

Reference Based Pricing (RBP) 101

~personify™
HEALTH

Learning objectives

At the end of this module, you will

- Understand what Reference Based Pricing (RBP) is and how it compares to traditional medical networks
- Be conversant in key pros and cons of RBP and able to council clients at a high level
- Understand the limitations of RBP and how the Personify Health process helps to address them (e.g., balance billing)
- Be introduced to the patient and provider experience that occurs when a patient with an RBP plan receives care
- Know the five key RBP carriers that Personify Health commonly works with
- Be able to list the core value proposition of each vendor in our ecosystem



Contents



- 01 What is RBP?
- 02 Pros & Cons of RBP
- 03 Personify Health's RBP Ecosystem
- 04 RBP Workflows
- 05 Personify Health's RBP Partners



[Return to table of contents](#)

01

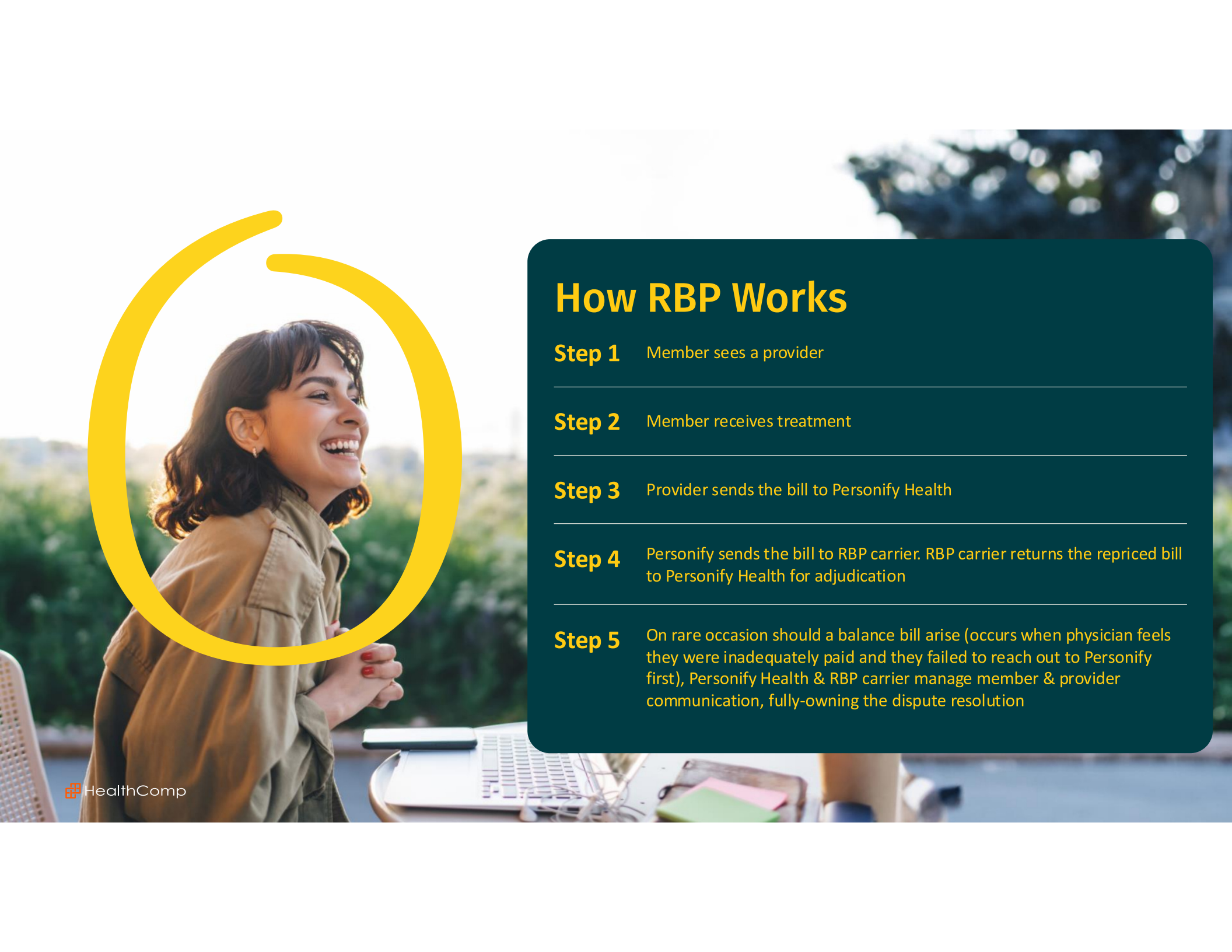
What is RBP?



