

NETWORK AND PRODUCT DESIGN

DEVELOPING AFFORDABLE NETWORKS FOR INDIVIDUAL MARKET PRODUCTS FOR A LARGE, REGIONAL HEALTH INSURER

Aided client in completion of contracting process, leading to two new Commercial Individual market products to be made available to consumers

Client situation

- A regional health insurance plan with strong market share sought to develop two new, geographically-focused provider networks – an HMO and an EPO – geared toward supporting lower-cost health insurance products for the commercial individual market
- The client had not developed a new provider network in many years, and thus hired Oliver Wyman to play an integral role in the design and implementation of the new networks

Oliver Wyman approach

- Oliver Wyman played a central role across the network design and contracting by:
 - Helping the leadership team think through general network development strategy
 - Designing the networks' reach, features, etc.
 - Interfacing with providers in the market to articulate the value proposition of the network arrangements
 - Developing the appropriate contracts for the provider partners
 - Launching a formal RFP process for the effort
 - Shepherding the provider outreach and marketing approach to ensure a strong response from the community

Key impacts achieved

- Developed a model to quantify the networks' potential value to key stakeholders
- Facilitated numerous negotiations with providers to socialize the objectives and details of the initiative, as well as to discuss contract terms
- Aided client in completion of contracting process, leading to two new commercial individual market products to be made available to consumers 1/1/2015

ENTERPRISE STEERAGE STRATEGY FOR A REGIONAL BLUE PLAN

The project armed the client with an actionable strategy enabling up to \$300–500 M in savings as well as a consistent enterprise-wide point of view on steerage

Client situation

- A regional Blues plan has historically avoided active member steerage (moving care from one provider to another) in favor of maintaining a broad network and deep provider relationships. However, pressure from large employers was pushing the organization to develop a steerage strategy to drive affordability
- An enterprise-wide posture and approach towards steerage was needed to understand where the value existed, how to manage risks, and how to ensure steerage complimented existing efforts and programs
- Oliver Wyman was hired for our ability to develop the strategy in a way that is feasible and digestible to the client given our deep knowledge of the client situation

Oliver Wyman approach

- Oliver Wyman broke the problem into three questions –
- Why –examined the qualitative risks and benefits of steerage to the historical points of differentiation, overall enterprise strategy etc., and paired this with a quantitative analysis of the variation in cost across the network
- Who – defined the steerage approach by type of provider (e.g., PCP, specialist) and outlined principles for measurement and identification of preferred providers to steer towards
- How – outlined a tactical roadmap to stage increased steerage (through the tactics used, the specialties targeted, and the measurement approaches used). This roadmap was paired with a governance approach and highlighted connection points with other programs

Key impacts achieved

- Set a clear approach to steerage at the enterprise level to address market demand for steerage and target material cost/affordability opportunities - this required aligning across several competing interests within the enterprise
- Identified up to \$300–500 M in enterprise savings from member steerage
- To ensure momentum against recommendations:
 - Built a tactical multi-year roadmap with greater tactical granularity for Year 1 starting points
 - Developed a near and long-term governance approach

IDENTIFYING STRATEGIC OPPORTUNITIES TO DRIVE GREATER AFFORDABILITY AND DIFFERENTIATION FOR REGIONAL HMO NETWORK

Identified, sized, and prioritized a set of affordability initiatives to drive 2–5% total cost of care savings over a four-year period

Client situation

- The client was a regional payer with a statewide HMO (Health maintenance organization) footprint in both commercial and MA markets with a recently developed strategic plan, focused on increasing affordability, innovation, and competitive differentiation in the market
- The client was facing continued erosion of price differential for their HMO vs. their PPO network, as well as increased competitive pressure in the HMO marketplace
- Oliver Wyman was engaged to determine how to drive further affordability and differentiation (vs. both competitors and the PPO (preferred provider organization) network) through traditional managed care network levers

Oliver Wyman approach

- For the client's existing HMO portfolio, analyzed the current price competitiveness, and created a fact base on the current size, performance, and provider engagement strategies (e.g., reimbursement models, performance management)
- Identified potential providers to shift to commercial and MA risk models, specialists to steer to using performance ranking methodology developed by OWA, and impacts of sculpting providers from the network
- Sized impact of 15 network-related affordability levers over a 4 year period, identifying potential considerations and trade-offs in order to prioritize initiatives and build business cases for each

Key impacts achieved

- HMO network, including affordability gaps by region and line of business, educating client teams across the enterprise on the current state
- Identified, sized, and prioritized a set of affordability initiatives to drive 2–5% total cost of care savings over a four year period, as well as separate strategic initiative to radically innovate and drive greater competitive differentiation over 4+ years
- Created workplan to rapidly advance execution of these initiatives, including assigning workstream ownership, high-level work-planning, and identifying key dependencies (including alignment with full client enterprise and ongoing initiatives)

NETWORK STRATEGY AND BUILD READINESS FOR LARGE MULTI-REGIONAL INSURER

Developed network strategy and coordinated market-facing readiness and preparation work to stand up a new set of Commercial and Medicare networks

Client situation

- A large multi-regional insurer was focused on expanding its footprint across several new markets and several product lines (spanning Commercial and Medicare offerings)
- The core network team engaged Oliver Wyman to support network build strategy in each new market/product line, considering competitive landscape, target product offerings and provider market dynamics
- Oliver Wyman was also asked to support the readiness preparations and coordination of the actual network build/contracting efforts leading up to product filing and network submission deadlines

Oliver Wyman approach

- To support the requisite preparation for a successful network build across multiple markets and products, OW:
 - Compiled the latest understanding of federal and state network adequacy requirements
 - Completed competitive offering research to understand key providers for network inclusion
 - Performed local primary research to understand market expectations around rates and arrangements
 - Liaised across legal, communications, local/corporate network teams, product/business segments to ensure transparency on network builds
 - Supported mock and actual filing preparation for submission

Key impacts achieved

- Supported corporate and local network teams to create full set of materials required to initiate contracting efforts (spanning target provider prospect lists, to market facing communications, to tracking templates) across multiple markets simultaneously
- Created transparency for senior leadership around network build progress
- Supported filing efforts for both Commercial and Medicare products