

Selling an Audiology Practice: Key Considerations from an Insurance Perspective

By Christy Farrar

Selling or purchasing an Audiology practice is a complex process that requires expert insights from various perspectives, including the practice's insurance revenue. If the practice being sold or acquired accepts insurance and is currently in network with multiple managed care organizations (I'm referring to insurance plans and not third-party hearing vendors here), then managed care credentialing is the bread and butter of that practice and maintaining the integrity of those insurance contracts is pivotal. Here are some considerations when purchasing a practice that will help position the new owner to be as successful as possible with little, if any, disruption to their insurance revenue:

- 1. Retain legal counsel who understands health care and the ins and outs of managed care.** They don't have to be an expert, but they **MUST** have a basic understanding of insurance credentialing and contracts and how they work. If an attorney needs quite a bit of education on this topic, then he or she is not the attorney for this business deal.
- 2. Carefully consider the structure of the practice's sale.** Purchasing a practice's legal name, DBA, Tax ID number, and Group NPI guarantees that existing managed care agreements can remain in place and that these plans' members can continue to be seen by the practice. There are also ways to legally take over existing bank accounts so that revenue flow is not disrupted. Understand that not all insurance plans are willing to transfer an existing contract to new owners under a new TIN and NPI, and if networks are closed at the time of the transaction, there is no guarantee that they will let the new entity participate.
- 3. Hire an experienced credentialer who knows how to properly structure and negotiate managed care contracts.** Audiology can be widely misunderstood by health plans. For example, they often try to put Audiologists and Hearing Instrument Specialists into Durable Medical Equipment (DME) contracts, which is inappropriate and problematic for many reasons and will inevitably result in claims denials, among other issues. A new contract that is improperly structured can and will further delay network participation for the new owners and their staff.



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- 4. Plan ahead and have realistic expectations.** Some clients have asked our team: "Can you credential my practice and providers in a month?" The answer is a resounding, "No!" Not even close. Rome wasn't built in a day, and network participation with insurance plans isn't either. Don't wait until the sale is complete to begin the credentialing process. Providers are at the mercy of these health plans, and the speed at which things are done depends on several factors, such as the plan's responsiveness, the contract load ahead of a network request, and the contract representative's level of proficiency with and understanding of Audiology. If a buyer is legally advised *not* to purchase the new practice in the manner outlined above, a credentialer will need to start the credentialing and contracting process from scratch and ensure that everything is completed correctly, so that the new owner and their providers are participating in as many of the same plans as possible. The best-case scenario for this is four to six months.
- 5. Be financially prepared to write some things off.** If there is a gap between the former and the new practice's network participation, then retaining patients is imperative. The new practice owner should file everything they can as an out-of-network provider until the new contracts are in place and be prepared to write off the balance. In the case of patients who have HMOs with no out-of-network benefits, writing off a few services in return for keeping those patients is a small price to pay in the long run.

Consulting with trained professionals, planning ahead financially, and having a realistic timetable for the purchase of a practice are all key components to making the process as streamlined and painless as possible. This also helps ensure that patient care is not disrupted and that patients are happy staying right where they are! 



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