

# Negotiating with a Payer to Retain Laboratory Testing in Your Office

## SAMPLE LETTER

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### ***How to Use the Sample Letter***

The public sometimes has reacted negatively to certain cost-saving practices of private payors. As a result, health plans have been changing their policies and have become increasingly flexible on issues that involve patient satisfaction. This makes it possible to negotiate with health plans to perform more testing in your office. Your arguments should stress patient satisfaction, since your patients are their customers. Tailor your version of the attached letter to the payor to fit the specific needs of your practice. ACP continues to advocate for a better practice environment for physicians— one that includes physician office laboratories. Please let us know the results of your efforts to negotiate in-office testing. Here are some tips for effectively using the attached sample letter.

- Check your contract with the health plan to clarify the current limitations on in-office testing.
- Money and patient satisfaction are the bottom line for health plans— therefore, address these issues. If physicians perform in-office testing, patients get better more quickly and the outcomes are positive— which saves the plan money in the long run.
- List by CPT code the tests that are necessary for your particular practice, why these tests are important to your practice, and what you expect to be reimbursed for each test. Negotiate not only to do the testing, but also for reimbursement at a fair rate. You may want to ask for more reimbursement than you really want, since the plan most likely will try to negotiate the fee downward. A list of tests commonly considered *stat* in a physician office laboratory is attached for your reference.
- Focus on your particular community. For example, if you are in a low-income area or treat a lot of elderly patients, focus on the issue of transportation. Be sure to give real-life examples that are specific to your practice.
- Focus on quality of care. Give examples of how referral to a reference lab could hurt— or has hurt— patient care in your practice. If there are recurring problems with a specific outside lab (such as specimen transport or turnaround time), be sure to note these.
- Invite the provider representative and medical director to your office. This shows that you want to form a partnership with them— not an adversarial relationship.
- Be persistent. If the payor representatives say no the first time, write them again, reiterating the importance of this testing to your practice. If the health plan continues to deny your requests, you may want to write them again and send a courtesy copy to the employee benefits office of large employers in your area; this tactic, however, should be a last resort.

**List of Tests Needed in a Typical Physician Office Lab**

- Erythrocyte sedimentation rate (ESR)
- Fecal occult blood
- Dipstick and Microscopic urinalysis
- Urine sediment examinations
- Rapid strep antigen detection
- Infectious mononucleosis screen
- CBC (hemoglobin, hematocrit, white blood cell count, red blood cell count)
- Potassium
- Glucose
- Prothrombin time
- KOH preparations
- Vaginal wet mount
- Gram stain
- Pinworm preparations
- Synovial fluid screen
- Post-coital exam
- Fern test

**SAMPLE LETTER**  
*To Adapt and Send on Your Practice Letterhead*

[Date]

[Health Plan Name]  
[Health Plan Address]

Dear [Name of provider representative]:

We are writing to ask that you re-evaluate the provisions in our contract that preclude us from providing certain laboratory services in favor of referring them to an outside laboratory. Our contract specifies that laboratory testing must be referred to **[name of the laboratory]**. Referring specimens to outside laboratories inconveniences our patients and reduces the quality of care they receive. We are requesting that provisions in the contract relevant to lab testing be amended as we believe that your organization and our practice have a mutual interest in patient satisfaction.

Most patients arrive ill and anxious for a diagnosis and treatment. Delayed test results increase this anxiety and may also be inconvenient if the patient has to make a second visit to the office to discuss the test result. As you know, additional office visits also increase the costs to your health plan. Even if a second office visit is not required, the patient still has to make an extra trip to the pharmacy for medication. Furthermore, unnecessary travel is often problematic for the frail and elderly, the disabled and those relying on public transportation. Your employer clients also prefer in-office testing, since second visits mean increased absenteeism in the workplace. Many patients fail to receive the proper treatment when they are unable to take time off work. Surveys have shown that patients overwhelmingly rank access to testing in the physician's office as integral to satisfaction with their provider and health plan.

The availability of lab testing is critical to the quality of care your members and our patients receive, because a delayed diagnosis results in lower quality care. A patient's condition may worsen during the few days that it takes to receive the test results from the outside lab. For example, **[give real examples here of what has or could happen as a result of referring tests to outside labs]**. As you can see, a situation such as this could have a detrimental impact on patient care. For this reason, testing performed outside of the office may increase the likelihood of a malpractice suit. Although the up-front costs may be slightly higher in providing the test at the point of care, overall costs are lowered by preventing delayed diagnosis and by increasing patient satisfaction.

We are requesting authorization to conduct the following tests in our office lab:

[Include a list of the tests— by test name and CPT code— and the fee you would like to receive for the test.]

*(continued on next page)*

<i>Test name and CPT code</i>	<i>Reimbursement fee</i>

In our experience as medical professionals, the ability to perform tests in our office is essential to our ability to provide high-quality patient care. We believe it would be beneficial for you to visit our office in order to see our needs and how we provide care to your members; we will contact you soon to discuss and arrange this. In the meantime, do not hesitate to contact us with any questions about this letter.

Thank you for your prompt attention to this request.

Sincerely,

[Signatures of all MDs in the practice]

cc: Medical Director [please use name]