

Contract Negotiations – General Info

This guide discusses the basic mechanics of how to negotiate clauses in your insurance provider agreement (i) prior to entering into your agreement, (ii) when your agreement comes up for renewal, and/or (iii) when seeking to increase the reimbursement rates in your fee schedules.

Any contract discussions or negotiations should be done individually, between only you (or your attorney) and the payer, and not with or on behalf of other dentists. Ideally you will be working with an attorney licensed in your practice state, but you can also negotiate on your own behalf.

Before you enter negotiations with a payer, keep the following in mind:

- Negotiation is not a “win-lose” situation. Negotiating is different than elections and sporting events. You do not need to defeat the other party to “win.” Both parties can walk away feeling like they “won.”
- Preparation is the key. Negotiation starts before any direct discussion. Prepare your talking points and do your homework. Prior to discussions, know and jot down:
 - Your interests/needs
 - The payer’s interests/needs
 - Your strengths/resources
 - The payer’s strengths/resources
 - Your alternatives (“Plan B”)

The Negotiation Prep Sheet at the end of this document may be a useful tool in preparing for your negotiation with a payer.

If they said it, and you like it, make sure that it gets into the contract. Once a written contract is signed, oral statements made by the payer during negotiations that are not put in writing are likely meaningless. If you are relying on any oral statements, you must insist they are written into the contract.

HOW TO PROPOSE CHANGES TO YOUR AGREEMENT AND/OR FEE SCHEDULE

If and when you decide to negotiate changes to the agreement with the payer, there are a few common methods for doing so. If you are working with an attorney, your attorney will likely propose changes in the manner he or she sees fit. If you are not working with an attorney, there are a number of ways you can propose changes to the agreement.

- First, you can mark up a printed copy of the agreement with a pen by crossing out the language you don’t want and adding language you do want directly on the printed copy. Put your initials next to your handwritten changes to make clear that the changes were proposed by you.
- Second, you may be able to mark up an electronic copy of the agreement. If you have a “track changes” software program, you can propose changes directly to the electronic copy of the agreement, in which case the changes will show up in “redlined format” (generally deletions are shown as crossed out and additions are underlined). However, this method may be limited or unavailable depending on the format of the document sent to you. For example, if the payer sends you the agreement in PDF file format, you may not be able to use a “track changes” computer program to propose changes. Instead, you may have to propose changes to the electronic copy by adding comments in the margins, or by printing the document and using the first option mentioned above.

- Finally, you can propose changes to the agreement by submitting a separate document that references the specific section numbers you want changed and inserting the changed language into this separate document. For example, in the separate document you might say: “Delete the first sentence of Section 4(a) of the agreement in its entirety and replace with the following...” This option may work best if you are proposing a significant amount of changes to the agreement.
- Of course you can also discuss changes you would like verbally with your payer’s representative or by email, keeping in mind that nothing is final until it’s included in a signed, written agreement.

After all negotiations are completed, you should ask the payer to send you a clean, execution copy of the contract for signature (with all of the agreed-upon changes and including all exhibits thereto, such as the fee schedule). This is preferable to handwritten changes or inserts that are initialed by both parties, but either way is legally enforceable. Make sure the payer counter-signs the agreement and that you have copies of all fully executed documents, as well as any future amendments to the contract.

Contract Negotiations – Fee Schedule Increases

Dentistry is facing increasing costs due to heightened standards for infection control and other economic conditions. Under these circumstances, dental offices may see the need to adjust their fee schedules. The ADA anticipates that the costs of providing care will substantially increase for many dental procedures.

If you are a participating provider with one or more dental benefit plans, you may want to negotiate with those plans to increase your reimbursement rates. **Again, these negotiations should be conducted individually, between only you and your plan, and not with or on behalf of other dentists. Do not discuss fee schedules or other contract points with your colleagues or peers.** Before you enter negotiations with a payer, prepare your talking points and do your homework (see also the general discussion above).

YOUR STRENGTHS: DO YOU HAVE ADVANTAGES IN TERMS OF ACCESS?

