

Market Based Healthcare

Market based pricing is defined as the lowest price a vendor will accept for a good or service, and the highest price a buyer is willing to pay.

Healthcare in the US for the most part is not market driven. The PPO model, or Preferred Provider Network, is based on secret pre-negotiated pricing which is hidden from the Consumer by the chagemaster charade whereby the provider charges an extremely high fictional price, then arbitrary “discounts” are applied. This model is meant to complexify healthcare and disrespect the Consumer. This model is primarily based on geographical closeness.

Other models have emerged in recent years which include “bundled pricing”. These also involve pre-negotiated pricing, generally with a relatively small number of providers. These models are much more transparent, but they also involve static pricing. Both models generally adopt a principle of choosing the closest provider willing to do the job with relatively little regard for cost or quality.

Years ago, when we booked travel, the vendor had a “rack rate”. These discounts were applied if you were; 1) Under 12, or over 65, 2) Booking 3 weeks in advance, 3) Staying over a Saturday night, and/or 4) Traveling on a Wednesday or Saturday etc. In those days, many Planes traveled half empty, and some over booked.

Today, with Expedia and Travelocity, Flights, Hotels, and Cars are priced

based on availability. If there’s a flight leaving in 12 hours that is half empty, you can probably get a seat for \$86. If the Marriott has several rooms available, you can probably get a room for under \$100.

The purest form of market economics is an auction. Although Expedia does not use an auction, the principles are similar. Both methods are truly based on supply and demand.

At MediBid, the patient is called the “Seeker”, and the provider is called the “Bidder”. We have used those labels with very specific intent. At MediBid, we create Market Based Healthcare. When you need any kind of medical procedure, you simply post a request and wait for bids to come in. Depending on the type of procedure, you will generally get several bids immediately. Within the next 2-3 days, more bids will start coming in. The bids are filled with information which is simply not available in the mainstream healthcare models. You get to see the quality and outcomes of the bidders, the bundled cost of the procedure, the location of the bidder, images of the planned Facility, and many other details generally hidden in the status quo delivery system.

One of the best features of MediBid, is that you will often get a second opinion. With hundreds, and sometimes thousands of Bidders competing for your business, each of them may offer a unique or different procedure for your medical need. I have seen a

request for a knee replacement, and several providers upon examining the imaging studies, bid on a knee arthroscopy for \$4,600, rather than the regular \$15,000 which is the average bundled price for a full knee replacement. Additionally, on this particular request, we even had one bidder respond with the suggestion that the seeker start with a treatment called “Prolotherapy”, for \$220 per treatment, before going as far as surgery.

When this market-based model is integrated with an Employer sponsored health plan, the Employer usually saves between 40% and 65% on their healthcare spending, while quality and Employee satisfaction greatly increases.

The average spending in the US is around \$10,000 per Employee per year. A company with 100 Employees often spends \$1 million as long as Employer contributions for Employees and their Dependents are near the national average. With our market-based approach, you can expect to pay between \$3,500 and \$6,000 per Employee per year.

To find out what your potential savings are with this approach simply contact us.

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