



Reference-Based Pricing: The Vendor + Employer Perspectives

Los Angeles Chapter ISCEBS

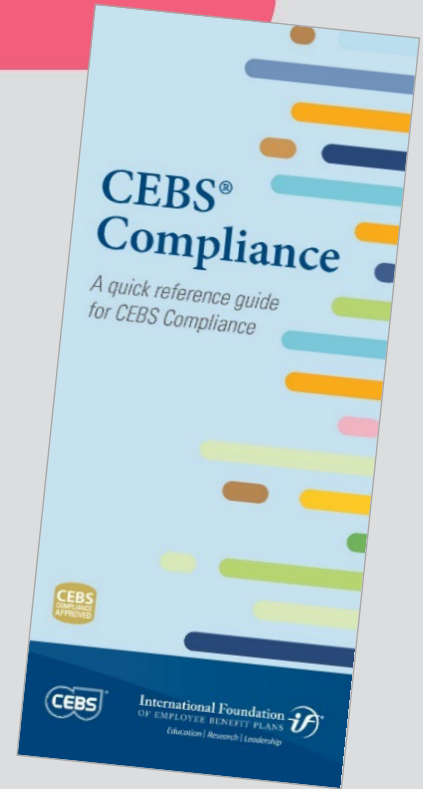
September 24, 2025

Self-Report Your Credit

- This program qualifies for CEBS Compliance credit
- Be recognized for the professional education you complete to stay up-to-date
- 30 credits over two calendar years to be compliant
- Credits are self-reported



Scan to
self-report CEBS
compliance credit
from today's
session!



ISCEBS Membership

- Join or renew today!
- CEBS students and graduates can join
- Add membership to your local chapter!
- Join online at www.iscebs.org/join

Member Benefits

- Local chapters
- Unlimited webcasts
- Discussion forums
- Personalized research
- *Benefits Quarterly* and *NewsBriefs*



ISCEBS Membership—Who Are We?



Employee benefits doesn't touch only one industry—
It touches every industry and company. ISCEBS members
are a broad and diverse group.

46%
Benefits
Professional

12%
HR
Professional

3%
Salaried
Administrator

2%
Investment
Management

4%
Public Sector

3%
Third-Party
Administrator

5%
Other

10%
Insurance
Representative

15%
Consultant

ISCEBS

45th Annual Symposium



- August 23-26, 2026
- Arizona Biltmore
- Phoenix, Arizona
- www.iscebs.org/symposium



Who Earns the CEBS?



Service Providers/Vendors from

Insurance, HR, Benefits Consulting,
Third Party and Benefits
Administration, Investment
Management, Legal, Accounting,
Actuarial, Financial Planning Advisors



Staff in

Association Plans, Multiemployer
Plans, Public Employee Plans, Single
Employer Plans



HR Professionals in

Group Benefits or Retirement



The Value of CEBS

Gain credibility
with clients and
peers

Broaden
expertise

Enhance daily
work performance

Impact long
range career
objectives

Credibility with
potential
employers

Career resilience

Financial
incentives

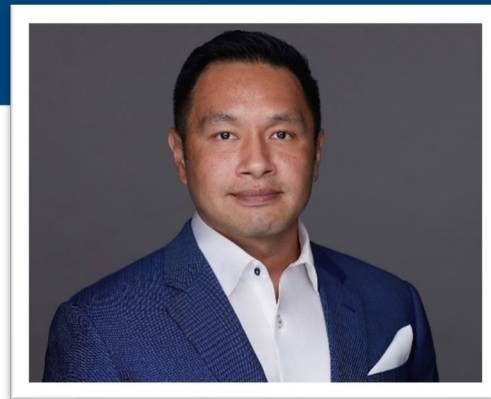
Insurance License
CE Credits

Local network

Vendor's Perspective



Matt McCuen is an industry veteran, with nearly 35 years of experience in the self-funded space. As the National Marketing Executive for Imagine360, Matt works with self-funded employers across the nation to improve the benefits they offer to their employees and families.



Allen Wu has been in the benefits space for over 15 years helping employers reduce their healthcare spend in the ancillary space, GA space and now on the large group self funded space at Imagine 360. As a Director of Business Development, Allen works with LF and Self Funded employers and employees to reduce their healthcare costs.

