



POSITIONING A KEY HEALTH PLAN PRODUCT FOR SUCCESS



A large national health plan was facing sales challenges with its total replacement product. Brokers and employers often lacked awareness about the health plan's total replacement product, or were ill-informed, including having negative perceptions about the product's network breadth and geographic coverage. Additionally, members did not understand the product.

Problem to Solve

A health plan's ability to be competitive depends on several factors. Its product offerings must meet market demands while maintaining margins, remaining price-competitive as well as meeting the needs of employers and members.

A large national health plan was facing sales challenges with its total replacement product. The health plan's market intelligence indicated that mid- to large-sized employers in several key markets were interested in a total replacement product. Growing market share in these areas and companies was a vital part of the health plan's overall business strategy. However, the health plan's total replacement product was seen as too expensive and uncompetitive and provided a suboptimal member experience.

A competitive analysis revealed that within the total replacement product market, the health plan was competing against other, larger health plans with better brand recognition and provider-side negotiating leverage. Brokers and employers often lacked awareness about the health plan's total replacement product, or were ill-informed, including having negative perceptions about the product's network breadth and geographic coverage. Additionally, members did not understand the product.



To compete and grow in the total replacement product market, the health plan launched an enterprise-wide initiative to evaluate the product's performance. A key component of this work was ensuring that the provider network being offered, as part of the product, met customer and consumer needs. This network solution would, along with an optimized product and pricing strategy, increase market competitiveness and improve the member experience. Freed Associates (Freed) was engaged to assess the provider network portion of the health plan's total replacement product solution.

Goals and Strategy

The end goal of the health plan's work was to increase the market competitiveness of its total replacement offering and gain market share. To achieve this, the health plan needed to:

- Identify available network solutions and assess potential vendors that should be considered for the total replacement product
- Compare the health plan's network with competitive benchmarks
- Assess the current network performance, as well as potential future network design

Freed's assessment would help develop recommendations for an optimal network configuration for a pilot. This in turn would inform a model that could be expanded across the enterprise.

To achieve this, a phased assessment approach was developed that included:

1. **Scope and scale definition** – Established network evaluation criteria that would be used to assess network performance; developed an internal requirements questionnaire to understand the scope of network attributes that should be considered
2. **Assessment development** – Identified a short list of potential network vendors and assessed key network attributes, including benchmarking network access and administrative service models.
3. **Report analysis** – Developed and analyzed high-level network solution model options and descriptions.
4. **Report recommendations** – Built a recommendation to include the provider network model architecture, potential vendor partners, and proposed implementation plan.

Results

Freed worked collaboratively with internal and external stakeholders across the health plan organization to understand and develop a network solution model. As a result of this work, the health plan was able to:

- **Define business requirements** – Identified specific provider network capabilities of vendors that would meet minimum business requirements and align on five key



requirements important to the preferred network solution.

- **Improve business insights** – Developed key conclusions based on the network vendor assessment to help inform decision-making and develop solution models.
- **Assess market benchmarks** – Performed a market benchmarking assessment to understand the different network options and vendors that should be considered.
- **Identify key vendor partners** – Assessed a short list of key potential provider network partners, and set the groundwork for a formal RFP process and in-depth conversations with vendors.

Conclusion

The vendor assessment was conducted within a short time frame, allowing the health plan to evaluate its existing vendor network relative to competitors. This assessment provided the health plan with different options and vendor models that supported a viable solution, as well as a road map outlining potential implementation options.

The network solution proved to be a key input as the health plan redesigned its overall total replacement product. The assessment provided vital information on key vendor partners, enabling the health plan to draw key conclusions about its internal capabilities versus opportunities for outsourcing provider network development and administrative services.