9 -27% \$ (1,629,139)
ER Level 5	\$ 6,098,549	\$ 2,017,993	\$ 983,091	\$ 3,001,084	70.0% PF		\$ 4,268,990	\$ -	\$ 4,268,990	-309		\$ 5,200		\$ 3,634,800	\$ (125,9	70) \$ (203,586)		
ER Critical Care	\$ 173,166	\$ 58,413	\$ 29,772	\$ 88,186	70.0% PF	R	\$ 121,217	\$ -	\$ 121,217	-279	6 \$ (33,031)	\$ 5,200	Case Rate	\$ 67,600	\$	- \$ -	\$ 67,60	0 -44% \$ (53,617)
												l				-		
OP Rehab - PT	\$ 12,417,420	\$ 6,147,490	\$ 1,870,472	\$ 8,017,962	449% 20	13 FS	\$ 10,169,692	\$ (934)	\$ 10,168,758	-219	6 \$ (2,150,796)	1009	6 2018 FS	\$ 2,259,646	\$	· Ś -	\$ 2,259,64	-78% \$ (7,909,113)
OP Rehab - OT	\$ 1,011,162	\$ 610,624	\$ 101,678	\$ 712,302		13 FS	\$ 833,015	\$ (404)		-149			6 2018 FS	\$ 180,575	Ś	· Ś -	\$ 180,57	
OP Rehab - ST	\$ 8,631	\$ 5,575	\$ 104	\$ 5,679		13 FS	\$ 6,708	\$ (258)		-129			6 2018 FS	\$ 1,708	\$	· Ś -	\$ 1,70	
OP CT Scan	\$ 663,787	\$ 169,968	\$ 69,874	\$ 239,842		13 FS	\$ 257,889	\$ -	\$ 257,889	-79			6 2018 FS	\$ 49,221	•	· \$ -	\$ 49,22	
OP MRI	\$ 1,647,558	\$ 602,883	\$ 366,593	\$ 969,476	Multiple 20	13 FS	\$ 989,963	\$ -	\$ 989,963	-29		1009	6 2018 FS	\$ 196,158	\$	. \$ -	\$ 196,15	8 -80% \$ (793,805)
OP IV Therapy	\$ 74,836	\$ 22,620	\$ 10,136	\$ 32,757	Multiple 20	13 FS	\$ 35,554	\$ -	\$ 35,554	-89		1009	6 2018 FS	\$ 20,251	\$	. \$ -	\$ 20,25	
OP Mammography	\$ 293,431	\$ 133,818	\$ 11,836	\$ 145,654		13 FS	\$ 142,030	\$ -	\$ 142,030	39			6 2018 FS	\$ 65,554	+	. \$ -	\$ 65,55	
OP Nuclear Medicine	\$ 396,355	\$ 132,106	\$ 46,963	\$ 179,069		13 FS	\$ 220,616	\$ -	\$ 220,616	-199			6 2018 FS	\$ 60,283	\$	. \$ -	\$ 60,28	
OP Other Diagnostic Radiology	\$ 1,122,924	\$ 332,350	\$ 253,878	\$ 586,229		13 FS	\$ 587,349	\$ (20)		09			6 2018 FS	\$ 183,891	*	. \$ -	\$ 183,89	
OP Ultrasound	\$ 424,777	\$ 123,410	\$ 66,895	\$ 190,305	Multiple 20	13 FS	\$ 196,349	\$ -	\$ 196,349	-39	6 \$ (6,044)	1009	6 2018 FS	\$ 64,691	\$	- \$ -	\$ 64,69	-67% \$ (131,658)
OP Other	\$ 883,049	\$ 262,946	\$ 88,860	\$ 351,806	449% 20	13 FS	\$ 363,055	\$ (18,374)	\$ 344,681	29	6 \$ 7,125	Mudain	e 2018 FS	\$ 165,798	6 /11	95) \$ (2,031)	\$ 162,57	2 -53% \$ (182,109)
OF Other	2 003,049	2 202,346	2 00,00U	331,806	445% 20	13 F3	<i>⇒</i> 303,035	÷ (10,3/4)	3 344,081	23	7,125	widitipi	201013	2 103,798	ار1) د	2,031	2 102,57	2 3370 3 (102,109)
Outpatient Subtotal	\$ 126,905,855	\$ 25,600,010	\$ 10,694,942	\$ 36,294,952			\$ 42,202,303	\$ (19,990)	\$ 42,182,313	-339	6 \$ (14,024,748)			\$ 29,243,270	\$ (388,6	(697,099	\$ 28,157,56	5 -33% \$ (14,024,748)
All Services Total	\$ 138,901,758	\$ 27,509,678	\$ 11,572,845	\$ 39,082,522			\$ 45,233,362	\$ (19,990)	\$ 45,213,373	-319	\$ (14,239,401)			\$ 32,075,372	\$ (388,6	(712,794	\$ 30,973,97	-31% \$ (14,239,401)







