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TheUpshot

Narrow Health Networks: Savings vs. Satisfaction?

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You probably chafe a bit every time you learn that a certain doctor or hospital isn't part of your insurance network. Narrowing the scope of your network helps insurers save money. They can drive hard bargains with doctors and hospitals to get lower prices and walk away from higher-priced ones.

Increasingly, insurers are offering narrow network plans. Would you enroll in one? So long as quality doesn't suffer, consumers should welcome the lower premiums they may offer.

Researchers at the Leonard Davis Institute at Penn analyzed the relationship between network size and premiums for plans offered in the Affordable Care Act marketplaces. Plans with very narrow networks (covering care by less than 10 percent of physicians) charged 6.7 percent lower premiums than plans with much broader networks (covering care by up to 60 percent of physicians). This translates into an annual savings for an individual of between $212 and $339, depending on age and family size. For a young family of four, the savings could reach nearly $700 per year.

"Marketplace consumers are looking for value," said Daniel Polsky, the University of Pennsylvania health economist who led the study. "That level of savings could be a very good deal for consumers, but whether these plans provide value depends on how they are achieving those savings."

One way plans might save money could make it harder for patients to get care — so that they get less of it. Narrow network plans may do this if they don't cover enough nearby providers, or the ones they do cover are too busy to take new patients in a timely fashion. Clearly this would be especially problematic if appointments with one's preferred primary care doctor are hard to obtain.

Are today's narrow network plans actually doing this? Until recently, we had no data to answer this question. But two studies published earlier this year — one focused on Massachusetts, the other on California — provide some insight.

In 2012, the Massachusetts Group Insurance Commission, which provides health insurance to a lot of government employees in the state, offered most of them the chance to waive three months of employee premium contributions if they enrolled in new, narrow network plans. This premium holiday amounted to an average of $500 in savings to an enrollee. The new plans covered about half as many physicians and one-third fewer hospitals than previous, broad network plans.

The deal was offered to the 100,000 or so state employees and their dependents, but not to the nearly 20,000 enrollees who are state municipality employees. That created the natural experiment we economists love. By comparing the experiences of the two groups, the economists Jonathan Gruber and Robin McKnight teased out the effect of narrow network plans on the 10 percent of enrollees induced by the premium holiday to enroll in one.

Switchers spent a whopping 36 percent less on health care. Some of these savings can be attributed to narrow network enrollees who saw expensive specialists less. This could be because healthier enrollees who require fewer specialists were more attracted to the plans.

But savings were not entirely driven by healthier people who switched to the plans. They were also achieved by more efficient use of the health system. Narrow network enrollees used the emergency department less, particularly for conditions treatable in office settings. The per-visit cost of outpatient care also fell for narrow network enrollees, which would be expected if the plans paid lower prices. The authors did not find evidence that patients in narrow network plans used lower-quality hospitals, consistent with other work that suggests networks can be narrowed without sacrificing quality.

The savings were concentrated among enrollees who retained their primary care physician as they switched plans. And the distance that narrow network enrollees traveled for primary care visits — but not for specialists — fell. This suggests that plans that narrow their networks of costly specialists but maintain or increase their network of primary care doctors are on the right track. Not only can primary care doctors help patients select specialists and hospitals — and advise them when they're necessary at all — but retaining primary care physician relationships is also important to many patients.

That's why the results of a recent study of new plans offered in California are especially troubling. Simon Haeder, a West Virginia University political scientist, and colleagues at the University of Wisconsin-Madison and the University of California, Irvine, found that access to primary care physicians was relatively poor for a sample of plans offered through California's Affordable Care Act Marketplace in 2015. Most Obamacare marketplace plans in California, as well as in other states, are narrow network plans.

Using a "secret shopper" approach, the study found that only about 30 percent of attempts for appointments with specific primary care doctors were successful. In this approach, an individual pretending to be a patient seeking an appointment called the offices of over 700 primary care doctors listed in marketplace plan directories.

In about 15 percent of cases, the doctor did not accept the caller's plan, despite being listed in its directory. In nearly 20 percent of cases, the directory included the wrong phone number or the number was busy in two calls on consecutive days. Ten percent of doctors called were not accepting new patients. And about 30 percent of doctors called were not primary care physicians, despite being listed as such in the directory.

When callers were able to make an appointment, the average waiting time for a physical exam was about three weeks. In cases for which the caller pretended to have acute symptoms, the average time until an appointment was about one and a half weeks.

"If patients struggle to obtain primary care appointments, narrow network plans may have a rocky future," Mr. Haeder said. Consumers revolted against managed care in the 1990s, he notes, and they could very well revolt against poorly managed and loosely regulated narrow networks.

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