

The Changing Landscape of Health Plan Products and Plan Design

LANDSCAPE

- **Complicated and Far Reaching Trends**
 - ObamaCare vs. TrumpCare (1.0, 2.0, 3.0, 4.0)
 - Expanded coverage but not much on cost containment
 - Commercial vs. Medicaid
 - Significant migration and reimbursement difference
 - Group vs. Individual
 - Comprehensive plans are moving to less comprehensive
 - Fully Insured vs. Self Insured
 - Consistent plan designs are becoming more varied and complex
 - Health Systems vs. Independent Hospitals
 - Margin erosion has consolidated the industry
 - Tiered Networks vs. Narrow Networks
 - Employers are looking to reduce medical costs

WHAT DOES IT MEAN FOR THE INDUSTRY?

- **Everyone is impacted by National trends**
 - Medicaid is a large and growing segment of business
 - Healthcare costs continue to outpace inflation
 - Pay for Value is important to employers
 - Larger deductibles and co-insurance
 - Price Transparency
 - Move to Self-Insured products is reducing Health Plan margins
 - Incentive to move risk from insurer to hospital

WHAT ARE HEALTH PLANS DOING ABOUT IT?

- **Health Plans are challenged by Employers**
 - They are being told to reduce premium increases
 - Self-Insured customers can demand complex plan designs
 - There is healthy competition for Self-Insured business
 - They are being told to justify medical costs on a more granular level (provider level)
 - Employers are demanding Pay for Value programs
 - Niche vendors are being used to “manage” services

HMO PRODUCTS

- HMO products are gaining marginal traction
 - Those areas with historically high HMO penetration have seen the largest increase
 - Historically better risk and therefore lower price
 - Individual market is well suited for HMO
 - Narrow Networks are driving lower unit cost
 - Significant Health Plan risk of OON payments
 - Employees still don't like limited access and referrals

PPO PRODUCTS

- PPO still dominates however plan designs are changing
 - Incent the use of “cost-effective” providers
 - \$0 cost sharing for commodity services
 - Create barriers to “high cost” providers
 - \$750 copays for services in hospital OP
 - Price Transparency
 - Let Employees know the cost of services, especially when it’s their dollar
 - Value-Based Programs
 - “Show us you’re worth it”

WHAT CAN PROVIDERS DO ABOUT IT?

- Determine the hospital's strategic position
 - Do you need to discount for a more favorable tier?
- Value-Based programs need to be explored
 - Enter only when they clearly align with hospital goals
 - Do you have the infrastructure?
 - How much risk are you willing to shoulder?
- Rationalization the pricing of readily available services
 - Younger patients and families can navigate the price tools more effectively and are price sensitive