10 KEYS TO *Fabulous* CONTRACTING

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Casino Gambler Relationship

Casino has something the Gambler wants...MONEY

Gamblers play against both the house and other gamblers

Not all Gamblers play fair

Some Gamblers are professional…
some play out of desperation

Insurance Contractor Provider Relationship

Payer has something the provider wants…a contract = referrals = revenue

Provider is competing against other providers to secure a contract

Not all Providers may “play fair”

Some Providers may need to contract to stay afloat

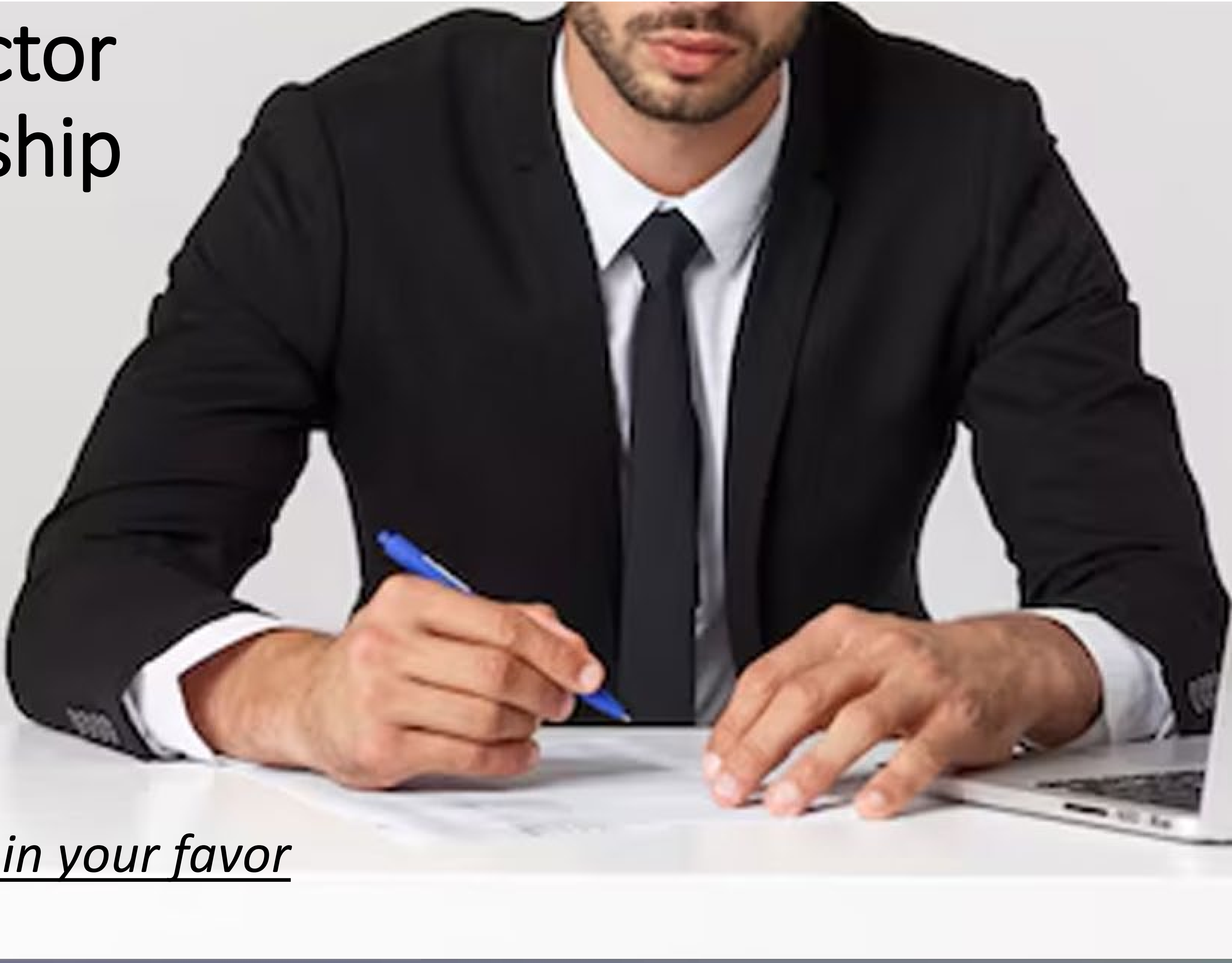
Casino Gambler Relationship

Casino has professional dealers and pit bosses…this is what they do for a living.