Healthcare Costs Are Out of Control

What's driving the unsustainable costs of employer-sponsored healthcare



Medical costs are the tapeworm of American economic competitiveness.

– Warren Buffett

Berkshire Hathaway Annual Meeting



Getting a 50% or even 60% discount off the chargemaster price of an item that costs \$13 and lists for \$199.50 is still no bargain.

– Steven Brill

Time Magazine



The Current Healthcare Model Isn't Working – For You or Your Employees



Expensive & unaffordable

157% increase in cost of family coverage since 2004.



Lack of control & transparency

Healthcare is generally the 2nd or 3rd largest business expense, but employers have **little visibility into cost drivers**.



Poor member experience

Members are often left **confused, frustrated and alone**.



Limited options

The **big 4 insurers** offer the same solution in different packages with little flexibility.

The Traditional Model isn't Working... For Anyone

EMPLOYERS

55%

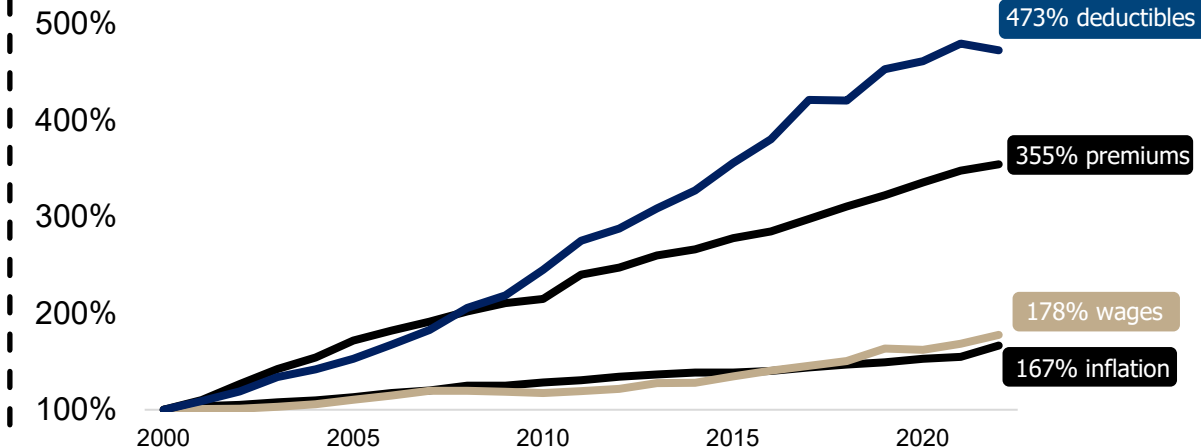
increase in costs
for family coverage since
2008

\$24K

Annual health plan cost
per employee

A WIDENING GAP

Costs are growing
4X FASTER than wages



Sources: Kaiser (2021), CNBC, Transunion (2018), DOL statistics

1: Consumer Reports, 2015

Cost-Shifting to Employees Has Led To:

