

Consumer Information and Narrow Networks

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Consumer Information and Narrow Networks

- “ In general, constructing and presenting information about an entire insurance provider network is difficult for the purpose of consumer plan choice
 - Summarizing information about network breadth / scope in simple measures may not convey that much information

Example: Covered California

- “ Blue Shield plan in Covered California
- “ Substantial details on cost sharing provisions
- “ No detail at all on provider network on any dimension
- “ Instead, must search externally, and take many steps to get any information at all (though no summary measures)

STANDARD BENEFITS FOR INDIVIDUALS

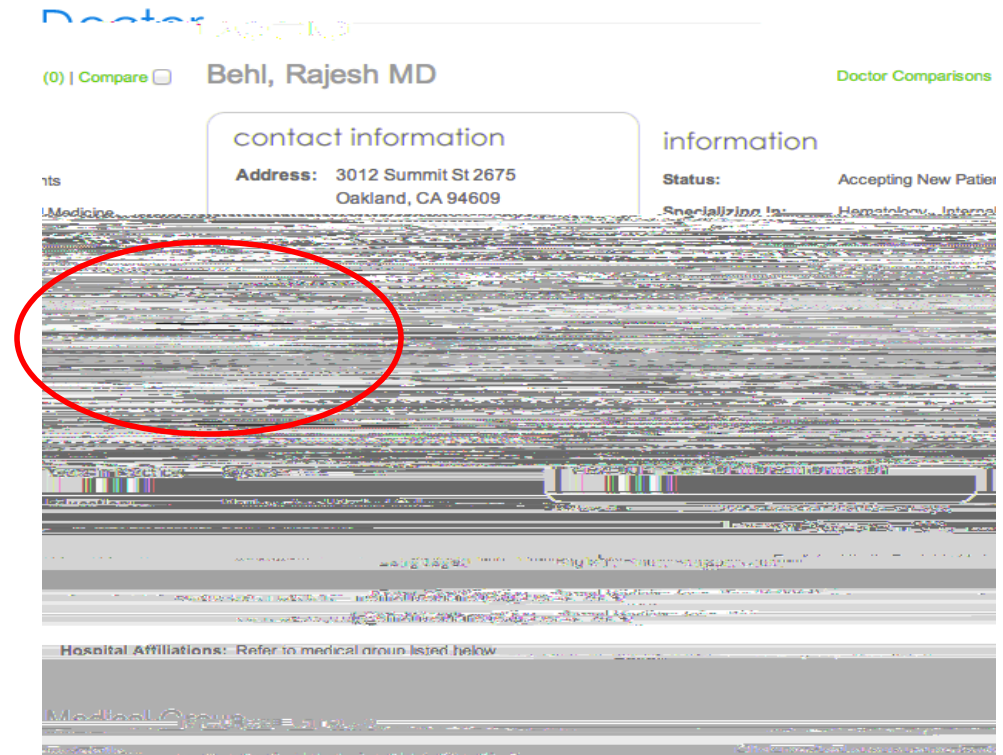
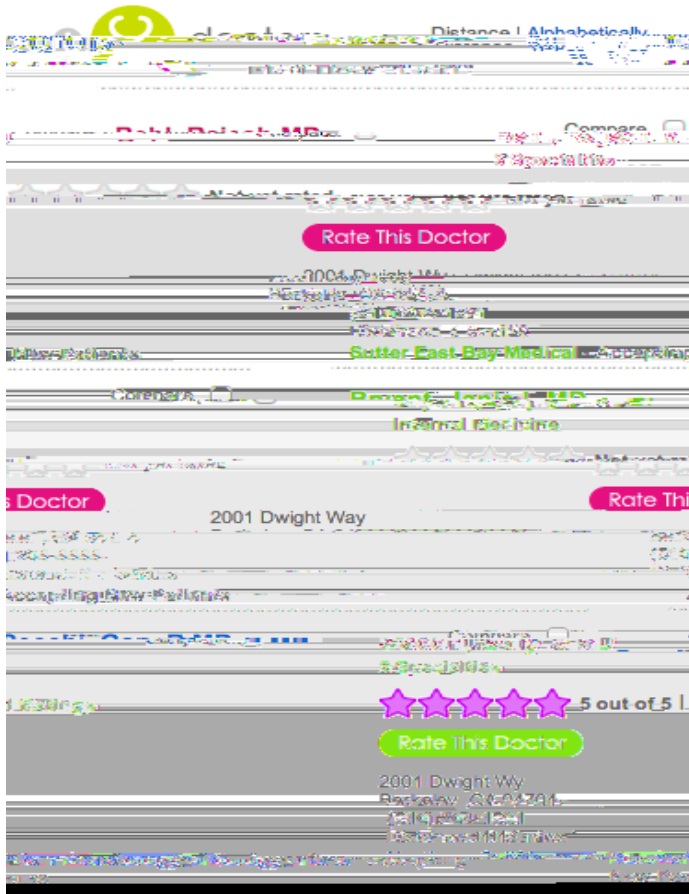
Key benefits	Bronze 60 Health Savings Account
Individual Deductible	
Family Deductible	
no cost at least 1 yearly	Preventative Care Copay ¹
40%	Generic Medication Copay
40%	X-Ray Copay
40%	Emergency Room Copay
High cost and infrequent services (e.g. Hospital Stay)	
Preferred brand copay after Drug Deductible (if any)	
Key For One	\$6,350
Maximum Out-of-Pocket	\$12,700

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Example: Covered California

- Once you actually get to place you can search, only targeted searches possible at all and limited information on each provider



Evidence

Information:

- Consumers do not know whether network broad or narrow. 58% think network is broad, very likely higher than actual market outcomes.
- Handel and Kolstad (2014) show consumers have limited knowledge about comparability of networks in simplified large employer/compete employer

Implications for Current Policy

