



BILLING / FEES / INSURANCE

Can I Request a PPO Rate Increase?

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WHAT YOU NEED TO KNOW

- While I believe everyone who works directly with insurance carriers has gotten at least some cost-of-living increases, the providers of services usually have stagnated payments.
- You may request an increase or negotiate what is paid or allowed. As with every kind of negotiation, you can't go in blind. You need to do your homework and come to this negotiation with data.
- Your #1 goal with whatever you write / provide is to demonstrate your value, particularly if you are in a higher tier and in good standing.

Question: Is it possible to request a PPO rate increase? I have been paid the same rate for 15 years, and with cost increases, it is unsustainable.

I believe you are realizing what many are beginning to understand when it comes to PPO and managed care plans. When you join, the expected benefit is that the provider will have greater access and more patients and visits. However, with this comes reduced payments and possibly a requirement for preauthorization. This proposition can be positive for both sides, with reduced or controlled costs for the carrier, and increased access and patients for the provider.

The Reality of Diminishing Returns

However, the provider will eventually have diminishing returns. All providers welcome more patients and visits, but there is a finite limit based on time needed to provide care. Ultimately, once that hits a tip-ping point, it can mean diminished returns.

This type of patient is a value add to an office, but with the reduced payment the only future is to continue to see greater amounts of patients or visits. But once that threshold is met, the benefits will reverse.

Paying Everyone More ... Except You

Year-to-year costs increase for everyone, including insurance companies. I would venture to assume that all major PPO plan employees have received some cost-of-living increases in their wages; not to mention the large salaries of upper management and executives, which are all related to the cost of doing business and reasonable.

Their business model is to raise rates for the insured and manage costs, including not reimbursing unreasonable or non-medically necessary services. They also often will report the cost of paying the providers, which to me is odd when they have not increased rates to providers in years, if not decades.

While I believe everyone who works directly with insurance carriers has gotten at least some cost-of-living increases, the providers of services usually have stagnated payments, as I am sure many who are reading this can attest. A provider who is receiving the same level of reimbursement will eventually not be able to continue without some sort of increase.

I find it interesting that everyone other than the providers who are responsible for care have had no changes when the employees of the plan receive increases in their pay and the insured pay greater rates. Is it ironic how carriers note they must increase rates due to provider payments, when in fact payments to providers have not increased.

Advocating for an Increase

There is at least something providers should be doing to advocate for an increase in their allowed rates. Yes, you may request an increase or negotiate what is paid or allowed. As with every kind of negotiation, you can't go in blind. You need to do your homework and come to this negotiation with data.

- Write a unique value proposition that makes your practice stand out.
- Utilize other existing contracts and fee schedules (workers' compensation, PI, Medicare, or anything else to which you have access).
- Demonstrate your practice's unique value proposition.

Here is an example of what you could write / send to the insurer from whom you are requesting an increase:

I have been a panel provider for more than a decade. I have supported and been involved in the development of managed care for acupuncture with the idea that it would help standardize documentation, promote evidence-based care, and create greater accessibility.

There has been no change in reimbursement from your plan since I have been a member. Within this time, I have increased staff salaries, increased rent, added multiple computers with internet connections, and software contracts; as well as multiple consultants for the maintenance and security of those systems.

My overhead is nearly four times what it was when I enrolled with you. My average cost of seeing a patient is approximately \$41 per visit before there is a profit. The average reimbursement per visit for your plan in my office is approximately \$42, which includes the copayment. This level of

reimbursement is not a sustainable model and while being on the plan may create a greater volume, there is a limitation to services that can be delivered in a day and that is a moot point.

I try to provide quality care to every patient regardless of their payer category. However, this is increasingly difficult with the very low reimbursement for HMO patients. I cannot continue to deliver services at this rate, as it would cause my business to be bankrupt. I am requesting that my per diem reimbursement be raised to \$70, which is still below the usual and customary for my region for the same services and a great savings to you and plan participants. This will allow me to continue to welcome these patients into my office, now and in the future.

Of course, you can add more to this example, but bear in mind that your #1 goal with whatever you write / provide is to demonstrate your value, particularly if you are in a higher tier and in good standing. Note that this may not work, as the carrier has greater leverage if you are in a region that is saturated with providers. If so, you must provide further evidence to support your individual value. If you have reviews or statements from enrollees, those may help as well.

The Bottom Line

It never hurts to ask. That's what negotiating your PPO fees boils down to. Many practices don't even bother because of what's required, but now you have a strategy; you know what reports and data you need to gather to present your case for higher reimbursement. This is what successfully running a business is all about.

Editor's Note: Have a billing question? Submit it to Sam via email at sam@hjrossnetwork.com. Submission is acknowledgment that your question may be the subject of a future column.

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