

Brief Notes

News for
Brokers and Consultants

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Applies to: All markets

Sweeney Supports Tiered Network Health Plans

The following article appeared on njbiz.com on March 7, 2016 prior to yesterday's legislative hearings.

State Senate President Steve Sweeney announced his support for tiered network health plans ahead of a Senate Commerce Committee hearing Monday.

"I've heard a lot of recent talk about health insurance," Sweeney (D-West Deptford) said in a prepared statement. "The debate so far has been about tiers, about products, about hospitals, about insurance companies, about doctors and about profit margins. What haven't I heard a lot of talk about? Consumers."

Sweeney is the latest state official to take a stance on the tiered network controversy, which began with the rollout of Horizon Blue Cross Blue Shield of New Jersey's OMNIA Health Alliance and plan, which were introduced in September.

Soon after the rollout, Assembly Speaker Vincent Prieto (D-Secaucus), joined by other officials, stood in front of a CarePoint hospital in Jersey City, along with Mayor Steve Fulop, to oppose the new plan from the state's largest health insurer.

Since then, both the Senate and Assembly have held hearings to dig into the controversy over the new health plan, and a number of hospitals have taken Horizon to court.

The plan stemmed from the alliance, which creates a partnership between six hospital systems and the state's largest physicians group. The top tier includes more than two dozen hospitals, in addition to the partner systems, which have discounted rates for plan members. The remaining hospitals in the state are part of the regular in-network group for Horizon.

A controversy emerged when safety-net and urban hospitals, including Catholic hospitals, alleged they were purposely left out of the top tier, indicating a lower standard of quality. Meanwhile, some of the largest health systems and hospitals in the state were included in Tier 1.

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“We are in a new world. The rising cost of health care in New Jersey, which has the second-highest premiums in the United States, is killing consumers, unions and businesses. This is why every single one of those groups support a move to value-based care. We need to put the interests of the consumer first. We should not advance any measures that ultimately threaten consumer choice in the marketplace and drive up costs,” Sweeney said.

One of the most important issues has been the transparency of tier designation, since the controversy erupted over the allegedly skewed designation in the Horizon plan. Though it is not the first tiered network plan in the state, Horizon’s position as the largest state insurer has played a role in the visibility of the controversy.

“I support requiring insurance companies to disclose the criteria they use in developing tiered products. I also support requiring insurance companies to fully educate consumers about their cost share obligations. I don’t believe this type of transparency will hurt the marketplace, increase cost or threaten consumer choice,” Sweeney said.

The support pleased Horizon, which said:

“We agree with Senate President Sweeney that tiered products like OMNIA are a positive option for consumers and that denying consumers the ability to make the health care choices they deem best for themselves and their families does nothing to lower the cost of health care. His call to end all of the antics and expedite, not delay, the transition to value-based care and focus on the consumer is precisely what is needed and exactly what we are doing.”

Other legislators have also recently voiced support, including Assemblyman Arthur Barclay (D-Audubon).

“With health care costs in New Jersey among the highest in the nation, my priority is on making sure that access to high-quality health services are available at a price that people who live in our cities can afford. The Affordable Care Act made health care a right for every American, not only including but especially for those who struggle to get by. Horizon’s OMNIA plan will make New Jersey’s health system stronger in the end because it will enable more people to move from the uninsured and underinsured roles and give them access to the best care available anywhere,” Barclay said.

“Camden residents who need hospital services have great choices and OMNIA lets people choose the one that is right for them,” he added. “I am just as happy, though, that residents in Newark, Jersey City, Atlantic City, Paterson and New Brunswick also have preferred tier hospitals in their cities so that they can enjoy the added benefit of lower out of pocket expenses.”

Assemblyman Jack Ciattarelli (R-Somerville) also recently voiced support for the OMNIA plan.

“Regulation of the health care market place isn’t, nor should it be, laissez faire. That’s why I strongly support New Jersey network adequacy regulations, which are among the most rigorous in the nation. Patients are most important in any health care discussion, and these regulations ensure that any plan, including OMNIA, provides them with choices,” Ciattarelli said.

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Both the Assembly and Senate have committee hearings on tiered networks Monday afternoon, including a vote on a bill to establish a statewide task force on tiered health networks sponsored by Assemblywoman Elizabeth Maher Muoio (D-Trenton) and Assemblyman Reed Gusciora (D-Trenton).

Sweeney said in the statement that the labor-management committees of the State Health Benefits Plan and the School Employees Health Benefits Plan saved \$197 million for the state budget this year and an estimated \$40 million more for teachers, police, firefighters, and state and local government employees through patient-centered health care and other common-sense cost-saving programs.