

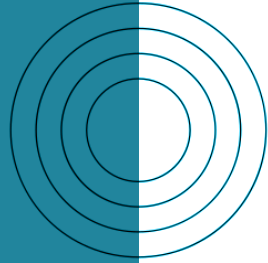


Principles of Effective Negotiations:

How to prepare and execute a successful PHP Negotiation Strategy

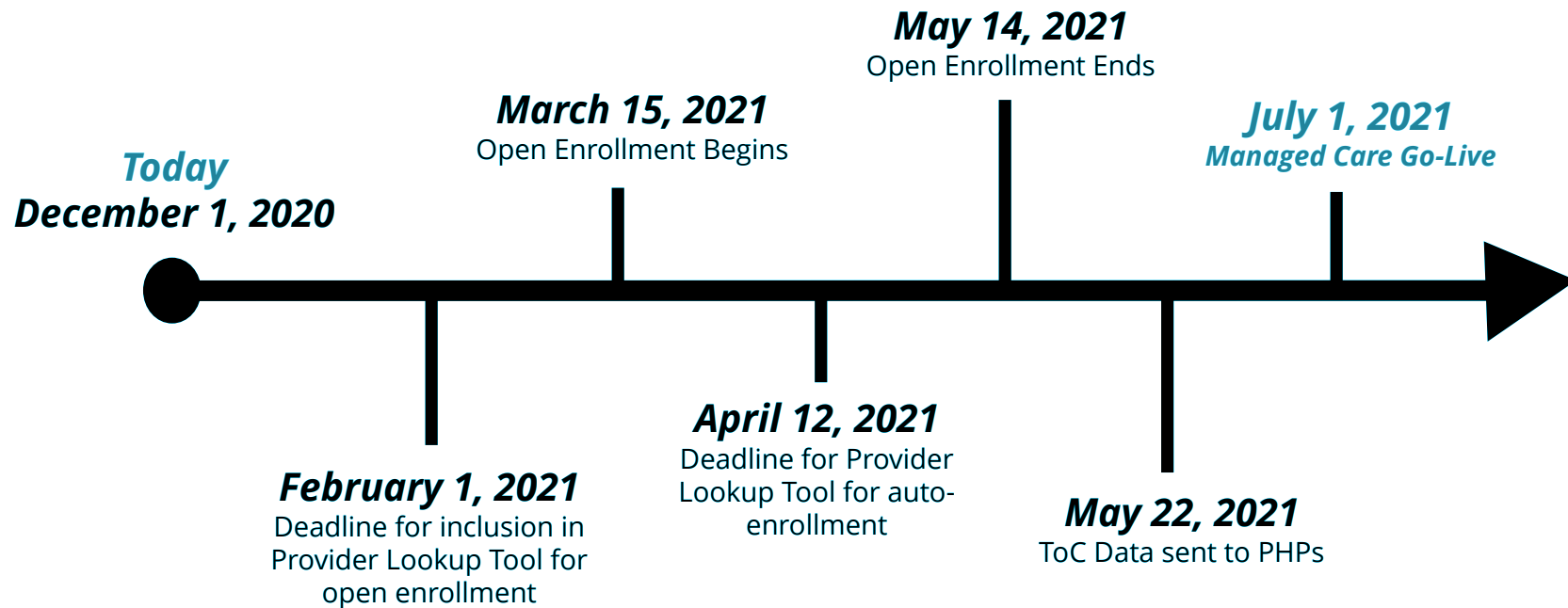
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The PHP Contracting Process

NC Medicaid Transformation Timeline



Contract Content

Rates

The North Carolina Division of Health Benefits has set a **rate floor** for PHP negotiations with providers:

PHPs *cannot offer lower* than the current **Fee-for-Service** schedule

The challenge: PHPs will insist they are unable to negotiate higher than the rate floor

The reality: Rates can and should be negotiated

AMH Fees

AMH Tier 1 & AMH Tier 2	Medical Home Fees <u>equal</u> to Carolina Access I and II payments
AMH Tier 3	Negotiated Care Management PMPMs <u>in addition to</u> Medical Home Fees

"The remained, \$8.51 PMPM, is the assumed cost of delivering care management in accordance with the department's [AMH Tier 3] requirements. This figure is agnostic to the entity responsible for the delivery of care management..."

