

HB1416 – Any Willing Provider: Overriding Consumer Choice and Increasing Premiums

Senate Human Services Committee

Dylan Wheeler

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What is a network?

General Definition:

- The makeup of facilities, providers and suppliers which a health insurer or plan has contracted to provide health care services.

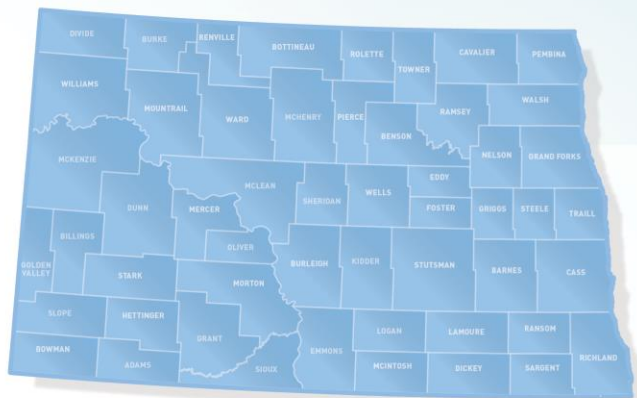
Types of Networks - Examples:

- **Broad:** a broad network typically consists of a majority – if not all - of the providers within the service area and beyond.
- **Focused:** focused networks consist of fewer providers. Providers in a focused network agree to a reduced contracted rate in exchange for the anticipated increased volume.
- **Tiered:** tiered networks consists of just that – tiers. Contracted providers and member benefits correspond with the different tiers

NETWORKS

Why do health insurance companies use networks?

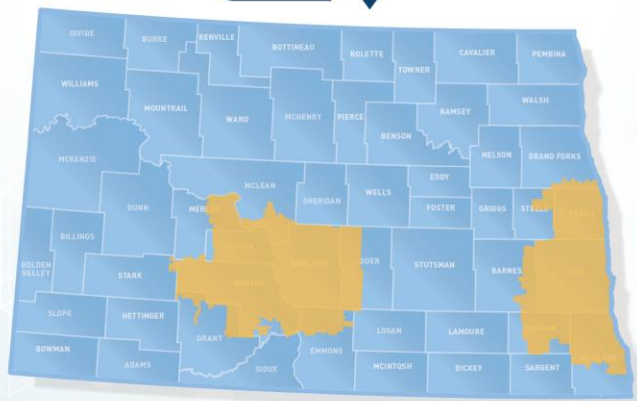
- **Consumer Choice:** Broad and focused Networks **empower** consumers with different options and allow the consumer to **choose** a health plan that meets their needs.
- **Cost Control:** A focused network includes fewer health care providers at a lower cost to the consumer. Broad networks — which include more health care providers — increase costs for consumers.
- Encourage a competitive market



