Just the Facts

Dispelling 5 myths of health care’s narrow network plans

As the health care landscape continues to change, consumers are seeing an increased presence of health care options known as narrow networks.

In 2007, narrow networks represented 15 percent of insurance plans; that number grew to 23 percent by 2012. And, in fact, 70 percent of the Affordable Care Act exchange plans are narrow network plans, according to Anthem BlueCross BlueShield.

These networks go by a lot of names — skinny networks, focused networks, exclusive networks, small networks and tailored networks — but all refer to health care plans that feature a tighter network of doctors and hospitals, which translates into greater savings for plan sponsors.

Narrow networks also can be an excellent choice for your employees if they understand what hospitals and doctors are in the network and can separate myth from fact.

What kind of savings do narrow networks bring?

Narrow network plans cost between 13 and 17 percent less than comparable plans featuring wider networks, according to Politico.

When you apply those savings to average national annual premiums, the Henry J. Kaiser Family Foundation found that it results in an annual reduction of between $783 and $1,024 for single coverage, and between $2,188 and $2,862 for family coverage.

What are the biggest myths about narrow networks, and what is the reality?

There are a number of common misconceptions about narrow networks.

- **Myth 1:** Narrow networks are bad for employees. Narrow networks don’t just provide savings for employers; those savings reach employees as well. The doctors and hospitals in narrow networks also are just as high in quality as those out of network. In fact, the providers in narrow networks have been carefully selected for their ability to deliver high-quality, integrated care.

- **Myth 2:** You can't see specialists if you have a narrow network. Narrow networks include a variety of quality specialists and health care providers.

- **Myth 3:** Expensive health care is better health care. There is little to no correlation between the cost of a given health care service at a particular provider and the actual quality of that care, according to a Health Affairs study.

- **Myth 4:** Communicating a shift to a narrow network at your company is hard. When equipped with the right information, changing to a narrow network is manageable. But information is key; stakeholders need as much information as possible about changes and available health care plans in order to make the right decisions. In fact, many narrow networks are only about 10 percent tighter than the typical network, so the medical providers your employees are familiar with likely will still be in network.

- **Myth 5:** Employees want broad, expensive networks. Narrow network plans are growing in popularity, and a major factor for this is the lower price associated with these plans. Cost is a top priority for employees when making decisions about which health plan to select, according to a 2011 WellPoint study. That same study found that 50 percent of consumers paying the full cost of their premium are willing to select a narrow network in exchange for lower premiums.

It's important to remember that narrow networks can benefit both consumers and employers with reduced-cost health care plans while providing excellent care.