TIP SHEET

6 terms to close payer contract loopholes

Don’t accept standard or unclear language that enables payers to delay payments or pile on administrative burden.

Instead, revise contracts to include language that clearly defines dispute resolution requirements, non-compliance penalties and enforcement mechanisms.

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1 Payer shall pay, deny, or dispute a clean claim within 30 business days of receipt or pay interest.

Full term: Payer shall pay, deny, or dispute a clean claim within 30 business days of receipt, or as required by law or regulation; on day 31 payer will be obligated to remit payment inclusive of interest at the rate dictated by state law and such interest shall be remitted with the claim payment. Failure to pay, deny, or request additional information within [XX] business days after receipt of a claim shall create an uncontestable obligation to pay the claim with interest, unless otherwise required by law.

2 If Payer fails to dispute all or a portion of a claim within the 30-day period, it may not place the claim into pre-payment review.

Full term: If Payer fails to dispute all or a portion of a claim within the 30-day period, it may not place the claim into pre-payment review. If a claim is appropriately disputed within the 30-day period, Payer must only request the specific documents required for review consistent with the HIPAA Minimum Disclosure Rule; Payer must complete the review and pay or deny the claim within 15 business days of receipt of requested documents from the Provider.If Payer fails to pay or issue an appropriate adverse benefit determination from the review within 15 business days of receipt of the requested document(s), it shall create an uncontestable obligation to pay a claim.

3 Payer shall not recoup payment without appropriate notice nor if Provider has requested reconsideration, submitted an appeal or escalated a dispute.

Full term: Payer shall not offset or recoup monies on purported claim overpayment unless appropriate notice of the intent to recoup, which shall include the specific rationale of the intent, is submitted to [indicate location, person, method of receipt, etc.]. Hospital shall have XX business days to reply to all requests for documentation related to notice of intent to recoup and Payer shall not recoup any monies where the provider has requested reconsideration, submitted appeal, escalated a dispute to a state or federal agency or entity, entered into mediation, filed for arbitration, or filed with a court of appropriate jurisdiction.

4 No level of care audits shall be performed for inpatient claims where Payer conducted a concurrent review.

Full term: Payer and Provider agree that no level of care audits shall be performed for inpatient claims for covered services post-discharge where Payer conducted a concurrent review of the covered services and there is no evidence or showing of reasonable belief that the information provided during the concurrent review was incomplete or inaccurate.

5 Payer shall not retroactively deny a claim if Provider obtained a pre-certification or authorization.

Full term: Where Provider has obtained a pre-certification or authorization from Payer and Provider relied upon that pre-certification or authorization Payer shall neither retroactively deny a claim due to lack of medical necessity nor because the patient was not a member or the member's coverage lapsed.

6 "Lesser of" language shall not be applied if the resulting reimbursement is not cost neutral or consistent with the intent of the overall reimbursement agreement.

Full term: Carefully scrutinize "lesser of" language in the context of high-cost diagnostic testing, high-cost drug and administration including lab pre-screenings, and surgical procedures. Include a general clause to reflect that where lesser of language exists that results in reimbursement that is not, at a minimum, cost neutral, or would be inconsistent with the intent of terms of the reimbursement agreement, that the portion of the reimbursement language shall be stricken, and all claims paid under that clause reprocessed consistent with overall intent.

Learn more strategies to reduce friction between payers + providers

ENSEMBLE