Managing Your Relationship with Third-Party Payers

BY KIM CAVITT, Au.D.

Insurance payments constitute a large portion of the reimbursement received by audiologists today. This larger role for third-party payers in the daily practice life of audiology clinics has complicated practice operations and billing strategies. So, how does an audiologist effectively manage her relationships with third-party payers? How do clinics keep abreast of the ever-changing world of third-party contracts, addendums and policy changes?

There are effective steps practices can take in an attempt to gain control of the third-party abyss. These steps can assist a practice in better maneuvering its third-party contracts and the policies of its third-party payers.

**STEP 1** Assign a staff member to read each third-party contract and create a one-page bulleted list of the most important contract terms, such as renewal date, termination periods, medical necessity, notification terms, patient financial responsibility, referral limitations, provider requirements and credentialing and medical record retention. If you are unsure about the terms of the contract and your legal and financial obligations, consult an attorney who specializes in healthcare. An audiologist can locate an attorney in his area through the American Bar Association at http://www.americanbar.org/portals/public_resources.html.

It is the responsibility of the practice to maintain copies of the contracts. It is not the responsibility of the third-party payer. Payers have a contractual responsibility to make a good faith effort to notify you of changes to the provider contract/agreement and/or fee schedule. It is important to open (and not discard) and read all correspondence from third-party payers (including that received by mail, e-mail and fax) and to add this correspondence to the packet containing the contract. It is recommended that practices create a one-inch binder for each third-party payer and store all contracts and correspondence within the binder.

**STEP 2** Have that same staff member review the policies and fee schedules available on the third-party payer website. Many payers now post policy changes and pricing on their websites. It is useful to enroll in their website and have access to the information specific to your practice and signed contracts/agreements.

**STEP 3** Complete a cost versus benefit analysis for each third-party payer and analyze the costs versus benefits of being a participating
provider with each plan. It is important to analyze diagnostic services/charges, hearing aid services/charges, referral source requirements, and patient access as part of this analysis. Remember, other than Medicare, audiologists are voluntary participants in third-party payer plans. Audiologists can, within the terms of their contract, terminate their agreements with payers and become an out of network provider.

**STEP 4** Within the time frame allocated by the third-party contract, send a request, in writing, via certified mail to the payer in the event you want to attempt to re-negotiate and/or terminate your provider agreement. This process is completely outlined in each third-party contract. It is important that all modifications to the contract from the payer be provided in writing. Guidance and/or modifications provided verbally, especially that which substantially changes the contracts terms, pricing, or requirements, should be avoided. Again, it may be useful to utilize the skills of an attorney during the re-negotiate and/or termination phase of the process.

**STEP 5** If your clinic opts to continue participating with particular payers, it is important to set forth office policies and procedures that allow the practice to effectively manage the billing and reimbursement. The audiology practice will need to have insurance verification processes, billing forms and procedures, and claims management policies in place to maximize reimbursement and minimize claims difficulties.

This type of approach will also be useful in charting a course as third-party payers adjust and modify their policies. An example would be if a payer opted to allow for the use of an upgrade waiver/notification, yet the use of such a form and process is not outlined in the payer contract or addendums. When a situation like this occurs, it is important to follow Steps 1 and 2, if this process has not yet been completed for the practice. Once the contract terms and payer policies have been defined, it is recommended that the practice contact the payer, in writing, and get a determination as to the whether a form and process such as this is allowed within the contract terms.

These steps can also be useful if the third-party payer makes a substantial change to their national payment policies. For example, a national third-party payer, for the past several years, has been assigning a substantial provider discount to all of their hearing aid claims. The payer now indicates that they provide coverage of x and no longer mention the provider discount. How does a clinic determine how these claims will be specifically processed? Will the discount still be applied? Again, it is important that every payer contract go through Steps 1 and 2. This will allow the practice to have the most up-to-date information possible regarding their insurance agreements. If there are still questions about how the claims will be processed, there are two options:

**OPTION 1** Send a certified letter to provider relations of the insurance plan and ask for a written determination as to whether or not the provider discount will still be applied to the claim and, if so, if the patient is allowed to complete an upgrade waiver/notification and pay the difference between the allowable/eligible amount and the usual and customary charge. Having a determination like this, in writing, protects your practice in the event the patient files a complaint regarding this action or the payer system does not process the claim appropriately.

**OPTION 2** Experiment with one or two patients and closely monitor how the payer processes the claim. Was the provider discount applied? Should the claim have been unbundled to maximize reimbursement? Was the maximum met? A practice can extrapolate how the claims will most likely be processed by the payer by experimenting with the claims of a few patients.

Audiologists can effectively compete in the third-party arena. It is just going to require practices to commit time and money to better understanding their contractual agreements. This level of understanding is vital if an audiology practice wants to be financially successful in managing third-party contracts.

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