Q&A: THIRD-PARTY REFERRALS

We received many questions from the attendees of our panel discussion, ***How Third-Party Referrals Can Impact Your Practice***. Our panelists - Mary Bollinger (HIS, Clear Sound Hearing), Alex Crippin (Director of Operations, Hearing Associates P.C.), and Scott Weidemeyer (Partner, American Hearing & Audiology; President/Owner, Healthcare Revenue Group) – offered their varied perspectives as they answered the most frequently asked questions.

Can you specifically differentiate between these third-parties? My experience has been that some are outstanding, and some are detrimental to both the business and the patient.

Mary: I have never experienced a Third-Party Administrator (TPA) that has been detrimental to a patient or myself. Certainly, there are variances with pricing, paper flow requirements, authorization processing, etc. And of course, there is a wide range in fitting fees between TPAs. Just like any vendor, some are less cumbersome to work with than others. Speaking directly with the credentialing department of each TPA will put you in contact with a rep that can give you detailed information germane to their company.

Mico: Every third-party is different; there are also a multitude of plans within each. My recommendation is to identify a champion or a go-to contact at each third-party your office has accredited and to develop your relationships with these contacts. The more engaged your office is with a particular contact the more likely the ease and identifying the appropriate documentation needed for submission. Once you have spoken to a third-party representative that has been helpful, ask for their extension and see if you can contact them directly.

Alex: I agree with Mico's response and would add that many of the manufacturers have "boot camps" and resources that break down the differences between the TPAs.

Scott: Each one is different. In my opinion, this depends on individual market and practice specifics - relative volume, exclusive agreements, more competitive or complementary with practice strategy and strengths, etc.

How have clinics adjusted commission pay for these third-party fees to your specialists?

Scott: Some have, but I think this is a slippery slope and I've seen it backfire for some practice owners. I personally prefer not to adjust the comp formulas on fitting fees as I've seen those modifications hard to manage from a profitability management perspective. It can exacerbate the profit pinch to owners if not carefully constructed. Instead, I believe the fitting fee model will drive us to unbundle hearing aid services and I prefer to add incentives for providers to grow their service revenue.

Alex: Absolutely. With the change in fee structure, most offices have also modified their commission pay. With this in mind, you also need to take into account your office protocols for these third-parties - efficiency along with combining a level of care is where you will have to find a "happy balance."

How does unbundling work (in the methodology you are talking about) in highly dense areas with dozens of languages? Most of my patients do not speak English well and do not read or write in English.

Mary: TPAs have set price lists. If the patient will be purchasing their hearing aid from a TPA, you can request that the TPA provide a price list in the language needed. Regarding offering unbundled pricing for direct sales in your practice, you might consider putting together a basic price template that could be translated as needed.

Alex: In these cases, my recommendation is to bring onboard a PCC or Hearing Aid/Audiology tech that is bilingual and can also thoroughly explain plans - what's covered, what's not covered, and the limitations and possibility of upselling these patients.

Can you elaborate on unbundling and follow-up visits - are you charging for Bluetooth support separately? You had talked about how you tackle TPA visits - can you be specific?

Alex: Unbundling is a great way to compete with TPAs. Not only does it help you know your operating costs and revenue per hour needed (which will help you decide if you can stomach the lower dispensing reimbursement from TPAs), but it will also help you show a different pricing structure to patients with lower upfront costs. This will reduce the "sticker shock" that patients have when comparing TPA pricing to your bundled pricing. Bluetooth support is becoming an increasingly time-intensive activity in clinics, so I appreciate the question. I think that there are multiple ways to address this. One is deciding just when to introduce the Bluetooth connectivity and functionality (app, volume control, etc.). For example, we personally don't recommend doing this at the fitting for a new user.

How do you address the 'free hearing tests' required by some of the third-parties?

Mary: In my office, I provide free hearing tests to anyone. I find that I close a high percentage of third-party referrals so, for me, it's really not a big issue. There are a couple of TPAs that offer a direct mail delivery option. I've only had a couple of people choose that option due to financial constraints. Otherwise, I just explain what my services are, and most patients opt to buy aids that include my services.

Alex: Some providers do not charge for hearing tests, so this is a non-issue for them. However, if you bill Medicare for hearing tests, you cannot do the same service at no charge for someone else. This is where it becomes a problem. We provide "free screenings", but we explain that the state of Iowa (where I live) requires a full audiological examination in order to dispense hearing aids. Because we bill Medicare, we have to bill everyone. We haven't had any pushback from TPAs on this, but we would have to choose not to participate with a certain TPA if that was non-negotiable.