#### **DENIALS**

#### Contract authorizes payment ONLY for those:

- 1. Covered Services provided to
- 2. Covered Members that are
- 3. Medically Necessary

So your team verifies all this - & STILL you get a denial!





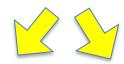




## Summary of Denials by Service and Reason

Sample Medical Center C Managed Care Modeling Dates of Service: XXXX to XXXX

Summry of Denials, by Reason



					Payment Shortfall By Denial Reason				
Service Description	Allowed Amount	Expected Payments	Variance from Expected	Total Denied Payments	Additional Documentation Required	Precertification Problem	Member not	Non-covered Service	Non-covered - Medical Necessity
Inpatient Services									
IP Surgical	\$ 3,508,332	\$ 4,060,758	\$ (552,426)	\$ 210,955	\$ 133,049	\$ 9,879	\$ 68,027	\$ -	\$ -
Outpatient Services									
Outpatient Procedure Grouper	\$ 17,417,176	\$ 18,475,493	\$ (1,058,317)	\$ 370,593	\$ 230,874	\$ 52,919	\$ 21,716	\$ 65,084	\$ -
OP CT Scan	\$ 456,678	\$ 559,693	\$ (103,015)	\$ 38,120	\$ 1,481	\$ 33,786	\$ 2,853	\$ -	\$ -
OP PET Scan	\$ 13,031	\$ 17,514	\$ (4,483)	\$ 2,884	\$ -	\$ 2,884	\$ -	\$ -	\$ -
OP MRI	\$ 2,665,052	\$ 2,842,323	\$ (177,271)	\$ 44,583	\$ 3,980	\$ 32,855	\$ 5,757	\$ -	\$ 1,990
Outpatient Subtotal	\$ 36,144,981	\$ 40,254,929	\$ (4,109,948)	\$ 761,595	\$ 315,531	\$ 168,877	\$ 87,998	\$ 187,199	\$ 1,990
All Services Total	\$ 42,371,220	\$ 47,621,919	\$ (5,250,698)	\$ 1,044,741	\$ 477,432	\$ 216,276	\$ 156,025	\$ 193,018	\$ 1,990







#### Contract Challenges

#### Payers fee schedule updates:

- The <u>rates</u> may look better -- but the <u>impact to your revenue</u> could be devastating.
  - OP case rates changes to levels & bundling edits are key
- Here are a couple of examples of the impact of payer fee schedule updates







#### Impact of Fee Schedule Mark-ups

Rate Sheets will disclose relative mark-ups/ percent of fee schedule, but will hide the underlying changes in amounts. Ask for the fee schedule name and make it part of the contract.

