



CONTRACTING CONSIDERATIONS

As you decide whether to contract with a third party payor, you may want to consider the following questions in your decision-making:

General Questions

- What are the service provisions of the contract?
- What are the in-network and out-of-network provisions in the contract?
- What is the reimbursement schedule for all services that the practice wishes to provide?
- How often is the schedule updated and how is the practitioner notified of the changes?
- Does the contract comply with state and Federal laws and regulations? Note that if the contract dictates “free” services such as hearing tests, there may be a conflict with Federal law if the audiologist is charging Medicare for the same procedure. Remember that the most that one can charge a Federal program is the least that one charge a patient or insurance company.
- Is the contract reviewed at least every six months to ensure that evergreening (changes made without your knowledge) has not occurred? Who maintains ownership of patient records?
- Are there any fees associated with plan participation? If so, is it per office location, per provider, per occurrence, annually?
- Must the audiologist carry liability insurance and if so, how much?

Balance Billing

- Does the contract allow for balance billing for the product and/or for services? If so, under what conditions?
- Does the third party payer consider balance billing the difference between what was reimbursed and the actual fee charged or the difference between what was allowed and what was paid?

Contract Requirements

- Is the practitioner contracted for providing diagnostic services only?
- Is the practitioner contracted for providing Durable Medical Equipment (DME) or hearing aids only?
- Is the practitioner contracted for both diagnostic and DME/hearing aids?
- Are there separate contracts for diagnostic and DME and/or hearing aids? (Note: If the audiologist is not contracted for DME/hearing aids, s/he is not bound by the payor’s fee schedule for DME/hearing aids. That said, the contracted rates, which may be discounted for diagnostics, may be applied to the hearing aid benefit, often an undesirable and unknown scenario).
- Is the provider reimbursed for all services or are there provisions for non-billable, (uncovered) services, visits, or products? For example, does the insurer require free hearing tests, a certain number of hearing aid checks, services for a certain number of years, warranties, batteries, etc.?
- Does the contract require that the provider discount the usual and customary charges?

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- Does the contract allow the audiologist to capture additional fees in the provision of the service by utilizing the HCPCS codes for those services?
- What are the termination provisions of the contract?
- Are there any non-competition clauses?

Patient Benefits

- Can patients choose products and services that exceed the allowed charges? If they choose, are patients allowed to pay for upgrades as part of the contract?
- Are there limitations on products and services that may be provided? That is, does the contract limit the patient to only certain manufacturer makes, models and levels of technology?

Claims

- What is the claims submission process, (i.e. paper or electronic)?
- Where is the claim to be sent?
- How long will it take to be reimbursed?
- Does the contract allow for billing of non-covered services to the patient?
- What are the allowed charges, patient co-payments and co-insurance regulations?
- Are there any prior authorization requirements?
- Is there a penalty/late fee/interest that would be added when reimbursement is late?
- Are insurance waivers allowed? Does the insurance company condone or provide them?
- What is the appeal process for denied claims?

Once the above issues are clarified, the audiologist must still determine whether the terms and reimbursement levels of the contract meet the costs and the profit margins necessary for his or her practice. Audiologists must look at each of their contracts and determine if the amount being paid by that contract is sufficient. If not, that contract should not be accepted or terminated. **It would also be advisable to have an attorney familiar with health care laws review the contract.**

It is suggested to maximize reimbursement, appropriate CPT and HCPCS codes be applied properly. If unbundling is allowed, all costs for services and products should be itemized in the cost of the device.

Disclaimer: The purpose of the information provided above by the American Academy of Audiology Coding and Reimbursement Committee is to provide general information and educational guidance to audiologists. Action taken with respect to the information provided is an individual choice. The American Academy of Audiology hereby disclaims any responsibility for the consequences of any action(s) taken by any individual(s) as a result of using the information provided, and reader agrees not to take action against, or seek to hold, or hold liable, the American Academy of Audiology for the reader's use of the information provided. As used herein, the "American Academy of Audiology" shall be defined to include its directors, officers, employees, volunteers, members and agents.

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