

The History of RBP/VBP

The RBP model began in 2004 and continues to evolve

The first generation of Reference Based Pricing

(RBP) was based on inpatient and outpatient services at 120% of Medicare. Bills were adjusted at claims payment. Fees for services were collected up to 12% of billed charges.



Pros:

• Savings were far greater over carrier networks or traditional PPOs at 35%, without fees included.

Cons:

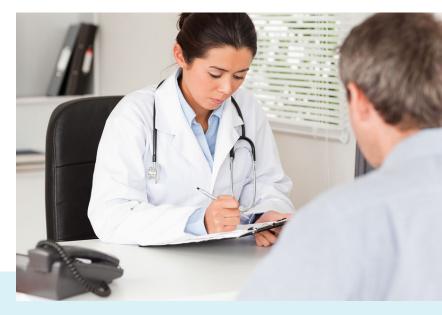
- Broker compensation was undisclosed and billed as part of fees, reducing the integrity of plan savings.
- Very high cost for services and fees; large claims often resulted in unexpected charges due to additional fees.
- Programs were not in place to assist members properly with balanced billing.
- Patient experience was negative and confusing.
- The 120% model forced both providers and members into adversarial positions. This model was reactive, unlike the further evolving, proactive Gen 2 RBP.
- Members were referred to credit agencies for outstanding bills.
- Proactive member education was limited and poor.
- Customer service was moderate in quality due to insufficient education of TPA's customer service team.
- Litigious in nature.
- Neither online or phone apps were available.

Lucent Health did not support or market this model.



The Second Generation of RBP

was based on inpatient and outpatient services at 140% of Medicare. Billing was proactively negotiated and agreed to before service was rendered, leading to greater provider acceptance. PEPM fees provided cost reduction and predictability. RBP vendors developed programs to assist with billing and potential litigation.



Pros:

- This model continued to generate 25%-30% over carrier networks and traditional networks.
- Patient Advocacy (PAC) was developed to assist the member with balance billing issues.
- Legal plans were created to assist and relieve members and Plan Administrators. Proactive and collaborative negotiations replaced a reactive model, resulting in greater provider acceptance.
- Predictive modeling developed.
- Trend was tied to Medicare and was now stabilized at 1.4%.
- Plan document language was developed to support the RBP model and allowed for negotiations between 140%-200% of Medicare.

Cons:

- Insufficient member education and online tools persisted.
- Customer Service issues continued due to limited education of the Customer Service team at the TPA level.
- Member experience improved only to fair.
- Member engagement with the PAC still needed refinement.
- Average time to close out balance bills was 90 days.
- TPA service continued to be reactive.
- Stop loss partners were not extending the appropriate discounts for RBP.

Lucent initially used this model 4 years ago.



The Third Generation-

Value Based Pricing (VBP) began in 2018 and continues to evolve. New services were developed internally through Lucent's sister company, Narus Health. Direct-to-Employer (DTE) facilitation of agreements allows employers to access the leading hospital systems in the U.S. without a middle man.

Systems such as Advocate Health, Adventist Health & Beaumont Health are examples of hospital systems which partnered with Lucent health, using transparent Medicare Plus pricing without a middle man.



These partners became the next generation in health care purchasing. Growing trend of industry leaders, like Amazon and Berkshire Hathaway, transitioned into to consumer driven health plans and direct contracting with providers.

The National Business Group on Health conducted a recent study on employer groups, determining 49% are pursuing similar models/strategies. Narus Health provides CM/DM and Large Case Management for Lucent health. The partnership between Lucent and Narus was a perfect fit for the Lucent/Narus designed front end model. This entire program is highly proactive. We introduced 24/7/365 concierge service to enhance our traditional RBP model and the genesis of the VBP model. This new model allows us to deliver a totally proactive model, using our knowledge of shortcomings of RPB.



Pros:

- Flat PEPM fee structure. No hidden fees.
- Acceptance of VBP across the nation increased dramatically.
- Reduced pushback to under 2%. Expedited negotiations with providers. Average time to close out balance bills reduced to under 45 days. Current open balance bills is less than 0.3% in the U.S.
- White glove service has direct access to Narus & HST. Average hold time under 30 seconds.
- Dedicated team member working with the member.
- Continued with reimbursement corridor between 140 200% MAP successfully.
- Direct contracting with large health systems to eliminate balance bills and reduce member out of pocket expenses.
- Direct contracting with CVS clinics to expand physician access at lower cost.
- Member facing app helps locate providers, pre-price procedures, houses ID cards and plan information. Gives members instant response on any issues or questions.
- True transparency on claims data, utilization & procedures. No data withheld from the client.
- Steerage towards quality facilities. Reduces mortality rates & readmission. Increases patient experience, effectiveness of care, timeliness of care & efficient use of medical imaging.
- ROI 45:1
- Average savings per member is \$1,279.
- Customer service is unparalleled in the industry. Personnel completes extended training in order to provide quality 24/7/365 service.
- Member education tools are available to provide superior education.
- Member videos provides user-friendly information for thorough comprehend of this product.
- Member experience is excellent.
- Narus connected to HST/AMPS for superior integration.
- Mobile apps available for instant response.
- Communication now available in any format.
- Member engagement with the PAC is excellent.
- Pricing and quality tools available immediately.
- Model changed from reactive to proactive at the TPA level.
- Single point of entry created by Narus to insure the members get the appropriate parties to meet their needs.
- Discounts run 25% to 30% on plan savings.
- Trend remains around 1.4%.
- Renewals are flattening.
- Stop Loss partners are extending the appropriate discount of premiums and aggregate levels for the VBP product
- Significant increase in providers pricing appropriately.



Cons:

If the plans are not communicated effectively, member experience diminishes.