



Promising Practice

Become a “Preferred Provider”

Problem

Some managed care companies or insurance companies will only pay for services provided by “preferred providers.”

Solution

Contract with and become a preferred provider for desired third-party payers in order to get reimbursed for services you provide to their insured members. With a contract, you gain the advantages of being “in-network.”

Featured Stories

Iowa providers submitted requests for 28 contracts for a specific insurance product. Seventy-nine percent received the contract. They found that many third-party payers’ websites include information about how to apply to become a preferred provider. The providers also found that payers typically had 180 days to respond to the application. Frequent follow-up and communication, for example, every two weeks, were crucial to keeping the application process moving forward. They also found it advantageous to apply for facility contract, rather than contracts for individual clinicians. Providers who did not obtain the desired contract set up a system to track out-of-network activity for future negotiations.

Montana providers researched area employers to find out which insurance companies they used to insure their employees. This helped them identify which insurance companies to contact about becoming a preferred provider.

Liberty Center Connections, Inc. in Wooster, Ohio registered clinicians with [CAQH \(the Council for Affordable Quality Healthcare\)](#). CAQH is a nonprofit alliance of health plans that handles the credentialing application process for providers and the health plans they want to contract with.

Lessons Learned

- Know your market and understand who needs services in the area and consider how that plays into your strengths.
- Assess the benefits of being a preferred provider, considering reimbursement rates. Some third-party payers reimburse preferred providers at lower rates than when the provider is “out-of-network.” Some payers will not reimburse at all if the provider is out of network.
- Preferred provider may receive reimbursements more promptly.
- A facility or agency contract may be more beneficial and easier to maintain and update than individual clinician contracts.
- Third-party payers often provide for preferred provider application instructions on their websites.

NIATx Aims

- ✓ Increase admissions
- ✓ Increase continuation

Financial Impact

- ✓ Increase revenue

- It's important to keep copies of the contract paperwork.
- Regular follow-up with an insurance company after submitting an application can help move your contract along.
- After becoming a preferred provider, walk-through the insurance company's website regularly to make sure your agency is listed appropriately.
- Hire employees with finance, healthcare and insurance backgrounds. Having staff knowledgeable about credentialing/contracting can make a huge difference in your contracted reimbursement.

Tracking Measures

Cycle Measure

Number of payers for which you are a Preferred Provider
 \$ of revenue from third-party payers

Data Collection Form

None

[Revenue by Payer Worksheet](#)

Action Steps

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Related Information

- [The NIATx Third-party Billing Guide, Second Edition](#)
- [TRICARE Provider Packet \(a SAMHSA publication\)](#)
- [Provider Market Profile Tool](#)
- [Contracting 15 Questions](#)

For the credentialing application process: [CAQH \(the Council for Affordable Quality Healthcare\)](#)

Related Promising Practices

- [Increase Collections from Insurance Companies](#)
- [Use Cost to Negotiate Rates](#)
- [Become a Certified Medicaid Provider](#)

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YFA Connections in Spokane, Washington was a preferred provider for chemical dependency services for Premera Blue Cross, but discovered the Premera website did not list them as such. They contacted Premera to request that they be listed correctly.