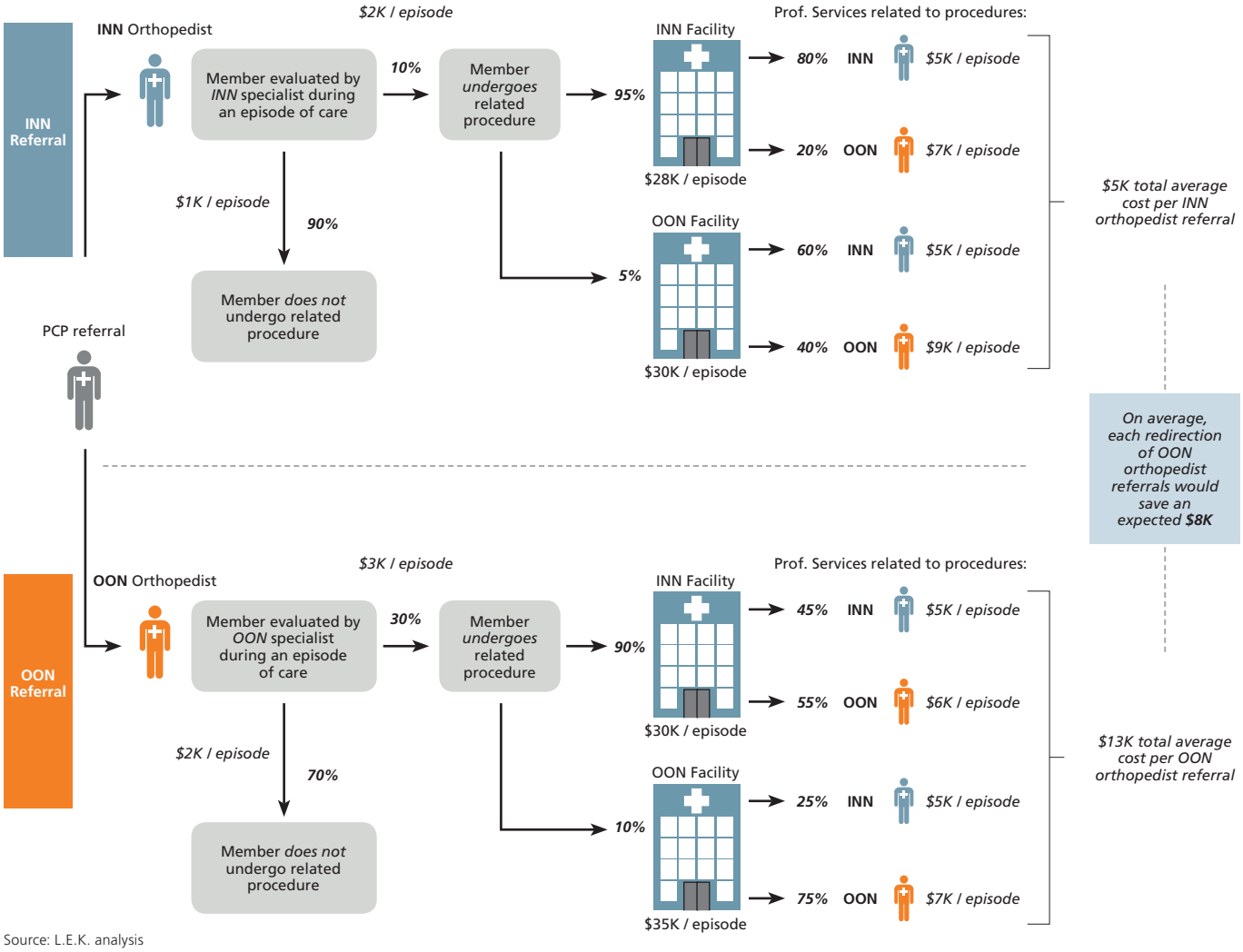
Operational Readiness for Narrow Networks

The implementation of narrow network products came with some hard lessons for many of our health plan clients. Gaps in prior authorization processes, benefit design, network access (not just adequacy) and claims logic were brought into focus by unexpected out-of-network (OON) utilization in some narrow network product lines. As the 2016 benefit period looms ahead, we recommend that health plans introducing narrow network products make their list and check it twice to ensure tight management of OON utilization in the new year.

Preparing for the 2016 Benefit Year

Are you operationally ready for your narrow network products? Even when primary care physicians (PCPs) refer patients to in-network (INN) specialists, those specialists could in turn refer procedures and downstream services to OON facilities and providers. It is critical to establish the appropriate review and approval processes for downstream procedures and referrals to ensure that the entire episode of care remains INN.

Are your in-network physicians a source of leakage to out-of-network facilities?



Source: L.E.K. analysis

Start 2016 By Managing Out-of-Network Utilization Tightly

As health plans kick off the 2016 benefit year, ensuring that operational procedures and processes support, enforce and adhere to narrow network designs will be important. Here are the key things to watch:

- **In January, health plans should be hyper-vigilant about setting precedent for the benefit period:**
  - Watch your OON authorizations — approvals for medical necessity and exceptions in January set the precedent for subsequent months; clinical decisions related to OON requests early on may limit your options for the remainder of the year
  - Track OON claims tightly — consider analyses or flags to detect any and all OON claims in the early weeks of the year. If any OON claims logic or processes are "broken"(i.e., OON claims come in without any authorization request or approval), January is the time to catch them, deny the claims and correct the gaps
- **Early in the year, watch for OON referrals driven by member and provider behavior:**
  - Identify and intervene with members who utilize OON services and educate them
  - Make the cost implications for OON services clear to members; communicate and recommunicate them, particularly to members who incur OON claims (even if you deny them)
  - Identify INN providers who refer to OON procedures and facilities; re-educate them on the network and identify additional providers that you may want to bring in-network

Contact

Please contact healthcare@lek.com for more information.

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