



Quality Solutions. Optimal Results

NETWORK ADEQUACY

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What Is Network Adequacy?

Network adequacy refers to a health plan's ability to deliver the benefits promised by providing reasonable access for patients to seek health care with a sufficient number of in-network primary care, specialty, hospitals, and ancillary providers included under the terms of the contract.

Many health plans across the county have provider network adequacy deliverables which are often prescribed by the contracting entity in which the health plan represents. For example, for Medicare beneficiaries these standards are set but the Centers for Medicare and Medicaid Services (CMS). For commercial plans, the standards could be more or less stringent based on the needs of the population being served.

Why Is Network Adequacy Important?

The American Medical Association believes that an adequate provider network is a critical attribute of health insurance coverage. Patients are more likely to seek medical care from physicians and other health care providers who are part of the network. Inadequate networks prevent patients from being able to see the physicians that they know, trust, and depend upon throughout their lives. Patients who lose their family or other physician with whom they have a relationship with, experience interruptions in care and are at increased risk of developing major health complications and comorbidities. By building an adequate provider network that is inclusive of and sensitive to patient needs, beneficiaries are more likely to seek and receive care preventing undue harm.

How Is Network Adequacy Measured?

Network adequacy is generally defined as sufficient number and types of providers to ensure reasonable access without delay. Defining “sufficient” and “reasonable,” however, is challenging. The Medicare program and many state regulators measure network adequacy with respect to number of providers by specialty and time and distance traveled by patients to receive care, but standards vary. [State definitions](#) of a reasonable distance varies considerably from a 30-minute drive or 20 miles for primary care (Delaware) to 75 miles for specialty care (Texas) reflecting local context. Time and distance can also be impacted by where the beneficiary resides in relation to metro, urban, rural, and frontier areas. While a beneficiary in a major metropolis might need to drive 10 minutes to a provider, someone in rural and frontier areas may travel much further and still meet the requirements of network adequacy.

What Are the Benefits of Network Adequacy?

As stated above, there are a myriad of benefits to network adequacy. Of most importance, is providing a network which facilitates a cost-effective healthcare delivery system by offering:

- The right care
- Performed by the right provider
- Provided in the right location
- Performed with high quality
- Delivered in a timely manner

When these benefits are fulfilled, it suffices to say that network adequacy serves an integral role towards the optimization of the healthcare delivery system. This bodes well for the patient, provider, and health plan and reduces the overall cost of healthcare.