Key principles to designing high performance networks

Employers' Forum of Indiana
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Principle #1:

Always put quality first when designing the network

- No member wants to be part of a narrow network of the cheapest providers, and part of most people's hesitation to join a narrow network is that the best provider for their condition won't be in it.
- It's critical to ensure that quality, and to a lesser extent patient experience, is the only driver behind provider selection.
- Cost can be negotiated after the high quality providers are selected. It shouldn't play a part in the provider selection process unless it's a tiebreaker between two equally high quality providers.

Principle #2:

Quality measures need to be compelling to both providers and members

- The quality measures used to select and monitor providers for the network need to strike a delicate balance.
- They need to be rigorous enough that providers agree that working to improve them is a worthy goal. This means: they are thoroughly risk adjusted, they take statistical significance into account, they are in providers' control, and they measure areas that providers agree are important and a fair way to assess performance.
- On the flip side, the measures need to be able to be communicated in a simple way to members, so that they can understand how the providers were selected. This goes a long way towards helping them understand the value of the network.

Principle #3:

No provider is equally good at everything, so sculpt the network accordingly

- Even the highest quality provider systems have clinical areas at which they are not quite as strong. For example, a hospital might be very strong across the board but not as good as others in the area at spinal surgery.
- From a member experience standpoint, we think it's better to have an entire hospital either in or out of network – it's too confusing to have a hospital in network for most services but out of network for spinal surgery. This is too complex for members and could lead to a situation where they think they have chosen an in-network hospital but end up getting an out-of-network service at that hospital. We don't recommend setting up a network that way.
- Instead, we recommend using network physician selection to steer members to the best hospital for the service they need. See example on the following slide.

Sculpting a network by clinical areas

Hospital	Overall care	Cancer care	Cardiac care	Cardiac surgery	Gastro care	General surgery	Interventional coronary	Neurological surgery	Orthopedic care	Orthopedic surgery	Pneumonia care	Pulmonary care	Spinal surgery	Vascular surgery	Women's health	Market share
Hospital 1	100	59 1,278	99 9,424	97 399	99 6,721	98 2,479	90 941	97 481	100 1,471	98 3,762	99 1,346	99 5,312	89 1,492	97 792	92 613	5.5%
Hospital 2	98	92 480	83 4,885	-	99 3,732	100 1,528	27 152	66 41	83 891	91 1,216	99 829	99 4,503	82 501	97 380	95 161	2.4%
Hospital 3	97	92 1,275	94 8,767	80 1,041	99 5,748	99 2,714	25 1,219	89 221	88 1,698	58 1,814	89 1,228	81 4,637	4 1,106	97 888	95 412	5.3%
Hospital 4	96	84 810	98 8,346	85 311	94 5,629	80 1,963	97 1,022	72 19	88 1,405	88 1,450	98 1,1,65	90 5,754	14 219	87 679	75 193	4.2%
Hospital 5	96	14 719	95 7,232	51 360	88 4,481	78 1,793	89 784	76 98	91 1,398	84 2,399	97 1,307	92 4,588	13 631	3 456	97 385	3.6%

Legend:

75th – 100th percentile	26th – 74th percentile	1st – 25th percentile	99 6,721	Quality Score # of procedures

In this example, where hospitals 3, 4, and 5 are not strong performers in spinal surgery, we would recommend closely analyzing the admitting privileges and patterns of all the spinal surgeons in the area, and choosing only those who admit to hospitals 1 and 2. If we don't include any spinal surgeons with admitting privileges to hospitals 3, 4, and 5, it will be almost impossible for a member to end up having spinal surgery there.

Principle #4:

High performance networks need to be a win-win-win for providers, members, and employers

- To be successful, high performance networks have to be sustainable for all parties involved: providers, employers, and members
- For providers, the lower rates they provide for a high performance network must be more than compensated for by the additional volume they receive, and they need to agree that the quality criteria are fair and relevant
- For members, high performance networks need to be easy to use, with no surprise out-of-network bills. They should be able to feel confident that they are accessing the best quality care for themselves and their families. And high performance networks should be less expensive than a traditional PPO network.
- For employers, high performance networks should demonstrate that they are enabling the employer to offer higher quality care at a lower cost. They should be easy for the employer to offer and administer, and shouldn't create any more member noise than a standard plan.

