MASSACHUSETTS HEALTH CONNECTOR
the right place for the right plan

The Massachusetts Health Connector and Cost Containment After Reform

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Today's Focus

- Background on the Health Connector
- Marketplaces and "Active Purchasing"
- How Active Purchasing Drives Policy Initiatives
- Discussion and Questions

Health Connector Stats

- Established by Chapter 58 of the Acts of 2006
- Became state's ACA-compliant Marketplace in 2014
- Quasi-public authority governed by eleven-member Board
- 50+ full time employees
- In January 2017…
  - 238,207 non-group health enrollees
    - 167,975 of these were in the ConnectorCare program, which provides supplemental state subsidies for individuals up to 300% of the Federal Poverty Level who qualify for federal premium tax credits
  - 68,646 non-group dental enrollees
  - 6,119 small group health enrollees (in 1,379 groups)
  - 1,012 small group dental enrollees (in 194 groups)

Marketplaces and Active Purchasing

Background

The Health Connector's primary role is a marketplace where consumers can easily compare insurance plans from different carriers

- Other responsibilities include oversight of student health insurance, the individual mandate, and outreach to the uninsured

Marketplace Plans

In 2017, the Health Connector offers 62 plans for the non-group and small group shelves from ten carriers

Carriers	Platinum	Gold	Silver	Bronze	Catastrophic	Total
Blue Cross Blue Shield	1	1	1	1	1	5
BMC HealthNet Plan	1	1	2	1	0	5
CeltiCare Health	1	1	1	0	0	3
Fallon Health	2	3 (+2 frozen)	4	2 (+2 frozen)	1	12 (+4 frozen)
Health New England	1	4	1	0	0	6
Harvard Pilgrim Health Care	1	2	2	1	0	6
Minuteman Health	2	1	2	2	1	8
Neighborhood Health Plan	1	2	2	1	0	6
Tufts Health Plan - Direct	1	2	2	1	1	7
Tufts Health Plan - Premier	1	1	1	1	0	4
TOTAL	12	18 (+2 frozen)	18	10 (+2 frozen)	4	62 (+4 frozen)

Seal of Approval

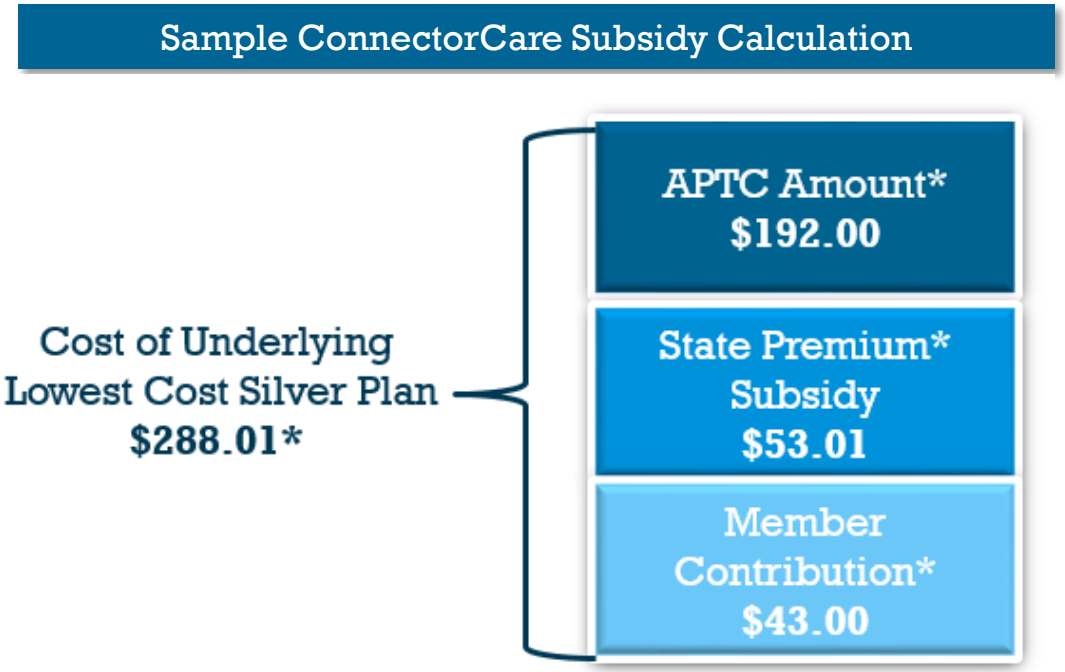
The Health Connector can drive policy initiatives through its selection of which carriers and plans to sell, known as active purchasing