Casino owns the cards and the chips

Casino makes the rules, odds are NOT in the gamblers favor

Insurance Contractor Provider Relationship



Payer has lawyers and contract negotiators…this is what they do for a living.

Payer has the relationship with and controls referrals for patients

Payer makes the rules…
<u>rules are NOT designed to be in your favor</u>

Casino House Rules

- Heavily regulated
- Set the rules
- Have something you want
- Decide if you are allowed to play
- Odds are ALWAYS in their favor

Insurance House Rules

- Heavily regulated
- Set the rules
- Have something you want
- Decide if you are allowed to play
- Odds are ALWAYS in their favor

Odds are Never in Your Favor

- The house sets the odds
- Game always has better odds to win
- The house will never lose
- The house can stop playing at any time

Insurance Contracts are never in your favor

- In a perfect scenario, the contract is a mutually beneficial outcome for the payer, provider and patient.
- Payer sets the terms of the contract.
- Payer can stop negotiating at any time, for any reason.

More Gamblers than Casinos

- Yes, Casinos need gamblers to exist, but there is a never-ending number of gamblers.

- Gamblers need Casinos more than Casinos need Gamblers

More Providers than Payers

- Yes, Payers need providers, but for every one contract there can be numerous payers "in the mix"

- Providers need insurance companies more than insurance companies need providers


10 KEYS
TO Fabulous
CONTRACTING

Not Your Cards, Dice or Chips…or Patients

- These are not your patients…they are clients of the payer.
- Purpose of the contract is to determine if you will have access to treat the payer's beneficiary.
- Payer's position is to find a qualified, reliable provider to treat their client.

Play the Game with the Best Odds

- Contracts can vary widely on the potential payout.
- Research the potential volume
- Negotiate rates based upon
  - Volume quotas
  - Timely payment terms

Game	Average Chance of Winning
Blackjack	49%
Craps	49%
Baccarat	45%
Video Poker	45%
Poker	44%
Pai Gow	44%
Slots	43%
Roulette	42%
Keno	40%

Understand the Rules

- Clearly understand language for:
  - Referral process
  - Prior Authorization Requirements
  - Documentation Requirements
  - Payment Terms

Dealer hitting on soft 17 increases house odds of winning

Have a Strategy

- Does this contract fit your clinic growth strategy?
- Is the patient type optimal for your clinic productivity

005 Research the other players

- What other clinics are competing.
- Understand the strategy of the competing clinics.
- Are competing clinics focused on:
  - Growth
  - Competitive Strategy
  - Market Penetration
  - Desperation

Calculate the Potential Payout

- Higher volume with lower profit margins can be a long-term detriment.
- Is there an administrative burden with the contract that needs to be considered.
- Tie timely payment to discount rates.
- Tie Volume to discount rates

Know Your Own Limits

- Ensure patient profiles and patient type align with your clinic, staff and expertise.
- Understand how new volume will impact staff
  - On call
  - Patient flow
  - Fabrication flow
  - Accounts receivable.
  - Inventory

Don’t Bluff

- Be prepared to provide verifiable proof to any claims
  - Better outcomes…
  - Improved comfort…
  - Safer more stable…

