

PROVIDER NETWORK

MINIMUM STANDARDS FOR HEALTH INSURERS

BACKGROUND: In the Lower 48 insurers widely contract with a subset of available providers to create a “narrow network”, which can exclude up to 80% of available providers.

- All of Alaska is a federally designated healthcare professional shortage area.
- Given Alaska is already a professional shortage area, a subset of providers is likely to be inadequate to meet insureds’ healthcare needs
- The National Association of Insurance Commissioners (NAIC) has found standards for adequate networks are the most important factor to promote well-functioning markets for healthcare and health insurance.
- **Alaska has no network minimum standards.**
- 38 states and territories have adopted minimum standards.
- One insurer has publicly stated they desire to offer a narrow network in Alaska “just like they do in Washington”.

IMPACT:

- Narrow networks can result in detrimental health effects when patients can’t access needed care.
- Judging if a network is “adequate” is nearly impossible for consumers.
- Insurers often create barriers to care to save money.
- Insurers also pit provider groups against each other to compete to be included in-network to drive acceptance of lower contract rates.
- Providers excluded from the network face potentially significant negative financial consequences.
- The inevitable closure of practices would make provider shortages worse.

SOLUTION:

- Adopt provider network minimum standards following the pattern established by the NAIC as has been done in more than 38 states and territories.
- Use simple standards tailored to the unique geography, population density and availability of providers in Alaska.
 - SB 122 provides for the adoption of Alaska-specific standards.
- Provide for the phase-in of standards to avoid insurance market disruption.
- Define standards by specialty to maintain access for patients to vital services.