



**JUST THE  
FACTS**

# Reference-Based Pricing for Small Employers

There is a lot of misinformation about reference-based pricing. To help clear the noise, let's evaluate how our Starmark Healthy Choices<sup>SM</sup> reference-based pricing self-funded plan designs work.



## Reference-based pricing is not just for large employers.

Historically, mostly large employers have used reference-based pricing as a health benefit plan cost-savings strategy. But more recently, this strategy has emerged in the small to mid-size employer market.



## Reference-based pricing saves employers and members money.

Typically less expensive than traditional plan designs, Healthy Choices uses fixed pricing across providers for healthcare services based on a multiple of Medicare. This prevents provider pricing variances for the same services that can be as much as 500%<sup>1</sup>, with no difference in quality. Additionally, with self-funding, employers retain the surplus if claim expenses are lower than funded.



## A majority of doctors and hospitals will accept reference-based pricing benefit plans.

About 99% of providers accept this type of benefit plan design.<sup>2</sup> Healthy Choices plan designs reimburse providers a Reasonable Fee, calculated as a multiple of Medicare, which is both fair and acceptable to most providers.



## Members can select any doctor or hospital.

For most services, members can select providers that best meet their needs, which enables them to maintain current provider relationships or choose a new doctor.<sup>3</sup>

**13%**

savings on average is experienced by employers with a Healthy Choices plan design.<sup>4</sup>

About **99%**

of providers accept this type of benefit plan design.<sup>2</sup>



### Balance billing doesn't only happen with reference-based pricing plans.

When a person covered by a PPO plan goes out of network, they are subject to balance billing.



### Employees are not stuck with paying balance bills.

Under a Healthy Choices plan design, members have balance bill protection and are not responsible for paying an amount in excess of the Reasonable Fee, subject to the terms of the plan document.



### Employers don't negotiate balance bills with providers.

For any necessary provider negotiation on claim amounts above the Reasonable Fee, Starmark has enlisted the services of ClearHealth Strategies, a market leader in Medicare-based pricing. Typically, 3% to 5% of total claims go to negotiation.<sup>2</sup>

Rated #1 for the following Reference-Based Pricing Attributes:<sup>5</sup>



Overall Experience



Protection Against Member Balance Bills on Eligible Claims



Provider Acceptance of Plan Designs



Customer Service



Employer and Member Educational Tools

Contact your Starmark distribution partner today to start saving with Healthy Choices.

<sup>1</sup>Healthcare Bluebook 2015 ShopSmart Services Portfolio. <sup>2</sup>Estimate provided February 2017 by ClearHealth Strategies. Varies by geography and percent of Medicare reimbursement. Subject to change. ClearHealth Strategies is not an affiliate of Starmark or Trustmark Life Insurance Company. <sup>3</sup>Except in the instance of organ transplants, where benefits are available when performed at a designated transplant facility, and specialty drugs, where benefits are available when provided by the designated specialty pharmacy as outlined in the plan document. <sup>4</sup>Based on the average monthly contribution of employers from 5/2017 to 6/2018 who sponsored a Starmark administered reference-based pricing self-funded plan design as compared to two other major medical plan designs from Starmark with a PPO network. <sup>5</sup>2018 Broker Survey administered by The Dieringer Research Group.

Plan design availability and/or coverage may vary by state. Self-funded plans are administered by Star Marketing & Administration, Inc. (Starmark), and stop-loss insurance coverage is provided by Trustmark Life Insurance Company. Starmark® is a registered trademark of Trustmark Insurance Company.



Starmark administers self-funded health benefit plans, offering extensive plan design choices, exceptional personal service and nationwide provider access. Starmark – The leader in self-funding for small groups.

400 Field Drive • Lake Forest, IL • www.starmarkinc.com

