More Employers Add Narrow Networks to Offerings

More employers are including narrow provider network insurance plans among their plan offerings to their employees to give them a lower-cost premium option.

Narrow provider networks limit the number of covered providers included in health insurance plans. While these plans have been mainstays on Affordable Care Act marketplaces, employers have been slow to adopt them.

But according to the Willis Towers Watson "Health Care Delivery Survey," 18% of large employers offer a narrow network вЂ" also known as a high-performance network вЂ" in their employee health plans. Those numbers are expected to have grown to an estimated 25% in 2022, experts say.

Premiums for such plans cost 16% less on average than plans with broad networks, according to a study in the journal *Health Affairs* of plans sold on the individual health insurance market.

If an employer wants a more economical premium cost, choosing a plan with a limited (or narrow) network may help. Those who want greater choice may pay more for access to a network with more providers. Narrow networks include all specialties, but a smaller network may offer only two podiatrists, for example, while a larger network may offer 10 or more.

What they are

An insurer that offers the narrow network plan will contract with a local, community-based medical provider, large enough to ensure they have all the specialties needed for the insurance plan.

Typically, these plans feature fewer doctor and specialist choices, but they are, by law, required to have all medical specialties represented in their network. Many people think the plans are restrictive, but that's not the case. The main driver of these plans is their focus on coordinating care and the central role of the patient's personal physician.

On top of that, insurers say that providers in these narrow networks have track records of delivering care more efficiently and cost-effectively by focusing on improving patient health rather than billing for more services.

Cost savings: In exchange for a narrower network, up-front premiums are often lower than other plans that have more choices of providers.

Additionally, narrow networks control longer-term costs by encouraging enrollees to go to their primary care providers first with any new health concerns or issues, instead of going straight to a specialist. Increased use of primary care physicians and less use of specialists can also help control your employees' out-of-pocket expenses.

The drawbacks

These plans are not for everyone. For someone who may not use their health insurance much, a narrow network could be ideal. But for many people the narrow network may not include their personal doctor and hospital that they are accustomed to going to.

And in some cases a specialist could be miles away, requiring a long drive. This is something for parents of young children to consider when choosing a plan.

Also, even if you have staff that focus on staying in-network, sometimes going out of network is unavoidable. And many narrow network plans do not cover any services outside of their network, while others may cover a small portion.

Under the Affordable Care Act, health plan enrollees are protected from massive medical bills because health plans are required to limit the amount of out-of-pocket costs to $8,700 for an individual and $17,400 for a family. But that applies only to services from an in-network provider. There is no limit if your employee goes out of network.

The takeaway

Employers know they need to offer health benefits to attract and retain top employees.

Narrow network plans provide a way to contain costs without sacrificing care, but because they're comprised of local, community-based medical providers they're best for a workforce that works at a single location and therefore lives within proximity to the job site/office.

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