Contract Content (cont'd)

Responsibility: Understand what *you* are responsible for and what the *PHP* is responsible for

This includes:

- Quality measures (e.g., what measures can *you* impact)
- Data reporting
- Patient services (e.g., Health Risk Assessments)

But also, Accountability: Understand what authority *you* have to ensure the *PHP* does what it is supposed to do (and vice versa)

Contract Content (cont'd)

Operational Points (Pay attention now, but we'll come back to these later)



Claims Processing and Appeals



Network Deeming



Termination Clauses



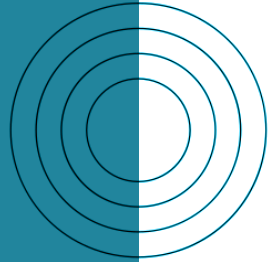
The Provider Manual



Notice & Reporting Duties



"Just Sign It" Sections



The P.E.N. Method: **How to develop a contract negotiation strategy**

The P.E.N. Method

The P.E.N. Method is intended to help you enter into negotiations from a ***position of strength*** and ***with appreciation for the value you bring to the table***. There are two components to the Method:

P.E.N.

Prepare: What are your strengths?

Evaluate: How do your strengths meet their needs?

Negotiate: How can they benefit from your strengths?

Soft Skills

Self-Knowledge: Know what you can and cannot (and should not) do

Discipline: Understand what is in each contract and what it means for you

Empathy: Try to understand how the contract meets their (read: the PHP's) need



Negotiations: General Principles and Strategies

“Principled Negotiation” Strategies

Interests vs. Positions

- Evaluate the “why” and the “what”

Mutual Gain

- Look for more than a Zero-Sum solution

Objective Criteria

- Focus on what can be measured and defined

BATNA

- Best Alternative To Negotiated Agreement

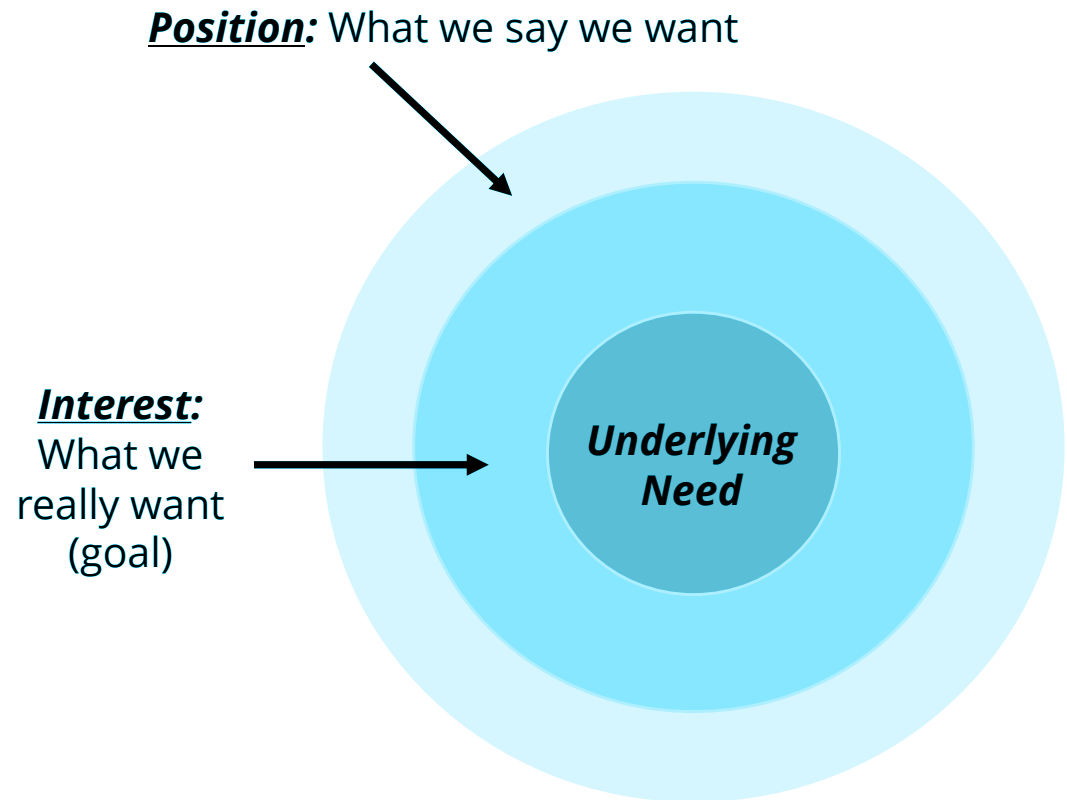


Interests over Positions: A Closer Look

- Reflect on the **WHY** of your ask and goals
- Can those needs/goals be met in another way?
- Repeat analysis when evaluating the other party
- Know your **real** goals as opposed to the assumed vehicles to get to those goals
- **Effect:** Creates space for creativity and collaboration

A Closer Look

**The Iron Chef
Challenge:** Two
Chef's One Orange
or unwrapping the
"Conflict Onion"



PHP Application

Many providers have cited that PHPs have refused to negotiate on rates.

