

# **Impact of Out-Of-Network Service Utilization and State Policy Changes on Payments and Follow-Up Visits**

## **Author**

Amin, Krutika

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## **Abstract**

Insurers have the potential to reduce health care costs by negotiating lower prices with narrow provider networks. Although narrow networks may impose substantial and unexpected cost burden on enrollees who use out-of-network services. Some states have implemented policies on network adequacy to ensure plan networks include a minimal set of providers, or on arbitration requirements, whereby insurers and providers are required to enter mediation to arrive at a payment agreement. This dissertation sought to estimate the impact of any out-of-network service use on patient out-of-pocket (OOP) cost sharing, plan payments and total payments (sum of patient OOP cost sharing and plan payment) as observed in claims data in Aim 1. Aim 2 estimated the differential effect of out-of-network service use on follow-up evaluation and management (E&M) visits. Aim 3 examined whether state network adequacy or arbitration policy changes during the study period affected the probability of out-of-network service use, as well as payments among those who used any out-of-network services. The study focused on two samples: those with an acute myocardial infarction (AMI) or a total knee replacement (TKR). Enrollees who used any out-of-network services had higher patient OOP cost sharing, plan payments and total payments compared to enrollees who did not use out-of-network services. The differential effect of any out-of-network service use on follow-up E&M visits was not statistically significant. Relevant network adequacy and arbitration state policy changes during study period lowered the probability of using out-of-network services for preferred provider organization (PPO) or point of service (POS) plan enrollees. As a result of state policy changes, enrollees in the PPO/POS plans in the AMI sample experienced a reduction in patient OOP cost sharing, as did enrollees in consumer-driven health plan or high deductible health plan and PPO/POS in the TKR samples. Enrollees in the health maintenance organization or exclusive provider organization plans in the TKR sample observed an increase in plan payments and total payments. While state network adequacy and arbitration policy changes succeeded in reducing OOP cost burden, they increased plan payments and total payments for some cohorts.

## **Advisor**

Trogdon, Justin

## **Committee member**

Wu, Jeffrey; DeWalt, Darren; Dusetzina, Stacie; Stearns, Sally

## **University/institution**

The University of North Carolina at Chapel Hill

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