



Health Plan Network Adequacy and Surprise Coverage Gaps

A health insurer's "provider network" encompasses the group of physicians, hospitals and other health care professionals with whom the insurer has contracted to provide care to the insurer's insured patients. In exchange for lower rates, "in network providers" are usually guaranteed a certain volume of the care provided to the health plan's insured patients. Like most businesses, typically the greater the volume promised, the lower the rates that can be negotiated. Unlike other businesses, there is only so much time in a day to care for patients; too great a volume reduces the time a physician can spend with any one patient and risks reducing the quality of care a patient may receive.

An adequate health plan "provider network" includes enough hospitals, specialists, physicians and other clinicians to provide care to a health plan's patients in such a way that patients have access to necessary urgent, emergency or specialty care, don't have to wait unreasonably long to get an appointment or schedule a procedure, and don't have to travel unreasonable distances for in-network care. The "narrower" the network (meaning fewer "in-network providers" approved by the health plan), the greater the promised patient volume for "in network providers"; but, correspondingly, patients face more difficulty finding care, face longer waits to see their physician or schedule needed procedures, and may be forced to seek "out-of-network" care for which they are likely to bear a much greater personal financial liability. Thus, **"network adequacy"** is an important concept and critical balance for patients, plans, health care professionals and regulators alike.

"Out-of-network" care occurs when a patient receives care from a physician, hospital or other clinician with whom a health plan has not contracted. The likelihood of out-of-network care increases as a health plan's provider network narrows, and while out-of-network care can arise via a number of scenarios, the most likely are:

- Emergency care – when a patient is brought to an emergency department that is not within the patient's health insurance network, the care received from emergency physicians as well as other necessary and potentially life-saving specialists and other health care professionals is likely to be "out-of-network."
- Inpatient care – in some hospitals, all physicians are employed by the hospital or health system; in those hospitals, in-hospital care is likely to be all "in-network." However, in other hospitals some or all physicians are not employees; rather they contract with the hospital to provide care to the hospital's patients. In these contracted situations, it is possible that some of the physicians (e.g., surgeons) may be "in-network" for a particular patient, while others (e.g., anesthesiologists, pathologists or radiologists) whose care is also necessary for the patient may be "out-of-network." Thus, for a patient receiving care from a team of physicians, some may be "in-network" and some "out-of-network."



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Health insurance policies and the accompanying rules and procedures are extremely complex and often very difficult for insured patients to understand. When an insured patient receives care from an out-of-network provider, the out-of-network provider sends a bill to the health plan (just as in-network providers do). Depending on a variety of circumstances (policy terms, prior authorization, emergency situation, etc.) the health plan may pay only a portion of the bill from the out-of-network provider (or even none at all). If only a portion of the bill is paid by the health plan, the patient may receive a bill for the unpaid remainder. Due to the increasing complexity of today's health plan designs and options, patients often are surprised by these gaps in coverage and the care or bills their health plan does not cover.

Wisconsin is more fortunate than many states; issues with **"network adequacy"** and **"surprise coverage gaps"** are less frequent. This is attributable, in part, to the greater prevalence of integrated health systems in Wisconsin (hospitals, providers and health plans in one) decreasing the likelihood of a patient receiving care that is out-of-network. Also in part, it is attributable to Wisconsin having incorporated many patient-protection measures not enjoyed by patients in other states as HMOs rose to prominence in the early 1990s.

A number of states lacking Wisconsin's integrated systems and existing patient protections, however, have been less fortunate. National media accounts have documented patients in other states receiving large, surprise bills for care they thought covered by their health plans. In 2017, the National Association of Insurance Commissioners (NAIC) created model legislation designed, in part, to address these situations; thus far more than 20 states have recently proposed legislation drawn from this model. While Wisconsin has yet to see new legislation or proposed regulations in regard to "network adequacy," "surprise coverage gaps," and "surprise billing" derived from this NAIC model, the activity in other states warrants a discussion of these concepts and dynamics to provide greater understanding of these complex issues in advance.



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