- Move beyond the position (what they can't / won't do) and investigate **why** they have that position.
- Integrate your understanding of their why in your (persistent) pitch back. Share **your** "why."

This will be easier if you have completed the contract cross-walk.

Pro Tip: Be mindful of the *individual* interests of the party you are negotiating with.



Create Options for Mutual Gain: Definitions

- When you focus on interests as opposed to positions you are able to move from zero-sum negotiations to collaboration, or *integrative negotiations*.
- **Logrolling** is an important tool in integrative negotiations.
 - This is the practice of “trading off” on multiple positions in order to maximize collective value.

PHP Application

Many providers have cited that PHPs have set Care Management fees not equitable to recommendations from the NC DHHS.

- The PHP Interest: Maintaining payment from the NC DHHS to provide care management services since they are **at risk**
- Your Interest: Capturing (complete) Care Management payments from the NC DHHS so you can provide comprehensive, whole-person care management services
- Shared bottom line: Skimping on payments to manage patients means likely increase in health needs and costs. Nobody wins if it is not a balanced distribution

Pro Tip: You and the PHP want what's best for your patients. You just have to figure out how to most effectively provide those services.

Insist on Objective Criteria

- Not all negotiations can be resolved with win-win solutions.
- Where there are diametrically opposed interests it is all the more important that agreed upon objective criteria be used. It is otherwise too easy to devolve to assault or exhaustion tactics. Concentrate on the **merit** of the problem as opposed to the **mettle** of the parties.
- What are objective criteria?
 - Those that are perceived as legitimate, factual and practical

A Closer Look

Keep in mind the objective of the negotiation: ***to reach a sustainable (and thus equitable) long term relationship to improve the health of North Carolina's Medicaid beneficiaries.***

Struggling for negotiation dominance threatens relationships. Principled, criteria-based negotiations supports relationship development.

- Frame each issue as a search for objective criteria
- Reason and be open to the other parties reasoning as to which criteria should be applied
- Yield only to principle – not pressure

Know your BATNA

- **BATNA:** Best Alternative to Negotiated Agreement
- This is your Plan B and helps you determine your reservation point
- Reservation Point: The point below which there is no benefit to an agreement.
- **Effect:** You have an alternative. You do not just have to accept terms and conditions. This helps you negotiate from a position of strength.

A Closer Look

- Understand the Bargaining Range.
- Your BATNA (and the bargaining range) is not static. You can improve your BATNA by pursuing other avenues.
- Evaluate and reevaluate your BATNA and bargaining range throughout negotiations.

PHP Contract Negotiation



PHP Application

North Carolina provides opportunity for ***all*** providers to negotiate on their terms.

- For all providers: North Carolina is an “any willing provider” state. You can contract with a PHP at any time.
- For some providers (LHDs, FQHCs, RHCs): You are Essential Providers, and PHPs ***must*** contract with you (or explain why they didn’t).

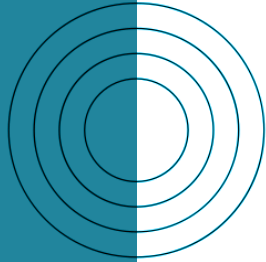
Pro Tip: Understand ***your*** timeline for contracting, and how it aligns with program implementation.



Common Contract Terms

Contract Terms

Contract Term	The Strategy
<i>Claims Processing & Appeals</i>	Prepare. Prepare. Prepare. This will require significant operational attention.
<i>Network Deeming</i>	Be aware of how PHP products will differ, and if you can perform against those expectations.
<i>Termination Clauses</i>	Plan out when you need to start negotiating new terms for a new performance year.
<i>The Provider Manual</i>	Be able to terminate or not renew with non-negotiable and unfavorable changes.
<i>Notice & Reporting Duties</i>	Understand if you can or cannot meet the outlined expectations.
<i>"Just Sign It"</i>	Do not assume that terms geared to a specific provider type do not have implications for you.



Putting It Into Practice

Your Contract Team

- Understand each team-members' role in the decision-making process.
- Recognize:
 - The difference between legal issues and business decisions
 - Who makes the final call



Important Resources

Medicaid Transformation

Department of Health Benefits (DHB) Medicaid Transformation website:

<https://medicaid.ncdhhs.gov/transformation>

DHB Provider Playbook: <https://medicaid.ncdhhs.gov/providers/provider-playbook-medicare-managed-care>

Health Plan Contacts and Resources: <https://medicaid.ncdhhs.gov/transformation/health-plans/health-plan-contacts-and-resources>

Negotiation Resources

[Getting to Yes: Negotiating an Agreement without Giving In.](#) William Ury, Roger Fisher, Harvard Publishing, 2011