



# Reference-Based Pricing Unleashed:

*Broker Edition*



Custom content for  
Zelis by studioID



# U.S. healthcare costs keep climbing with no end in sight.

This means both employers and health insurers are on the hunt for methods to control costs without sacrificing the quality of care. Brokers are in the perfect position to offer self-funded clients a proven solution that can make all the difference: reference-based pricing (RBP). As costs for services and

supplies continue to rise, the self-funded market is often left feeling the pressure. This is where RBP becomes a powerful tool for brokers looking to help clients cut through the complexity and rein in healthcare expenses.

## What Is Reference-Based Pricing (RBP)?

RBP is an alternative healthcare pricing model that sets a cap on what a health plan will pay for a medical service or procedure based on a benchmark, like the Medicare reimbursement rate. Let's say the reference price for knee replacement surgery is \$30,000. A health plan will only pay up to that amount—if a provider charges more, negotiations kick in, or the member might cover the difference. For brokers, understanding and offering RBP gives you a unique solution to address rising costs.

# How does it work?

There are two primary models brokers can guide clients through:

- **Medicare-based model:** The reference price is based on the Medicare reimbursement rate, with the health plan paying a percentage above this rate, depending on the plan design.
- **Average pricing model:** This model sets the reference price based on the average cost of a procedure in a specific geographic area, allowing the plan to pay slightly above or below this average.

## The benefits of RBP for brokers and their clients

- **Cost savings:** RBP aligns with cost containment strategies, helping clients manage provider reimbursements and generate savings. With RBP, provider reimbursements range between 120%–180% of Medicare rates, creating predictable savings.
- **Transparency:** RBP shines a spotlight on pricing, giving members clear insights into costs before they receive care, reducing the risk of surprise bills—a key benefit you can offer your clients.
- **Provider choice:** With RBP, members are no longer limited by network restrictions. Members are free to choose their healthcare providers based on quality and fair pricing.
- **Customization:** RBP is highly flexible. Brokers can help clients integrate RBP as a full-scale solution or in targeted areas like transplants or carve-outs, making it a versatile option for a wide range of client needs.





# Challenges and how brokers can help clients overcome them

- **Member discontentment:** RBP success hinges on member satisfaction. Partnering with an RBP vendor that offers robust member education and advocacy services is critical. As a broker, your clients will look to you to ensure they choose a vendor that delivers a seamless member experience.
- **Balance billing risks:** Members may receive unexpected bills if providers charge more than the reference price. To prevent dissatisfaction, it's vital to work with RBP vendors who offer legal support and negotiation services to reduce or eliminate balance billing.

## Debunking common misconceptions

- **Balance billing only occurs with RBP:** Balance bills aren't exclusive to RBP—traditional PPO plans face them too. But experienced RBP vendors can minimize these instances through dedicated legal support, keeping the balance billing rate under 2%.
- **RBP underpays providers:** RBP allows providers to maintain a fair profit margin, often paying above Medicare rates. Studies show that hospitals and health systems using RBP achieve revenue increases and can negotiate more efficiently with payers.
- **RBP leads to more legal disputes:** While there are instances of disputes, a strong RBP vendor can negotiate and resolve issues quickly, ensuring a smooth process for clients and members alike.

## Best practices for brokers implementing RBP

- 1. Align RBP with client goals:** Help clients define clear objectives, whether it's cutting costs or increasing transparency. Work with RBP vendors that can tailor solutions to these needs.
- 2. Educate and engage members:** Brokers should partner with vendors who provide comprehensive education programs for members, ensuring a smooth transition to RBP.
- 3. Customization is key:** Encourage clients to customize their RBP strategy based on their workforce demographics, geographic location, and healthcare needs.
- 4. Build provider relationships:** Work with clients and vendors to foster collaboration with providers and set fair reimbursement rates, reducing disputes.
- 5. Leverage data:** Equip your clients with tools that offer transparency and accuracy in pricing. Real-time data can help fine-tune contracts, benchmark Medicare rates, and streamline pricing.

## The Wrap-Up

For brokers, offering RBP isn't just about cost control—it's about delivering value. By positioning RBP as a flexible, transparent, and cost-effective solution, you can help your clients navigate rising healthcare costs while still providing their employees with quality care.

Now's the perfect time to introduce RBP to your clients. **Let's talk about how we can help your clients get started with RBP today.**

Connect with us

zelis





Zelis is modernizing the healthcare financial experience by providing a connected platform that bridges the gaps and aligns interests across payers, providers and healthcare consumers. This platform serves more than 700 payers, including the top five national health plans, BCBS insurers, regional health plans, TPAs and self-insured employers and millions of healthcare providers and consumers. Zelis sees across the system to identify, optimize and solve problems holistically with technology built by healthcare experts - driving real, measurable results for clients. Learn more at [Zelis.com](https://Zelis.com) and [follow us on LinkedIn](#) to get the latest news.

**LEARN MORE**