

# The Pros and Cons of Reference-Based Pricing



When members receive healthcare under a Reference-Based Pricing (RBP) plan, the plan pays benefits based on a multiple of the Medicare reimbursement rate regardless of the amount charged by the provider. To help you better assess RBP, we've put together a list of pros and cons so you can make an informed decision.

## Pros

- > No network restrictions
- > Lower monthly health benefit costs
- > Telemedicine accepted
- > Modified pricing ensures you are not required to overpay what is reasonable
- > Many providers accept reference-based pricing as fair payment for service
- > Predictable costs
- > Same quality of care as traditional health insurance, sometimes superior
- > High employee engagement with healthcare decisions

## Cons

- > Balance billing may cause large payments for employees
- > Time/Personnel investment or reliance on third-party for balance billing negotiations
- > Factor in ACA out-of-pocket rules
- > State-by-state variance
- > Requires some knowledge of health insurance industry
- > Requires employee engagement

### Benefit Payment Example

Billed charge for covered services _____	\$3,376.00
Medicare Reimbursement Rate _____	\$1,571.20
Plan Maximum Allowable Amount* _____	\$2,042.56
Member Coinsurance Responsibility (80/20) _____	\$408.51
<b>Plan Pays _____</b>	<b>\$1,634.05</b>

*\*Amounts for services may vary between 100% and 150% of Medicare reimbursement rates*

Contact us at 877.253.9020 for questions about reference-based pricing.

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