

The Managed Care Forum Contracting Negotiation Checklist was created to help both payers and providers develop effective contracts. The checklist covers volume criteria, payment terms criteria, contract terms criteria, operational criteria, and financial criteria. It was developed from criteria submitted by members of HFMA's Managed Care Forum, and is an exclusive Managed Care Forum member benefit.

HFMA Managed Care Forum Contracting Negotiation Checklist

Name of Hospital: _____

Payer Name: _____

Address: _____

Contact #1: _____

Phone Number: _____ E-mail Address: _____

Contact #2: _____

Phone Number: _____ E-mail Address: _____

Contract Type: _____

Services: _____

INFORMATION REQUEST CRITERIA

Circle
Appropriate

1. Are complete responses to information requests submitted? YES NO

VOLUME CRITERIA

2. Indicate the number of covered lives in the primary and secondary zip codes. _____

a. Define here what the acceptable standards are for the specific covered lives covered by the payer.

PAYMENT TERMS CRITERIA

3. Is "clean claim" clearly defined? YES NO

Sample language: A clean claim is one that is submitted on a UB-92 or CMS 1500 form (or equivalent successor form commonly used in the health care industry) on which all data fields have been entered completely and accurately.

4. Is the time limit following the service date for claims submission reasonable (90-day minimum)? YES NO

Sample language: The provider shall submit claims for covered services rendered to members (and any adjustments thereto) within _____ number of days from the date that such services were rendered for outpatients or date of discharge for inpatients. Such claims shall be submitted via electronic means, using the National Standard Format.

5. Are exceptions included for delays beyond the provider's control? YES NO

a. Is there an exception for awaiting payment from the primary payer? YES NO
b. Is there an exception for ANSI X 12.N (HIPAA) problems? YES NO

Sample language: When CMS requires ANSI X 12.N standards, the plan will, except as otherwise provided herein, be required to use such standards to receive and respond to such data, and to adhere to the timely claims processing standards under this agreement. If the plan cannot meet CMS' implementation date, the payer will furnish a cash advance on the first day of the month equal to the average monthly claims payment during the prior twelve months.

6. Is there a provision for payment of clean claims guaranteed, meeting, or exceeding state law requirements? Cite the provision here. YES NO

7. Is the UB-92 form accepted for professional and technical billing? YES NO

8. Is the CMS form 1500 required for physician billing? YES NO

9. Is there a common address for claims submission? If not, provide a complete listing:	YES	NO

10. Is there a specific reimbursement methodology being used?	YES	NO
a. If yes, check all that apply:		
___ Per Diem ___ Case Rate ___ DRG		
___ ASC Rates ___ RUGS ___ Capitation		
___ Global ER ___ RBRVS ___ Percent of Billed Charges		
___ Other		
b. Have the correct codes (revenue, HCPCS, CPT, ASC, RUGS, DRG) been identified?	YES	NO
c. Does the contract language allow for new codes to be added during the term of the agreement?	YES	NO
11. Is there a provision for payment for the portion of unpended days or days not refunded?	YES	NO
12. Is there a provision for payment for ancillaries on denied admissions?	YES	NO
13. Is there a reopening clause for new, altered, or newly mandated services?	YES	NO
14. Is there a provision for automatic renewal using CPI inflation indices, especially on fixed fee schedules?	YES	NO
15. Is electronic billing required? Note the specific clearinghouse used.	YES	NO

16. Is there a payer policy regarding patients that are not covered at the time of service even when the hospital has verified the patient's benefits and obtained authorization to treat the patient?	YES	NO

a. Does the payer agree to remit payments (as stipulated by state law) due from them within _____ number days of receipt of electronically submitted claims and _____ number of days for paper submissions?	YES	NO
17. Is there a provision for payment for emergency services regardless of whether the payer is notified? Cite the provisions here.	YES	NO

a. Is the definition of "emergency services" consistent with EMTALA?	YES	NO
b. Is coverage provided for post-stabilization services?	YES	NO

