



Employer's Forum

High Performance Networks

Presented by:

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Presenter

Chad Morris

- Vice President – Employee Benefits Consultant
- PPACA Certified through the National Association of Health Underwriters (NAHU)
- Partner with medium to large-sized employers
- Clients in: Higher Education, Public Entity, Manufacturing, Staffing
- Currently serve on the Wellness Council of Indiana Advisory Board



Agenda

- Characteristics of a High Performance Network
- Network Development
- Why Now?
- Why Indiana?
- Who's Playing?
- Goals

Interchangeable Terms

High Performance Network solutions/strategies take on a variety of forms and names:

- **High Performance Network**
- High Performance Narrow Network
- High Performance Health Network
- High Performing Health Network
- High Performance Health Plan
- Custom Provider Network
- Tiered Network
- Narrow Network

HPN Criteria

Characteristics of a High Performance Network:

- **Total Cost of Care**
 - Considers costs for an entire healthcare episode from the member's perspective, rather than the traditional approach of looking at per-visit or per-procedure costs
- **Quality of Care**
 - Entails new metrics to assess whether healthcare is safe, effective, patient-centered, timely, efficient and equitable
- **Consumer Preference**
 - Factors in patients' willingness to pay for choices in primary care providers, specialists, and specific health systems

Source: PwC – High Performance Health Networks White Paper

Network Development

- A thorough market analysis of the hospitals/providers in a geographic area is completed
- Cost and quality scores are generated and shared with the hospitals/providers
- High performing hospitals/providers are in, non-high performing hospitals are out
- Direct provider contracts are initiated – often based on Medicare methodology
- Network can be calibrated to match plan design

Why Now?

Why High Performance Networks now?

- Ongoing healthcare premium increases
- Increased cost sharing
- **Increased transparency showing huge variances in the cost and quality of healthcare**
- *Nearly two-thirds of the current offerings on the public exchanges are narrow network offerings*

Why Indiana?

Why Indiana?

- Out-of-state firms specializing in the development of high performance networks feel Indiana (and Indianapolis in particular) is ripe for this type of solution/strategy
- Market analysis is showing large variances in the cost and quality of healthcare in Indiana
- A large percentage of Indiana employers self-fund their health plans
- There is competition in several areas of Indiana and a number of hospitals that *may* be willing to participate in a high performance network
- Discussions are already underway and the initial reaction from employers is overwhelmingly positive – this will get traction

Who's playing?

- **Progressive National Payers**

- Example: United Healthcare's Premium Designation Program
 - Targets 27 specialties covering greater than 80% of medical spend
 - Program evaluates physicians using national evidence-based guidelines for quality and local market benchmarks for cost efficiency
 - Segments physicians into Tier 1 and non-Tier 1 categories
 - Members can receive reduced cost-sharing by accessing Tier 1 physicians through lower copayments and lower coinsurance amounts
 - Average incremental savings driven from utilizing Tier 1 physicians is 9.9%*

- **Independent TPAs**

- Example: There is currently a High Performance Network being utilized in Northern Indiana that is administered by an out-of-state independent TPA

- **Stand-alone, independent consulting firms often paired with a compatible independent TPA**

- Example: Imagine Health (and others)

Source: 2012 UnitedHealthcare Network (Par) Claims analysis for 25 specialties and 147 markets

HPN Goals

- Improved Outcomes
- A Better Patient Experience
- Potential for Reduced Costs – 10-15% PEPY

Thank You

Questions?

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