



COLLEGE of AMERICAN
PATHOLOGISTS

Negotiating Your Future: Strategies for Successful Contract Negotiation

Moderator:

- **David Novis MD, FCAP**

Subject Matter Experts:

- **Mick Raich, Revenue Cycle Management, Compliance, Business Development**
- **Greg Walker, FACHE**
- **Robert DeColfmacker, MPA, Senior Executive Advisor**

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David Novis, MD FCAP

- Owner, CEO Novis Consulting LLC.
- Managing Partner (Ret.), Young Novis PA
- Entrepreneur, Business Developer
- Lean Certification, University of Pittsburgh and Henry Ford Hospital
- Past CAP Positions:
 - Speaker of the House of Delegates
 - Member of CAP Board of Governors
 - Vice Chair Quality Practice Committee



Mick Raich, BA

Revenue Cycle Management, Compliance, Business Development

- Nationally recognized consultant in the business of Pathology
- Thirty-two-year career in the healthcare industry has included direct patient care and hospital management
- Founder and President of Vachette Pathology, a nationwide consulting and management firm that assists laboratories, private and academic pathology practices, hospitals, and health systems groups
- Expertise includes pathology billing, compliance, outreach, management, marketing, revenue cycle management, strategic and financial planning, contracting, business development and the sales of pathology practices



Greg Walker, FACHE

- President & Chief Executive Officer, Wentworth-Douglass Hospital and Health System (Ret.)
- Past Chairman of the Board of Directors, New England Life Care
- Past Member of the Board of Directors, NH Hospital Association, Tufts Health Freedom Plan
- Past Member, Joint Commission's Center for Transforming Healthcare Leadership Council (Ret.)
- Author and nationally recognize speaker on health care management, Lean/Six Sigma, hospital design, and disaster planning



Robert DeColfmacker, MPA

Senior Executive Advisor

- Senior Consultant, Stevens Strategy, providing executive advisory services to the boards & management teams of colleges and universities worldwide
- Primary engagements include detailed strategic planning, merger and acquisition analysis & executive coaching & development
- Experienced board member & board chairman in both higher education and healthcare enterprises, including Southern New Hampshire University (SNHU) & Wentworth Douglass Hospital and Health System
- Experienced Interim Chief Executive Officer & Chief Financial Officer in institutions of higher education



Disclaimer

The information presented today represents the opinions of the panelists and does not represent the opinion or position of the CAP.

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The information in this presentation is provided for educational purposes only and is not legal advice.

Getting to Yes

Robert DeColfmaker, MPA
Senior Executive Advisor

Overview – Setting the Stage for Success

1. **Interests – Not *what* the other party wants, but *why***
2. **Alternatives – WATNA vs BATNA**
3. **Relationships – Determines flexibility**
4. **Options - More brainstorming than negotiating**
5. **Legitimacy – A balance in fairness**
6. **Communication – Listening, tone of voice, posturing**
7. **Commitment – More than a signature**

SETTING THE STAGE FOR SUCCESSFUL NEGOTIATIONS

Greg Walker, FACHE

President & Chief Executive Officer,

Wentworth-Douglass Hospital and Health System (Ret.)

When do successful negotiations begin?

- The day you signed your last contract
- When negotiating a new contract—the first time you meet with a contract influencer/decisions maker
- It can be a year or more before formal negotiations begin

Setting the stage for successful negotiations?

- The key is what you do prior to commencing official negotiations
- Are you setting up a Win/Win or a Win/Lose proposition?
- Do your homework—gather your intel

Important things to know

- **Your reputation—it precedes you and unfortunately you are the last one to know what it is**
- **How you are viewed inside and outside the organization**
- **More physicians go to the administration to complain about a hospital-based group than to praise them**

Important things to do

- **Perform an honest assessment of your group's strengths and weaknesses**
- **Talk to clinical leaders and high-volume referral sources**
- **Consider performing an independent satisfaction survey**

Aligning Missions

Best done well in advance of future negotiations

Become a Partner

- **Partners are protected**
- **Build meaningful relationships with institutional decision makers**
 - **Senior leadership**
 - **Laboratory administration**
- **Understand your organization's strategic goals**
- **Determine how your group and the laboratory can help the institution achieve its goals**
- **Determine how institution's goals will impact pathology and laboratory services**

Do not become a vendor

- Vendors negotiate price and are easily replaced
- Partners negotiate the value they bring to the organization
 - Scope of Service
 - Quality
 - Revenue
 - Medical staff relationships
 - Satisfaction

Mission alignment is the ultimate goal

- Establish group goals that align with institutional goals
- Build ongoing relationships and trust with institutional leadership
- Establish clear measurable goals that align group goals with institutional goals
- Regularly report your successes and/or problems to institutional leadership
 - Use your data
 - Do this in person

Lessons from 300 Part A and 600 Managed Care Contract Negotiations

Mick Raich, BA

Former owner Vachette Pathology

Founder Mick Raich LLC

Begin with the end in mind--your goal targets

- What exactly do you want?
- What is the timeline for this goal?
- What are your obstacles to achieving this goal?
- What is your fallback position?

