

WHAT TO EXPECT WITH REFERENCE-BASED PRICING

In this last blog post of our reference-based pricing (RBP) series, we talk about the logistics involved when employers switch to the RBP model. Orchestrating a significant change in healthcare insurance causes reality to unfold in many ways. This information will help companies foresee the benefits and issues that might accompany a switch to RBP.

Related articles:

- [Is Reference-Based Pricing right for my organization?](#)
- [The Benefits of Reference-Based Pricing](#)

Understanding employer and employee roles

Although reference-based pricing has buzzed around several professional circles for years, it remains a mystery to many employers and employees alike. As a result, it's necessary to educate employees about how RBP works before making the switch.

Furthermore, RBP is not always a quick fix or a slight shift in services. Depending on the company's needs and chosen plan, this model could provide significant savings, [reducing healthcare costs by 5-20%](#) — but it comes with a year-long learning curve. Beyond open enrollment, it is vital to provide ongoing education to employees.

For example, questions about balance billing are the most frequently asked. Employers must teach their team how to navigate these “surprise” charges to avoid litigation. Most importantly, employees must understand that they have a specific responsibility, not to mention a powerful support system backing them.

Additionally, employees need to know how to use the plan most cost-effectively. One-on-one meetings, multi-channel communication, and ongoing training are excellent ways to maximize employees' RBP experience.

Challenges to consider when pursuing reference-based pricing

Although reference-based pricing offers many positives, no healthcare program is flawless. As mentioned, balance billing can be a concern, but we have found that it occurs no more than with a traditional healthcare plan.

That said, nearly [70% of people](#) don't honestly know whether their provider is in-network or out. Naturally, this aspect can create balance billing issues. In response, RBP has developed significantly over the years to include helpful co-fiduciary partners who indemnify patients from harm and provide litigation support.

Another issue that companies could potentially face is negative rapport with hospitals. Without provider contracts, employers and providers often find themselves in legal battles, creating friction between the two parties. In worst-case scenarios, providers could ultimately deny care.

Lastly, a handful of health insurers dominate the industry and top Fortune 500 — Blue Cross Blue Shield, UnitedHealth Group, Cigna, Aetna, and Humana. We know these top-tier insurers as “BUCAH” plans. A widespread fear concerning RBP is that employees will miss out on BUCAH discounts. However, much like hospital prices, these discounts can vary significantly. RBP pricing is related to the actual procedure instead of ballooning industry costs, calming this particular concern.

The future of referenced-based pricing

Some individuals only view RBP as a fad or trend that will pass with time. According to a recent survey, 2% of U.S. employers currently use an RBP model, and another 10% consider it. On that same note, 20 states have passed the Surprise Billing Act. Unsurprisingly, Americans keep pushing for more transparency in our healthcare system.

Plus, with hospitals investing more in virtual care technology and existing facilities instead of expanding their physical footprint, RBP has less pushback than previous years. Besides, reference-based pricing isn't a "take it or leave it" kind of strategy. Many hybrid models are surfacing, tailored to companies' specific needs. Referenced-based pricing can potentially disrupt the healthcare market; however, this model could merely serve as a much-needed systematic change instead of a permanent solution.

With onsite pricing negotiations and co-fiduciary partners, the up-close approach could be precisely what many companies need. Contact Brent Matthews and Adam Shanahan to schedule an appointment and learn more about this innovative solution.



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More helpful information:

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