



# How Do Tiered Physician Networks Influence Different Types of Patients in Choosing a Doctor?

## Why This Study Is Important

In their effort to control health care costs and premiums, private health insurers are increasingly using tiered provider networks and differential cost sharing to channel patients to physicians judged to provide high quality care efficiently. This study advances the existing knowledge about this benefit design by examining how tiered

networks affect the physician choices made by different types of patients. Understanding differential patient responses to tiering incentives can help insurers to refine their tiered network strategies so that they are most effective at steering high spending patients to high value physicians, thereby maximizing the potential for savings.

## What This Study Found

- Physicians in the lowest performance tiers lost market share among older and sicker patients who were selecting new physicians and among new male patients. Compared to physicians in the average performing tier, low performing physicians earned a 10 percent lower market share among new patients who were both older and sicker and a 15 percent lower share among new male patients.
- Patients' loyalty to their own physicians is pervasive. Across all groups of patients studied, people already seeing a physician in a low performance tier were no more likely to switch away from that doctor than were patients seeing physicians with better performance rankings.

## What These Findings Mean

- By influencing new provider choices of older and sicker patients, who are more likely to be high health care utilizers, tiered networks hold promise as a viable strategy for increasing the value of our overall health care spending.
- Tiering strategies are likely to be most effective when targeting patients who are selecting a new doctor. It will be very difficult to change established patient-provider relationships, even when physicians are low performers.

## More About This Study

This study used enrollment and claims data for non-Medicare individuals enrolled in five private health plans in Massachusetts in 2009 and 2010, all of which included a tiered physician network. Unique physician identifiers permitted tracking of individual physicians across plans. Regression models examined variation in each physician's market share of new patients by plan and in the percent of the physician's patients by plan who changed to another doctor in the same specialty, stratified by patient age group, risk category and gender. Models controlled for the physician's tier ranking by plan and by year and included a full set of fixed effects for health plan, physician specialty, year and individual physician. Model identification was achieved by the variation in how specific health plans ranked individual physicians in their tiered networks.

Sinaiko AD. "Variations in Patient Response to Tiered Physician Networks," *American Journal of Managed Care*, 22(6):420-25. 2016.

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