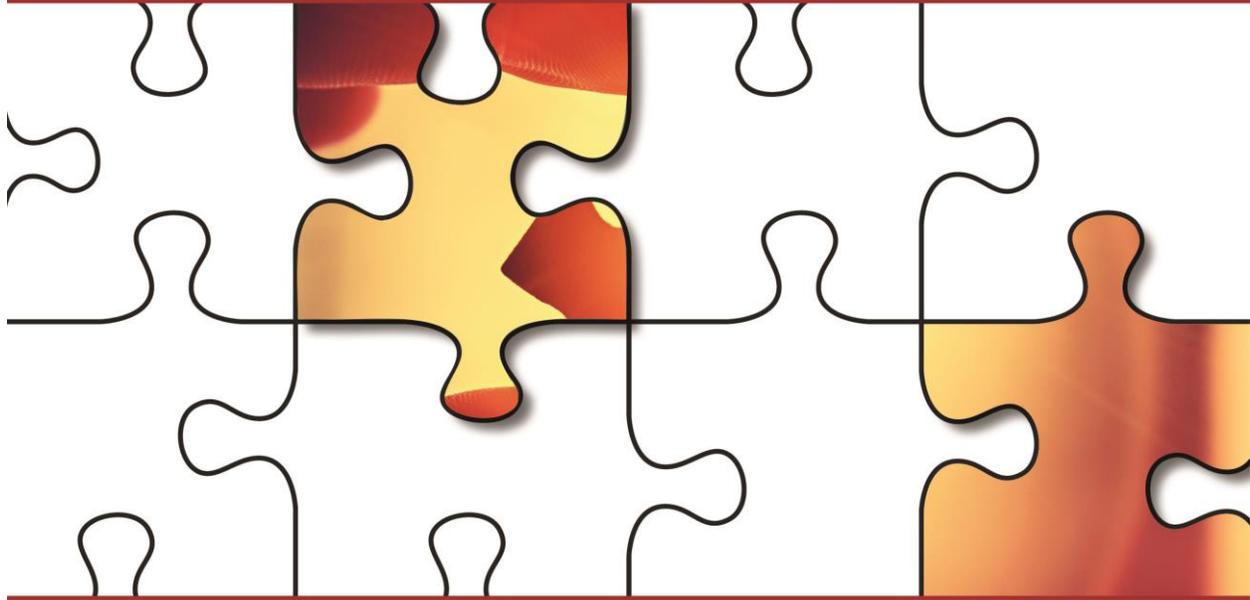




PUTTING THE PIECES TOGETHER: PREPARING FOR 2016 GI REIMBURSEMENT



Evaluate Vendor and Payer Contracts

Paying close attention to your practice's vendor and payer contracts is one factor in keeping your business operationally and fiscally healthy. Just as you monitor the vital signs of your patients, assessing and monitoring key operational aspects of practice will help you to better understand the status of your practice's financial health. Regular assessment of your contracts is critical to the business side of your GI-endoscopy practice.

Essentials to Evaluating and Negotiating Payer and Vendor Contracts

1. Periodically evaluate your vendor and payer contracts

As your practice looks for opportunities to cut expenses and increase revenues, periodic review of your vendor and payer contracts is recommended. Often, without periodic review, practices don't notice incremental vendor price increases. Regular evaluation of what you are paying for your products, coupled with a competitive bidding process for your business, may help decrease expenses for your high-volume purchases. Keep an open dialogue with your vendors and payers to communicate what is working and what is not working in your current agreement. Always keep track of your contract renewal dates to ensure that you are not missing an opportunity to renegotiate.

2. Know your strength and bargaining power prior to meeting with a payer

Know your strengths and weaknesses before you begin negotiations with vendors and payers. Arming yourself with knowledge regarding your practice, value, healthcare market, competition, and patient satisfaction will provide you with key metrics that can positively or negatively impact your negotiations. Knowing this information when negotiating with payers and vendors is essential. Before meeting, evaluate if whether your contract terms align with the value your practice brings to ensure your practice receives fair and acceptable terms for the value you provide. If your contract has not expired, determine if you are in a negotiating situation. Are there current issues that can be resolved to your advantage through earlier contract negotiations?

Resources

- ASGE Webinar: [Strengthening Your Bargaining Power](#)

3. Preparation is key in contract negotiation

Before negotiating a contract of any kind, spend time preparing. Make sure you know what goal you want to achieve at the end of the negotiation process and what is your Best Alternative To a Negotiated Agreement (BATNA). You should have strategies in place to help you reach your ultimate goal or BATNA. To do this, it is critical that you understand the environmental landscape of your negotiation position. As it relates to payers, understanding where the payer stands in this new payment system based on value rather than volume is important as you begin to evaluate contracts. Emphasize your practice value by presenting metrics. These metrics can include accreditations, quality improvement programs, clinical outcome data such as adenoma detection rates, and patient satisfaction scores. Providing payers' information on your practices patient mix, market share, referral patterns, procedure mix and patient volume numbers may also benefit you in the process. It is also helpful to share your governance structure, practice mission, and other information that will help the payer distinguish you as an established, mature, and thriving practice.

Resources

- [GIQuIC Registry](#)
- **ASGE Course:** [GI Practice Management 101](#)
- **AMA Resource:** [Evaluating and understanding new payment model commercial payer contracts: What physicians need to know on Evaluating a Pay for Performance Contract](#)

4. Know the basics in negotiation techniques

There are many roles to be played when negotiating. There should always be a leader of your negotiation team. Before entering into a negotiation session make sure every member of your team has an assigned role. Be confident and well prepared so you can create a sense of authority and proficiency. The right attitude during negotiations may be the difference between successful and unsuccessful negotiations. Be aware of your body language, as 90 percent of communication is non-verbal. Role playing prior to the meeting will help everyone understand the importance of their role in the meeting.

Resource

- **GI Outlook 2015 Presentation Slides:** [Negotiation Strategies, Techniques and Tactics](#)
(co-sponsored by ASGE and the AGA Institute)

5. Understand the market in your area

If you are in an area where multiple vendors offer the services you need, your ability to use competition as a negotiation tool for purchasing power will increase. If you live in an area that has limited vendor competition, consider searching for vendors outside your immediate area. It is not uncommon to find a vendor outside your area willing to provide a more competitive contract.

Resource

- **ASGE Video Tip:** [Vendor Contract Evaluation](#)

6. Join a Group Purchasing Organization (GPO) or Create a Managed Service Organization (MSO)

Your bargaining power can be increased by participating in a group purchasing organization (GPO). Group purchasing organizations (GPO) are created to leverage purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power. This arrangement may be beneficial to you if you are not a practice large enough to leverage power on your own. Another option is Managed Service Organizations (MSO). MSOs allow medical practices in the area to partner to provide support services: IT, HR, Payroll, Billing and Materials Management.

Resources

- **Article from Becker's Hospital Review:** [50 Things to Know about the Country's Largest GPOs](#)
- **ASGE Video Tip:** [Group Purchasing Organizations](#)