- Number of dentists in your locality
 - Understand that typically, supply and demand market forces are affected by geography. Dentists from areas that do not have as many dentists stand a better chance of gaining concessions than those who come from areas with a higher density of practicing dentists.
- Wait times for available appointments, impacting the patients covered under the plan
- Influx of new patients covered under the plan

YOUR NUMBERS: WHAT DATA DO YOU NEED TO NEGOTIATE EFFECTIVELY?

Know which procedure codes generate the highest total revenue for your practice, including:

- Frequency with which each procedure is reported
- Current allowed amount (i.e., your current discounted fee)
- Extent of these procedure codes’ contribution to your overall practice revenue
- Your desired fee for each procedure code

YOUR DESIRED FEE FOR EACH PROCEDURE CODE

- Extent of preventive services that your office provides
- Costs associated with operating your business
- Patient satisfaction rates (most recent available)
- Date when your fees were last revised

EFFICIENCIES YOU OFFER: WHICH OF YOUR BUSINESS PRACTICES ARE FAVORABLE TO THE PAYER?

- Electronic claims submission
- Use of online portals to verify eligibility and benefits
- EFT enabled for receipt of claim payments

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- Use all of the above the information you have gathered to tell your story.
- Identify the payer's provider representative assigned to your region who you can contact to begin to make your case. This may be someone known to your business staff, typically with the title of "provider relations manager."
- Begin with email introductions. If comfortable, request a phone call, or continue in writing.
- Always be respectful. Let the provider relations representative know that you value the patients garnered from being a network dentist.
- Be patient and don't give up! The first offer you receive may not be the best offer.
- Set realistic expectations. Negotiating with plans can be an uphill battle and a frustrating process that will rarely result in complete success in getting all of the changes you desire.
- Request information on whether the carrier leases their network and whether the revised fees will apply to any networks into which you have been leased.
- Representations or assurances on important matters made by a payer's provider representative(s) should be reduced to writing. Mere oral representations are not sufficient.
- After you succeed, make sure you have copies of all signed documents.
- Check the next Explanation of Benefits statements to ensure the fee changes are appropriately reflected.
- Remember to re-negotiate periodically.

Good practice is to review your contracted fee schedules annually. Additionally, remember that it is very important to report your full fee on the claim form. Several payers set fees based on market rates. Payers may use the charges you submit to determine maximum-allowable fees. The fee schedules are typically part of the participating provider agreement – a legal contract between the dentist and the third-party payer.

Other clauses in the contract along with documents referenced in the contract (i.e., the provider's office reference manual) may impact the final payment from the third-party payer. For example, details about a policy that bundles the fee for a core buildup with the fee for the crown are in the provider's office reference manual along with details on other processing policies. It is important to review these documents carefully before trying to project revenues and negotiating fees with the payer.

Negotiation Prep Sheet

The following may be a useful tool in preparing your talking points and doing your homework prior to negotiation:

NEGOTIATION PREP SHEET

	List of Your Needs/Wants	Payer's Needs/Wants (your best estimate)	Additional Notes
Goals and objectives- note those that are most important ("got to have" - e.g. pricing, right to terminate, indemnification obligations)			
Strengths of each position (positive arguments)			
Weak points/ vulnerabilities in each position			
Options ("Plan B"s) if you do not reach an agreement			
Concessions – points on which you might concede (where there are a number of items to negotiate)			

Additional information on contracts, processing policies and other valuable educational ready-to-use resources on innovative dental insurance solutions for dentists are available at [ADA.org/dentalinsurance](https://www.ada.org/dentalinsurance).

*Disclaimer. These materials are intended to provide helpful information to dentists and dental team members. They are in no way a substitute for actual professional advice based upon your unique facts and circumstances. **This content is not intended or offered, nor should it be taken, as legal or other professional advice.** You should always consult with your own professional advisors (e.g., attorney, accountant, insurance carrier). To the extent ADA has included links to any third party web site(s), ADA intends no endorsement of their content and implies no affiliation with the organizations that provide their content. Further, ADA makes no representations or warranties about the information provided on those sites.*