(1) Is coverage provided if the plan fails to respond to a request for authorization?	YES	NO
(2) Within what time period? _____		
(3) If the treating physician and plan physician disagree on the need for such services, does treating physician prevail?	YES	NO
c. Is there a provision for no retrospective denial of coverage of emergency treatment?	YES	NO
18. Are there specific remedies for untimely payments, such as provisions for interest or late payments?	YES	NO
a. Are remedies in compliance with state prompt payment laws?	YES	NO
b. At what percent per month? _____		
19. Are there provisions that will allow the provider to terminate the contract for slow payments or other payment breaches?	YES	NO
a. If so, within how many days – 90, 120? _____		
20. Requests for overpayment and underpayment adjustments are due within _____ number of days.		
a. Has the hospital notified the plan in writing that an overpayment/underpayment adjustment is due?	YES	NO
21. Is it required that a legible EOB form that provides detail to support payment calculation accompany a remittance?	YES	NO
22. Is another payer responsible for carve-outs (such as mental health)?	YES	NO
23. Does the hospital have access to the data and calculations of formulas used in reimbursement (such as weighted averages, inflation, and changes in volume and acuity)?	YES	NO
24. Are there any outlier provisions?	YES	NO
25. Is the use of offsets to recover payments allowed?	YES	NO
26. Are the settlement and appeals processes identified and provided?	YES	NO
27. Are the limits of secondary payers defined? (A secondary payer pays the difference between what the primary payer pays and the secondary payer's negotiated rate. Or, payment is rendered in the amount of the lesser of the full balance less the primary payer payment or the amount that the plan would have paid if it were the primary payer.)	YES	NO
a. If the plan is a secondary payer, will the plan pay the provider for services not paid by the primary payer at a rate that represents the difference between the billed charges and the amount paid by the primary payer?	YES	NO
b. Is there a mechanism in place to handle payment adjustments or disputes?	YES	NO

CONTRACT TERMS CRITERIA

28. Fill in the length of contract: _____

29. Is there an automatic renewal clause? YES NO
- a. Is there an inflation index? YES NO
30. Are all hospital services included, such as outpatient testing, radiology testing, same-day surgery centers, skilled nursing facilities, durable medical equipment, and speech, occupational and physical therapy? YES NO
31. Has the hospital contract specified its inclusion in any or all plans and products offered? YES NO
32. Is the termination notification for no more than 90 days (with 90 days being the best practice)? YES NO
33. Is there a "termination without cause" clause, including the number of days required for advance written notification? YES NO
34. What notice goes to members on termination? Summarize here.
- _____
- _____
- _____
- _____
- _____
35. What are the provider's obligations to continue care, and the payer's obligations to pay for, care for patients in treatment at the expiration of the contract?
- _____
- _____
- _____
- _____
- _____
36. Is there an opportunity to cure a breach of contract (applicable to the first instance of a breach, only)? YES NO
37. Are there services that are excluded from the contract? YES NO
- a. List excluded services:
- _____
- _____
- _____
- _____
- _____
38. Does the contract include a discount for billed charges? YES NO
- a. If not, specify at what percent to bill for implants and prostheses. _____

39. Is an advanced beneficiary notification (ABN) acceptable for non-covered services?	YES	NO
a. What information must be contained in the ABN? Summarize here.		
<hr/>		
<hr/>		
<hr/>		
<hr/>		
40. Does the hospital have the ability to obtain member deposits for non-covered services?	YES	NO
41. Is there an exclusivity clause?	YES	NO
42. Are subcontracting relationships disclosed?	YES	NO
43. Are indemnification and malpractice insurance stipulations included such that the hospital and the payer each pays its own legal fees?	YES	NO
44. Is there an independent contractor clause?	YES	NO
45. Is "medical necessity" clearly defined?	YES	NO
a. Who decides what is medically necessary? _____		
b. What are the criteria for medical necessity? Summarize here.		
<hr/>		
<hr/>		
<hr/>		
46. Are "emergency condition and "emergency admission" clearly defined?	YES	NO
a. Do they conform to EMTALA definitions and requirements?	YES	NO
47. Are the requirements for pre-admission and post-admission authorization outlined?	YES	NO
48. Is there a definition of "covered services"?	YES	NO
49. Are covered services clearly identified?	YES	NO
50. Are covered services subject to change?	YES	NO
a. Specify the number of days advance notice that providers are given of changes to covered services. _____		
51. Is the "plan agreement" clearly defined?	YES	NO
52. Does the definition of "plan agreement" incorporate other policies, procedures, member agreements, or other documents or terms?	YES	NO
53. Is "material breach" clearly defined?	YES	NO

