

Negotiating Rates with Managed Care Organizations: Tips for Street Medicine Providers

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Street medicine refers to the provision of health and social care to people experiencing unsheltered homelessness wherever they reside — on the street, within an encampment, in the woods, or other places. Typically, [street medicine programs are financed through multiple funding streams](#), including grants and philanthropic investments. However, many street medicine programs bill via parent organizations (e.g., federally qualified health centers (FQHCs), academic health systems). Of note, in 2023, the Centers for Medicare & Medicaid Services created a [place of service code](#) that allows health care providers, including street medicine providers, to bill Medicaid and Medicare for services provided in a street-based setting. Expanding Medicaid and Medicare billing creates an opportunity for more sustainable financing for street medicine programs.

Street medicine programs working in states with Medicaid managed care need to contract with managed care organizations (MCOs) to seek Medicaid reimbursement for the services they provide. Part of that contracting process includes rate negotiation, which is likely a new process for street medicine providers and one that requires sufficient preparation. This tip sheet offers practical guidance to help street medicine programs engage in rate negotiation with MCOs.

TIP 1: Understand Your Budget and Costs

[Knowing your own costs](#) is key to successfully negotiating an appropriate rate for your street medicine program. As you prepare to negotiate a rate for your program, it is critical to understand aspects of your operations that impact total costs to deliver services and potential revenue from MCO contracts. Some key considerations include: global and average per visit cost of delivering services in your program; how many patients are seen per day for which specific services; and the percentage breakdown of patients who are enrolled in specific managed care plans that would be covered under the contract. Clearly articulating your program structure, key cost assumptions, and potential number of MCO patients who could be served will enable you to help MCOs understand the underlying assumptions of proposed rates for your program.



TIP 2: Prepare Ahead of Time

Before engaging in rate negotiation with an MCO, it is important to prepare. This includes:



- **Identifying your goals.** Street medicine providers should have a clear understanding of why they are pursuing a contract, what services or programs they want to contract for, the rate needed to cover their current operating costs and/or the rate needed to make it worthwhile to contract with an MCO.
- **Thinking holistically.** Street medicine providers should approach rate negotiations as part of their overall negotiation process, as many other contract items impact service delivery costs. For example, MCOs could provide free access to care management software or waive certain reporting requirements to lower providers' administrative costs. Street medicine providers should consider the work (and the associated staffing or infrastructure costs) to comply with MCO requirements for monitoring, documentation, billing, data reporting, and other administrative or service activities when negotiating a rate.
- **Connecting with peers to gather information.** Street medicine providers might consider connecting with other street medicine providers in their area that have already contracted with the same MCO. It may also be helpful to learn how that MCO pays the street medicine provider (e.g., does the MCO pay for case management separately from physical health services? If so, do they do so on a monthly basis or per patient visit?). Some providers, such as FQHCs or FQHC lookalikes, have different payment requirements that will not apply to all street medicine teams. Of note, some communities with multiple street medicine teams have formed local or regional working groups to create more collaborative approaches to contracting and other issues like geographic coverage and referrals to additional services, among others.
- **Preparing questions.** Preparing questions for MCOs ahead of time will lead to more fruitful conversations. Key questions might include:
 - What main criteria are MCOs looking at when deciding to contract with street medicine providers and how much to pay them?
 - How do MCOs pay street medicine providers? (e.g., fee-for-service, per visit, per member per month, or a mix?)
 - Do MCOs pay all street medicine providers using the same fee schedule or are they open to provider-specific rates?
 - How do MCOs accept claims from street medicine providers? (e.g., direct electronic submission, clearinghouses, paper)
 - Are there timing or other constraints for street medicine providers to consider during this process?
 - How long will negotiated rates be locked in for?

TIP 3: Consider the MCO Perspective

It is helpful to consider the perspective of an MCO when negotiating Medicaid reimbursement rates for a street medicine program. In most states, MCOs receive a fixed, per member per month payment from the state that must cover the full cost of care. MCOs usually do not receive any additional funding to add street medicine as a new setting for care delivery. This means that MCOs may likely be wary of requests



to pay street medicine higher rates than those paid for clinic-based services. In addition, most MCOs are new to street medicine and may not fully understand the care model and cost structure for street medicine teams. MCOs may or may not be familiar with the clinical and care delivery needs of people experiencing unsheltered homelessness. They may have [difficulty identifying those individuals in their data](#), especially people who do not routinely access care. Sharing these insights with MCOs can be helpful when facilitating conversations around rate negotiation. Street medicine providers can also invite MCO partners to join the team for a site visit so they can directly see the care in action.

TIP 4: Avoid Potential Pitfalls

Below are some common pitfalls for street medicine providers who are new to negotiating rates with MCOs, and how to avoid these barriers:



1. **Treating Contract and Rate Negotiation like Grant Applications.** While it's important in grant applications to lead with empathy, it is important for your organization to take a more data-driven approach while contracting with MCOs. Be prepared to make the case for street medicine services based on expectations for measurable improvements in access to care, health outcomes, and/or reductions in avoidable acute care and cost of care.
2. **Shaking Hands Too Soon.** Providers should take time to review all details and options before accepting the first offer that comes to the organization. Ensuring that proposed rates are break-even is critical to long-term sustainability of your program. Always make sure to ask for clarity with MCOs to ensure the organization makes the best decision to support its efforts.
3. **Failing to Listen.** In developing a relationship with MCOs, it is important to be a thoughtful listener and understand the specific lens that they bring to the relationship. Developing a contractual relationship should be mutually beneficial for both parties in order to be sustainable.



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