

HOW TO NEGOTIATE YOUR SHARE WITH PAYERS

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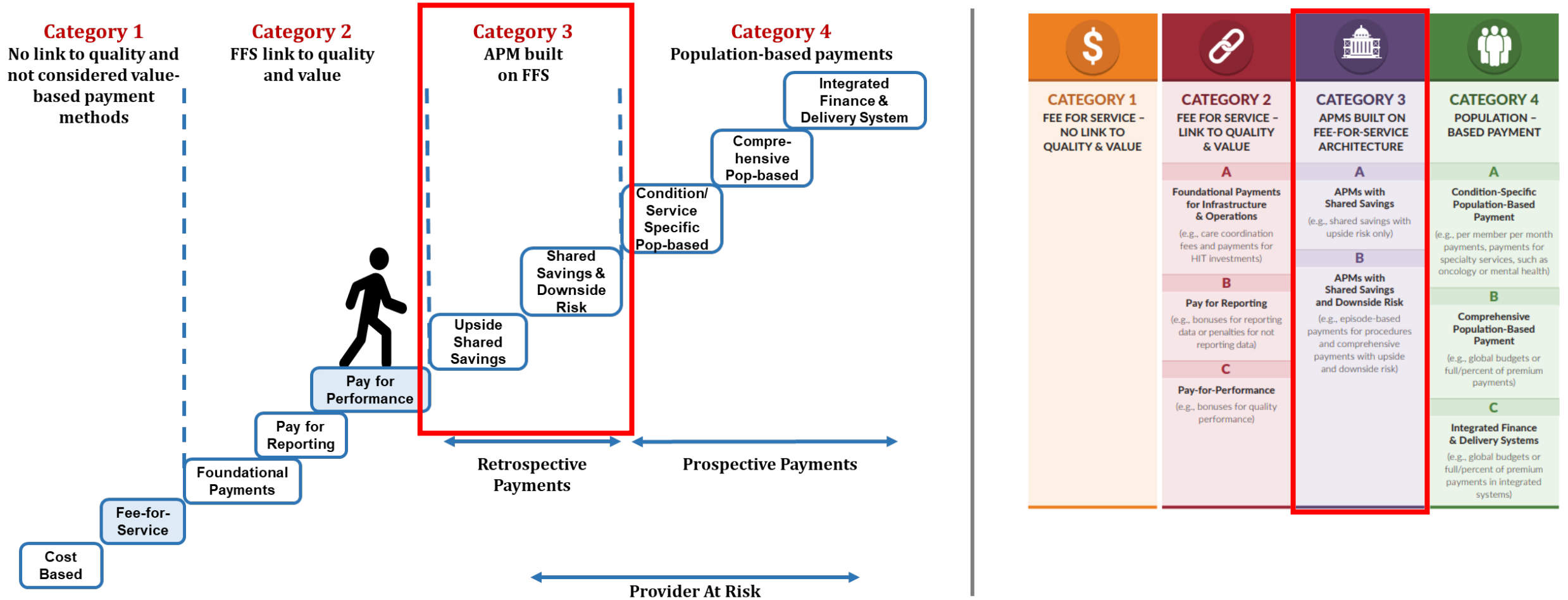
AGENDA

- I. Orientation to LAN categories of APMs and the types of arrangements relevant for this topic
- II. What exactly are you negotiating your share of?
- III. Considerations for negotiating your share with payers
- IV. Other items needing to be negotiated with payers

Learning Objectives

1. Understand in what types of LAN category arrangements a provider needs to negotiate a share.
2. Understand the typical elements of a LAN category 3 arrangement and how shared savings are generally calculated.
3. Understand the considerations at play when negotiating your share with a payer.
4. Develop an understanding for other contractual items that would need to be negotiated with a payer.

IN WHAT LAN CATEGORIES DOES NEGOTIATING YOUR SHARE MATTER



Negotiating your share with payers starts to matter in LAN category 3A and 3B arrangements



WHAT EXACTLY ARE YOU NEGOTIATING YOUR SHARE OF?