- | | | |
|--|-----|----|
| 54. Does the definition of "material breach" include the plan's failure to adhere to reporting obligations? | YES | NO |
| 55. Is there a provision that prohibits reassignment of the contract without consent? | YES | NO |
| 56. Is the notification time period for modifications to the contract compliant? | YES | NO |
| a. Specify the number of days advance notice to providers that is required for modifications in payments, covered services, procedures, documents, and requirements with "substantial impact." _____ | | |
| 57. Is there a warranty of HIPAA compliance? | YES | NO |
| 58. Is "observation services" or "observation care" clearly defined? | YES | NO |

OPERATIONAL CRITERIA

- | | | |
|--|-----|----|
| 59. How many years has the plan/hospital been in business? _____ | | |
| 60. Does the plan/hospital have a positive reputation with other providers regarding operations such as payments, timeliness, disputes, and denials? | YES | NO |
| 61. Is the plan/hospital financially solvent? | YES | NO |
| a. Is a copy of the Department of Insurance's (DOI) most recent filing available to provider? | YES | NO |
| b. If plan is a PPO, is it DOI licensed? | | |
| c. If the plan is publicly traded, have you obtained the most recent annual report? | YES | NO |
| 62. Are there member complaints or regulatory difficulties? List them here. | YES | NO |

- | | | |
|--|-----|----|
| 63. Is this a federally qualified plan? | YES | NO |
| 64. Are the plan's guidelines on the selection of network physicians provided? | YES | NO |
| 65. Can the payer's computer system handle the reimbursement methodology? | YES | NO |
| 66. What is the payer's type of business ownership and affiliations? List them here. | | |

FINANCIAL CRITERIA

67. Does the plan's profit margin meet the industry standard? YES NO

a. At what percent? _____

68. Does the plan's current ratio (its ability to pay current obligations) meet the industry standard? YES NO

a. At what percent? _____

69. Do the days in unpaid claims meet the industry standard of the number of days in claims due to members? YES NO

70. Are hospital charge masters and physician fee schedules updated when changes or errors have occurred? YES NO

71. Is there a provision for stop loss? YES NO

a. Is there a provision for inpatient stop loss charges? YES NO

b. Is there a provision for short-stay stop loss charges? YES NO

c. Are there provisions for OB and multiple births? YES NO

72. Is there a provision for a year-end settlement? YES NO

73. Are hospital and physician fee schedules provided by electronic means each year? YES NO

a. Are the hospital and physician fee schedules updated electronically and shared with the payer and provider? YES NO

74. Is there a mechanism in place to handle the processing of claims and claims returned for insufficient data? YES NO

75. How many plans and types of plans are being handled? List here.

76. Have you defined how specific benefits like prescription drugs will be reimbursed? YES NO

77. What networks are represented? List here.

- | | | |
|--|-----|----|
| 78. Is there protection from a silent PPO? | YES | NO |
| 79. Is there a reciprocity agreement with plans that are out of state? | YES | NO |
| 80. Is there a clause that allows the hospital to participate in products offered? | YES | NO |
| 81. Is there a reference to a "most favored nations" clause? | YES | NO |
| a. If yes, have you deleted the clause? | YES | NO |

Copyright 2004, Healthcare Financial Management Association. All rights reserved.