



CASE STUDY

Arizona Arthritis and Rheumatology

Navigating payer negotiations; maximizing reimbursement



Arizona Arthritis and Rheumatology

Key benefits:



\$3M increase to net revenue



Negotiated payer contracts



Secured favorable reimbursement terms

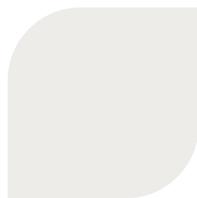
Arizona Arthritis and Rheumatology (AARA) is a multi-site rheumatology practice servicing patients across the state of Arizona. AARA believes in a team-based care approach that provides high-quality results for their patients. As with most rheumatology practices, a key part to continuous success is ensuring a complete revenue cycle management process, including up-to-date payer contracts and reimbursement.

However, when the practice CFO left the organization, the team took on the time-consuming task of payer contract negotiations. After an unsuccessful effort with a third-party consultant group, AARA decided to collaborate with McKesson's experts through a managed care contracting consulting service agreement.



Situation

The AARA team experienced disruption within their leadership team creating a gap in their payer contracting workflow, which impacted their revenue. Despite filling roles for a finance director and revenue cycle manager, there still was a need to focus on payer contracting. “It was brought to my attention that McKesson offered support with this service, so we moved forward with it,” said Angel Magar, MBA, CEO of AARA. The McKesson business development executive contacted the McKesson managed care business advisor to communicate the practice’s areas of concern. Together, the McKesson business advisor and AARA teams worked to develop a solution.



Solution

The managed care business advisor at McKesson helped successfully negotiate contracts and secure favorable reimbursement terms with payers. These experts help practices articulate their practice value to payers; include protective language in contracts; and prepare practices for new reimbursement models, including value-based care. Together, the AARA team and managed care business advisor reviewed current reimbursement levels and contract language, and analyzed payer fee schedules and payer-specific utilization. From this analysis, they were able to understand the volume of dollars left on the table and develop counteroffers to payers with the highest utilization. After completing the analytics, the business advisor developed a strategy emphasizing the practice’s value proposition, identified which payer had the greatest impact on revenue, and engaged in negotiations with payers on behalf of AARA. “The biggest thing the McKesson team has been able to do for us is to manage the direct communications with the payer. There is often a lot of back and forth, where the payer is asking for specific things; and the McKesson team is able to streamline communications and keep things moving forward,” stated Magar.



“The knowledge of the McKesson team is invaluable, and they are skilled at interpreting payer questions and reasons behind payer inquiries.”

Angel Magar, MBA

CEO, Arizona Arthritis and Rheumatology

“The constant communication has resulted in swift resolution and contract negotiation. The McKesson business advisor has streamlined this process, and I can’t imagine doing contracts without them. For me it doesn’t make sense to.”

Angel Magar, MBA

CEO, Arizona Arthritis and Rheumatology

Results

Within the course of a few months, the McKesson managed care business advisor completed two contract negotiations on behalf of AARA, resulting in a \$3 million increase to net revenue. One of the contracts was 10 years old and was successfully renegotiated with new terms. With the McKesson managed care business advisor in step with the practice, the AARA revenue cycle manager and finance director can allocate time to other financial tasks. “I am so pleased with the work the team has completed,” said Magar. “The constant communication has resulted in swift resolution and contract negotiation. The McKesson business advisor has streamlined this process, and I can’t imagine doing contracts without them. For me it doesn’t make sense to.”



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