Navigating Healthcare

Will Narrow Networks Threaten Reimbursement?

Here's What We Found

BY MICHAEL POWE

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The basic principle underpinning the enactment of the Affordable Care Act (ACA) is to extend insurance coverage to individuals who lack access to timely and affordable healthcare services. Challenges associated with the implementation of state health insurance marketplaces are well documented and have reduced the numbers of previously uninsured individuals signing up for coverage. Despite those enrollment difficulties, millions of additional people have obtained coverage and will need care.

However, access to care does not automatically become a reality when an individual enrolls in a health plan or receives a plastic insurance card. Access requires the availability of well-timed, appropriate care that is conveniently located and delivered by a healthcare professional considered competent to provide the level of care needed by the patient.

It is generally acknowledged that at present there is a shortage of healthcare professionals. That shortage is more pronounced in certain specialties and in particular communities. It would seem to be a "no-brainer" that we need to increase the number of available healthcare professionals to treat existing patients and the influx of individuals who obtain insurance. The refrain goes something like this: With millions of recently insured individuals likely to seek care it is essential that all healthcare professionals work at the top of their license to ensure appropriate patient access to care.

Apparently, someone forgot to inform certain private insurance companies about this philosophy. In fact, some insurers are advocating that there are simply too many healthcare professionals in their provider networks. Some insurers are even working to reduce the number of physicians and other providers who are eligible to participate in their networks.

The process of limiting the number of health professionals who can deliver care to patients in a particular health plan or insurance product is known as creating a narrow network. When a physician is not included in a particular network the PA(s) with whom the physician works will also be excluded. If patients choose to receive care from a health professional who is not included in the network, the penalty could range from higher deductibles and co-pays to a complete lack of insurance coverage for that visit.

AAPA is attempting to gather information from PAs who have been impacted by an insurer's decision to form a narrow network.

Some payers feel that limiting the number of health professionals with whom they contract will both reduce costs and allow for increased communication with those clinicians on issues such as the utilization of appropriate quality measures and efficient treatment guidelines. Physicians complain that the real motive behind narrow networks is to punish providers who cost the insurance company more because of prescribing, referral or treatment patterns irrespective as to whether those practice decisions produce better outcomes for patients.

Narrow networks are not a new phenomenon. The concept has its roots in the 1980s and 1990s under the rubric of managed care. Insurance companies are quick to point out that this new version of narrow or tiered networks will be different. While previous network inclusion criteria focused on including professionals who had the lowest cost of delivering care, the new network designs are said to define and benefit truly high-performing clinicians based upon data that focuses on mutually agreed upon quality metrics and improved patient outcomes.

Amy Oldenburg, head of national provider networks at Aetna, noted in the February 2012 issue of Managed Care, that quality and not cost will be the most important factor when selecting physicians for tiered networks. Many physicians remain unconvinced and are deeply troubled by the narrow network movement.

Those concerns may be well founded. In Connecticut a group of physician organizations won an injunction against UnitedHealthcare when the insurer sent out hundreds of network termination letters to physicians who had been participating in a Medicare Advantage health plan. The letters gave no indication to physicians as to the criteria or data that was used in making a decision to terminate their participation in the network.

Physicians who were excluded pointed out that patients were placed in a difficult situation. They scrambled to find new providers to receive care. The burden was especially difficult for patients who suffered from serious and chronic medical problems and had established a long-term relationship with a particular physician.

The Centers for Medicare & Medicaid Services (CMS), the agency that administers the Medicare and Medicaid programs, was contacted by physician groups for their view on the acceptability of insurers excluding certain physicians. To date, CMS has not issued a formal opinion about insurance companies developing narrow networks.

A provision in the ACA (Public Health Service Act 2706(a)) states that "a group health plan and a health insurance issuer offering group or individual health insurance coverage shall not discriminate with respect to participation under the plan or coverage against any health care provider who is acting within the scope of that provider's license or certification under applicable State law." The language appears to support the concept of provider inclusion.

However, additional language in that same provision specifies that this section "shall not require that a group health plan or health insurance issuer contract with any health care provider willing to abide by the terms and conditions for participation established by the plan or issuer. Nothing in this section shall be construed as preventing a group health plan, a health insurance issuer, or the secretary from establishing varying reimbursement rates based on quality or performance measures."

The intent of this additional language suggests that healthcare professionals, such as PAs or physicians, should not be excluded from participation as a group or a class, but that a health plan may have the ability to exclude individual health professionals.

The concept of narrow networks is not limited to clinicians, either. Hospitals are also reporting that they are being excluded from certain health plans. Seattle Children's Hospital was excluded from several of the state health insurance marketplace plans. The hospital has sued the Washington State Office of the Insurance Commissioner, claiming that the exclusion fails to ensure adequate network coverage for patients, which is required by the ACA.

AAPA will continue to work in support of maximum flexibility and inclusion for PAs and help ensure that patients have freedom of choice in terms of the healthcare professional who delivers their care.