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Specialties: Payer Analysis, Managed Care Negotiations, Design and Implementation of Financial Systems, Physician Practice Start-Ups, Strategic Planning and Financial Management. Dana is responsible for related managed care activities throughout multiple provider networks and affiliated IPA's. The CodeToolz Contract Analyzer's primary focus is to provide precisely timed, data-driven payer renegotiations, securing the best payer fee schedules possible. You can see more of Dana's background via [LinkedIn](#).

## Closed or Narrow Payer Networks

Let's begin with answering the question "What is a closed or narrow network?" A closed network is a payer network which currently has participating (par) providers like you and, therefore, is not adding more similar providers, including you, to their network. A narrow network means it has enough par providers of a certain type and are generally not looking to expand further. Since many payer networks are already complete, it is often challenging for providers to get contracted.

This challenge is especially prevalent for independent and small practices. Therefore, the question is what can you do as a provider of valuable medical services and or products to get into a closed or narrow payer network?

### Step 1 - Value Proposition

Prepare a value proposition / proposal letter and get it to the payer contracting manager (not the provider relations representative). If you write a strong enough value proposition the payer just may say yes and you are contracted. If you receive a no, then go to Step 2. [View Understanding and Defining Your Leverage \(Value\)](#)

### Step 2 - Responding to Objections

Often the objections will be centered on the fact that there are already several providers in a payer's network fulfilling the networks requirements for your services. See if you can find out who the par providers are and what your competitive benefits are versus those already in network. Realistically, if

you are turned down to be a par provider, you will need to demonstrate specific service advantages compared to those already in the payers' network.

Payers tend to look for three reasons to add a provider to a closed or narrow network:

1. Cost savings and efficiency / treatment benefits.
2. Service advantages leading to higher patient satisfaction.
3. PR benefits - will this provider help me demonstrate as a health insurance company that I care about the well-being and treatment benefits for my members? While you may not often think about payers focusing on the PR benefits of their provider networks, this is a very important objective, particularly for large national payers.

### **Step 3 - What to do if you still get turned down to be a par provider?**

Often a first level contracts' manager or negotiator at a payer is given specific guidelines to follow in specific areas including narrow and closed networks. As such, no matter how strong your value proposition is, based on the advice in step 2, above, you still may get turned down. It may be necessary to get a meeting with the regional Director or VP of payer contracting to explain your value proposition directly. In other words, escalate your proposal up the chain of command.

There are payers that operate as specialty networks for large national payers. There are also many payers who operate as TPAs (Third Party Administrators) or ASOs (Administrative Services Organizations). These are companies that act as the agent for large employers and administer the health insurance plans for their employers. There are also "complementary payers and networks" and "single-case and continuous-case discounts". These are saved for another discussion.

In summary, when applying to a closed or narrow network, remember to follow the steps outlined above, methodically. Focus on the combination of the extra value you bring to the table compared to competitors who may already be in the payer's network.