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Narrow Networks Slow to be Embraced by Employers

According to a December 2016 report from the Employee Benefit Research Institute (EBRI) and Wake Forest University, while narrow provider networks dominate individual health plans sold through the public insurance exchanges, the trend hasn't caught on with employers. In fact, in 2016, just 7% of employers with health plans offered a narrow-network option. Also, according to the report in 2014, employers ranked narrow networks the least effective among several strategies to manage health insurance costs.

However, the report cites that there are signs that employers' interest in narrow networks may grow in the near future. More than a third of employers with 5,000 or more workers now offer some type of alternative network, including tiered or high-performance networks. The report cited research indicating a growing adoption of narrow networks by both large and small employers, particularly in urban markets around the country.

Narrow or tiered networks offer the hope of providers chosen based on quality over just those that are agreeable to a reduced pricing level. Further, more mature narrow or tiered networks should be linked with high-powered population health services that can better isolate and treat members with chronic conditions and needs. While this recent report speaks to some skepticism in the market, such networks offer real promise and should not be ruled out by employers and plan sponsors if the network have the right attributes.

You can see the full report at www.ebri.com.

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