- 99 Code Bluff...
  - Verify and validate the U&C

Magic Foot and Magic Foot Plus

***M**otion **A**ction **G**ait **I**ntuitive **C**ontrol Foot*

Both Feet Code as L5999

3 hours of clinical and technical time to install

Magic Foot and Magic Foot Plus

M*otion* ***A****ction* ***G****ait* ***I****ntuitive* ***C****ontrol Foot*

Both Feet Code as L5999

3 hours of clinical and technical time to install

Wholesale Acquisition Cost

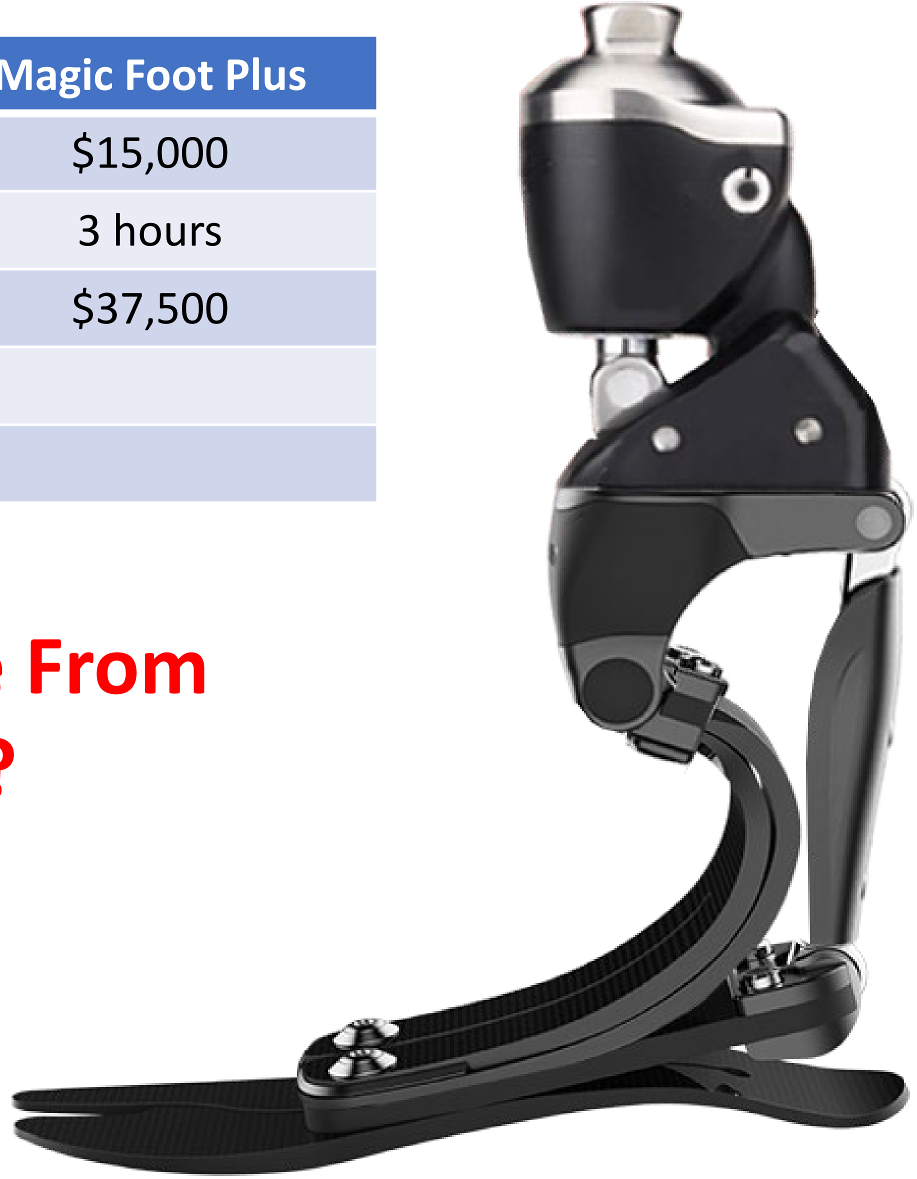
$5,000

$15,000

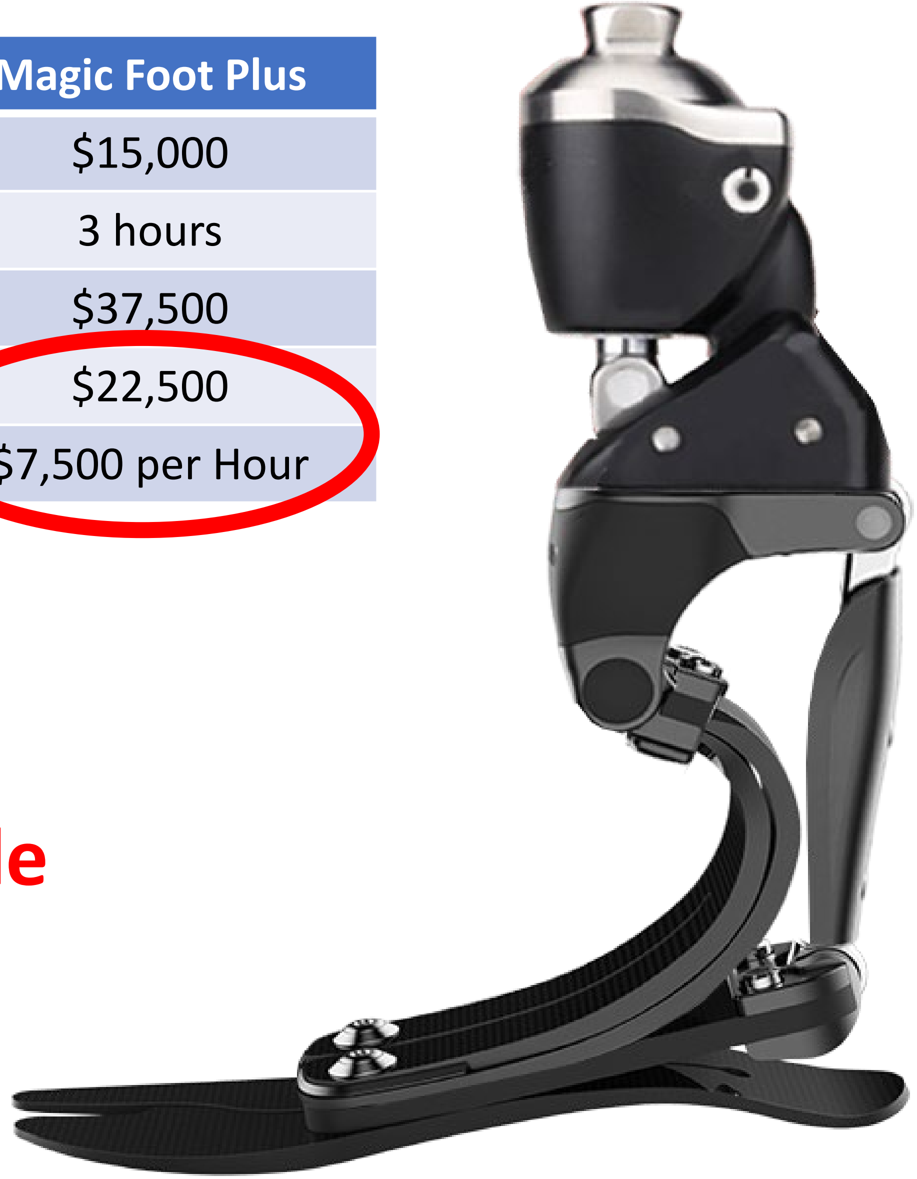
Magic Foot V1		Magic Foot Plus
$5,000	Wholesale Cost	$15,000
3 hours	Time to Install	3 hours
$12,500	250% Mark Up	$37,500

Where did this % Come From

What is the Logic?