1/3 of Americans

must take out a loan to help pay for medical expenses

38% of Adults

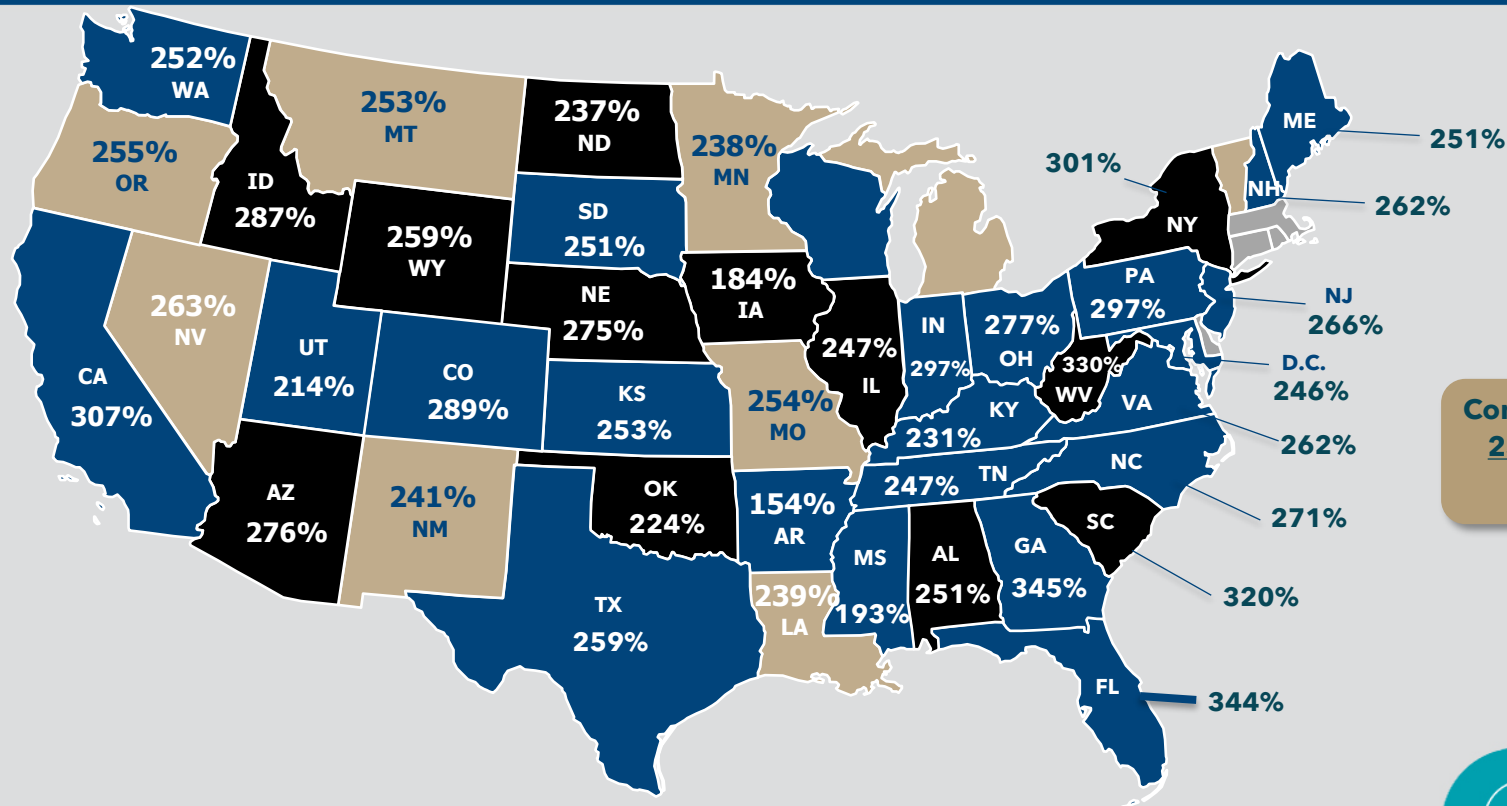
enrolled in HDHP's either skip or forego recommended medical care

52% of Insured Americans

feel stressed about medical bills and say the stress has impacted their mental and physical health

