



The Pricing Power of a Narrow Network

For Small and Large Business Health Insurance



Narrow Networks Decrease Cost, Not Access

“ The Direct plan is just so robust. Once employees saw the network (provider) directory, people wanted to change.

– Lori Jordan,
Human Resources with Sioux Falls Ford

Narrow networks, also called select or closed networks, are increasingly part of the solution to decrease premiums for both the employer and employee.

While you might consider a narrow network as decreasing options for your employees, that's not the case. Avera Health Plans narrow network plans, called Avera Direct or Avera Preferred, offer the same comprehensive specialty care you expect with every plan, though the variety within each specialty area may change.

This resource outlines how a narrow network works and how to decide if it's right for your company and employees.



What a Narrow Network **ISN'T**

Don't think of a narrow network as restrictive. Your insurance provider will fill in gaps of coverage as necessary.

If an area of specialty isn't available in-network, members will still be covered by an out-of-network referral.

Members ALWAYS are covered for emergency or urgent care visits while traveling out-of-network.

What Is a Narrow Network?

It's just how it sounds. Your insurance provider narrows the types of providers in the network that meet their standards of quality and location. Often, as with Avera Health Plans, these narrow networks are tied to a certain health system. With a narrow network the insurance provider can often negotiate lower reimbursements, which means lower costs for members.



By aligning this plan with the Avera network, we can optimize our already established partnership – that equates to lower premiums and out-of-pocket costs. **This is a win-win for employers and employees who want quality care at the best price possible.**

– Jordan Anderson, Vice President of Sales and Account Management, Avera Health Plans



Key Benefits



Lower premiums



Lower out-of-pocket costs



Connected care from doctors and facilities in the same network and all records within one patient portal



Avera Health Plans Insurance Solutions

Our plan options include a variety of premium and deductible levels based on budget and needs.

Our business clients have access to an experienced Customer Service team to meet their needs. Employer groups are paired with a client relationship executive to help with the details of their plan, while your employees have access to member health advocates. They'll answer questions about coverage and guide your team to the right services and programs.

You'll also have access to additional coverage options based on the size of your company. Some of these services come at no additional cost to you (value-added) while others do (ancillary products).



Value-Added Services

Our small and large group products include various value-added services. Some include:

- Virtual visits available at no charge for most plans*
- Employee Assistance Program (EAP) and access to counseling sessions
- Fitness membership
- Life insurance
- LiveNOW well-being technology
- COBRA services



Ancillary Products

- Dental insurance
- Vision insurance
- Short- and long-term disability
- Critical illness
- Life and AD&D insurance

*For most members. Some limitations do apply. NOTE: IRS Guidelines indicate that members with HSA-eligible plans may be subject to tax penalties if they use the free virtual visits service. If you have an HSA-eligible plan, you may use your HSA or Flex spending dollars for this service.

Standard



These plans offer our largest network, called the Standard Network, which includes a variety of independent providers and health systems across the Avera Health Plans footprint. Coverage also includes out-of-network options at a higher out-of-pocket cost.

- Available in South Dakota and northwest Iowa
- Includes \$0 preventive care exams, screenings and immunizations

Direct



20% AVERAGE SAVINGS

between Standard and Preferred plans

This narrow network option includes Avera owned and managed facilities. These plans offer no out-of-network coverage, excluding emergency and urgent care. Otherwise, your employees will pay the full cost of services when they choose an out-of-network provider.

- Available to those who live in Minnehaha, Lincoln and Brown counties
- Includes \$0 preventive care exams, screenings and immunizations

Preferred



15% AVERAGE SAVINGS

between Standard and Preferred plans

A tiered plan provides the savings of a narrow network of Avera providers but the option to pay more on a second out-of-network tier of providers. It's a great option for companies who want to try out a narrow network but still offer employees an out-of-network option.

