

Narrow network design and regulation: American Medical Association's response to October 2016 issue brief from the Georgetown University Health Policy Institute

Overview

A recent issue brief by the Georgetown University Health Policy Institute (Georgetown) presents important findings regarding the regulation of networks, specifically narrow networks. As highlighted by Georgetown researchers, state regulators generally do not define or regulate “narrow networks” or “tiered networks” any differently than standard networks. Additionally, when the Georgetown researchers drilled down on the issue of quality and asked state regulators and other stakeholders whether state provider network rules should incorporate the concept of quality, especially when assembling narrow networks, they found that there was little to no focus on quality in network design, even for the narrowest of networks. In light of these findings, the American Medical Association (AMA) believes a focus on the regulations governing narrow networks, especially on provisions that assure that patients and consumers have access to quality care through such networks, is critical.

Georgetown's findings

The Georgetown study comes at a time when research on narrow networks is relatively limited, likely in part, because there is no standard definition of a narrow network. Georgetown's 50-state survey research showed that regulators are not attempting to define narrow networks for purposes of regulation and that just a few differentiate tiered networks from non-tiered networks for purposes of regulation. As such, states do not appear to be regulating narrow networks any differently than broader, more traditional networks, presumably because they assume that narrow networks can be effectively regulated using the same standards as those that are being used for broader networks.

The Georgetown researchers also show that quality is largely a nonfactor when it comes to network adequacy rules and regulations in the states. Only two states included any reference to quality in their network requirements. Moreover, for those state regulations that reference quality, how “quality” requirements are implemented is variable. Qualitative research by Georgetown found that while consumer representatives and many marketplace officials support an effort to incorporate quality into network adequacy measurement, state regulators were wary of doing so, citing concerns about the ability of providers to meet such requirements, a lack of uniform quality metrics, and a lack of expertise to develop and implement such metrics. However, the research also shows that health plans purporting to already be assessing provider quality are not using that information to measure and ensure overall network quality.

Finally, the Georgetown research showed that transparency around network breadth is critical to patients if they are to be able to purchase a product that meets their needs. While some regulators expressed concern about the necessity and feasibility of highlighting network breadth, many regulators pivoted from a “one-size-fits-all” approach to regulating networks, to recognizing that narrower networks are in need of differentiation, at least in patient facing resources.

Implications of the findings

Unfortunately for patients, current gaps in regulation and a lack of transparency may impact their ability to identify and access quality care in a coverage environment in which narrow networks are simply inferior products.

Profiling

The AMA is concerned that, without regulation, the assembly of narrow networks may be based on provider profiling, where providers selection to participate in the network is based largely on cost. The AMA has policy on, and has long advocated for, greater integrity and transparency of profiling programs in an effort to prevent costs from being a sole factor or determinant.¹ Physicians are focused on not only whether their patients have access to care, but whether they have access to quality care and whether that care, including specialty and subspecialty care, meets their patient's specific needs. And physicians know that consideration of costs alone is not a responsible way to evaluate a provider or create a network.

Without incorporating quality into the network adequacy determination, use of narrow networks as a cost containment mechanism threatens access to quality care for many patients. A cost-focus in narrow network design has the potential to exclude physicians and other providers caring for vulnerable populations and patients with complex medical needs. Moreover, exclusion of many physicians from certain network products may deter some patients from choosing a network or may cost-shift out-of-network costs onto those who have purchased the product without realizing its quality limitations and do not have in-network access to appropriate care. Measuring and monitoring other dimensions, such as quality, to assure network adequacy could prevent these potential problems.

Mixed messages on quality

Despite insurers showing interest and even investment in measuring provider quality, the Georgetown research shows great trepidation among regulators and other stakeholders about assessing network quality in the context of network regulation.

Failure to incorporate quality when determining a network's adequacy risks sends competing messages to providers. In so many areas of health care, there is a push toward value-based payment models that emphasize quality and value. Significant resources are being invested by many stakeholders, including the federal government, state governments and provider organizations, to move away from a payment system based on costs and quantity to a value based system. Much progress is being made in this area. Selection of providers for narrow networks based on cost data, with little or no consideration of the quality of care they provide, the patient mix they care for, or the innovations they embrace runs contrary to making progress towards the Triple Aim of better health and better health care at lower cost. As a result, provider investments in new models of care may not be associated with narrow network selection and the message to providers considering entering into these new models could be a very mixed one at best.

¹ AMA Policy H-406.993, "Development and Use of Physician Profiles;" AMA Policy H-406.994, "Principles of Physician Profiling."

Patient choice

While quality should play a role in any network regulation, narrow networks are particularly ripe for stronger regulation on quality because of the limited choices provided to patients. As networks shrink, so does the ability of patients to choose their providers. Without the competition that comes with patient choice, a decrease in quality seems likely. In other words, where patients have choice, their selections promote competition among providers based on quality. However, when these internal network quality controls are missing because a network is too narrow, the AMA suggests that consideration of quality in network design and regulation is necessary.

Next steps

The Georgetown issue brief finds that narrow networks are not regulated any differently than broader networks and that regulators do not consider the quality of these networks as they are assembled and put to market. The AMA would like this to change because it believes that cost profiling alone should not determine network inclusion and because ignoring quality in narrow networks could be harmful to patients.

As state legislatures across the country contemplate new provider network legislation, policymakers and other stakeholders have an opportunity to consider how network adequacy requirements need to improve to address the quality of narrow networks. For example, network adequacy standards should take into account provider quality, patient mix, practice type, and availability of specialty and subspecialty care for evaluating whether a network provides comprehensive and timely access to care in a nondiscriminatory manner.

Network adequacy standards should also be used to evaluate the degree of care coordination and patient experience that a narrow network provides; especially for those narrow networks that purport to offer superior coordination or organization of providers within the network (e.g. “high-functioning” networks, “high-performing” networks, “ACO-type” networks) and attract customers with such promises.

And finally, transparency should be central to all network adequacy rules – from the breadth of a network to accurate provider directories to the criteria used to select and assemble the network’s providers. Consumers must know what they are purchasing and if the product is appropriate to meet their health care needs.

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