



Custom Design Benefits Presents TrueCost Reference-Based Pricing at Annual Conference

Custom Design Benefits, Cincinnati's largest independent third party administrator of health benefit plans, held its 7th annual customer conference to present innovative cost containment solutions for employee benefits on September 10, 2014. Attendance at this year's conference grew by 30% to over 180 representatives from local employers and health benefit advisory firms. Assisting clients to provide their employees with affordable health benefits and complying with the new and future Affordable Care Act regulations were key topics at the conference.

The conference was held at Cincinnati's Horseshoe Casino, so the theme "in today's healthcare environment, you need more than luck" was particularly appropriate.

TrueCost Reference-based Formula Highlighted

TrueCost, a self-funded health plan built upon a reference-based payment formula, was highlighted as one of the most effective strategies for employers to contain and control the cost of their health benefits. Introduced into the Cincinnati market by Custom Design Benefits in 2011, *TrueCost* offers employers a simple payment structure in which health provider reimbursements are based on fixed Medicare pricing plus a set percentage. "Using a reference based pricing model is consistent, rational and transparent," said Julie Mueller, president of Custom Design Benefits. "With *TrueCost*, employers can offer their employees simple plan designs with richer benefits without networks or deductibles or coinsurance."

Healthcare providers routinely accept Medicare, which bases its reimbursement on actual costs plus a reasonable profit margin, In the case of *TrueCost*, Medicare is used as the reference price plus an additional provider bonus. *TrueCost* has caught on with many local healthcare providers that have embraced its simplified and efficient reimbursement system.

Local employers are using High Deductible health plans more and more as a strategy to contain healthcare costs. As a result, employees are now responsible for paying a much larger portion of their medical costs. As a result, health providers face the additional challenge of collecting the employee portion of the bill and a collection rate of less than 20% of the amount owed is not unusual.

Working with Custom Design Benefits as the plan administrator, providers that accept *TrueCost* receive prompt and predictable reimbursements without having to absorb the additional cost of collection efforts.

Reference-based Pricing Saves Average 62%

Since launching *TrueCost*, Custom Design Benefits tracked the actual savings of healthcare claims compared to those within a traditional PPO network. While traditional PPO networks were able to provide a discount on billed charges that ranged between 23% and 46%, *TrueCost* clients took advantage of reference-based pricing and realized an average savings of 62%. Employers offering a *TrueCost* plan are in a more competitive position to stabilize their healthcare costs while offering their employees simplified plans with no deductibles or coinsurance - just copays.

Direct contracts between hospital systems and employers has been a natural progression of Custom Design Benefits' *TrueCost*, and has been embraced by forward thinking hospital systems in Cincinnati that include TriHealth, St. Elizabeth and The Christ Hospital. By contracting directly with hospital systems and their provider networks, employers are able to eliminate the challenges and problems associated with secret contracts between insurance companies' PPO networks and hospitals. With no middle-man, hospital systems are now able to compete directly for employer contracts. This competition benefits employers and employees through higher quality of care at more affordable costs.

A panel of executives from TriHealth, St. Elizabeth and The Christ Hospital shared their insights and their organizations' future strategies with Custom Design Benefits clients and health benefit advisors at the Customer Conference.

"Right now, we're in the sick-care business instead of the healthcare business," said Jacob Bast, Senior Vice President & COO at St. Elizabeth Physicians. "We want to collaborate with our local employers to align incentives focused on improving early access, quality and reduced costs."

John Sunde, Vice President of Managed Care at TriHealth said, "As an integrated delivery system, TriHealth has worked very hard to create an infrastructure and environment where we operate as a team, with common expectations, goals and rewards. This will position our providers and the health system to take on higher levels of accountability to effectively manage broader populations."

In 2013, TriHealth and St. Elizabeth announced a joint venture, Healthcare Solutions Network, that will share resources and expertise with the goal of improving quality and customer experience, lowering cost and improving affordability, and improving population health.

"We cannot continue to rely on our current healthcare delivery models and expect to see any improvement in containing costs or improving outcomes", said Timothy Cappel, Executive Director of Population Health at The Christ Hospital. "Our vision is to be a national leader in

clinical excellence, patient experience and affordable care.” Cappel outlined recent initiatives such as The Christ Hospital Health Network that address services provided, delivery channels and patient experience. “Through our Centers of Excellence, we coordinate our patients through their entire experience, are able to offer simplified plan designs and costs, and offer a warranty that assures high quality work,” said Cappel.

All three hospital systems addressed the evolution in the current fee-for-service model that have led to healthcare providers contracting directly with employers.

“*TrueCost* is a game-changer in how employers pay for healthcare,” said Mueller. “It’s the only plan out there that actually drives any sort of consumerism at all and has allowed our clients to be much more proactive with their healthcare.

About Custom Design Benefits

Custom Design Benefits (CDB), founded in 1991, is a leading Third Party Administrator of self-funded health care plans and consumer driven services. Offering a full menu of health benefit administration and compliance services, CDB provides innovative and customized cost containment solutions for employee benefits.

Custom Design Benefits currently distributes *TrueCost* through a select group of preferred brokers and advisors. For more information about *TrueCost*, contact Custom Design Benefits at 513-598-2900.