- Available to those who live in Minnehaha, Lincoln and Brown counties
- Includes \$0 co-pays for in-network visits including preventive care exams, screenings and immunizations, chiropractic visits, urgent care and physical/occupational/speech therapy





Narrow Network in Action



Sioux Falls Ford

Avera Health Plans Client: Since 2010 | **Location:** Sioux Falls, S.D.

Sioux Falls Ford was faced with a tough decision in 2021 after experiencing a high claims year. Their health insurance rates were expected to increase by about 20%, and they needed to offer their employees a solution.

The company always does a general request for plan proposals through their broker and this year was no different.

"We always go shopping to see what's out there, but it always comes back to Avera being the best deal for our group," said Lori Jordan, Human Resources with Sioux Falls Ford.

The Avera Direct plan allowed employees to keep their premium about the same. The company doubled the plans they offer: with two Traditional and two Direct plan offerings. About 50% of employees switched to a Direct plan.

"Cost was a big factor," Jordan said. "We have a lot of young families in the group and younger kids need care more often. We care about our employees and want them to get the biggest bang for their buck."

DakotAbilities

Avera Health Plans Client: Since 2017
Location: Sioux Falls, S.D.

Considering most employees already see Avera providers, it made sense to offer DakotAbilities employees a Direct plan option, said Nathan Stallinga, Executive Director.

"If you are already using the services at Avera, you're already using the Direct network, so why wouldn't you look at it?" Stallinga said.

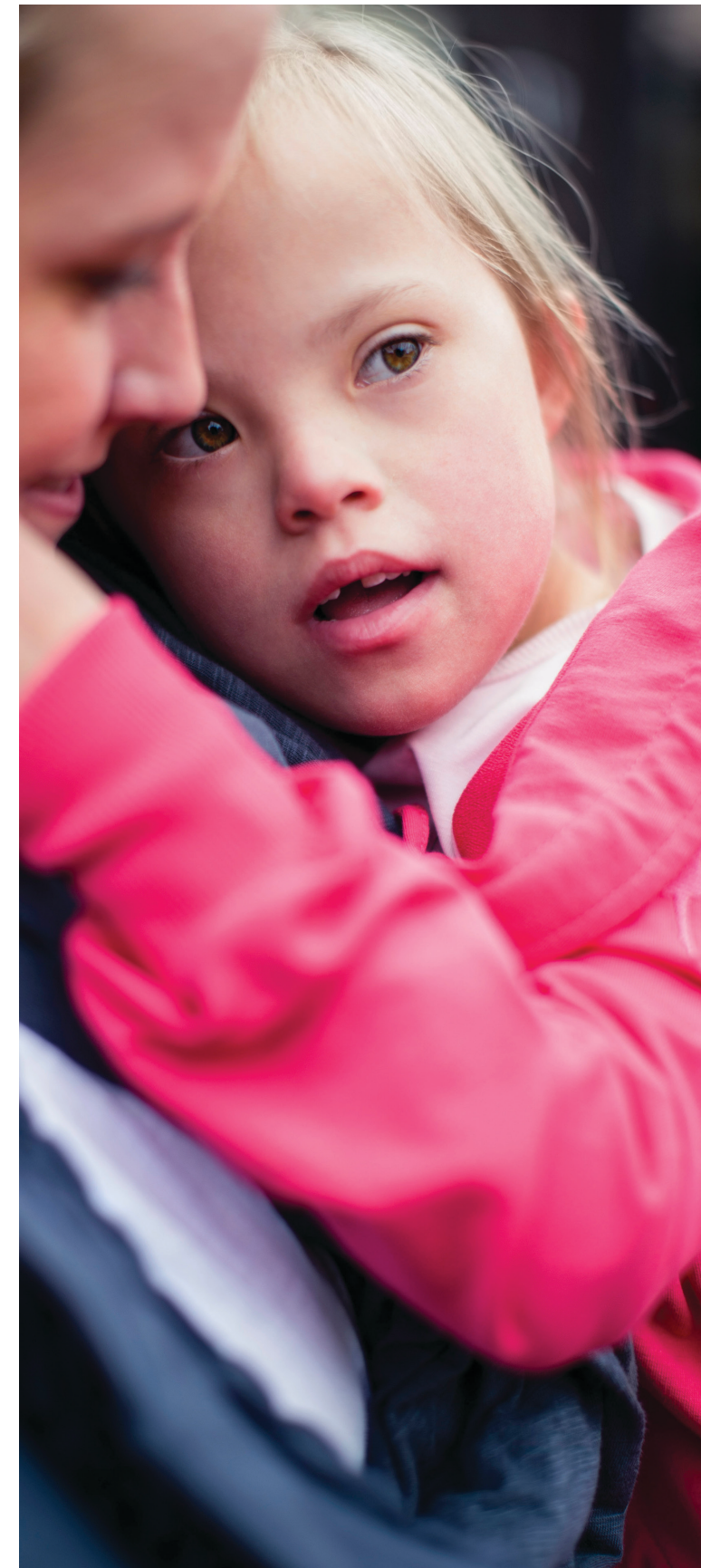
The move to Avera Direct started with education. A few years back DakotAbilities talked with staff about being good consumers of health care to raise awareness. As part of that process the nonprofit looked at its utilization rates as plans were transitioning to more narrow networks. They educated staff about how staying in-network affected costs.

