

## Background on Network Adequacy

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### ***What is network adequacy?***

Network adequacy requires that plans ensure “sufficient” provider networks to provide adequate access to covered services for members.<sup>2</sup> Network adequacy can take into account various factors that affect access to care. The Final Rule identifies several areas of network adequacy that states must regulate and monitor: provider directories, time and distance, timely access, and language access, among others.<sup>3</sup> Besides any regulatory floors set by CMS, states are free to impose further requirements on plans.

### ***What are time and distance standards?***

CMS’s Final Rule requires states to set time and distance standards: quantitative measures that set a ceiling on how long it takes a plan member to see a provider.<sup>4</sup> States may allow different standards for different parts of a state and determine the specialties to be included.<sup>5</sup> Under A.B. 205, California would have four different groupings of time and distance standards, based on population density, for 15 different specialties.<sup>6</sup>

### ***What are alternative access standards?***

Alternative access standards let plans provide access to care outside of the prescribed time and distance standards. CMS did not specify alternative access standards in the Final Rule. However, under A.B. 205, DHCS may approve plans’ alternative access standards for time and distance if (1) the plan has “exhausted all other reasonable options to obtain providers to meet the applicable standard;” or (2) DHCS determines the plan has “demonstrated that its delivery structure is capable of delivering the appropriate level of care and access.”<sup>7</sup>

### ***What are timely access standards?***

Timely access standards require plans to provide member access to care within a specified number of days. In the Final Rule, CMS declined to provide a quantitative measure for timely access standards. However, California already had timely access standards in the form of appointment wait times, and A.B. 205 reiterates plan compliance with these standards.<sup>8</sup>

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<sup>2</sup> 42 C.F.R. §§ 438.68, 438.206, 457.1218, 457.1230.

<sup>3</sup> 42 C.F.R. §§ 438.10 438.68; 438.206(c)(1); 438.14.

<sup>4</sup> 42 C.F.R. § 438.68.

<sup>5</sup> 81 Fed. Reg. 88, May 6, 2016, 27660-1.

<sup>6</sup> These specialties include: cardiology/interventional cardiology; nephrology; dermatology; neurology; endocrinology; ophthalmology; ear, nose, and throat/otolaryngology; orthopedic surgery; gastroenterology; physical medicine and rehabilitation; general surgery; psychiatry; hematology; oncology; pulmonology; and HIV/AIDS specialists/infectious diseases. A.B. 205 § 7 (Cal. 2017).

<sup>7</sup> A.B. 205 at § 7.

<sup>8</sup> A.B. 205 at § 7; 28 Cal. Code Regs. § 1300.67.2.2.