Magic Foot V1		Magic Foot Plus
$5,000	Wholesale Cost	$15,000
3 hours	Time to Install	3 hours
$12,500	250% Mark Up	$37,500
$7,500	Profit	$22,500
$2,500 Per Hour	Per Hour Profit	$7,500 per Hour



Illogical Profit Profile

Magic Foot V1		Magic Foot Plus
$5,000	Wholesale Cost	$15,000
3 hours	Time to Install	3 hours
$ X	***Mark Up Based Upon Logic***	***$ X***

Magic Foot V1		Magic Foot Plus
$5,000	Wholesale Cost	$15,000
3 hours	Time to Install	3 hours
$ X	***Mark Up Based Upon Logic***	***$ X***
$5,000 + $X	Profit	$15,000 + $X
Labor, Expertise, Overhead to provide are identical **Mark up by logic are identical**		

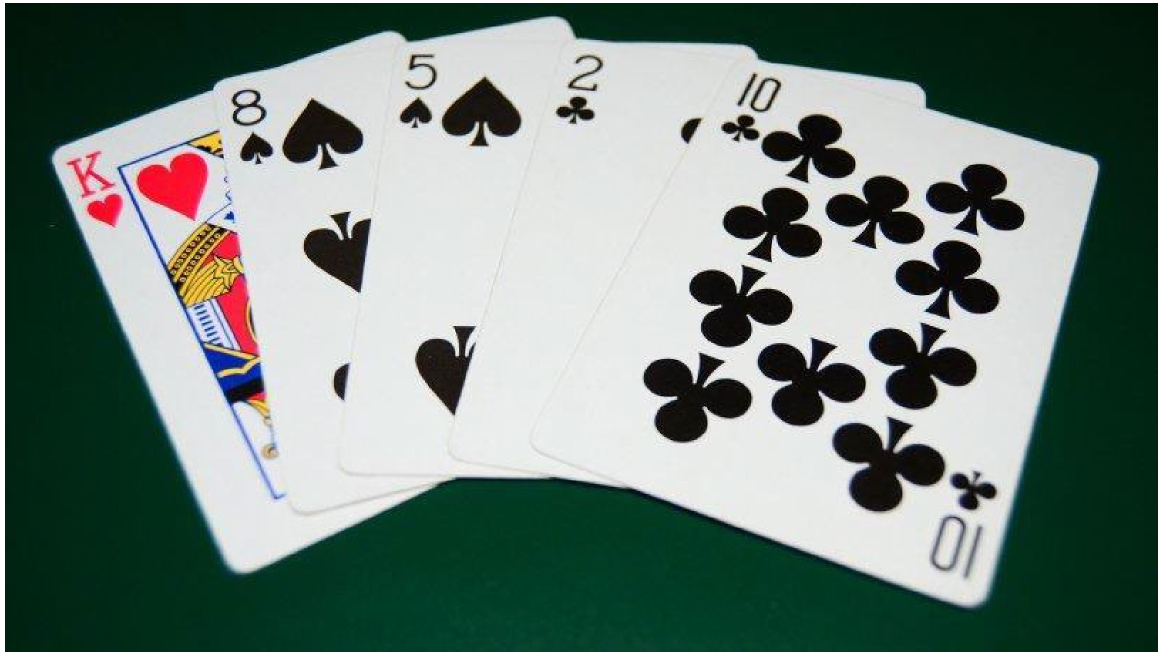
Logical and Defendable Profit Profile

Know the Odds

- Why is every contract discount rate a factor of 5%?
- Why is every single L-Code discounting the same rate…and all at a factor of 5%?
- Blanket discounting sends a clear message to the payer…you did not do any research and your pricing is arbitrary.

Know When to Walk Away

- Avoid deals where there is no upside.
- High volume and low profit is not long term sustainable.
- Low volume and low profit is a bad bet…walk away



1. Mindset…not your patients…yet!
2. Invest your time with the best odds
3. Understand the details and specifics
4. Have a strategy and gameplan
5. Research other competing companies
6. Calculate the potential payout
7. Know your limits, can you deliver?
8. Don’t bluff, be ready to validate and verify
9. Know and calculate specific details.
10. Know when to walk away

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