BROAD
NETWORKS



DECREASED
COSTS

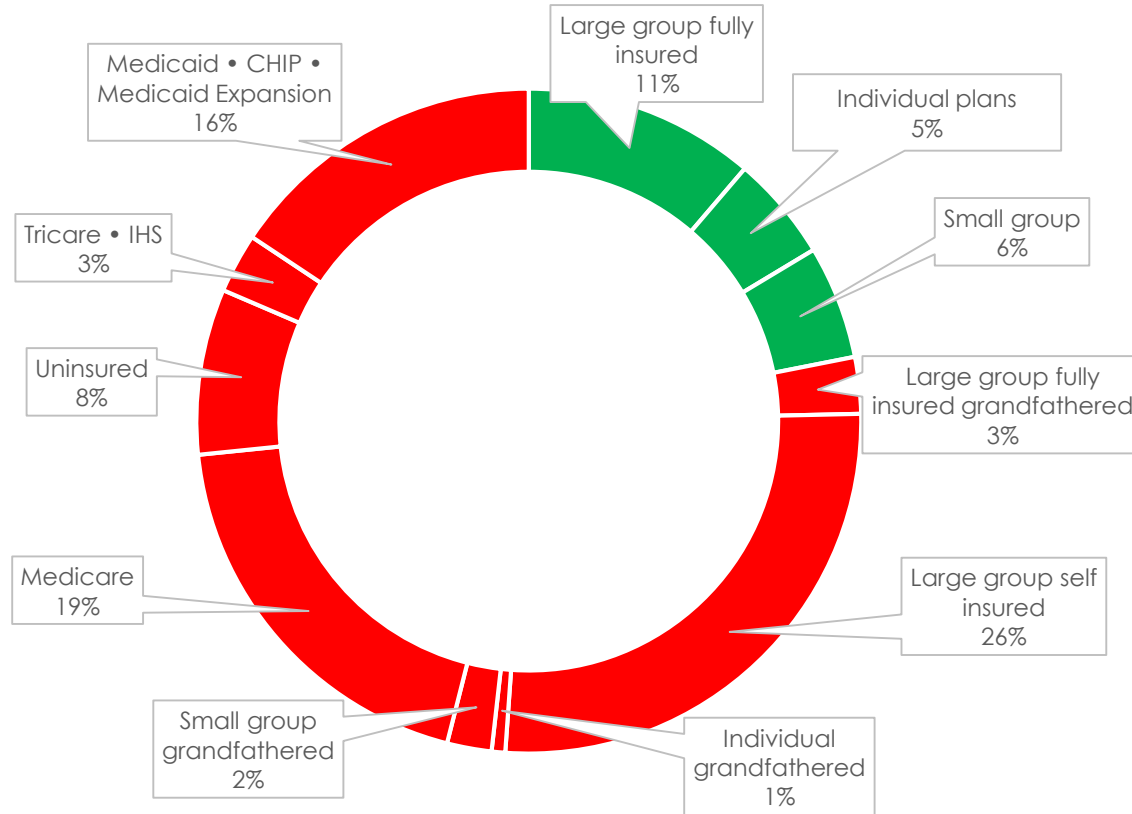


FOCUSED
NETWORKS

Health Insurance Networks and Integrated Care Delivery

- Broad and Focused networks are not unique to integrated care delivery systems – plan options are prevalent in markets nationwide.
- Almost all of North Dakota providers are included in Sanford Health Plan's Broad network current day – consumers have the choice to select that plan.
- Focused networks, on average, save a consumer 20% in premium as compared to the broad network.
- **HB1416 singles out one business and one plan option in North Dakota.**

HB1416 Will Limit Choice for a Small Part of the Market



By the Numbers



- Groups – Sanford Health Plan Focused Network
 - Large Group: 58*
 - Small Group: 265
- Individuals – Sanford Health Plan Focused Network
 - 6879
- Sanford Providers – Focused Network
 - 1952
- Non-Sanford Providers – Focused Network
 - 1585



HB1416 WILL
NEGATIVELY
IMPACT...

Consumer Choice and Health Insurance Networks

- Consumers are empowered today to make informed decisions as to what health insurance plan meets their needs – including individuals, families and businesses
- Choice exists on the ACA Marketplace, as well as with commercial employer coverage.
- Sanford Health Plan **requires** that employers who offer TRUE (focused network) to its employees **MUST** offer a broad network product as well.
 - An employer cannot offer just a focused network*
- The #1 complaint that is received is that the focused network product is **not offered through the whole state** – members lack that choice today outside of otherwise eligible counties.

Consumer Choice in Action – Example 1:

- ND Employer
- Group has 98% eligible for TRUE (focused network)
- Group has 67% enroll in TRUE; other 33% chose Signature Series (Broad Network)

Plan Tiers	Signature (Broad)	True (Focused)
Employee	\$ 564.39	\$ 452.55
Employee + Spouse	\$ 1,185.22	\$ 950.36
Employee + Child(ren)	\$ 1,015.90	\$ 814.60
Family Coverage	\$ 1,693.17	\$ 1,357.86

Consumer Choice in Action – Example 2

- ND Employer
- Group has 100% eligible for TRUE (focused network)
- Group has 28% enrolled in TRUE; remaining 72% chose Signature Series (Broad Network)

Plan Tiers	Signature (Broad)	True (Focused)
Employee	\$652.70	\$523.36
Employee + Spouse	\$1,370.66	\$1,099.05
Employee + Child(ren)	\$1,174.86	\$942.04
Family Coverage	\$1,958.09	\$1,570.08

Consumer Choice in Action – Example 3

- ND Employer
- Group has 99% of its employees eligible for TRUE
- Group elected not to offer TRUE to its employees

Focused Networks – Current Status

Limited Number of Providers

+

Lower Reimbursement Rates

+

Higher Volume of Services to
Contracted Providers

=

Lower Premiums for Consumers –
20% Less Per Month



Focused Networks – Future State With HB1416

Limited **INCREASED** Number of Providers

+

Lower **HIGHER** Reimbursement Rates

+

Higher **LOWER** Volume of Services to
Contracted Providers

=

Lower **HIGHER** Premiums for Consumers

**Cannot have FOCUSED network premiums
with BROAD network of providers.**



**Cannot have FOCUSED network premiums with
BROAD network of providers.**



- Why Not?
 - Foundational Principles of a Focused Network
 - Current Providers in Focused Network Lose Incentive to Remain in Network at Lower Rates Because Previously Understood Volume No longer Present
 - **This results in having to contract at higher rates to keep providers in-network – resulting in higher premiums.**

FICTION

- Sanford only has Sanford providers in the focused network.
- Sanford only pays Sanford providers in the focused network.
- There are no local providers in a focused network.

FACT

- 45% of providers in the focused network are non-Sanford.
- On average, 40%-50% of claims paid in focused network go to non-Sanford providers.
- Network adequacy standards require local access.



The bottom line is...

- HB1416 will remove the ability for health plans to deliver affordable coverage options.
- HB1416 will remove existing consumer choice from the market.
- HB1416 is a government mandate that supersedes an adaptable market.
- HB1416 will increase premiums and impact already contracted providers.
- Oppose HB1416 and vote **“Do Not Pass”**

