

HealthSpring Creates New Preferred Network

By Don Mooradian

HealthSpring, the state's largest Medicare Advantage HMO, has rolled out a new network configuration in Tennessee for 2008, adding a preferred network. The Nashville-based company owns and operates Medicare Advantage plans in Alabama, Florida, Illinois, Mississippi, Tennessee and Texas and also offers a national stand-alone Medicare prescription drug plan.

The middle region of Tennessee is home to its longest-established network, with 48,994 members as of March 1, 2008, its largest concentration of membership in the state.

It has realigned its plan into two networks—its large middle Tennessee network with a \$55 a month premium and a preferred network with a \$0 monthly premium.

The company worked to create the new network for almost two years, according to Shawn Morris, president of HealthSpring of Tennessee. “We think coordinated care in a focused network with engaged physicians is the only way to take care of seniors,” he said, “and what we have done for the last 18 to 24 months in middle Tennessee is go out and build networks of engaged physicians.”

The preferred network emphasizes care coordination and quality initiatives and is similar to those HealthSpring has built in many of its other markets. The preferred network is open to those physicians with a sufficient number of HealthSpring members and who agree to participate in the company's programs such as pay-for-quality initiatives, independent physician associations or independent physician organized delivery systems.

“[In Tennessee] we had a very wide network without a lot of focus to it,” said Morris. The preferred network model gives physicians more control and more incentives to manage the health of their patients. “[Physicians] know one another and they understand the delivery of care in their community better than any insurance plan is ever going to, including us,” Morris said.

“The doctors who are sitting down and reviewing information, participating in our P4Q programs—if they are engaged with us, they are in our preferred networks. That is not to say that the physicians that are not are of less quality; they are just not engaged,” Morris said.

This year, almost half of HealthSpring's members will be seeing physicians enrolled in some type of pay-for-quality program based on medical chart audits, not claims-based audits. “If they [the physician] can improve members' health conditions, they get rewarded up to 20 percent, if they are hitting certain quality measures.”

Morris said the better-engaged physicians tend to have a better relationship with their patients and tend to bring about fewer disenrollments from the plan, “which obviously

MAJOR MEDICARE ADVANTAGE PLANS IN TENNESSEE

Company	Type	Enrollment
Cariten Health Plan	HMO	45,205
HealthSpring	HMO	48,994
UnitedHealthcare of the River Valley	HMO	28,257
Windsor Health Plans	HMO	9,103
Other Medicare Advantage		
Aetna Health	PFFS	1,869
BCBST-BlueCare	PFFS	16,555
First Health and Life Ins. Co.	PFFS	4,060
Humana	PFFS	18,329
Sterling Life Insurance Co.	PFFS	2,492
Pyramid Life Insurance Co.	PFFS	2,313
Total Medicare enrollment		189,521
Medicare beneficiaries		964,030
Total population		6,038,803
Medicare Advantage market share		19.6%

Source: Centers for Medicare & Medicaid Services, March 1, 2008

the health plan likes,” Morris said.

Minimum criteria for P4Q programs would be a practice with 400 members or a group of four or five physicians that have about 400 to 500 patients geographically close together. Under these circumstances, HealthSpring can provide a nurse to assist the practices in implementing P4Q programs; to help go through the charts, schedule exams that adhere to accepted disease management guidelines and so forth.

“It's not that the doctors wake up in the morning and say we're not going to do these things [adhere to disease management guidelines, etc.] but if you give them a resource that can pull these tools out, it helps them.”

Switching. As of Jan. 1, 2008, about 9 percent of the members in the middle Tennessee network (the default network) had shifted to the preferred network. “It was by member choice,” said Morris. “This is a value-sensitive segment. They knew there was zero premium for the preferred network, but [most] decided they were willing to pay that \$55 to stay with their physician in the larger network.”

This is the first time the company has tiered a network by premium based on whether the physician is engaged or non-engaged. Morris said, “We asked ourselves ‘How can we incentivize a member to look at the physicians participating in our various programs and also help physicians grow?’”

RESULTS OF HEALTHSPRING MEDICARE ADVANTAGE PAY FOR QUALITY PILOTS

A pilot program for HealthSpring Medicare Advantage providers and patients covered three states and nine practices with 87 physicians and 7,468 members in 2007. Duration for the pilot is three years for one practice and one year for all others. Preliminary results show improvement in every area measured:

Preventive Screening by Physicians	Increase in Use
Mammography	68%
Pneumonia	65%
Influenza	192%
Colon CA	27%
Diabetic eye exam	93%
Diabetic foot exam	378%
Healthcare Utilization by Members	Percent Reduction
ER visits per 1,000	7%
Hospital admissions per 1,000	11%
Health plan's medical cost ratio	8%

Source: HealthSpring

The company expected some disenrollment just because people would want to keep their doctor. “We couldn’t be all things to all people. We probably lost a little more than expected,” Morris said, adding, however, “What really surprised us was the rate of transfer to another doctor. That was more than expected.”

Many physicians that ended up in the middle Tennessee network did not even know HealthSpring had tried to contact them about the preferred network because, Morris said, it is frequently difficult to get through to a busy doctor or to have their focused attention for enough time to explain such a new program.

However, based on inquiries from physicians not in the preferred network, HealthSpring officials anticipate that more of them will become part of the preferred network during the next 24 to 36 months. The company’s goal is to get as many as 90 percent of the physicians into the preferred network.

“At the end of the day, almost all our doctors do better financially,” Morris said, “but I don’t think that is the thing that leads them there. I think the thing that leads them there is that this is the right thing to do.”

Competition. Morris said some of the company’s more active Medicare Advantage markets have as many as 45–50 percent of Medicare eligibles enrolled in MA plans, adding that the south Florida market, for instance, is 47 percent penetrated. According to HealthLeaders-Interstudy, as of March 1, 2008, only 19.0 percent of eligibles are enrolled in a Medicare Advantage plans in Tennessee. Morris said there is a lot of potential for growth for MA plans across the state and, therefore, there likely will be increased competition.

“A lot of competition came into Tennessee this year; more than last year,” he said, adding that more seniors understand how Medicare Advantage works and are not afraid of it. Another factor acknowledged by Morris is consolidation of health plans in the state. In January, AmeriChoice, a UnitedHealth Group company, signed a definitive agreement to acquire Unison Health Plans, which serves public sector health programs and has a presence in the Memphis area. Prior to that deal, AMERIGROUP acquired Memphis Managed Care Corp., including the TLC Family Health Care Plan.

“Competition is good if it is smart competition,” he said. “You always get people willing to grow at any cost but at some point the market starts consolidating and you get good solid players in the market and they understand the market and they put good products out there and that makes everybody better.”

However, competing in the MA sector is not an easy thing to do for just any company. “The regulatory environment in dealing with Medicare nowadays is very complex,” Morris said. “You have to invest in systems that obviously can be a lot of money. You’ve got to invest in a staff. Your administrative cost can be tremendous. This is becoming a much more complex environment and you have to have some economies of scale just to be in the segment.”

OUTLOOK: Medicare Advantage plans represent a profitable opportunity for insurers. However, competition is growing and people buying MA plans are looking for value for their dollars. ■