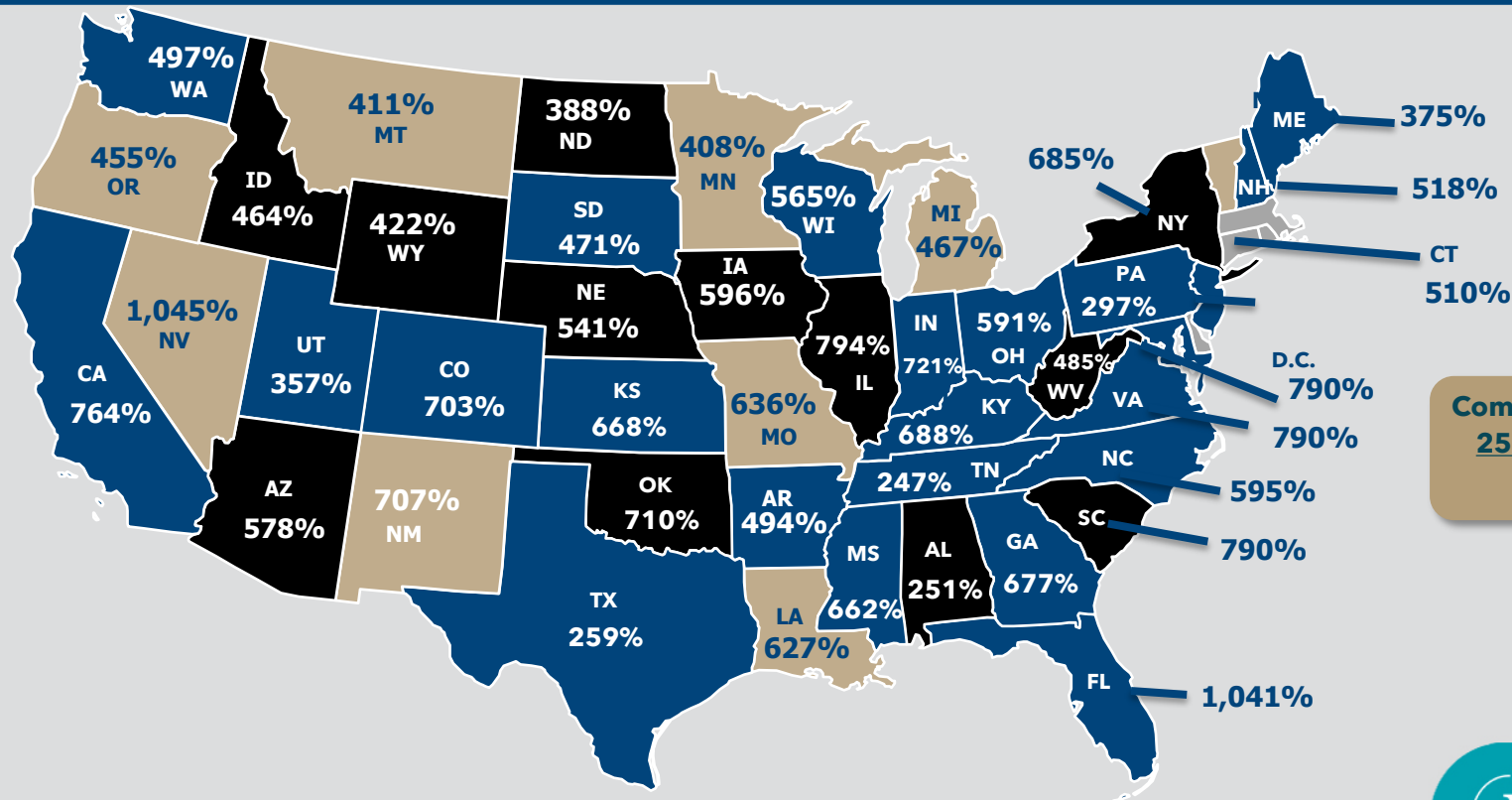


According to the latest **RAND Report**, you're paying significantly more than Medicare for the exact same care.



Commercial plans pay 254% of Medicare, on average

State Map – Hospital Markup (Outpatient Only)



Commercial plans pay 254% of Medicare, on average

A smarter way to price and pay claims.

Reference-based pricing uses cost and Medicare data to determine a fair price for care.

SAMPLE CLAIM

PPOs apply a **standard discount** to this marked-up price. In this case, the discount is **50%**.

Employer pays \$2,500

Chargemaster price: \$5,000

The "Pie-in-the-Sky" price. A made-up number with little relation to the actual cost of providing the service.

Medicare
Pays \$280

\$250 actual cost

Typically, RBP pays either: the **cost of care +X%** or **Medicare +X%**, whichever is higher.

A **fair price** for the provider and the employer.

Client pays \$336

What's a fair price for a CT scan in Los Angeles, CA?

	Average Billed	Average Cost	Medicare Pays	At a 50% Discount, the PPO Pays	RBP Pays
Hospital A	\$3,835	\$206	\$152	\$1,918	\$231
Hospital B	\$5,747	\$92	\$190	\$2,874	\$228
Hospital C	\$7,682	\$241	\$195	\$3,841	\$270

Typically, PPO claims are paid on a "discount" off billed charges.

Our plans **use cost plus X% and Medicare plus X%** to determine a fair price.

Resulting in **significant savings** versus your standard PPO allowable.

