

The Phenomenon of Reference Based Pricing – Are Cash Pay Plans Next?

Cost Plus Insurance

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Reference Based Pricing for health care has become the fastest growing trend in the American health care delivery system. Insurance agents, brokers and consultants upon which health care payers depend for market distribution, are joining the health care Reference Based Pricing revolution in droves. Selling health insurance is becoming fun again. Competing for business has reached new levels of intensity.

Now we see another innovative alternative to managed care plans. We see a new approach to fair and equitable provider reimbursement which is a natural extension of Reference Based Pricing. A Cash Pay Plan Option is philosophically aligned with Reference Based Pricing.

What is a Cash Pay Option? It's simple. Medical care givers are paid at the point of service based upon a mutually agreed price. No need for claim adjudication, no need for claim audits, no need for filing claims, and no need to chase account receivables by providers. You want a complete knee surgery? Ok, that will be \$17,000 please! That includes all charges, including hospital, anesthesiologist, surgeon, assistant surgeon, pre-admission testing, post surgical care!

How does cash prices compare to insurance pricing? It's a lot less, a whole lot less. Ask your current carrier or TPA what it would cost your plan to have a complete knee replacement. Then compare that to \$17,000, an actual cash price one of our plan sponsors achieved in their first month using a Cash Pay Plan Option.



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