

# Provider Agreement

Too often, physicians and other healthcare professionals hire companies or individuals to provide billing, coding, and related services without a properly drafted agreement between the parties. This can lead to conflict and misunderstanding, and often results in financial harm to one or both parties.



**T**he following are some suggestions I make to both my healthcare provider clients who are hiring a new billing/collection service, as well as my billing/coding clients who are being hired:

## **1. For the healthcare provider:**

Ask for references and evidence of experience of the company or individual being hired. When it comes to proper billing and coding, healthcare providers cannot afford to use someone who is inexperienced or lacks education and training. In many medical specialties, the billing and cod-

ing rules are complex, and continued education is needed. When using billing/coding professionals in an area where specialized certification is available, ask for evidence of that certification.

## **For the biller/coder:**

Make experience, certification, and references available immediately and do not be offended by this request. I would also have a résumé available, as healthcare providers often look to hire for audits, and a résumé may be required for reimbursement by insurance or to satisfy the payor.

**2. A written agreement should always be signed between the parties, or there is really no way to successfully enforce the rights or obligations of either party. Make sure any agreement contains the following elements:**

(a) Identify the legal names of the parties. I do not recommend anyone be a sole proprietor and legal advice should be sought to better understand the pros and cons of using an entity.

(b) Spell out the precise services that are to be rendered and the timeline for providing those services. The contract should explain what the repercussions or penalties will be for failure to perform the services as described. This might include non-payment, a reduction in payment, or similar types of penalties, including termination. From the biller/coder perspective, it needs to be clear that they are not obligated to perform until they have received what they require from the healthcare provider to perform their duties. Be as detailed as possible in the description of services and do not rely only on conversations/emails about expectations. Include everything pertinent in the agreement and amend the document to reflect changes or new duties from time to time as needed.

(c) Specify the amount to be paid for services and when those amounts are due. For example, if a percentage of collections is due monthly, this should be spelled out. Make sure that all invoices are supported by actual collection reports (or other reports supporting the payment approach being used) and describe permissible reductions (i.e. errors, refunds, etc.).

(d) Include a process that allows for audit/compliance review by a third party annually or bi-annually. This approach should not, but often is, viewed negatively by the coder/biller. I have yet to be involved with any audit where either party was 100% accurate. In fact, we always find many errors and improvements that can be made on both sides. In the long run, audits minimize risk of error and actually preserve the relationship between the par-

ties. It's also important to include in the written agreement a process by which any payor recoupments/refunds will be handled and how risk and responsibility is to be assessed between the parties.

(e) Understand how termination can occur and how transition of the account will be handled post-termination. Healthcare providers need to assure compliance with HIPAA and to be able to quickly and easily transfer records to a new biller/coder in the event of termination. In the event that electronic medical records (EMR) are being used, it's also important to understand the terms of the license for the EMR and how access and transition should be handled. I have had more than one billing company terminate a practice's access to its own billing/records over a financial dispute or termination. There should be strong penalties and preventative language in the document to address this scenario. There are better and more cooperative ways to handle disputes equitably.

**3. Be smart and make sure both parties have business/liability insurance and require evidence of coverage annually!**

These are just a few ideas of what both parties to a billing/coding relationship should be looking for when hiring a company or individual to perform billing, coding, and related services. I would recommend that you always have a lawyer prepare and/or review any contract before signing. No matter the expense of a legal review, it's likely to save everyone money and time in the long run.

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