

## **Important Considerations for Audiologists When Reviewing Third-Party Payer Provider Contracts Before You Sign on the Dotted Line...**

*The following information was compiled in collaboration with and authored by representatives of the Academy of Doctors of Audiology (ADA), the American Academy of Audiology (AAA) and the American Speech-Language-Hearing Association (ASHA).*

Over the last several years, the audiology community has seen the growth of third-party involvement in the hearing aid reimbursement process. These programs are being offered by traditional commercial payers and their subsidiaries, Medicare and Medicaid contractors, government entities, worker's compensation programs, and third-party administrators. As a result, audiologists and practices are being presented with numerous opportunities to be involved as providers of care in these programs. It is important for the audiologist or audiology practice to consider each opportunity carefully when determining whether signing a third-party contract will be a good decision for the practice.

In order for audiologists to make informed decisions and use the many resources available to them when negotiating third-party contracts, ASHA, AAA, and ADA strongly encourage our respective members to consider the following before signing any agreement with a third-party payer:

- Calculate the break-even hourly rate for the practice. This will help you to determine how much you need to bring in each hour per full-time equivalent provider to break even. Most businesses cannot afford to accept reimbursement levels that fall below their break-even rate except on a very limited basis. Additionally, consider desired profit and determine the minimum profit level you can afford and are willing to accept. The break-even hourly rate plus your desired profit level are the figures that you should compare to the payer fee schedule to determine if it makes financial sense to participate with a payer.
- Consider if the third-party contract will generate non-covered services and products. If so, also factor that into your financial analysis.
- Read the entire agreement from the third-party payer and ensure that it includes a description of covered services and products plus a current fee schedule. Ideally, the fee schedule should include the procedure codes for all of the services and products your practice provides, but it must include the procedure codes and expected reimbursement for all of the covered services and products. If a fee schedule is not included within the contract or was not otherwise shared with you, request a fee schedule from the payer before you sign the contract. It is risky and not recommended that one sign a contract that does not include a fee schedule. Also, check the contract for paragraphs that can restrict how you practice or that time out your ability to collect reimbursement after a short period. It is not uncommon for third-party payer contracts to include language that requires 24-7 care or limits billing for reimbursement to 60 days post service. It is also often possible to modify these terms, as well as other contract terms, for the practice of audiology, but those changes must be made before one signs the contract, not after.
- Verify all contract terms and that your practice can meet those contract terms. Besides the fee schedule, consider infection control, licensing, quality assurance, site visit, and any other requirements that are stated in the contract. Violating the stated requirements can be grounds for lost reimbursement or contract termination.
- Understand the type of contract you are signing. Is it discounted fee-for-service, capitated, ancillary care, or some other type of contract? Each has its pros and cons and will impact how one is reimbursed. Definitely clarify covered and non-covered services and products and whether the payer allows for

upgrades beyond covered services, as one's ability to upgrade beyond the covered service amount can be key for acceptable reimbursement, especially for those who dispense hearing aids.

- It is important to utilize the services of an attorney who specializes in health care issues, including third-party contracting, and an accountant when legal, compliance, and/or financial questions arise when you read the agreement. Legal counsel, an important asset when you are negotiating a third party payer agreement, can ultimately assist in protecting you and your practice from potential audit and financial risks and pitfalls, as well as help your practice maintain compliance with state and federal regulations.
- If, after reading the agreement and consulting with an attorney, you have questions or concerns or if the fee schedule is missing any codes, address these questions to the payer, in writing, prior to signing the agreement. It is important that you attempt to negotiate with the payer prior to signing the agreement; once that signature is affixed, you will be held to the fee schedules and requirements of that contract.
- Always secure an executed contract, meaning a contract that is signed and dated by both parties, and maintain that contract in a safe place for reference. Review and understand the expiration terms and make note of them. Your contract may expire on some given date or automatically renew under some contract conditions. Either is fine, but an automatic renewal tends to be a bit easier in that it keeps the contract in place versus requiring an executed contract amendment to continue the contract, even under the same terms, beyond the stated expiration date. Throughout the year, make notes regarding any contract terms that you would like changed at the renewal and bring those changes to the payer's attention at the conclusion of the contract term. Keep this fact sheet handy to assist you in the contract renewal negotiation as well.

#### **For questions or assistance, please contact:**

Debbie Abel, Au.D., Senior Education Specialist, Business Practices: [dabel@audiology.org](mailto:dabel@audiology.org)

#### **Useful Resources:**

- Academy of Doctors of Audiology: [Managing Your Relationship with Third-Party Payers](#) [PDF, 6.6MB] - Cavitt, K. (2011) *Audiology Practices*. (3) 2, 40-41
- Academy of Doctors of Audiology: [Bundling vs. Unbundling](#) [PDF, 4.1MB] - Cavitt, K. (2011). *Audiology Practices*. (3) 3, 44-45
- American Academy of Audiology: [A Guide to Itemizing Your Professional Services](#) [PDF]
- American Academy of Audiology: [Contracting Considerations](#) [PDF]
- American Speech-Language-Hearing Association: [I'm in Private Practice—Now What??](#) - Dougherty, D. (2012, March 13). *The ASHA Leader*.
- American Speech-Language-Hearing Association: [Audiology Health Plan Contracting](#) - White, S. (2010, October 12). *The ASHA Leader*.
- [Is the Reimbursement You're Receiving Enough for Your Audiology Practice?](#) - Fino-Szumski, M. (2010). Presentation, ASHA Convention, Philadelphia, PA.
- [What is My Time Worth? Part 3: Breakeven Analysis](#) - Foltner, K. (2009). *Advance for Hearing*, (11) 3

For additional practice management and reimbursement resources for audiologists, go to:

- [American Academy of Audiology](#)
- [American Speech-Language-Hearing Association](#)
- [Academy of Doctors of Audiology](#)