



# Network configurations may help improve care quality while reducing costs

More employers are considering tiered networks to promote physician quality and cost savings while retaining a broad range of choices

As workforce retention becomes increasingly top of mind for employers, they continue to look for better ways to offer more value to their employees while managing costs. When it comes to health benefits, many are turning to strategies in plan design and network configuration that have the potential to lower costs while improving care quality—though they can place more responsibility on employees to engage with their plan upfront for PCP selection, for example.

Nearly three-quarters of employers intend to adopt and expand different types of health care delivery models, such as high-performance narrow networks and Centers of Excellence (COEs), over the next three years, according to the 2020 Willis Towers Watson Health Care Delivery Survey.<sup>1</sup>

Employers have not aggressively leveraged network strategies that limit provider availability in the past, in part due to concerns of how employees would respond to the changes or reductions in their health plan's provider networks.<sup>2</sup> While employees generally value broader networks, more and more employees are looking to better manage their health care dollar. For example, employees reported that cost (36%) has overtaken the choice of providers (20%) as the main reason they chose their health plan.<sup>3</sup>

To help meet the needs of employees and their families, carriers are offering employers benefit designs and network configurations that focus on providers and systems that deliver proven quality and efficiency. These evolved network strategies are designed to:

- Reward high-value care
- Guide employees to care more effectively
- Deliver more value
- Support the provider-patient relationship



**“Our network-based product strategy helps bring more value by helping to improve patient outcomes, lowering costs and creating a better experience for our members and their providers.”**

**Stephanie Alberti**  
Vice President, Network Based Products, UnitedHealthcare

## Tiered networks incentivize using higher-value providers within a broader network

One way that health plans have sought to balance the competing desires for broader networks and the use of more efficient, higher-value providers is by creating tiered networks.<sup>2</sup> Unlike narrow networks, in which members are given a limited number of provider choices, tiered networks offer a broad range of choices.

Tiered networks divide network providers into levels or tiers, based on the value of the care they provide—accounting for both quality and cost. The providers that deliver care that is high value—lower cost and higher value—are in the highest tier.<sup>2</sup>

**“With a tiered network, patients still have access to an entire network, but they are incented to use high-value providers.”**

**Chris Brown**

Vice President, Network Analytics  
UnitedHealthcare

### Here's how it works at UnitedHealthcare



#### **Tier 1 network providers:**

Members receive the highest level of benefits for using Tier 1 providers. This may include selecting physicians within Accountable Care Organizations (ACOs) or lower cost hospitals, or Premium Care Physicians from the UnitedHealth Premium<sup>®</sup> program.



#### **Network providers:**

Members receive network benefits for using network providers. This includes services delivered by non-Tier 1 and all other physicians that are not included in the Premium program. Network benefits are generally a lower level of benefits than Tier 1 benefits.



#### **Non-network providers (if non-network coverage is included):**

Members receive the lowest level of benefits for using non-network providers.

By lowering member cost-share, such as lower copayments and coinsurance, tiered networks channel consumers to “preferred providers” of high value. Since a Tier 1 status can mean more patients for a provider, providers may be incentivized to lower their costs to achieve this status.

## Identifying higher-value, lower-cost physicians

A quarter of employers use data on provider quality and costs to guide members toward higher-value providers, and this figure may rise to 59% by 2023. To establish a high-value network, employers partner with their health insurance carrier (67%) or a third-party vendor (26%).<sup>1</sup> Two ways UnitedHealthcare offers high-value networks in plan designs is through collaborations with select ACOs and the UnitedHealth Premium program.

UnitedHealthcare collaborates with select ACOs dedicated to offering higher value care at lower costs. These providers are featured at the Tier 1 benefit level. ACOs are groups of doctors, hospitals and other health care providers who come together voluntarily to provide coordinated quality care to the patients they serve.

Through one ACO plan design, physicians and specialists evaluated for quality and cost efficiency generated up to 15% in savings.<sup>4</sup> In markets where ACOs are not yet available, the Tier 1 network includes designated UnitedHealth Premium Care Physicians and specialists providing a national network offering.

