About the Author | Dana R. Bellefountaine Jr. | CEO, CodeToolz

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**.

Single-Case and Continuous-Case Agreements

A continuous-discount arrangement (CDA) creates an on-going contractual relationship between the provider and a noncontract payer or repricer and saves both parties from negotiating a discount each time the provider sees a plan member out of network. If you treat plan members out of network, a repricer (or other agent of a payer) may have already asked you to sign an agreement that gives the repricer a set discount off your billed charges on an ongoing basis.

Typically, a CDA sounds like a plan contract, but it is not – it is not made with a plan and does not involve the typical contract requirements. It may be totally enforceable may ultimately be unilaterally beneficial to the repricer, and not to the patient. There is often no requirement to participate in quality assurance, credentialing, or similar obligation. Repricers are after a relationship that is strictly financial, and discount driven. Since they are not the payer, they are simply negotiating the rate, and not the fact that you might not ever actually receive the payment. That is not their issue. Their deliverable is completed when they lock in the provider for a set price, upon which they often receive a commission as a part of the savings.

Although repricers have typically asked for a one-time discount, also referred to as a single-case agreement (SDA) for a plan member treated out of network, more repricers are offering an ongoing discount agreement, which is called a CDA. Providers need to be very careful with these documents because they may seem innocent enough, they can have far-reaching implications into your revenues and your sanity.

Keep in mind as a noncontracted provider, you are owed timely payment per insurance statutes and/or administrative codes; you have no contracted obligation to provide a discount on your out of network services to a plan member; you may have a valid assignment (check with your attorney, as each state's laws may differ); and you are under no obligation to provide a discount on future services from that repricer.

Assuming there are no reasons not to sign the deal, it may be financially worthwhile for you and may help you avoid the administrative hassle of regularly negotiating discounts with the repricer for plan members who you treat out of network. The problem is that this is often a huge assumption that requires tight control and detailed knowledge of all your other contracts, as well as contracting policies that include a stance that you have no contracts that may have a "most-favored nations" (MFN) or preferential rate that requires that, if you give someone a better a rate, even just once, you have to lower the MFN payer too.

In many cases, the revenue management department or physician practice manager receives a call asking for the discount and is then asked to memorialize the oral agreement with a fax memo that documents the rate which has been agreed upon. Some are only one or two sentences and ask the provider to sign in a designated space. Sometimes it makes mention that this agreement applies to future encounters with this or another patient from the same plan; sometimes it is mute to that fact. A problem arises in administration of this deal in that, in order to post the payment, revenue or posting code must be entered for that payer and for the adjustment. Once that is in the system, it may be misinterpreted or mishandled by admitting staff who verify whether the payer is in the system at the time of admission or scheduling. If so, the presence of a code may lead that registrar to assume that there is a contract and that precertification's and so forth, are required, and that other familiar managed care policies and procedures are applicable.

On the reimbursement end of the revenue cycle, assumptions may be made about writ-offs, late payment penalties, medical records copy fees and the like. Silent PPO cannot be argued, as the discount is memorialized in writing, even if it is memorialized by someone with no authority to bind the provider. This little memo could cost you much more than the discount, and the risks may not outweigh the benefit of a quick spot negotiation.

While some argue that CDA's will increase a provider's business, this is difficult to prove. Since the repricers deal only comes into play when an out of network charge is incurred, one could argue that there is no steerage. While it could, in some circumstances, potentially increase your business, it is nearly impossible to track.

It may increase your administrative hassle factor because, as stated previously, the negotiation is only for the rate, not the performance, of actual payment or accurate payment in a timely manner. While it may save you time on future negotiations, one could argue the merits of being selective on the execution of CDA's, keeping their number to a minimum, and requiring full payment for all others who bring no value-added proposition to the deal.

Those repricers and others in favor of CDA's often argue by intimidation, stating the patients will get paid, or that your staff will be inundated with faxes asking for discounts. I have never seen the situation of a "mountain" of faxes awaiting consideration. It may also be difficult to sort out if you already have an executed CDA with a repricer, and they may often negotiate higher and higher and higher discounts, If there is no restriction as to the ability to assign the discount, they could infect your other higher-paying CDA's and contract by selling access to their price with you.

Typically, repricers ask for generous discounts of 10% to 30% off the providers billed charges in a CDA. Do not be afraid to negotiate smaller discounts if there is nothing in the deal that would be mutually beneficial to you. Remember, they will likely make a commission off each claim that is paid at the discounted amount. The value to them is in the frequency, and every dollar after the first deal is just passive income.

Every contract should have 5 basic elements: (1) an identification of the parties, (2) an effective date, (3) an agreement to the obligations of the parties, (4) a discussion of the money to be paid, and (5) a termination date and method by which the deal is terminated. Since these two-sentence faxes may be missing a few of these elements, they may not have a way for you to shut them down if you need to. They should also have contained in them a restriction on the ability to assign them to others without your express written consent.

If you choose to execute CDA's as part of your business model, you may wish to have your attorney draw up your own CDA that has the required protections for you, instead of signing the form of each repricer. Ensure that your attorney addresses the fact that, if the patient is found to be a member of a different network through some other arrangement or contract, then the discount will not apply, and you will be entitled to the higher of the rates. Also, have the attorney include some provision for timely and accurate payment and that, if the account is not paid in full by a certain date, the discount is rescinded and the full amount due.

Finally, have the attorney mention in the document that they may not interfere with your financial relationship with the patient with things like balance billing, compensation for noncovered or nonallowed services, medical necessity denials, and so forth.

As with the CDA, the same admonitions apply to the single-case agreement (SCA). Here the form should have the necessary protections for you but should also designate that the agreement is case specific, episode specific, and for a specified patient for a specified service, admission, test, or episode of care. It should always have an expiration date and should include in it, just for the record, that it is one-time use only.

If they cannot agree to the terms you need, you probably do not need their discount. Remember, they clearly have little to no leverage with you.