

# Reference-based Pricing



## Leveraging Technology to Enhance Reference-based Pricing Solutions

### **What is a Reference-Based Pricing Plan?**

With inflating healthcare prices employers are searching for new solutions to manage the cost of healthcare while still continuing to provide quality benefits to employees and their families. Reference-based Pricing (RBP) has become a trending and revolutionary concept for healthcare cost containment. RBP allows self-funded plans to eliminate Preferred Provider Networks (PPO) for medical facilities and physicians, allowing access to any provider. Utilizing reference-based pricing, payments to providers are based off of Medicare pricing plus an incentive bonus over and above the Medicare allowable amounts. It puts all providers on a level playing field regardless of how much they mark up their charges.

With traditional plans, hospitals and facilities set the price for their procedures and then the PPO discount is applied. The discounts sound substantial, but since the hospital/facility has the ability to set their price, they can inflate it to offset losses that they take from uncompensated care. For example, if a procedure at a hospital cost \$75K and a 50% PPO discount is applied, this brings the cost down to \$37,500. When using the RBP repricing model for the same procedure and a

140% of Medicare reimbursement rate is applied, this brings the total cost to \$22,250. The RBP repricing model is an additional total savings of \$15,250 to the plan.

### **Customizable Solutions**

The goal of an RBP plan is to eliminate restrictive networks. This gives the member freedom to seek care from any provider they choose without the risk of decreased benefits. Some employers elect to eliminate only hospital networks, and some eliminate both the hospital and physician network completely.

### **Increased Transparency**

Utilizing standardized Medicare data, members can make informed decisions regarding their care. 6 Degrees Health uses proprietary evidence-based software that allows Medicare reimbursement, quality and cost data to provide an in-depth look at a market's provider mix.

### **What is the Role of 6 Degrees Health?**

6 Degrees Health understands that no one size fits all when it comes to RBP. They have in-house software, MediVI, that provides an in-depth view of

a market, which allows them to provide objective and transparent consultation of the plan's local provider mix. Using MediVI data, they review claims to determine how much the hospital should be paid and provide claim support for members. Additionally, they have a patient advocacy team that can either be the front line contact for a member or can operate in the shadow of a third party member advocate program.

### **How to Manage a Balance Bill**

If a provider bills the member more than what the Explanation of Benefits indicates, this is called a balance bill. 6 Degrees Health is ready to assist with any member balance bills. If a member receives a potential balance bill from a provider, they will call the Third Party Administrator (TPA) to report. The TPA will work with 6 Degrees Health's Patient Support Services team to resolve the balance bill. During any part of the balance bill process, 6 Degrees Health ensures the member is being updated on the status of the case.

**With 6 Degrees Health providing expertise on reference-based pricing, and our third party administrators advocating for you, you'll be able to keep costs down and your options open.**