Putting Your People First. **Meet John.**



Annual Salary: \$45,000
Family Deductible: \$8,000

CT SCAN \$3,627	Traditional PPO	RBP
Allowed	\$1,814	\$190
Out-of-Pocket	\$1,814	\$190
Monthly Salary	\$3,750	\$3,750
% of Monthly Salary	48%	5%

Pros vs. Cons of RBP

Pros

- ⊕ 15-25% savings vs traditional carriers
- ⊕ Lower member Out-Of-Pocket (OOP)
- ⊕ More transparency
- ⊕ Plan design flexibility
- ⊕ Reduced network restrictions

Cons

- ⊖ Brand recognition compared to BUCA
- ⊖ Physician front office confusion if not contracted with Physician Only PPO
- ⊖ Potential balance bill (national average rate is 5%)
- ⊖ Occasional facility pre-service pushback

What to look for in an RBP provider



Repricing a medical bill is 5th grade math



Supporting the Member, HR, and the Broker is **Critical to the RBP's Success**

What to Look For in an RBP Provider:



1

EXPERIENCE

At least 5+ years' experience auditing/ repricing claims in all 50 states and number of RBP clients. Reference calls, case studies and a track record for retaining their clients long-term

2

Member Support Capabilities

Preservice provider support, preservice member support (concierge or facility negotiations), balance bill support and escalated member issues.

3

Employer/Employee Liability Protection

Look for a partner who is 100% invested in your success. One who will sign on as a co-fiduciary to assist in managing the financial assets of your customer's Plan.

*Resources/services that protect the employer/employee with contested payments

What to Look For in an RBP Provider:

EMPLOYEE EDUCATION & ADVOCACY

A partner who will educate, answer questions and serve as an ongoing resource to your customers for the duration of the partnership is key to success.

4

STRONG ADMINISTRATIVE CAPABILITIES

Are your RBP and TPA partners integrated or separate entities?

5

ONGOING ASSESSMENTS

A partnership doesn't stop after a plan is in place. Look for a partner who is results-driven, reports on your cost savings and provides a dedicated support resource.

6

Best Practices for a Successful Transition to RBP



Start company leadership education process early



Speak to multiple vendor references and learn from them



Request that vendors provide an education allowance and pay employees to attend OE meetings



Educate members on the process and the "WIN"

- Don't start too early
- Don't provide too much information
- Monthly education sequence

Success Stories — Blind Case Studies

Non Profit



\$8M Saved in Year 1 vs Traditional Carrier

\$21M Saved since adoption

- Located in Texas
- 950+ employees on benefits plan
- RBP client since 2023

Auto Dealer



\$5M Saved in Year 1 vs Traditional Carrier

\$2,887 Saved PEY

Implemented **free single coverage** for all employees

- Located in Florida
- 3,500+ employees on benefits plan
- 65+ locations
- RBP client since 2022

Senior Living



\$11M Saved in Year 1

41% Savings vs traditional carrier

Reinvested savings: subsidized childcare, tuition forgiveness, \$250K for new benefit support, enhanced wellness programs

- Located in Kentucky
- 6,000+ employees on benefits plan
- RBP client since 2018

Employer's Perspective



Mikki Williams | Vice President, Total Rewards | C1

Mikki Williams is a Human Resources strategist with 25+ years of Total Rewards and Benefits leadership across multinational organizations. Currently Vice President of Total Rewards at C1, now in its second year of Reference Based Pricing, she was one of the early pioneers of reference-based pricing, successfully launching this approach during her 18+ year tenure at Computershare, a 15,000-employee multinational company years before it became mainstream.

Agenda

1. What Reference Based Pricing (RBP) is
.....and isn't
2. How it works
3. How to move forward: be prepared

What RBP is

- Open-access self-insured health plan
- Typically chosen to reduce healthcare costs for both the organization and their employees
- An administratively transparent process
- Plan sponsors look to drive savings by declaring the maximum amount it will pay for services by tying the max payment to a multiple of Medicare.
- Reference based price most frequently pays 130% to 200% of Medicare.
- RBP programs can regularly save employers and employees between 20% to 40% in their first year* to 24 months.

*The Mahoney Group: 10 Commandments to Getting Reference-Based Pricing Right

.....and isn't

- A traditional "network" plan
- A "fake" health plan
- An inconvenient and confusing healthplan in which employees must navigate by themselves
- A plan that regularly results in balance billing and collections agencies, leaving employees on their own to resolve

How it works - Financials

Top-down vs. Bottom-up pricing structure

- Network: Top-down
 - Discount on infinity
- RBP: Bottom-up
 - Actual costs of services and providers are collected by Centers for Medicare and Medicaid Services (CMS.gov)
 - A small percentage is added to the CMS cost, the new total becomes Medicare price
 - RBP “references” the Medicare pricing as the base and adds an additional percentage as determined by the Plan (e.g, 30% - 100%)

