

EXECUTIVE BRIEFING

Realizing full potential: How community health plans can stand out in a competitive market

| AUG 21, 2023

<https://www.healthscape.com/insights/realizing-full-potential-how-community-health-plans-can-stand-out-competitive-market>

What's Trending: As Large Payers Diversify Offerings, Community Health Plans Face Challenges

When leaders of community health plans see large payers dominate the market by evolving and diversifying their offerings, they may feel that they simply can't compete. But community health plans have a unique strength as they are perfectly positioned to understand the health needs of the specific communities they serve. What may seem like a disadvantage now may in fact be what gives them a distinct and beneficial edge in the market.

Many large payers are acting to tap into additional sources of profit through vertical integration such as owning or operating significant provider networks, large pharmacy benefit managers, and household-name retail pharmacies. They are also growing in both the Medicare Advantage and Medicaid markets, particularly where community plans struggle to meet national network requirements.

Comparisons with large payers can leave community health plans with a misguided sense of direction, compounding existing struggles related to policy changes, premium pressure, and smaller scale. Instead of drawing a comparison, community plans should embrace their distinctive role in their communities and build brand value around it.

"Community health plans can thrive by developing a strategy that acknowledges core limitations and converts them to unique strengths," said Pravith Nambiar, Senior Partner at HealthScape, in a recent webcast with the Association for Community Affiliated Plans.

Why It Matters: Community Health Plans Can Retain Membership and Grow by Capitalizing on Their Unique Strengths

While large national payers are becoming more savvy at deploying strategies around increasing consumerism of their members, community health plans are often tied to government programs like Medicare and Medicaid. In some ways, they are more constrained with how they can innovate in their portfolios, and they are impacted by frequent policy changes and lower premiums.

Nambiar explained that community health plans need to reevaluate their product portfolio as a continuum across the consumer life journey. For instance, because so many Medicaid members will be losing their coverage as the redetermination process resumes, community health plans should assess the options available to these individuals through the health plan exchanges. Are they offering products that will recapture these members as they become ineligible for Medicaid coverage?

While large national payers may be diversifying their revenue streams at a dramatic scale, Nambiar emphasized the importance of community health plans diversifying in ways unique to their assets, strengths, and markets. “The premium dollar alone is not a source of revenue from a growth perspective,” said Nambiar. “Community health plans should look at their internal assets—whether clinical, network, or administrative—that they can commercialize or expand for non-premium opportunities.”

Key questions community health plan leaders need to start asking include:

- What are some of the key differentiators and strengths of your health plan? For example, do you have strong relationships with local, nontraditional, and community-based services providers to address the social needs of your population?
- Is your health plan particularly adept at serving high-acuity populations? Could you potentially use that value proposition to launch a new product (for instance, a Medicare Advantage plan for people with end-stage renal disease)?
- Could your organization potentially contract with other health plans on a sub-capitation basis to leverage your strengths and serve unmet market needs? For example, is there opportunity to contract with specialty care management for certain populations to drive better health outcomes for members at another plan?

“Assessing what makes you different and unique will lead you to new opportunities that can simultaneously drive revenue growth while achieving your mission and vision,” said Nambiar.

How HSCSN Is Leveraging Their Unique Strengths

Anna Dunn, President of Health Services for Children with Special Needs (HSCSN), a subsidiary of Children's National, shared, "As we're thinking about scaling and growth, we're also defending our territory...which takes time and investment."

HSCSN applied a 2-prong approach to maintain its position in the market and enable growth by focusing on maximizing its investment portfolio and optimizing its medical loss ratio (MLR) strategy to keep administrative spend low.

"HSCSN has been serving children with complex medical conditions in the District for almost 30 years," said Dunn. "Serving this population has led us to have a very tailored approach to care management and care coordination, as well as to build very strong partnerships with providers in the community."

Dunn explained that partnerships, like HSCSN's collaboration with the D.C. government and Medicaid agency, have strengthened their positioning and led to greater understanding of their brand and the products they can offer.

As a health plan that serves a specialized population, HSCSN also leverages its affiliation with Children's National as a leading children's hospital to ensure the highest quality care possible. This in turn supports member retention and growth.

For example, the top comorbidity across HSCSN's membership population is autism spectrum disorder. HSCSN has become so skilled at serving this population that even commercially insured families who were not eligible for HSCSN's health plan products would contact them for assistance.

"Because of the high prevalence of autism within our population, and our unique differentiators and experience, we identified an opportunity to expand on HSCSN and Children National's mission and vision to provide a specialized offering to manage kids with autism for other organizations," said Dunn. "We could do this for other health plans—regardless of product line—especially in states where behavioral health has recently been carved in. We see this as a major opportunity."

What's Next: Invest in Partnerships to Advance the Health Plan's Unique Value?

Overall, community health plans must embrace their role in the community and build a brand around it. To chart a path toward success, collaborations with other entities will be key.?

Develop Partnership Models Around the Health Plan's Key Goals?

Fostering strategic relationships with likeminded payers, employers, and community stakeholders can increase both capital and scale to further build the health plan's unique strengths. It can also allow the partnering organizations to better address social determinants of health and support greater health outcomes among plan members. ?

Dunn shared that HSCSN considers community partnerships as the cornerstone for meeting the nonmedical needs of their members. HSCSN has a robust array of health and family support programs that not only address the social and nonmedical needs of the child but also provide education, information, and critical resources to their families. This includes caregiver support and advocacy groups, groups that help older members transition into adult life, and summer skills and wellness programs. ?

Dunn noted that through these partnerships and community relationships, HSCSN is known throughout D.C. and is seen as a trusted source of healthcare coverage for children with more complex medical needs.?

Build Integrated Economic Models With Provider Partners?

Empowering community providers to begin or accelerate their value-based care journey can not only create better quality outcomes and impacts in the communities served by the health plan—but it can also support member retention and growth for the health plan.?

“Providers can sometimes struggle in a new risk-based model and leave money on the table,” said Nambiar. “Community health plans can maximize or work with the providers to help them maximize their earnings and achieve their own objectives.”?

Dunn added that HSCSN has leveraged its partnership with the Pediatric Health Network, which is responsible for their population’s primary care, to drive quality through value-based care. Working directly with one another, they also share the same population health platform to leverage systems efficiencies across the health system.?

“We’re also discussing value-based care with the home health agencies in D.C., as a significant portion of our members receive services in their own homes,” said Dunn. “This is not only a way for us to help home health agencies mature on their value-based care journeys, but also helps us keep the spend internal within the parent organization.”?

Another key step, particularly for health plans that are part of a larger enterprise, is ensuring the broader value of the organization is understood by state government officials and other policy leaders. Nambiar explained, “The combined voice of a provider and its affiliated health plan can drive powerful messages from an advocacy perspective—solidifying your individual, unique, and combined value and your impact to the communities you serve.”

Reaching Full Potential

Other next steps community health plans should focus on include creating more efficient operating models, designing scalable clinical models, investing in data sets, and understanding the health plan’s maturity level across organizational competencies.?

Capitalizing on the strengths and community ties that these health plans already possess is key to reaching their full potential in a competitive market.

?

AUTHORS



Pravith Nambiar

Senior Partner