Principle #5:

At least initially, offer high performance networks as a choice

- A very common question that employers have about high performance networks is: aren't they taking away choice from our members?
- At Imagine, we recommend that employers offer a high performance network side-by-side at open enrollment with traditional PPO plans. That way, employees can choose which plan is best for them and their family. In this situation, employees voluntarily opt into the high performance network.

One example: Imagine's high performance network in Chicago

Quality

10% increase in hospital quality

Cost

22%
Price-per-unit savings

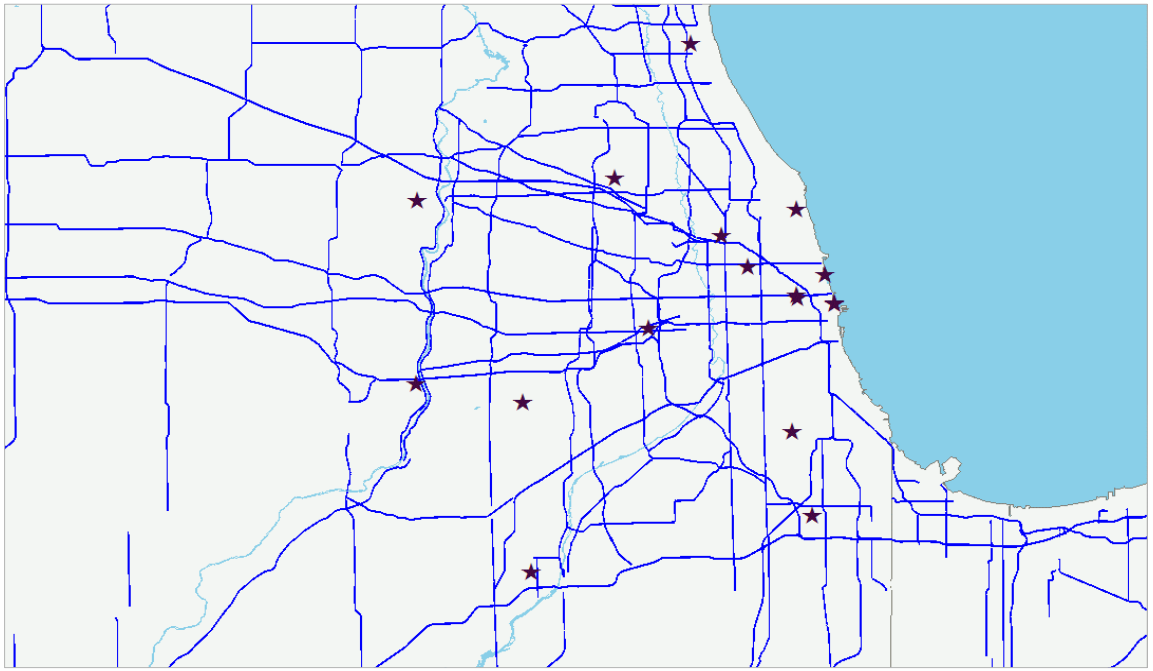
11%
Increase in physician efficiency

Access

17
hospitals

2,179
total PCPs

3,944
total specialists



Hospitals

Community First
Edward
Elmhurst Memorial
Ingalls Memorial
Little Company of Mary
Northwest Community
Northwestern Lake Forest
Northwestern Memorial
Northwestern Prentice Women's
Presence Elizabeth Campus
Presence Mary & Elizabeth
Presence Mercy
Presence Resurrection
Presence St. Francis
Presence St. Joseph Chicago
Presence St. Joseph Elgin
Presence St. Joseph Joliet

Data based on claims incurred July 2014 – June 2015 & paid through September 2015