

AHI Position:

The goal of all insurers is to create affordable and high-quality coverage options for their members. One of the ways they do this is by creating **high-value, low-cost networks**. Provider networks are formed when insurers enter into contract arrangements with certain health providers and hospital systems in which they agree to provide covered medical benefits to health plan members for a set, negotiated price.

AHI strongly supports the ability of insurers and HMOs to determine which providers may participate in-network, supporting our ability to develop high-quality, efficient networks which result in **lower costs and better coverage options for consumers**. Laws and regulations that allow any provider to be treated as in-network damage our negotiation leverage with big health systems and ultimately make it more difficult to provide affordable and high-value care. Similarly, AHI opposes legislation that impedes the contractual rights of health insurers and providers and believes contract issues should be negotiated in the free market between the impacted parties.

Government interference in insurers' ability to form high-value networks appropriately has been shown to increase healthcare spending as it creates less competition amongst providers and less incentive to offer more reasonable rates during negotiations with insurers. As the industry moves from the fee-for-service model to paying for value in the marketplace, it is important to ensure our industry's ability to innovate.

Wisconsin's competitive marketplace has a long history of innovation and enjoys the benefits of a wide variety of product offerings. AHI supports the preservation of our competitive insurance market, and any effort to prohibit the ability and flexibility necessary to build innovative networks will increase costs and impede the progress we have made.

"Value-based agreements seek to align payment with performance on quality, cost, and patient experience. The economic incentives are intended to motivate changes in care delivery to further goals such as evidence-based, preventive, equitable, and coordinated whole person care."

[AHIP](#)

AHI MEMBERS

The Alliance of Health Insurers (AHI) is a nonprofit state trade advocacy organization working to improve the health and well-being of individuals, families, and communities in Wisconsin by fostering innovation, eliminating waste, and protecting health care consumers.

AHI is made up of eight member health insurers including companies with large national footprints as well as members that operate mostly or only in Wisconsin.



High-Value Provider Networks

What are Insurance Provider Networks and How do they Work?

The ability to contract and form high-quality provider networks has been a foundational tenant of health insurance for decades, utilized by both commercial plans and government plans, such as Medicaid. These insurance networks are successful because they assist in helping health plans, whether public or private, negotiate lower health care prices in exchange for the provider seeing a higher volume of patients. In turn, patients will see lower out of pocket costs and cost-sharing when visiting an in-network provider. Together, these efforts **help insurers respond to rising healthcare costs and protect access to healthcare benefits and high-value providers.**

Network Adequacy Requirements: Another important aspect of provider networks is the requirement that insurers have network adequacy. Network adequacy requirements ensure patients have access to the appropriate amount and types of providers needed to utilize their healthcare benefits. Network adequacy standards apply to private insurance plans, those on the individual marketplace, and Medicaid and Medicare plans. The Office of the Commissioner of Insurance (OCI) defines network adequacy as: “a health insurers' ability to deliver covered benefits by providing reasonable access to enough in-network providers. Regulation of network adequacy can involve standards like maximum time or distance to travel to providers, maximum wait times, and minimum ratios of providers to enrollees.” **Applying more stringent or different standards from what is already required under federal law would create a confusing and cumbersome networking process, especially as standards may differ depending on the type of insurance product.**

Network Challenges: It's also important to be aware of the challenges insurers face when trying to meet network adequacy standards. OCI notes that those challenges can include “provider networks being under development, a lack of providers in a given specialty practicing within the time and distance standards of a county, or providers in a given specialty contracting exclusively with another organization.” With the workforce shortages in many different areas of healthcare, this is a real challenge that can impact consumers and insurers' ability to ensure network adequacy. One potential solution to help address network adequacy, is for Wisconsin to streamline healthcare licensing, promote telehealth, and to allow providers to practice at the top of their education, training, and experience.

Ultimately, health plans rely heavily on health care providers to ensure they are meeting network adequacy requirements and getting their health plan members the services they need. Continued collaboration with these providers is key to making successful and high-value networks.

How do High-Value Networks Benefit Patients?

By ensuring health plan members are utilizing high-value providers at lower costs, we can help keep premiums costs lower. A [Milliman](#) study found that **high-value networks reduced premiums by 5 -20% or more when compared to broader network plans.** Beyond the benefits of lower premiums, high-value networks also allow for **lower out-of-pocket and cost-sharing** amounts when patients see in-network providers. Finally, members are protected from balance-billing and surprise costs when seeing in-network providers.

The market is calling on health plans to have high performance networks, which give members access high quality-credentialed providers in return for lower costs. Health plans are working to ensure patients have affordable plan options to meet this demand, and their ability to contract and network with these high-value providers is key to meeting that expectation.