

Reference-based pricing is a cost-control strategy in which an employer or health plan sets a maximum payment amount for medical services based on an external benchmark, most commonly a percentage of what Medicare pays for the same service. Instead of accepting hospital “chargemaster” prices, which can vary wildly and are often many times higher than Medicare rates, the plan pays a transparent, predetermined amount such as one hundred fifty percent to two hundred percent of the Medicare rate. Providers are free to accept the payment or negotiate, and members receive advocacy support if a provider attempts to bill above the reference amount. The goal is to create predictable, rational pricing, reduce excessive hospital charges, and give employers and individuals a more sustainable alternative to traditional network-based pricing. )

Cancer treatments, chemotherapy, radiation therapy, organ transplants, and medications such as GLP1’s are not covered under the program, but most non-covered services are made available to enrollees at the reference-based pricing price. While this plan has certain limitations it is an option for individuals with pre-existing conditions who cannot afford other options.