

REFERENCE BASED PRICING PROGRAM

Healthcare spend has been running unopposed. Now it has a running mate, and it's called Reference Based Pricing.

There's no denying the challenges faced by employers when it comes to providing affordable, quality healthcare for their employees. Media outlets work to uncover the injustices surrounding paybacks and arrangements made between insurance carriers, providers and government officials which drive up costs for health plans, employers and consumers. Affected by serious budget crises themselves, state and government agencies are giving unconventional practices, like Reference Based Pricing (RBP), a shot to shore up their healthcare debts and still provide care.

Self-funded employers have to adopt a new health benefits strategy. Buying healthcare, not health insurance is the first step. This initial mind shift can be unsettling, but the benefits are paramount.

The next step is addressing how to manage plan pricing. Pricing can be addressed by employing several different methods, from partial to full PPO replacement and other customized strategies, such as direct contracting with hospitals. A trusted pricing partner should provide the data and industry experience to support the decision-making process. States, such as Montana, and other employers are witnessing plan savings of 72% or more with RBP plans that include a claim pricing solution or comprehensive, turnkey program such as Innovate360 - our complete RBP program



Payer Compass provides alternative health plan solutions that address the irrational, rising cost of healthcare faced by employers and employees.

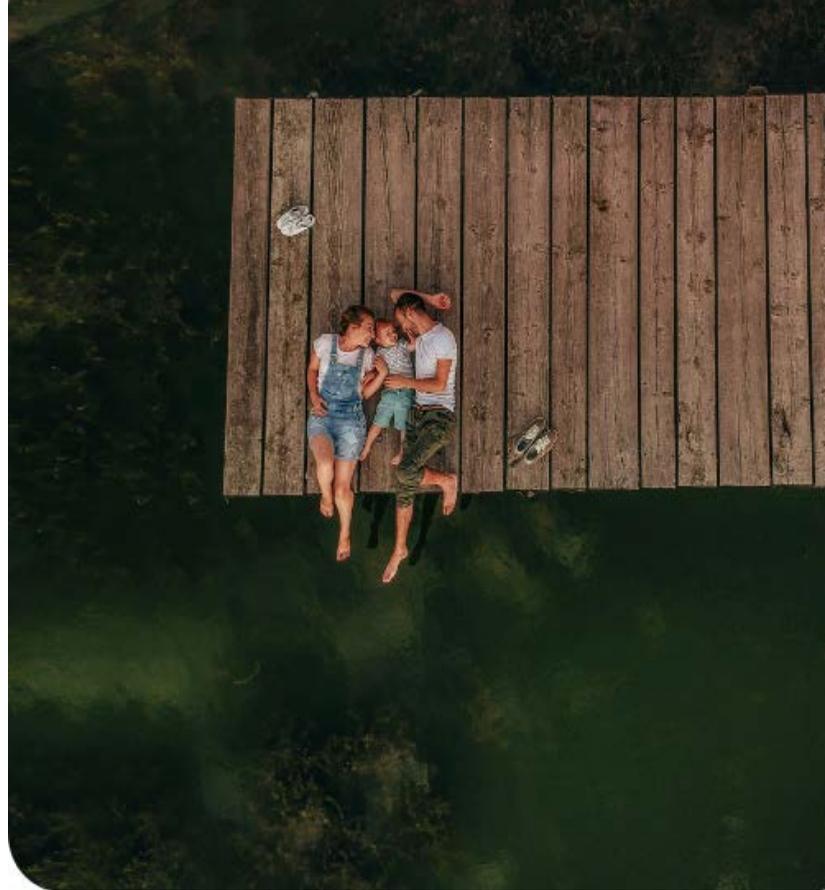
RBP eliminates the restrictions of a network and pays hospitals a Medicare rate plus a percentage. It hits the mark for cost-based-care, providing the actual costs for a provider's services, which also supports price stability across facilities for the same procedure. To date, the implementation of this strategy is yielding dramatic savings and sustainable care for future years.

According to the Kaiser Family Foundation/Health Research & Education Trust 2019 Employer Health Benefits Survey, employer-sponsored health plan premiums increased 5% in one year, climbing to \$20,576 per family. RBP plans are a proven solution to these spiraling costs.

Reference Based Pricing Readiness Checklist



There are several RBP vendors to choose from. We've created this list of questions to ask so that you can find the partner that's right for you.



- Does the vendor offer a budget-friendly, fixed price for its RBP program, such as a Per Employee Per Month rate? Beware of Percent of savings or Percent of billed charges which can exceed any anticipated savings for the plan.
- Is their program all-in-one, housing claim pricing, patient advocacy, analytics/modeling, and balance bill defense? Piece-mill solutions can result in confusion and more errors.
- In the case of a balance bill, do they attempt to resolve it in a fair, civil manner? Lawsuits and demands cause providers to lose trust and disengage with RBP plans.
- Do they regularly work with direct contracting, single-case agreements and carve-outs/ specialty services?
- Does their program include access to balance bill, fiduciary and legal services?
- CMS sets the industry standard on cost of care using Medicare. Does the vendor use Medicare as a basis for plan design and claim pricing?
- If Case or Health Utilization Management services are important to the plan, does your RBP partner hold URAC accreditation for these services?
- Will the RBP vendor work with your preferred TPAs and brokers?
- Can they provide defensible claim pricing that doesn't require additional time and expenses for medical bill review?
- Balance bills are not 100% avoidable. Do they have a clear process to quietly and effectively manage surprise billing? Avoid vendors who try to guarantee 0%.
- Do they offer Safe Harbor Providers - lists of physicians and hospitals that accept RBP programs?
- Can their solutions scale to meet the growing volume of your business?
- Do they support comprehension and adoption of the plan with member education materials?
- Does the vendor provide outreach and education to physicians and hospitals to help them understand the RBP plan, making them more likely to agree to the terms?