Cı	Current			Pr	oposal B	Counte	r Pr	oposal C					
La	Lab FS A			b F	S B	La	b F	s c					
Percent of			Percent of			Percent of							
Fee Sched	P	ayment	Fee Sched		Payment	Fee Sched		Payment					
150%	\$	35,111	100%	\$	15,286	100%	\$	61,145					
	Cha	nge from Cı	ırrent	-56%			74%						
Value	Value at 100% Valu				100%	Value	at	100%					
	\$	23,407		\$	15,286		\$	61,145					

It is important to project the volume subject to different fee schedules – critically important to not include packaged items not subject to fee schedule payment

HCPCS					
Code	CPT Description		Lab FS A	Lab FS B	Lab FS C
36415	Routine venipuncture	\$	4.50	\$ 3.00	\$ 12.00
85025	Complete cbc w/auto diff wbc	\$	14.39	\$ 7.77	\$ 31.08
G2023	Specimen collect covid-19	509	% Charge	\$ 23.46	\$ 93.84
Change ir	n Payment (Base Amounts, before Mark-up)				
36415	Routine venipuncture			-33%	167%
85025	5025 Complete cbc w/auto diff wbc			-46%	116%
G2023	Specimen collect covid-19			-2%	293%







#### Lesser of Impact

- "Lesser of" = payer picks what costs them less, based on:
   a) claim structure b) contracted rates c) CDM charges.
- CDM caps no ability to increase your charges relative to your costs.
- Contracts reimburse most services from a fee schedule
  - but payer software reviews your line items to determine how to pay the lowest amount.
- > Here is an example of the impact.







### Lesser-Of-Charge Methodology

Sample Hospital

Managed Care Modeling : Payer X
Dates of Service: MM/YYYY to MM/YYYY

	Unique				Payments
Service Description	Accounts		Charges		(from 835)
Inpatient Services		Days			
IP Other	311	1,194	\$ 15,486,882	\$	5,761,937
Deliveries		Days			
IP Delivery Normal	81	150	\$ 767,463	\$	543,600
IP Delivery C-Section	27	63	\$ 418,880	\$	136,608
Newborns					
IP Normal Newborn	81	122	\$ 248,607	\$	100,923
IP Neonate	30	53	\$ 114,564	\$	60,752
Inpatient Subtotal	708		\$ 37,940,982	\$	8,208,045
Outpatient Services					
Outpatient Procedure Grouper	3,195		\$ 69,950,915	\$	17,984,263
ER Level 3	1,147		\$ 1,806,464	\$	907,787
ER Level 4	1,410		\$ 6,835,055	\$	4,027,043
ER Level 5	462		\$ 3,452,817	\$	1,790,992
		Visits			
OP PET Scan	25	25	\$ 126,240	\$	81,019
OP Other	3,150	9,261	\$ 5,582,949	\$	4,376,108
Outpatient Subtotal	30,912		\$ 161,181,229	\$	70,424,142
All Services Total	31,620		\$ 199,122,212	Ş	78,632,186

			P	rovider Propos	sal			
						Lessor-of-		Expected
	Rate	Rate Basis	Ra	ate * Volume		Charges		Payments
_			ļ.,		L.		_	
\$	25,583	Base Rate	\$	10,604,152	\$	(1,283,604)	\$	9,320,548
			-					
	25 502	Base Rate		1 247 002		(EDC 014)	\$	760.000
\$	25,583		\$	1,347,003	\$	(586,014)	_	760,988
\$	25,583	Base Rate	\$	668,828	\$	(231,977)	\$	436,850
\$	25,583	Base Rate	\$	388,127	\$	(151,173)	¢	236,954
\$	1,281	Per Day	\$	•	\$	(279)	_	71,944
Ş	1,201	Per Day	Ş	72,223	ې	(2/9)	Ş	71,944
_			\$	25,157,329	\$	(2,470,525)	\$	22,686,805
			•	23,137,323	•	(2,470,323)	Ģ	22,000,003
_			$\vdash$					
	Multiple	BC ES	s	56,197,835	s	(6,570,850)	\$	49,626,985
	Widicipic	5015	Ť	30,237,003	Ÿ	(0,570,050)	~	45,020,505
	Multiple	BC FS	\$	2,342,430	\$	(822,046)	\$	1,520,384
	Multiple	BC FS	\$	5,779,759	\$	(725,085)	\$	5,054,674
	Multiple	BC FS	\$	2,790,132	\$	(296,571)	\$	2,493,561
			Ė		Ė		Ċ	, ,
	Multiple	BC FS	\$	264,687	\$	(132,135)	\$	132,552
	Multiple	BC FS	\$	2,910,236	\$	(150,270)	\$	2,759,967
			\$	121,687,168	\$	(10,194,134)	\$	111,493,034
			\$	146,844,498	\$	(12,664,659)	\$	134,179,839







