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BC/BS Of Mass. Adds To Tiered Network Platform

BY RIC GROSS

Blue Cross Blue Shield of Massachusetts is actively pushing a new product line designed to offer what officials call a migration strategy for accounts looking to move to plan designs that engage members in decision making and cost-sharing based on cost and quality measures. The Blue Options Tiered Network plan allows members to choose where to receive care, but cost sharing is much higher for providers considered to be high-cost or low quality.

In designing the product, Massachusetts primary-care providers and acute-care hospitals were placed into one of three tiers (Enhanced, Standard and Basic) based on how they scored on cost and nationally accepted quality measures. Hospitals were measured based on their individual facility performance, while PCPs were measured based on the performance of their practice group. "What we are doing is taking the best out of our consumer-driven health plan designs and marrying them with the best of our tiered networks," said Larry Croes, vice president of commercial markets for BC/BS of Massachusetts. "With higher deductibles, it creates more member engagement around shopping, but there has always been a problem with transparency. With a tiered network, you have the ability to shine a light on the high-cost facilities or low-quality facilities."

Table 8-1: BC/BS Of Massachusetts Blue Options Tiered Network

Tier	Description	Hospitals
Enhanced benefits tier	Met quality, low cost benchmark	37
Standard benefits tier	Met quality benchmark, moderate cost benchmark. Also includes providers without sufficient data to measure	14
Basic benefits tier	Scored below quality and moderatecost benchmark	22

Source: BC/BS of Massachusetts

BC/BS of Massachusetts has had tiered providers since 2007, but Blue Options represents a new plan design on the tiered-product platform. "They priced it about 10 percent less than their $1,000-HMO deductible plan so it is priced competitively," said Mark Gaunya, a principal with Borislow Insurance in Metheun, Mass. "It is their version of a consumer-driven health plan. I do think there is a need for it in the market."

As for the tiering structure, the Enhanced tier has the lowest member cost-sharing—for both PCPs and hospitals. Providers in the Enhanced tier met the quality benchmark and the benchmark for lowest cost. For example, on an inpatient hospital admission for those in the Enhanced tier, there is an $150 copay but no deductible.

The Standard tier represents mid-level member cost-sharing, with providers having met the quality benchmark and the benchmark for moderate cost. For example, on an inpatient hospital admission, the deductible is $500 (for an individual), along with a $150 copay. Meanwhile, the Basic tier features the highest member cost-sharing, with providers having failed to pass the quality benchmark and/or being high cost. In the Basic tier, that same inpatient admission would come with a $2,000 deductible for an individual, along with an $1,000 copay, bringing total out-of-pocket expenses to $3,000.

"It is really about the member being in control and knowing the costs," Croes said. "As for employers, in the large group case, where their renewals are based on their experience and claims, the more utilization that shows up in low-cost, high-quality facilities, versus high-cost and/or low-quality facilities—that can be a big swing [in claim savings]. The difference between a Basic tier hospital in Boston for a hip replacement versus the Enhanced tier can be up to a 30 percent or 40 percent price swing, and a difference of $8,000 to $10,000. That is really important for our large group clients that are trying to get control of their medical trend."

Tier placement is based on cost and quality benchmarks where measurable data is available. Providers without sufficient data for either cost or quality are placed in the Standard Tier. Providers who do not meet benchmarks for one or both of the domains and hospitals that use nonstandard reimbursement are placed in the Basic tier. Prescription drug copays are standard across the board and follow the BC/BS formulary, at $15/$30/$50, for a 30-day supply, with 90-day mail-order copays set at $30/$60/$150.

Hospital retiering is expected to be done annually; while retiering for PCPs is expected to be done biannually. Croes said the insurer was up front about its methodology when implementing its tiering system. "I don't think any providers love it when they end up in a Basic tier, but that is up to them," he said. "These are all based on nationally accepted quality measures and standards. We were up front with the providers well in advance of the actual results."

However, Mario Motta, M.D., president of the Massachusetts Medical Society, is not a supporter of the efforts in the Bay State. For instance, the state's Group Insurance Commission has its own tiering methodology for health plans, different from the one being implemented by BC/BS. That difference was one of the reasons BC/BS chose not to offer plans under the GIC banner. The state medical society is suing the GIC over the system, and Motta said there need to be uniform measures. Motta referenced New York, where HMOs had been creating their own physician ranking programs steering members to high-performing doctors. Responding to physician outcry, Attorney General Andrew Cuomo announced a series of agreements with health plans to follow a uniform set of guidelines to ensure fairness in the system.

"If you are going to tier, you have to develop quality measures accurately. And those measures have to be able to be viewed by a physician so they can make sure there are no mistakes," Motta said.

Regardless of the medical society's concerns, early adoption of the tiered network product has gone well. Croes said 20,000 lives came on board with the product in January. "For a pilot, we think those are great numbers," he said. "I think the marketplace is ready for this. If you stay in that Enhanced tier, there is very little out-of-pocket. It is really a copay plan; there is no deductible exposure there. Employers are excited about the idea of getting a lower premium, and you are not reducing benefits for your employees as long as they stay in that Enhanced tier, which has a fairly robust network."