

ABC COMPANY • 2016 Medical Plan



Welcome to Open Enrollment!

We work hard to provide you with an excellent health benefits package while keeping your costs as low as possible. Each year during the open enrollment period, you have the opportunity to elect, change, or waive your benefits. Please read this newsletter carefully to learn about your health plan options and the choices you can make.

Open enrollment runs from [date] to [date].

During this time, you can:

- Enroll in the health plan, if you are not already enrolled;
- Add or remove covered dependents such as a spouse or children;
- Waive your coverage, if you are receiving coverage elsewhere.

Remember, the next opportunity you have to make changes will be during next year's open enrollment period; unless you have a qualifying status change like a birth or marriage.

How to Enroll:

At any time during the open enrollment period, you can elect, change, or waive benefits by logging in to [website].

Reference-Based Pricing Saves You Money

Reference-based pricing is a new type of healthcare payment system, different from PPOs, HMOs, and other types of plans you may be familiar with. It is designed to lower medical costs for you and your employer.

The following pages explain:

- Reference-based pricing.
- How it saves you money.
- Any changes to your deductibles, coinsurance and coverage.
- How the Patient Advocacy Center can help you.
- Where to go if you have questions.

Reference-based pricing (RBP) plans are becoming more popular, so you can expect to see more of them.

Features of Your Plan

How a Reference-Based Plan Works

Better care doesn't have to be expensive care. Our health plan features reference-based pricing, which is a new, transparent way of paying for medical care at hospitals and other facilities. For members like yourself, it works a lot like other plans: once your deductible has been met the plan will pay their portion of costs following any co-pays, and you can choose from many different hospitals.

Physicians still use the [network] network.

Reference-based pricing affects care at hospitals. Physicians and other non-hospital providers are covered under their own (PPO) network. You will pay less for care when you see a physician within that network.

Reference-based pricing lowers your hospital costs.

With most plans, hospitals set their own prices – and some charge a lot more than others! With reference-based pricing, the plan sets the amount based on a pre-determined reference determined by Medicare. Since the price is based on the hospitals' actual costs, we can ensure that the price is fair for everybody. The result: lower prices across the board; with the savings passed along to you.

Here's how it works. When your provider recommends a procedure that requires a hospital visit, they call to precertify the service. Precertification confirms the price with the hospital before you even receive the service. Your bill – generally the deductible and coinsurance – is based on that price, which is almost always lower than what the hospital would have charged on a traditional plan.

Pricing Example

What will you pay for care? Your costs will be different for each procedure and each hospital, but they will be lower than with a traditional health plan. Here is an example:

Sample Procedure	Traditional PPO	Our Plan
Starting Price:	\$75,000 (What the hospital wants to bill)	\$15,000 (What Medicare would pay)
Plan-Negotiated Price:	\$45,000 (Hospital agrees to 60% of the bill)	\$22,500 (Hospital agrees to 150% of Medicare)
Coinsurance:	You pay 20%	You pay 20%
Your Bill:	\$9,000	\$4,500

You would pay the listed deductible and coinsurance, up to the annual out-of-pocket maximum. As you can see, reference-based pricing can save you thousands of dollars per procedure.