### Lesser-Of-Charge Methodology

Sample Medical Center A Managed Care Modeling

Dates of Service: XXXX to XXXX

		Current Contra	act						
Service Description	Rate	Rate Basis		Expected Payments					
ER Level 1	70.0%	PPR	\$	25,374					
ER Level 2	70.0%	PPR	\$	192,558					
ER Level 3	70.0%	PPR	\$	2,786,194					
ER Level 4	70.0%	PPR	\$	6,088,438					
ER Level 5	70.0%	PPR	\$	4,268,990					
ER Critical Care	70.0%	PPR	\$	121,217					

			Proposed	d Co	ontract				
							Impact of		
				ı	Lessor-of-	- 1	Minimum		Expected
Rate	Rate Basis	Rat	te * Volume		Charges		Discount	ı	Payments
\$ 322	Case Rate	\$	24,794	\$	(498)	\$	(1,385)	\$	22,910
\$ 652	Case Rate	\$	171,476	\$	-	\$	(10,853)	\$	160,623
\$ 1,449	Case Rate	\$	2,500,974	\$	(117,177)	\$	(224,897)	\$	2,158,900
\$ 2,880	Case Rate	\$	4,821,120	\$	(129,481)	\$	(232,339)	\$	4,459,299
\$ 5,200	Case Rate	\$	3,634,800	\$	(125,970)	\$	(203,586)	\$	3,305,244
\$ 5,200	Case Rate	\$	67,600	\$	-	\$	-	\$	67,600
\$ 5,200	Case Rate	\$	67,600	\$	-	\$	-	\$	67,

Proposed vs Current											
Contract											
% Change		\$ Change									
-10%	\$	(2,464)									
-17%	\$	(31,935)									
-23%	\$	(627,294)									
-27%	\$	(1,629,139)									
-23%	\$	(963,745)									
-44%	\$	(53,617)									
		_									

-25% \$ (3,308,194)

(673,060) \$ 10,174,577

ER Subtotal		\$ 13,482,771		\$ 11,220,764	\$ (373,127)	\$







#### **Proactive Solutions**

# We have discussed some of the challenges

Now what do we do about it?





# Strategic Perspective You need to Control the Dialogue & Timing

Game Planning – Prepare for negotiations with clear goals, models to achieve them, and tactics to get the payer to agree.

- 1. Your Goals?
  - 1. Revenue goals

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- 2. Admin Improvements
- Models
  - 1. Do your models show how improvements in these areas achieve bottom line revenues in final contracts?
- 3. Negotiations Tactics why would the Payer agree to this? Timing is critical.







#### PROACTIVE SOLUTIONS

#### How do you win?

- 1. Maintain Strategic Perspective easy to get distracted
- 2. Models to quantify current & future revenues
- 3. Understand the Payer's needs
- 4. Disciplined Process
- 5. Achieve Revenue Results
- 6. Repeat with next Payer strategic calendar







#### **How to Ensure Contract Compliance?**

#### 1. Strategic Perspective

- Claim adjudication is transactional
- Strategic Analysis is cumulative

#### 2. Consistency

Measure contract performance over consistent periods

#### 3. Discipline

Compare variances over uniform time periods to measure trend (+ / -)







#### Takeaways from Today's Presentation

- 1. Align your managed care contract results with your strategy to compete
- 2. Improve revenue by understanding revenue & admin levers
- 3. Measure improved performance and profitability through modeling <u>current</u> and <u>proposed</u> contracts
- 4. Negotiate tactically from a Strategic Perspective focused on Goals
- > This process will help you improve your contract results

# How can we help you improve your results?





Connect with us! CMCSroi.com or Kaconsults.com











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