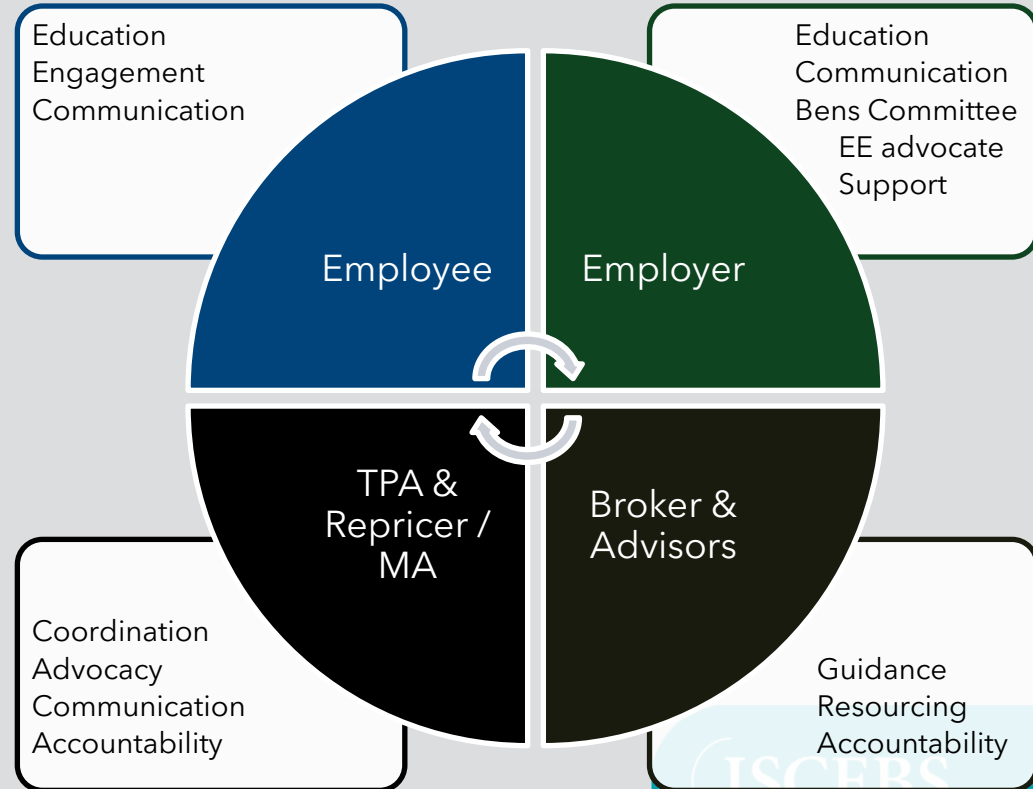
Example 1 Service: CT Scan	Traditional PPO 50% discount	RBP Medicare cost is \$1,000 RBP=1.4*Medicare
Gross charge	\$5,000	
End charge	\$2,500	\$1,400

Example 2 Service: Surgery (misc)	Traditional PPO 50% discount	RBP Medicare cost is \$7,000 RBP=1.4*Medicare
Gross charge	\$25,000	
End charge	\$12,500	\$9,800

Disclaimer: for illustration purposes only

How it works - Stakeholders

- Employee
 - Engage – all communication from members is helpful, even if it is negative and/or inaccurate
- Employer
 - Ongoing employee education and communication are essential
 - Provide clear instructions on engaging with providers – to maximize success
 - Regular review of financials and member experience statistics
- Brokers
 - Much deeper engagement required, not only in initial setup but also ongoing
 - Directly manages the stop loss carrier
- TPA & Repricer/Member Advocate work hand in hand
 - Repricer “Member Advocates” regularly engage 1-2-1 with members, providers, and employer (quiet is typically good!)



Overcoming key challenges

1. Provider acceptance for employee visit
2. Provider balance bills resolution

Questions?

Join Us for Our Next Event!

- Today's presentation (slides and recording) will be available on our website at cebslosangeles.com under the Events tab
- Attendees will receive an email with a pdf of today's presentation
- If you're a CEBS graduate, make sure to self-report your credits
- Follow LA CEBS on our LinkedIn page for updates
- Save the Date for our next event!
 - **Holiday Happy Hour – Thursday, December 4th**



Scan to
self-report CEBS
compliance credit
from today's
session!