Attribution

- Methodology for linking patients to a provider for accountability purposes.

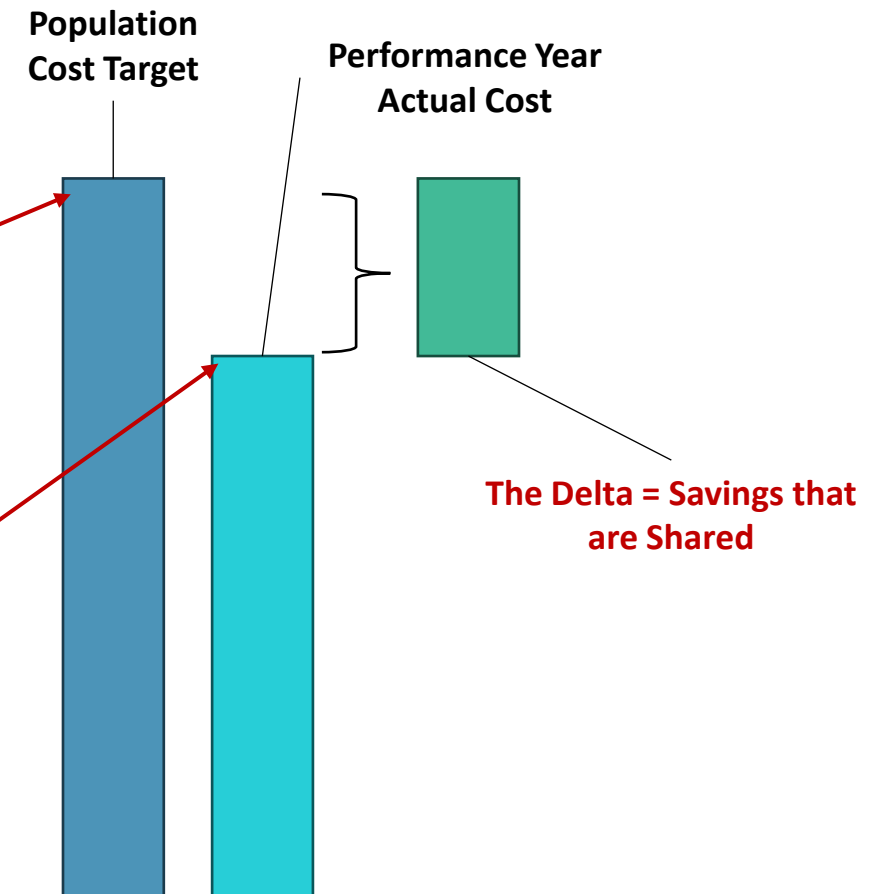
Benchmarking or Target Methodology

- A cost of care for the provider's attributed population, under which the provider needs to come in order to generate savings.

Medical Cost Experience

- Provider's actual cost of care during the performance year.

Shared Savings on Total Cost of Care Model (3A/B)



CONSIDERATIONS FOR NEGOTIATING YOUR SHARE WITH PAYERS

- Market share or power
- Value-pitch and/or current performance of the provider
- Structure and incentives throughout the rest of the arrangement – there may be trade offs that occur that impact the share of savings
 - Are you giving up a portion of shared savings potential to get other elements you may want in the arrangement?
 - e.g. Up front cash flow (care coordination fees or infrastructure funding), smaller set of quality metrics
- Level of downside risk can impact upside share
 - As a provider takes more downside risk, this typically has the payer giving up additional upside potential

WHAT ARE OTHER ITEMS NEEDING TO BE NEGOTIATED WITH PAYERS

- Quality
 - Measures
 - Quality in shared savings arrangements usually is set up in a way to impact earning potential in the arrangement
 - Gate
 - Adjustor
 - If quality performance is at a high level, should there be an additional incentive for that high performance?
- Data sharing
 - What data or reporting do I need from the payer to be successful?
 - e.g. Attribution, claims, quality measure numerators and denominators
 - How frequently do I need to receive the needed data and reporting?

THANK YOU

HMA

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