What is Reference-Based Pricing?

- It is a claims payment strategy where **claims are priced based on a reference point**
- The reference point is typically **one of two scenarios**:
 - A **percentage of Medicare allowable** (example 140% of Medicare)
 - A **percentage of what a procedure/item costs** (example Cost of procedure/item *PLUS* 10%)
- This strategy **allows a member to go to any hospital/physician they choose** as the plan is not based on any pre-arranged network agreements
- RBP plan design options
 - RBP Facility claims only with a PPO physician network
 - Full replacement/Takeover” where all claims flow through the RBP process





How RBP Works

Step 1 Member sees a provider

Step 2 Member receives treatment

Step 3 Provider sends the bill to Personify Health

Step 4 Personify sends the bill to RBP carrier. RBP carrier returns the repriced bill to Personify Health for adjudication

Step 5 On rare occasion should a balance bill arise (occurs when physician feels they were inadequately paid and they failed to reach out to Personify first), Personify Health & RBP carrier manage member & provider communication, fully-owning the dispute resolution

RBP Fixes The Pricing Problem In Healthcare

Problem:

Prices in healthcare have lost correlation with cost

With a traditional PPO “discount”, employers can still pay 300%+ of Medicare¹

“”

...[Hospital charges] have become increasingly arbitrary and... lost any direct connection to hospitals’ actual costs, reflecting instead, inflated rates set to produce a targeted amount of profit for the hospitals after factoring in discounts negotiated with...insurers.

- Colorado Supreme Court, French v. Centura Health

The Solution:

Reference Based Pricing (RBP)

- RBP is a “**no-network**” or “**open access**” **strategy that replaces the PPO network**, allows each claim to be priced and/or negotiated to a reasonable amount and going rate in the market (e.g., percentage of Medicare or the cost of service)
- RBP **offers average savings of 25-35% over PPO**, equivalent to \$2,000-\$4,500 per employee, per year
- RBP helps maximize the value of our employer's healthcare dollars



[Return to table of contents](#)

02

Pros & Cons of RBP



Why RBP?

- **Healthcare spending control**
 - Savings are significant (25%-35% of medical spend Day 1)
 - Clear understanding of costs
- **Entirely different approach to spend**
 - PPO is top-down discount-based model
 - RBP is a bottom-up cost-based model
- **Plan freedom**
- **Unbundled options**
 - Access to customizable plans for employees with enhanced benefit programs
 - PBM of choice
 - Clinical of choice
 - Point Solutions of choice

Why NOT RBP?

- **Potential stop loss incompatibility**
- **Higher risk of member abrasion** (solvable through education)
 - Risk of balance Bills
 - Difficulty identifying accepting providers
- **Employee-base** (blue collar, white collar, rural, demographics)
- **Incompatible with some geographies**

Difficulties of RBP: Tactics to reduce potential member abrasion

Not working with the applicable stop-loss carrier

It is essential for employers adopting RBP to consult with their stop-loss carriers first.

- Even when plans utilize reference-based pricing, some claims may still reach specific and aggregate deductibles, and it is essential to know how the carrier will treat those claims if the time comes.
- Some carriers cap their own allowable payment amount at the amount the plan document provides (such as 150% of Medicare), other carriers are more appreciative of the plan's attempt to lower overall claims spend and are willing to work with the plan in cases where negotiation is necessary to resolve balance-billing issues.
- Even if the provider is unwilling to work with the plan, it is still crucial to have that information going into any large claim situation.