The participation rate within network increased and the company created a goal to switch to a Direct plan the following year, Stallinga said.

DakotAbilities offered four plans in 2022 including two Direct plan options.

"Most of our employees live paycheck to paycheck so being able to keep premiums the same is a big deal," Stallinga said. "Those who stayed with a traditional plan had a slight increase but employees who moved to a Direct plan saw a 15% premium reduction. DakotAbilities passed along the premium savings to the employees."

Stallinga said education was a large part of helping people understand if a Direct plan was right for them. For some, it didn't make sense or they weren't eligible if they lived outside of eligible counties (Brown, Minnehaha and Lincoln). DakotAbilities wanted to make sure these employees also had coverage options by offering a traditional plan.



Common Scenarios

If you're considering a narrow network for your company, here's a list of things to consider.

? Do your employees live within the eligible three counties of Brown, Lincoln or Minnehaha?

Otherwise, their care will be considered out-of-network, and they'll pay full cost. This is true even if:

- Your company is located within the eligible county
- The care provider is located within the eligible county

? Where do your employees get care?

If you've been with Avera Health Plans a few years your employees likely already see an Avera provider.

My daughter is going to school in California and has a monthly prescription. Will it be covered?

Yes, CVS/Caremark is Avera Health Plans pharmacy benefit manager. CVS/Caremark offers a national network of more than 68,000 participating retail pharmacies.

We're on vacation and my son tripped and broke his ankle. Is he covered?

Yes. Emergency and urgent care is covered when you're traveling.



? What's the network of providers like?

Avera offers an integrated network with more than 60 areas of specialty.

- The region's only accredited cancer network with six locations working together
- Comprehensive women's care including the region's only fellowship-trained urogynecologist
- Comprehensive inpatient and outpatient behavioral health services and state-of-the-art addiction recovery program
- The largest orthopedic physician team in the region
- Comprehensive heart care

I need a certain type of care Avera doesn't offer. What do I do?

When your participating provider has determined that you need care from an out of network provider, the participating provider will request an authorization from Avera Health Plans. When out of network services are approved by Avera Health Plans, these services will apply to your in-network benefits.



Let's Review

Avera Health Plans narrow network options provide cost savings without decreasing access to the coverage your employees need.



Our narrow network is comprehensive and includes more than 60 areas of specialty care.



If employees need care that's not offered, we'll refer them to a specialist outside the network.



Employees always have coverage for emergency and urgent care needs while traveling outside our network.



Employees have access to a host of services and added benefits with their plan.

Ready to Compare Rates?



We can help you find the best plan options for your company.

Request a quote at
AveraHealthPlans.com/Narrow

Moving Health
Forward.