The Premium program is designed to deliver on this need by analyzing quality measures related to preventive care, evidence-based care, chronic disease care, patient safety, sequencing of care and effectiveness of procedures. Only after quality criteria is met does UnitedHealthcare look at the cost efficiency of those providers.

“We’re helping members shop like consumers for health care when we’ve identified high-value providers,” says Dr. Gerald Hautman, Chief Medical Officer and Senior Vice President of UnitedHealthcare National Accounts. “There’s increased transparency since these high-value providers need to meet certain quality and cost criteria for the highest tier. And this translates into better care at a lower cost.”

For all 16 Premium specialties evaluated in the Premium program, Premium Care Physicians had 10% lower total cost of care than non-Premium Care physicians due to factors including fewer complications and redo procedures, as well as following evidence-based medicine.<sup>5</sup>

## UnitedHealth Premium program

27%

lower risk-adjusted PMPM<sup>6</sup>

47%

fewer inpatient hospital admissions<sup>6</sup>

## Tiered networks have evolved to meet large employers’ needs

In the past, it has been a challenge for some employers to establish national tiered networks because they need to cover the entire country, including rural areas with fewer providers.

“The Premium program was one of the first in the industry to evaluate physicians for quality and cost efficiency,” says Carol Carlson, Vice President, Market Engagement Services at UnitedHealthcare. “We’ve continued to expand access and improve our evaluation methods based on factors such as geography and scope of services working closely with physicians.”

The program is currently available in 172 markets in 45 states with 16 premium specialties that represent 47 subspecialties.

## Helping employees navigate tiered networks

Tiered networks help employees through a potentially complex process of finding a provider by identifying high-quality, lower-cost physicians. To help employees navigate tiered networks, employers can provide employees information that includes:

- Education and resources to help educate employees about Tier 1 providers
- Reminders that employees in tiered plans need to check the tier status of their physician since it may affect out-of-pocket costs
- To receive the highest level of benefits, employees should confirm that the provider and facility location they are visiting is in Tier 1.

**“To fully understand the costs, it requires consumers understand the differences in the tiers. Consistently using Tier 1 providers may help lower costs and improve health outcomes.”**

**Carol Carlson**

Vice President, Market Engagement Services  
UnitedHealthcare



Learn more

Contact your broker, consultant or UnitedHealthcare representative

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<sup>1</sup> 2020 Health Care Delivery Survey, Willis Towers Watson, 2020.

<sup>2</sup> Employer strategies to reduce health costs and improve quality through network configuration. Peterson Center on Healthcare and Kaiser Family Foundation, Sept. 25, 2019.

<sup>3</sup> Survey of Adults With Employer-Sponsored Health Insurance. Kaiser Family Foundation and the Los Angeles Times, May 2, 2019.

<sup>4</sup> Customer-level potential savings will be a function of plan design, geographic mix, service mix, the proportion of total spend currently associated with non-Tier 1 providers and the extent to which that current spend is redirected to Tier 1 providers. Savings estimates relate to UnitedHealthcare's book-of-business results. All figures and estimated savings represent historical performance and are not a guarantee of future savings. Meaningful benefit design differentials needed to achieve the upper bound of savings.

<sup>5</sup> Analysis of claims as of September 25, 2020. The specialties evaluated make up over 80% of employers' average medical spend.

<sup>6</sup> Saving estimates as of Nov. 2021 UnitedHealthcare Network (Par) Commercial Claims analysis for 172 markets. Rates are based on historical information and are not a guarantee of future outcomes.

The UnitedHealth Premium® designation program is a resource for informational purposes only. Designations are displayed in UnitedHealthcare online physician directories at myuhc.com®. You should always visit myuhc.com for the most current information. **Premium designations are a guide to choosing a physician and may be used as one of many factors you consider when choosing a physician. If you already have a physician, you may also wish to confer with him or her for advice on selecting other physicians. You should also discuss designations with a physician before choosing him or her. Physician evaluations have a risk of error and should not be the sole basis for selecting a physician.** Please visit myuhc.com for detailed program information and methodologies.

Tier 1 providers may be subject to change, visit myuhc.com® for the most current information or call the number on your health plan ID card.

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