Network Adequacy Standards

How to set up a provider network and ensure it is adequate can be quite difficult. While there are no national standards for provider network adequacy, qualified health plans (QHP) must ensure that there are a sufficient number of providers to meet enroll needs in the plan. There are published standards that vary from state to state and plan to plan; however, sifting through these can be a difficult task.

The Affordable Care Act (ACA) states that QHPs offered through the marketplace offer enough providers to meet the needs of enrollees, but falls short in stating what those standards are. The Centers for Medicare and Medicaid Services has requirements for Medicare Advantage (MA) Plans, offering both standards for number of providers and the limited distance based on the geographic region in which an enroll lives. This is often used as a basis for most health plans. But is this enough guidance for other types of plans in the market?

Narrow networks are more often becoming the norm in the healthcare space – offering a limited number of in-network providers to serve the population. A study completed in 2019 indicates that 75% of exchange products sold on the marketplace were that of a narrow network. While having a narrow network most often meets the standard – because there really isn't anything written in stone, the differences across plans in setting policy can vary extensively. By allowing most plans to set their own policy, continuity is sometimes lost, and the outcome is seen in the suffrage of patient care. This can be detrimental to the overall health of any program and causes an increase in overall spend because enrollees are not getting the care they need to maintain their health.

So how does a health plan set up standards and develop policy that meet patient needs and keeps costs down? That can be tricky! Having market intelligence on the needs of the patient population is key to ensure a network that is robust enough to meet patient needs. In addition, looking at both state and federal standards and completing a comparative analysis to ensure knowledge of any requirements that exist is essential.

CMS recently issued a letter for 2023 QHPs for both existing and new market entrants that states an evaluation of QHP provider networks based on time and distance standards and number of providers would be completed. While these are typical measurements, it appears that additional oversight will take place at either the federal (CMS) or state level if said state has agreed to oversight of Federally-facilitated Exchanges.

Provider network adequacy continues to be at the forefront of discussions at both the state and federal levels. Until a federal standard is established for all health plans, which doesn't appear to be happening any time soon, plans will need to make decisions about network adequacy based on the needs of enrollees and any contractual related guidance. Getting assistance from an expert in the network adequacy space can be helpful in making those decisions and ensuring enrollees are getting the right care in the right time and place.