

the FRONTPAGE

Clarity for an Evolving Industry

July 2020 Edition



TRENDS

Reference-based pricing is a smart response to a slow economy
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NOTES

from the CEO

So much has changed during the first half of 2020. The Covid-19 pandemic is affecting all of us, in ways we could not have foreseen.

Employers, particularly those with self-funded health plans, are under substantial strain. You're likely facing new challenges with human resources, cash flow, resource allocation, Covid-related safety measures, and health benefits.

As your TPA, EBMS is here to assist you with all aspects of benefit management during this critical time. The pandemic has ushered in temporary regulatory changes that have an impact on your self-funded plan – in areas such as cost sharing, reimbursement standards, prior authorizations, and mandatory coverage of testing and vaccines, once they become available. New guidelines cover telehealth, HSAs, employee assistance plans, mid-year enrollment, and on-site medical clinics. There are certain changes that apply to automatically fully-insured plans, while self-insured plan sponsors will have decisions to make.

We're working hard to communicate to you the options and challenges ahead, so you can ensure your plan is in compliance. Beyond that, we want your workforce to remain healthy, productive, and engaged, so you can retain key talent.

Along with the new mandates, we've also seen new flexibilities. For example, it's easier than ever for healthcare providers to offer telehealth consultations, and we expect to see increased utilization in this area. Claims activity is increasing again, as healthcare facilities are resuming elective procedures. We're staying on top of the current trends so we can help you be proactive.

We know you're concerned with cost savings in this economy. We want you to know that it's possible to reduce health spending without cutting essential services. That's why the theme of this Frontpage edition is strategic cost containment. We've laid out the basics of several different strategies – some that bring immediate savings and others that can reduce long-term spend. After you've read about them, please get in touch with EBMS for a deeper conversation about the impact these strategies could have on your plan and your company.

We are here to help you maintain a competitive plan as we continue through this public health crisis.

Yours in health,

James Vertino

TRENDS

COVID-19 Bringing Changes to Healthcare Industry

How will the coronavirus pandemic change the healthcare industry as we know it in the United States and around the world?

As COVID-19 spreads and disrupts life in communities across the globe, much is still not known about how to attack the virus, when a vaccine will be developed and made available, and what our “new normal” might look like. At EBMS, we are preparing to respond healthcare changes we could very well see because of this life-changing situation.

TELEMEDICINE ACCEPTANCE GROWS

Telemedicine will be utilized more than ever before. Its use has been surging in this outbreak as patients and doctors turn to this convenient alternative to in-person evaluations. The CDC urged providers to cut back on patient visits whenever possible to prevent spread of this virulent disease.

The Trump administration, recognizing the value and growing acceptance of telemedicine, has relaxed Medicare rules and agreed to provide telemedicine reimbursement coverage in many more settings during the pandemic. The government previously only covered phone or video calls between doctors and seniors in rural areas. Many private health insurers have increased payments for telemedicine consultations. Often, doctors would often be reimbursed less for virtual visits, which discouraged its practice.

EBMS plan members have reported 96% satisfaction with our telemedicine solution. Telemedicine, also known as telehealth, has become an essential, money-saving tool in the healthcare toolkit, one that reduces unnecessary face-to-face care as much as possible. It will be part of the new normal.

DATA IS SAVING LIVES

EBMS believes the pandemic shows that we need open, connected systems that can access data 24/7 from anywhere. Whatever the size of the hospital, clinic or other healthcare facility, IT readiness to provide real-time data will be essential for its long-term survival. This data is needed to plan resources, classify patients and help providers make critical decisions.

The IT infrastructure for telemedicine will be used to help manage chronic patients when the pandemic is not prevalent and will be useful to manage self-isolated or mild patients when the epidemic is prevalent.

The more telemedicine is utilized, the more chronic patients will manage their health through their Electronic Health Record. Patient-generated health data from chronically ill patients will be incorporated into EHRs and doctors will prescribe medications for the patients through telemedicine.

Digital devices such as portable ECG monitors and digital stethoscopes and otoscopes can be used at home, with results shared with doctors and added to the trove of digital data.

Many organizations have updated other virtual solutions, such as clinical decision support (CDS) content across electronic health records, incorporating new screening recommendations from the Centers for Disease Control and Prevention.

At EBMS, we have invested in technology to not only gather valuable data but closely analyze it to help brokers and plan sponsors customize plans for their members that deliver the services they need while controlling costs.

GREATER EMPHASIS ON RBP

The budget-blowing expenses incurred by hospitals will place greater emphasis on reference-based pricing to contain rising healthcare costs for surgical or outpatient procedures and prescription drugs. In EBMS' experience with RBP, plan members benefit from lower out-of-pocket costs and from open access to providers, in the absence of a narrow network. Strong member-advocacy programs can help consumers navigate billing issues that arise.

The pandemic exercises conducted by healthcare organizations and public health entities to prepare for overwhelming patient load has forced them to focus on efficiencies, planning and discharge procedures and where COVID-19 patients should go for follow-up care. These planning sessions provide invaluable information to all parties and may help them cut red tape, increase budget flexibility and jointly plan for future challenges.

And of course, hygiene is an area likely to see lasting change - hand washing, social distancing, wearing masks and emphasis on cleaning of shared surfaces. It is still too early to tell if there will be a new normal for where we treat chronic- and acute-care patients, and how we attend sporting events and concerts, utilize mass transit, fly, dine out, shop and work at our jobs. But changes are coming.

TRENDS

Looking to cut costs? These strategies will bring immediate savings

Most likely COVID-19 has interrupted your business operations and revenue cycle. In every industry, businesses are looking for ways to get their budgets down. Did you look at your healthcare spends? You have some strategies available that have become wildly interesting to our brokers and plan sponsors in the last few months.