Know your leverage: Part A Negotiation

- **Medical staff relationships aren't enough**
- **Quality care is not enough**
- **Think of the other's best interest**
- **Understand your profession and supply and demand**
- **Understand the current business environment**

Know your leverage

Example: Part A Negotiation

- Follow the money
- Innovate
- Managed care leverage
- CP agreements
- Revenue sharing option

Tailor your Goals to Develop Harmony with your Institution

Example: Outsourcing histology

- What are you willing to give or give up?
- How can you save or make money for your institution?
- How can you eliminate pain for your institution?

Negotiations

Example: Insurance Companies

- Hospital / group synergies
- Leverage from health system
- Nonpayment of CP
- Global billing
- Term of the contract, COLA
- Balance billing

Knowing When to Walk Away

- Illogical requests
- Illogical people
- Bad business model, e.g., salary vs. fee for service
- This ties back to your goal targets going in

Know your leverage

Example: Part A Negotiation

- Follow the money
- Innovate
- Revenue sharing option



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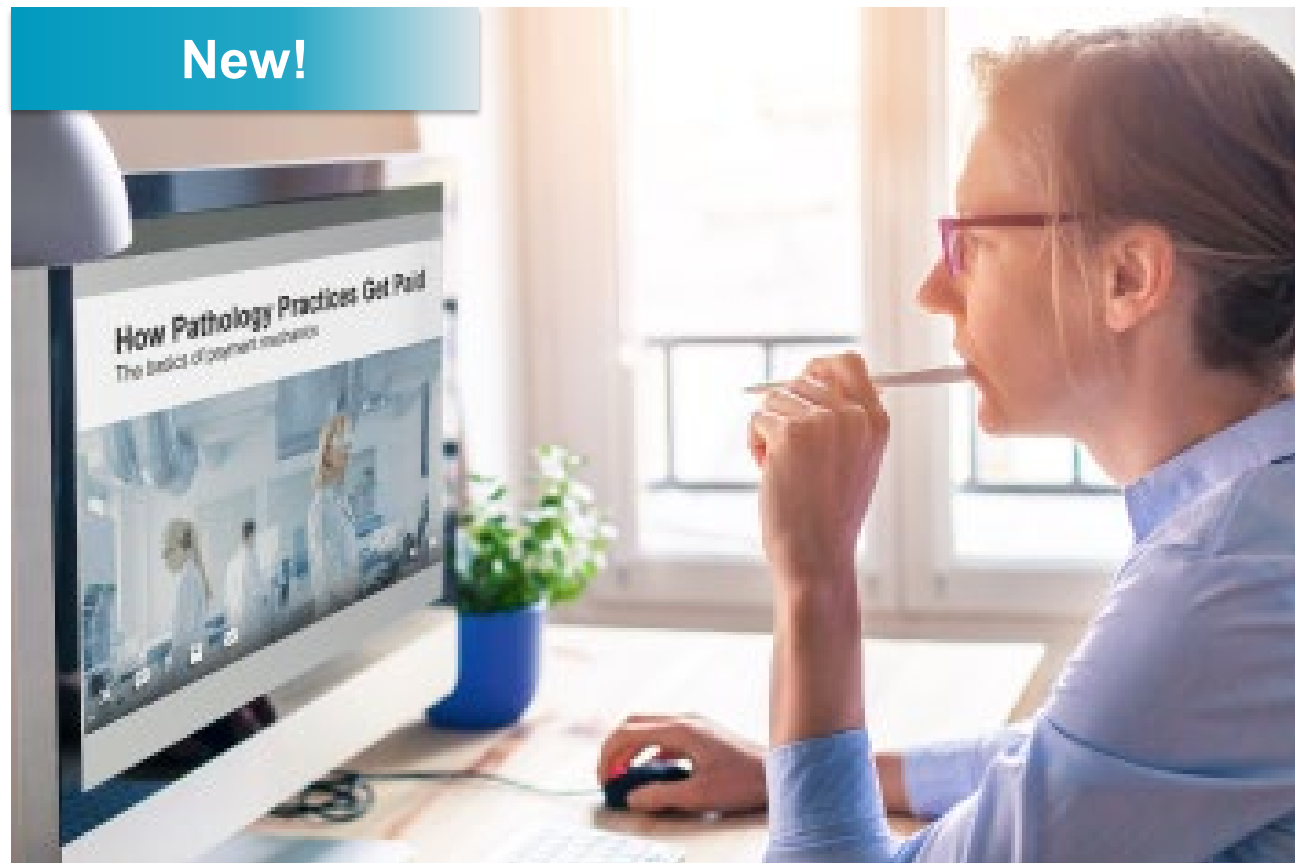
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1. Relative Value Units (RVU's)—Understanding the Basics
2. How Pathology Practices Get Paid
3. Revenue Cycle Management
4. Analysis and Interpretation of Billing Reports
5. Basic Practice Cost Analysis
6. Capacity Management and Workflow Analysis
7. Basic Contracting and Fee Analysis
8. Basic Budget Development

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Practice Management

- <https://www.cap.org/member-resources/practice-management>

Practice Management Articles

- <https://www.cap.org/member-resources/articles/category/practice-management>

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