

Conveying a Compelling Value Proposition for Payors

Five Questions Every Healthcare Provider Needs to Consider When Approaching Payors



Value, like beauty, is in the eye of the beholder - so make sure you understand the beholder's perspective. Healthcare providers of all shapes and sizes have an inherent drive to care for their patients and communities. With that comes great pride in the work you do and the value you unquestionably deliver. Understandably, the need to justify your value proposition can be a frustrating exercise. However, successfully conveying a compelling value proposition to payors can be well worth it. Like every other stakeholder, payors have their own set of unique perspectives and motivations.

We've outlined five critical questions that need to be answered to convey a compelling value proposition to payors. Objective clarity on internal differentiators goes a long way, but understanding external realities informs strategic positioning to payors. Answering these questions will set you up for success.



How do you tailor your messaging to fit a payor's perspective?

With all the protocols payors present, you might be inclined to believe that their sole purpose is to avoid paying claims - as you know, that's not the case. Most payors care deeply about delivering value to their members, your patients. Payors do, however, have an inextricable financial set of realities to be mindful of. Specifically, there are two key concepts we urge you to keep in mind as you craft your messaging.

You've likely heard about the law of large numbers, a probability concept that states - simply put - as your sample size grows average outcomes are more consistently predictable. For health insurance, the 'sample size'

is the pool of membership that holds policies with the insurance carrier. The larger their membership pool, the more certainty they'll have on what to expect regarding the benefit design of their products/policies. In light of this, it shouldn't be a surprise that insurance carriers have an inseparable motivation to gain more membership (i.e. increase their market share). This means you need to consider how you help their product (which includes access to providers) become more marketable. Emphasize if you have been turning away their existing membership, a unique offering, a geographic advantage, or a customer experience advantage.

The second key concept we urge you to consider is the medical expense ratio (MER). This metric goes by other names too: the medical loss ratio (MLR), the medical cost ratio (MCR), or health benefit ratio (HBR). Essentially, this metric looks at the relationship between the premiums collected for the health insurance policies and the dollars paid out for medical care. The numerator is what is paid out and the denominator is the total premiums collected - a target rate is 80-85% of the premiums should be going out to pay for medical expenses for healthy insurance companies. You should be thinking about how you lower the total cost of care for the patients you serve. This can be as you compare your costs to others, the longitudinal benefits and quality of your unique approach, or other considerations that impact the medical expenses.



Who are you being compared to or what alternatives are there for your offering?

When a payor is assessing your participation in its network, they are making a decision. Every payor weighs different aspects of that decision

uniquely, but they will consistently consider you relative to your competitors within the service area and any alternatives there may be for your offering.

Assess your market landscape and get a sense of who you are up against. Knowledge of preferred or exclusive relationships between a payor and your competition is particularly valuable.



What is unique about your offering?

Maintaining an objective perspective is key to positioning yourself for success. Bias is often shrouded, and questioning each of your assumptions thoroughly takes discipline. However, familiarity can also cloud your judgment - don't overlook the power of perception. You may have a fantastic program or process that your team understands intimately, but if it's not being articulated in a compelling fashion and external parties aren't taking notice, you aren't creating the value.



What portion of your service area does each payor represent?

The theme might be coming into focus here, you must be objective. Understand the perception of your peers and identify where they have the advantage. This will allow you to avoid any pitfalls when framing a compelling value proposition. If you are touting a strength that is a commodity or something that is actually a weakness or risk, that undermines your credibility.

5

How will you approach the payor?

On your contracting journey, you will be reaching out to both current and potential payor relationships. In either case you'll need to be clear with your objectives and persuasive. It takes perseverance and escalating to get to the appropriate audience.

We always recommend going through the appropriate channels when reaching out to payors. Even if you have a more senior relationship, it maximizes your outcome of success if you are going through the right channels. Going 'straight to the top' is tempting - but what happens if they say 'no' to your request? If finding an internal champion was difficult before, it's near impossible to find one willing to speak up for you after the leader has denied your request. In our experience, every step along the chain is another opportunity to go from no to yes.

Pulling together a concise and compelling letter of interest (LOI) is a great exercise and tool to convey your value proposition. Even if you have a familiar payor contact, preparing LOI and will add clarity and structure to your value. If you don't have an existing relationship, navigating the payor hierarchy can be daunting.

PayrHealth has compiled over 7,000 payor contacts and has engaged in over 50,000 payor negotiations. We become an extension of your team by crafting your value proposition, presenting it to the right stakeholders, and executing a strategic vision that focuses on signing the right contracts and negotiating better rates for financial success.

CONVEY COMPELLING VALUE PROPOSITIONS TO PAYORS WITH PayrHealth

PayrHealth has been the leading outsourcing solution for managed care contracting since 1994. At the core of our business, we help healthcare providers increase their revenue by obtaining new and more profitable contracts with payors. We become an extension of your team in our outreach to payors. Work with PayrHealth to get the payor contracts you need to drive growth. Contact us to learn more.

[Contact Us](#)

w: PayrHealth.com

e: info@PayrHealth.com

p: 1-512-812-8717