Recently, we've helped many plans quickly realize savings by implementing some of these strategies.

Cost-containment strategies fall into two general categories: those that bring results over the long term and those that can help you realize immediate savings.

For those who are looking to see immediate savings, we focused on three areas:

- Pharmacy solutions
- Quality and price transparency
- Reference-based pricing

They are going to cut your costs today. Here's how.

DITCH YOUR TRADITIONAL PHARMACY BENEFIT MANAGER

Consolidation among PBMs has led to a lack of price transparency. Essentially, they rake in the profits at your expense. This is why EBMS recommends a "cost-plus" pharmacy model, where you pay for medications at cost, plus a small administrative fee.

We can also help you set up a preferred network, push mail-order services for maintenance drugs, and put together a formulary designed for efficient spending.

Specialty pharmacy services can save you money right away. Specialty drugs are those that come with high cost, high complexity or high touch (require special handling). They can account for up to half of a plan's total costs - so our solution ensures value for every dollar spent.

STEER MEMBERS TO HIGH-VALUE CARE WITH TRANSPARENCY SOLUTIONS

When your members can see the quality rating of their providers and the price of health services, they make more informed choices. They save on out-of-pocket expenses and your plan saves too - especially

on procedures like orthopedic surgeries where costs vary widely. A simple tool like Healthcare Bluebook can make a difference.

But for maximum savings, your plan should be structured to guide members toward high-value care and help them access the lowest-cost option that is appropriate for their condition. EBMS is an industry leader in this area.

Our miChoice concierge solution has demonstrated success at promoting positive utilization patterns and cutting the costs associated with inappropriate care. With miChoice, patient navigators do the research and put the options in front of plan members, with an emphasis on quality first, and then cost. Members make a choice based on data, rather than choosing the closest hospital or facility.

IMPLEMENT REFERENCE-BASED PRICING (RBP)

RBP is a cost-control strategy by which providers are paid a percentage of Medicare pricing, based on local market conditions. For example, a hospital may currently be billing you up to 400 percent of the negotiated Medicare price for a procedure. When you work with an RBP vendor, you bring that price down considerably. See our article in this newsletter for more in-depth information about RBP.

The bottom line? While negotiated contracts with a PPO might save you 40 percent on the most expensive claims, reference-based pricing can easily bring savings of 65 to 70 percent. RBP is the most aggressive strategy we have for lowering costs immediately, and this year it is trending exponentially in plan design. With those kinds of savings, it has gone from a fringe strategy to mainstream. Have you looked into what it would do for your plan?

For more information on RBP, see the article in our newsletter that talks about in more detail. EBMS has been meeting with many of our brokers and plan sponsors since COVID-19 to get their health care spend down. If we haven't met with you, let's get started immediately and implement one of these strategies that will impact your money almost immediately.

Are you ready to make plan changes designed to bring immediate savings on claims? EBMS is ready to help. Contact your account manager to begin today.

TRENDS

Reference-based pricing is a smart response to a slow economy

Back in early 2019, a benefits survey found that only 2 percent of employers were using reference-based pricing (RBP) as a cost-control strategy.

What a difference a year makes!

Today, with so many businesses facing financial pressure as a result of COVID-19, every conversation we have with our customers is about controlling costs. RBP has become a hot topic in 2020.

Our position at EBMS is that RBP is a smart response to our current economic slowdown. In fact, the number of conversations our brokers and clients are having with us about RBP has quantifiably grown over the last few months. What was once considered a fringe tactic is quickly going mainstream.

Are you wondering how RBP might work for you? Before you start cutting services to your employees, consider cutting down on the total cost of your medical spend with RBP. We've compiled a list of frequently asked questions, along with answers.

WHAT IS REFERENCE-BASED PRICING?

RBP is a cost-control strategy by which providers are paid a percentage of an established benchmark, based on local market conditions. Most often that benchmark is Medicare pricing.

HOW WILL RBP SAVE MY PLAN MONEY?

Currently, common medical procedures come with a wide price variance. Providers bill anywhere from 150 to 400 percent of the Medicare rate. It only makes sense to rein in those costs by keeping the reference point toward the lower end of this range. You can use RBP for all claims, or just a subset of claims, like inpatient services.

HOW DOES RBP AFFECT PLAN MEMBERS?

With RBP, plan members benefit from lower out-of-pocket costs, just as you do. They also benefit from open access to providers – there are no restrictive networks to limit their choices, or expose them to out-of-network costs. Members can seek care at the provider of their choice.

HOW DOES RBP AFFECT PROVIDERS?

Because RBP payments are a multiple of the Medicare rate (rather than a discount on the hospital chargemaster cost), RBP is a rational, fair and transparent payment strategy. Providers who accept Medicare rates will generally accept an established fee under RBP as well.

HOW DO I IMPLEMENT AN RBP PLAN?

Just contact EBMS! We handle the details for you, working together with an established RBP vendor.

- The RBP vendor establishes the reference price, supports members and negotiates with providers who push back.
- EBMS administers the fee schedule, handles provider payments, and advocates for members who have balance billing issues.

I'VE HEARD THAT BALANCE BILLING IS A REAL PROBLEM UNDER RBP. IS THAT TRUE?

When plan sponsors and brokers work with a TPA like EBMS that is an experienced RBP partner, balance billing issues become less likely. There are two reasons for that. First, we always focus on fair payment to providers. But most importantly, we have a strong member-advocacy program in place, and we never abandon members to negotiate a balance bill or collections letter on their own.

Is RBP your next step in cost containment? Contact EBMS at 800-777-3575 to start a discussion!





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