Variations in employer risk tolerance

Many employers are presented with the idea of reference-based pricing and sold on the prospect of lowering costs. While balance-billing is a real threat, many vendors who sell reference-based pricing support services tend to minimize the impact of balance-billing as part of the sales process. Employers who choose to utilize reference-based pricing should ensure they are made acutely aware of its processes and risks.

Difficulty identifying providers who will accept proposed RBP rates

Because balance-billing is realistically the only barrier to utilizing reference-based pricing, many employers and third-party administrators (TPA) find value in entering into contracts with certain physicians, hospitals, or hospital systems.

- Although it is sometimes the case that these contracts are at rates higher than the plan's reference-based pricing rate, plans and providers are often able to enter into amicable payment arrangements to protect patients from balance-billing.
- For many health plans, the knowledge that a patient can visit a certain provider and not have to worry about balance-billing is more than worth a small amount above what the health plan would normally pay.

Let's look at an analogy of why RBP could serve as a good option

When your car needs new brake pads, you can certainly pay a car dealership to perform this service. However, you could save a significant amount by comparing the prices of a few local mechanics certified to perform the same service

In the same way, **aggregated numbers provide an alternative reference point for pricing medical care instead of accepting the rates of hospital bills as fair.** While many consumers would like the option to compare medical service prices, many provider contracts and HIPAA laws prevent access to the necessary data

It's important to note the significant difference between hospital costs or bills and reference-based pricing



Hospital costs or bills

The hospital's cost for any procedure is not the same amount patients end up paying. Employee insurance claims reflect these upcharges, which eventually translates into increased employer costs.



Reference-based pricing

Reference-based pricing (or informed pricing) offers employers a more flexible approach to claim costs, as well as a cost-containment model that negotiates a fair price for what a health plan will cover. Reference-based pricing, or RBP, is a reimbursement method that uses Medicare reimbursement rates (or a derived equivalent) as a reference and prices claims based on a multiple of that rate.



[Return to table of contents](#)

03

Personify Health's RBP Ecosystem



Personify & Reference Based Pricing

Personify began administering RBP in 2012, market began with small groups ~150 employees who needed the immediate financial savings due to high-cost claimants

RBP continues to grow up market, and today we are administering full RBP replacement on groups with over 5,000 employees

In 2017, we launched a focused RBP Center of Excellence to support employer interest



We work with our vendor partners to ensure close integration, differentiating our capabilities from others

Executive Strategy	Monthly meetings specific to the ongoing development our of partnership and product offerings between C-suites.
Operational Excellence	Key metrics and open items are shared monthly in our joint operational meetings producing greater TAT on open items, OFI, and transparency between our two organizations.
Member Engagement	Through co-branded marketing materials, educational campaigns, data exchange, and a single point of contact we prioritize simplifying the member experience.
Client Communication	Monthly Meetings, custom dashboards, quarterly business reviews, plan performance discussions are all performed leveraging the existing synergies the Personify Health and our RBP carrier organizations share.

Personify and our RBP carriers have set out to create the premier RBP product and service offering through partnering on every level of the experience.

At the core of our RBP service model is concierge-level support ensuring a frictionless experience for employees



With members every step of the way, providing an unparalleled RBP experience

Concierge-Level Service

- One phone number on ID card
- Personify takes all phone calls: Simple and convenient, no need to call the RBP carriers first

Provider Guide Steerage

- Guide members to friendly RBP providers
- Make appointments

RBP Outreach Call

- Outbound call placed 15 days after claim paid
- Guides member on identifying a balance bill
- Answer questions

RBP Mobile Text and Email

- Outbound text 30 days after claim paid
- Outbound email 5 days after claim paid
- Guides member to call Personify Health in the case of a balance bill

Personal Assistants & Member Advocates

- Dedicated concierge service for members
- Proactive outreach
- Complex Care

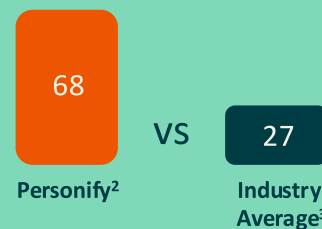
Our Concierge Experience: White glove service, simple, with one number to solve all issues



Our Experience

- 50% of all incoming member calls to Personify regarding balance bills are resolved in the 1st attempt without a warm transfer to the RBP carrier
- Personify will assist the member first by identifying if they truly have a balance bill or whether it is the member responsibility/non-covered claim, etc.
- Providing a single number for the member to call avoids confusion and provides a streamlined experience for the member

Our outstanding RBP Net Promoter Score (NPS)¹



1. An NPS can range from -100 to +100. An NPS above 0 is considered "good", +50 is "Excellent," and above 70 is considered "world class," Apple=76, Nordstrom=75;
2. IGS Research and Daily Member Survey;
3. Satmetrix, 2019 Net Promoter Benchmarks.

