#### Consumer Information and Narrow Networks

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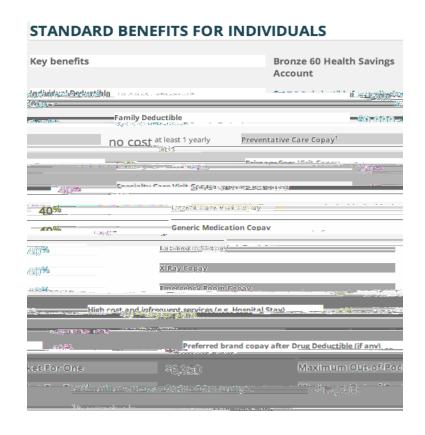
### Consumer Information and Narrow Networks

In general, constructing and presenting information about an entire insurance provider network is difficult for the <u>purpose of consumer plan choice</u>

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)

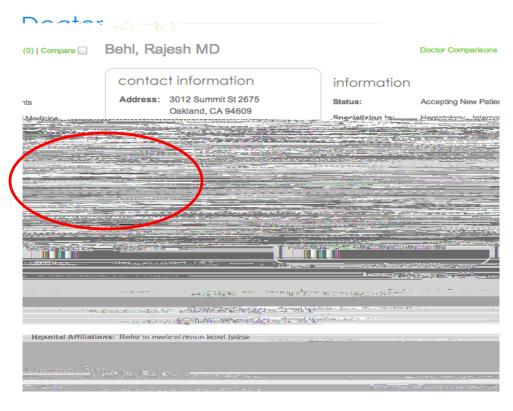




# Example: Covered California

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





## Evidence

#### "Information:

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- Handel and Kolstad (2014) show consumers have limited knowledge about comparability of networks in simplified large employercompacompege employer

# Implications for Current Policy

## **Bottom Line**

- Clear that insurer information provision about whether targeted providers / care processes are in network or not should be clear before consumer is at provider (ex post information)
- Clear that, while efforts should be made to improve consumer (broad) information about network at time of choice, that this is ultimately quite difficult to do effectively
  - Provider consistency valuable ex ante objective (related to targeted search)
- Given this, it seems that current environment is not too lax (could also be too restrictive) and that regulators should allow insurers enough leeway in network formation to generate meaningful cost savings (imagined welfare benefit of competition)
- Recent cases suggest common for providers to sue for inclusion
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