



Setting Limits

How high-performance, tiered and narrow networks may offer savings

When it comes to medical benefits, the words high performance, tiered, narrow and restrictive tend to have negative implications. The beliefs that health plans shouldn't dictate where people get care, and bigger is better, are still widely accepted – but that could be changing.

As more and more employers are educated about all of the options available, they are recognizing the positive impact that setting limits on their medical network can bring to their employees, and their bottom line.

What exactly are high-performance, tiered and narrow networks?

While they are not exactly the same, high-performance, tiered and narrow networks all considered “restricted plan designs” that focus on controlling the rising cost of healthcare.

A high-performance network is a group of select providers that are identified for consistently delivering both lower costs and high quality care that is patient-centered, evidence-based, appropriate and coordinated.

A tiered network assigns different groups of providers into different benefit levels, or tiers, based on the cost and the quality of care they provide. Benefits are higher, and out-of-pocket costs lower, for doctors and facilities in Tier I. This plan design can help incentivize employees to select high-quality, lower-cost doctors.

A narrow network is a small or select group of providers who offer preferred prices for their services. Sometimes a narrow network includes just one health system and its affiliated doctors, hospitals and facilities.

What are the advantages of these networks?

The advantages of implementing a restricted plan design depends largely on the employee population, but many employers are discovering that these arrangements bring:

An updated healthcare delivery model. The cost of healthcare services can vary largely between different medical providers and is not necessarily tied to the quality of care received. Restricted plan designs can help employers get the most value from the money they spend on healthcare. This can lead to lower premiums and out-of-pocket costs.

Quality, value-based of care. Restrictive plan designs move away from the current “fee for service” system to one that measures and rewards quality, cost effective care, tying payments to evidence-based, high-quality patient outcomes. With a high-performance, tiered or narrow network, the doctor's and the patient's incentives are aligned toward efficient and effective care, which can prevent health issues and high-cost utilization.

Empowered employees who take an active role in healthcare spending. With this sort of plan design, the way an employee uses their plan has a direct collection to how much they spend out of pocket. Therefore, employees tend to be more educated and engaged when selecting medical care. To lower costs, they may be more likely to only visit in-network and/or Tier I medical providers and seek freestanding facilities when possible.

Interested in offering a high performance network?

You should start by looking at your employee population. The age, family status and health of your employees should play a role in considering any benefit strategy. Next, consider your location. Are there enough doctors, hospitals and other healthcare facilities in your area to facilitate these sorts of arrangements? What are the pros and cons of these providers?

Finally, call an expert. Your broker, TPA or network partner can help you determine which benefit strategy is best for your employee population. And they can often help you educate your employees about plan designs, which is key to a successful health plan.

Looking for more tools to help your employees become smart healthcare consumers? **Contact HealthLink at 800-624-2356 today.**