Our Member Advocates

- Answer coverage questions
- Answer RBP questions and educate all members on RBP process
- Assist in locating RBP-friendly providers
- Book appointments
- Break down claim charges for members
- Explain the RBP carrier partners' pre- and post-service processes to members
- Warm transfer members over to our vendor partners only once we have verified that there is a true balance bill
- Educate providers if there is any pushback



Finding a friendly RBP provider is just a phone call away

Personify Health's RBP Service Model provides the member with control over their choice of healthcare providers by providing access to important demographic, acceptance, quality and cost parameters.

Members who call Personify will receive:

- Assistance in locating providers who accept RBP
- Assistance in locating direct contracted providers
- Estimating costs related to healthcare services
- Provide quality and other factors relating to those providers



[Return to table of contents](#)

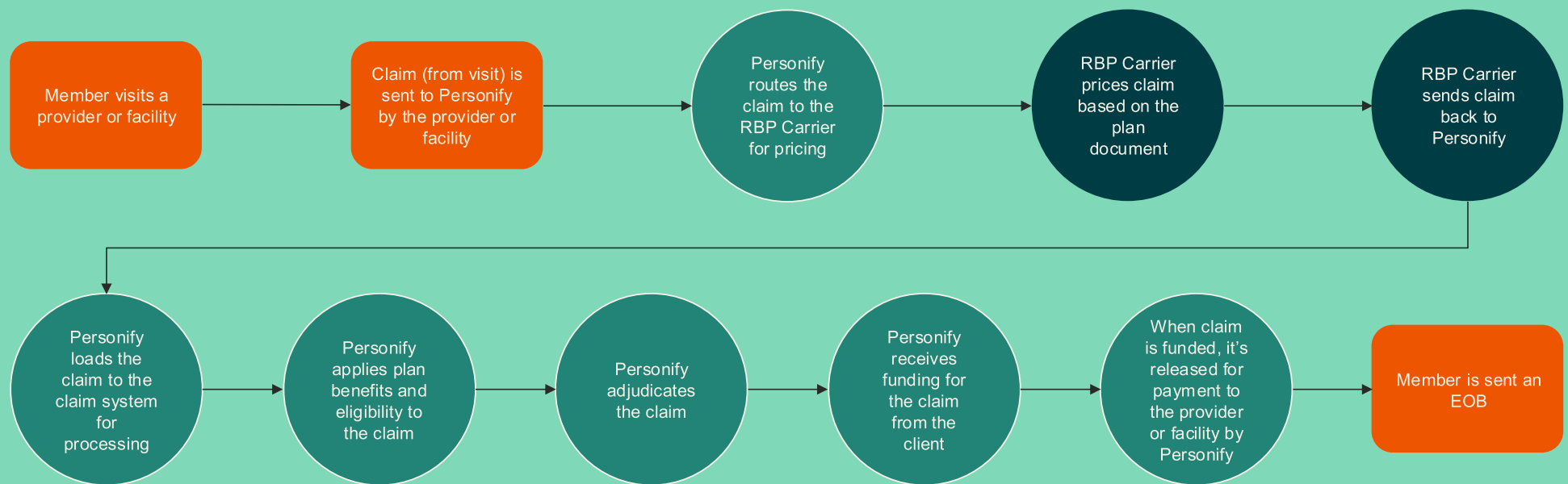
04

RBP Workflows



Illustrative RBP claims flow

Like a PPO network an RBP carrier is chosen to reprice all claims incurred by plan members. The RBP carrier and client have a contract with each other similar, also like PPO arrangements



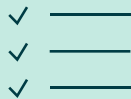
Balanced Bill: If a claim requires an adjustment, then the RBP Carrier will negotiate a settlement. Personify is sent the corrected pricing and issues additional payment

Comprehensive RBP Outreach for Balanced Billing



DAY 0

The processed RBP facility claim is funded and released by the group



DAY 15

Customer Service **calls** the member and lets them know they will be receiving a text reminder. Briefly explains the process and asks if they have any questions.



