

# REFERENCE-BASED PRICING

## WHAT IS REFERENCE-BASED PRICING?

A provider payment methodology that primarily utilizes amounts allowed by Medicare, the most commonly accepted healthcare provider reimbursement structure, as a basis to pay for services.



## WHY REFERENCE-BASED PRICING?

Under the traditional PPO network model, the cost for healthcare has become unaffordable for employers and employees alike. Under a reference-based pricing model, healthcare costs can be much less compared to the PPO network model, while members are free to use the provider of their choice. For example, procedures with significant cost variations under a PPO network, like most medical tests and elective orthopedic services, will be remarkably less under a reference-based pricing model.

### EMPLOYERS

Estimated  
**20-30%**  
Healthcare  
Spending  
Reduction

### EMPLOYEES

Decrease in  
**Rates &  
OOP  
Costs**

Dendy, Mike. "The Rise of Reference-Based Pricing." Benefits PRO, Nov. 2017, pp. 20-23.

## TOTAL ANNUAL SAVINGS WITH PAYER COMPASS

**600,000**  
Claims  
Submitted

**\$1 Billion**  
Reduced  
to

**\$329  
Million**  
(includes settled  
balance bills)

**70%**  
SAVINGS

Only **0.34%**  
of members were  
balanced billed

## Payer Compass Partnered Offering Includes...

Healthcare Technology  
Company ✓

Medicare Pricing  
as a Core Business ✓

Fills Gaps in Medicare Codes  
for Non-aged Population ✓

Escalation Support for  
Balanced Billing Provided by  
PHIA ✓

Flexible Shared Service  
Model ✓

Strong Provider Relationships  
& Advocacy Services ✓