Do you feel the third-party offering to patients is ethical by pushing one product in some of the programs for all patients? And how do you handle the conversation with the patients?

Scott: I don't find this unethical. I personally prefer the multi-vendor approach, but third-parties being primarily one vendor is no different than a Miracle-Ear or a Beltone single vendor approach. You may or may not like that, but there's nothing inherently unethical about having a primary product line.

Our biggest problem with third-party is that many times we can give better discounts, better profits than they are providing, and many patients know this is coming due to their friends/ patient referrals. Who sets the third-party prices and why are they not all the same?

Mico: Much like any contract, these are bid out to the manufacturers. Those who can fulfill their contractual obligations and manage the caseload of patients will most likely be awarded the contract. Each insurance plan is different - different co-pays, out-of-pocket expenses, deductibles, etc. For as much as we would like a standard pricing scheme, unfortunately that is not possible, and thus it does get quite confusing for our patients (and office personnel.)

Do you think we have any leverage with the hearing aid manufacturer that would allow us to be more competitive with the TPA's - this obviously affects their bottom line?

Mary: You could certainly try to get lower pricing from your manufacturers. All things are negotiable and it's always worth a conversation to try to lower the cost of goods. TPAs and buying groups generally purchase units in large quantities which often gives them more buying leverage than individual practices.

Alex: Not that I'm aware of. The TPAs are big contracts that probably guarantee a certain number of units from a manufacturer for a certain price. It will be difficult to compete with that.

Mico: Much like the VA contract, these are bid-out to the manufacturers. Those who can fulfill their contractual obligations and manage the caseload of patients will most likely be awarded the contract. With this in mind, many of the third-party organizations are directly owned or were purchased by manufacturers.

Are you marketing differently due to the growing managed care plans?

Scott: Yes, but these changes are driven both by third-party and changes in effectiveness of traditional mediums. Increased focus on digital (better more granular targeting, lower cost per lead, etc.) and marketing automation to tailor messages based on unique consumer/patient attributes.

SYCLE PRODUCT-RELATED QUESTIONS

After reading the responses here, should you have any additional questions, please feel free to call our **Customer Experience Team** at **888.881.7925** or info@sycle.net to explain any of these items in further detail.

One of the problems we are having is when we put third-party sales into Sycle, it brings down the ASP. How are you recording these funds?

Sycle Response: To record third-party sales in Sycle, first you will want to add the fitting fees for each of the programs you participate with to your Services list in Administration. Then, instead of recording an actual hearing aid sale on the patient, sell them the fitting fee service in the quantity of two if they are being fit for both ears. Now, on the patient summary, under Other Equipment, click on the Add Equipment button and manually add the devices to the

patient as if they had walked in off the street and already had the hearing aids. This will stop Third-Party referrals from impacting your ASP.

Where in Administration, do you create the third-party section to flag the patient?

Sycle Response: There is a 'Managed Care' link that should be visible on the left side of the page towards the bottom. This will allow you to enter a third-party referral program and a description of the program. Then, those programs will appear in the list to select from on the patient summary, at which point you can flag the patient and enter a service expiration date.

I have linked Sycle with NOAH and now all of my patients look like we have not tested them, so my reports for the last test are not accurate. What can I do about this?

Sycle Response: Our best guess is that you are launching NOAH from the main Appointment page, and not the NOAH button within the hearing test section of the appointment outcome. Entering a loss level is the primary driver for Sycle to understand that a hearing test was performed on this visit. Utilizing the button on the outcome of the appointment will put you right there to input a loss level when you close out of NOAH. The hearing test section also establishes a couple of other things like the patient's date of their last test, their loss level, and type of loss. If the patient has a verifiable loss and does not purchase hearing aids on that visit, then they will automatically hit your Tested Not Sold list for marketing purposes. If that patient comes back in 6 weeks and purchases, they are removed from that list.

Where is the flag to track service date in Sycle?

Sycle Response: First, you will want to go into Administration and click on 'Managed Care'. From there, add a program for each of the current third-parties you participate with. Then, on the Patient Summary, scroll down to the 'Managed Care' section. Click 'Add', then select the program this patient participates in. This will also include the ability to add an expiration date for this patient.

To watch our *How Third-Party Referrals Can Impact Your Practice* panel discussion, visit https://vimeo.com/554810065.