DAY 5

Email goes out to member letting them know a facility claim has been processed with their RBP carrier and recommends they register for a Personify Health account. Includes links to videos.



DAY 30

Member receives the following **text message**:
“REMINDER from your Health Plan. If you receive a balance bill for an amount other than the Patient Responsibility on your EOB please call Personify Health at XXX-XXX-XXXX”



What is a Balance Bill?

- A balance bill **occurs when a provider bills a member for the discounted portion on top of their patient responsibility.**
- When a provider is not initially content with a payment (confusion, unhappy with payment amount, etc.) a “balance bill” may occur. The provider may:
 - Contact Personify Health with questions on the plan payment
 - The provider issue a “balance bill” to the member for the discounted amount
- **Personify Health process:**
 - From open enrollment members are instructed to contact Personify Health with any balance bills
 - In an initial conversation with a provider, Personify Health walks the provider through the payment calculation, benefit plan structure etc.
 - Should the provider continue to request additional funds/information Personify Health engages the RBP carrier
 - The RBP carrier works through their unique process to resolve (details to follow)
 - Members are kept “in the loop” throughout this process



What is Provider Pushback?

Because plan designs do not have contracted providers/facilities, members can seek services anywhere (Open Access). There are occasions when physicians and facilities will not see a member as they do not see a PPO network logo on their ID card or refuse to service RBP plans.



Personify process:

- From open enrollment members are instructed to contact Personify Health for any provider pushback
- Personify Health will explain the plan benefits, verify eligibility and answer any questions
- Should provider pushback continue, Personify will engage the RBP carrier to assist with the situation. This typically results in one of the following outcomes:
 - Provider accepts the patient for service and bills the plan
 - Provider agrees to a SCA (single case agreement)
 - Provider & RBP carrier work out a pricing agreement for this and future visits
 - Personify Health assists the member in offering alternative “green” physicians/facilities that will accept the member
 - Provider refuses to work with Personify/member/RBP carrier



[Return to table of contents](#)

05

Personify Health's RBP Partners

RBP carriers



“Original/Market leader RBP carrier” - First RBP carrier partner, strictly % of GBC offering. The largest player in the market. Same PE firm owns GPA and created Imagine 360.



“Sells operationalized offerings” - Highest operational scores and highest NPS among RBP carriers. Strictly % of GBC model.



“Sales strong” - Second RBP carrier we connected with, historically strong sales pitch/team and focus on outside technology. Migrated to PEPM model, relationship is being revived.



“PEPM volume player” - Value player from the standpoint of straight PEPM pricing model. Shrinking book of business.



“Lower cost/lower disruption/lower savings” - PEPM pricing focusing on limiting disruption by giving back savings. Newest (2022) and fastest growing vendor.

Considerations When Choosing an RBP carrier



Pricing

- PEPM or GBC
- Who are we going against



Geography

- Which RBP carrier plays strong in that area
- Direct contracts with facilities
- Physician network coverage



Tolerance (risk, member experience, etc.)

- Provider Pushback
- Balance Bill Exposure



Product Needs

- CashPay vs SCA
- Defense vs Slush Fund vs Warranty

Comprehensive Review

You should be walking away from this session understanding the following:

- Understand what Reference Based Pricing (RBP) is and how it compares to traditional medical networks
- Be conversant in key pros and cons of RBP and able to council clients at a high level
- Understand the limitations of RBP and how the Personify Health process helps to address them (e.g., balance billing)
- Be introduced to the patient and provider experience that occurs when a patient with an RBP plan receives care
- Know the five key RBP carriers that Personify Health commonly works with
- Be able to list the core value proposition of each vendor in our ecosystem

