

Resolution # 5

**RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN COMMITTEE TO
STRUCTURE OUT OF NETWORK REIMBURSEMENT RATES FOR PHYSICAL THERAPY
TO INCENTIVIZE IN NETWORK UTILIZATION AND GROW PROVIDER NETWORK**

WHEREAS, the SHBP Plan Design Committee considered the presentations and recommendations of AON Consulting, Inc., the health care consultant for the State Health Benefits Program, including but not limited to information provided to the Committee from 2011 to the present concerning prescription drug plan designs and options to increase efficiencies and reduce costs associated with the provision of health care benefits for public employees; and

WHEREAS, SHBP plans currently pay out-of-network providers for physical therapy services substantially more than their in-network counterpart providers, which has the effect of dis-incentivizing utilization of cost-effective and quality in-network providers and dis-incentivizing providers from joining the SHBP plans' provider networks; and

WHEREAS, reimbursing out-of-network physical therapy providers at a rate that is equal to in-network physical therapy providers is optimal because it encourages utilization of high quality and cost-effective providers of physical therapy services; and

WHEREAS, the State Health Benefits Plan Design Committee has considered the favorable reports of Horizon and Aetna presented to the Committee during several meetings in 2016 regarding the changes made to the out of network reimbursements for chiropractor services that were adopted for Plan Year effective Plan Year 2016 and the success in encouraging providers to participate in the carrier's networks, encouraging higher in network utilization, and reducing the costs of medical care for all participants and employers in the SHBP by reducing more costly out of network utilization in favor of quality in network care; and

WHEREAS, the SHB PDC seeks to extend these favorable outcomes to additional services; and

WHEREAS, utilization of the proposed reimbursement structure for out-of-network physical therapy providers is optimal for the State and the members because it will result in: cost savings in actual payments and administrative costs, predictability because the in network rates are set up front; rationality because the reimbursement levels for in network and out of network providers will be more on par, and flexibility and convenience because it will incentivize growth of the network of providers of physical therapy services without compromising quality of care;

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Commencing November 1, 2016, medical plans provided under the SHBP to qualified employees and retirees of the State and participating local employers shall reimburse out-of-network providers of physical therapy services at a rate that is equal to the average of the in-

network provider reimbursement rate for the same or substantially similar physical therapy services;

2. The SHBP Plan Design Committee encourages the SHBP vendors (currently Horizon and Aetna) to grow their network of providers of physical therapy services to adequate levels where deficiencies in network coverage will not occur. At the April 2017 SHBP PDC meeting and every three (3) months thereafter until April 2018, the SHBP vendors (currently Horizon and Aetna) are requested to report on their progress in increasing network size in these service areas and to report on changes in utilization of in network providers. The SHBP Plan Design Committee shall thereafter evaluate the effectiveness of the foregoing reimbursement changes.
3. The SHBP Plan Design Committee requests the State Health Benefits Commission or Division of Pensions and Benefits, as applicable, to take appropriate action with the carriers to implement the changes and notify members.
4. The SHBP Plan Design Committee shall review this change after one year and will continue it only by an affirmative majority vote of the Committee.
5. The SHBP vendors (currently Horizon and Aetna) shall meet with providers and other interested parties to determine what changes in plan design or operation might be effected to encourage the earliest provision of necessary physical therapy services to provide effective pain management and other therapy services in the most cost efficient manner and further to devise recommendations that physical therapy services are provided to the greatest extent possible in a manner free of conflict of interest. The vendors shall make any recommendations at the April SHBP PDC meeting.

DATED: 08 29 2016

Note: Grammatical, spelling and typographical errors are corrected but remain subject to approval by the State Health Benefits Plan Design Committee.