- The Health Connector annually solicits proposals from carriers for health plans and awards the Seal of Approval (SOA) certification to those plans that it will sell
- All carriers with at least 5,000 covered lives in the Massachusetts market must submit a proposal for consideration by the Health Connector, but the Health Connector awards the SOA at its discretion
- Subsidies for non-group coverage available only through the ConnectorCare program increase the Health Connector's purchasing power
  - Policy initiatives included in the SOA can have broad market impacts

ConnectorCare: Overview

ConnectorCare supplements federal Advance Premium Tax Credits (APTC) with state subsidies to create a more affordable program for eligible MA residents

- Staff analyze price competitiveness, provider and facility access, and experience with serving the subsidized population when selecting ConnectorCare carriers
- The resulting suite of ConnectorCare plans provide an essential path to coverage for nearly 170,000 state residents
- ConnectorCare subsidies, like federal APTCs, are available exclusively through the Health Connector



*Reflects the cost of subsidizing the lowest cost plan for a 42 year old living in Worcester, earning $20,000 per year or 168.35% FPL, and thus in Plan Type 2B (150-200% FPL). Note: the Member Contribution equals the state affordability schedule amount for that income cohort because this example is subsidizing the lowest cost silver plan available to this person.

ConnectorCare: Underlying Silver Premium Changes

For 2017, the ConnectorCare program continues to generate positive competition at the lower end of the Silver tier, though there is significant variation across the premiums of the selected carriers

- For 2017, the underlying selected Silver plan premiums for the ConnectorCare program had an average 6.2% increase[1]
  - Excluding Neighborhood Health Plan, the underlying selected Silver plan premiums only increased by 0.7%[1]

Carriers	Membership Share[2]	Premium Change[1]
Tufts Health Plan - Direct	51%	2.3%
Neighborhood Health Plan	24%	20.7%
BMC HealthNet Plan	18%	-7.9%
Health New England[3]	3%	16.8%
Fallon Health	2%	1.6%
Minuteman Health	1%	1.8%
CeltiCare Health	1%	7.8%

[1] Enrollment-weighted premium change from 2016 ConnectorCare selected Silver plan to 2017 selected Silver plan (2016 actuals to 2017 calculated) w/ member aging (~2%)
[2] Membership based on August 2016 ConnectorCare enrollment
[3] Premium change reflects HNE 1/1/16 premium submission which contained an error resulting in consumer facing premiums being ~10% lower than intended

How Active Purchasing Drives Policy Initiatives

Product Strategy History

The Health Connector's non-subsidized health insurance product strategy has evolved over time in response to customer, carrier and regulatory influences

- We have strived to develop a product portfolio that:
  - Balances choice and consumer simplicity
  - Keeps pace with regulatory and market trends
  - Attracts the consumers we were established to serve, and sustains our ability to support them
  - Works within the technical and operational capabilities of our systems and vendors
- The result has been a series of "phases" of product strategy, with associated changes in the number and nature of the health insurance plans we offer to consumers

Product Strategy 2010-2011: Standardization

With the 2010 Seal of Approval, the Health Connector shifted its product shelf strategy to offer a limited set of standardized benefit designs on each metallic tier

- Standardization allowed consumers to make "apples-to-apples" comparisons across carriers, with the benefits of:
  - Directly helping consumers focus on the differences that mattered most to them – price and provider network – supporting their ability to pick the best one for them
  - Indirectly creating additional competition amongst carriers
- Focus groups suggested that three benefit designs and five carriers per tier was optimal
- In addition to standardizing benefits, the Health Connector also required that, at a minimum, plans be offered on the carrier's broadest commercial network of providers

Commonwealth Choice: YAP Overview

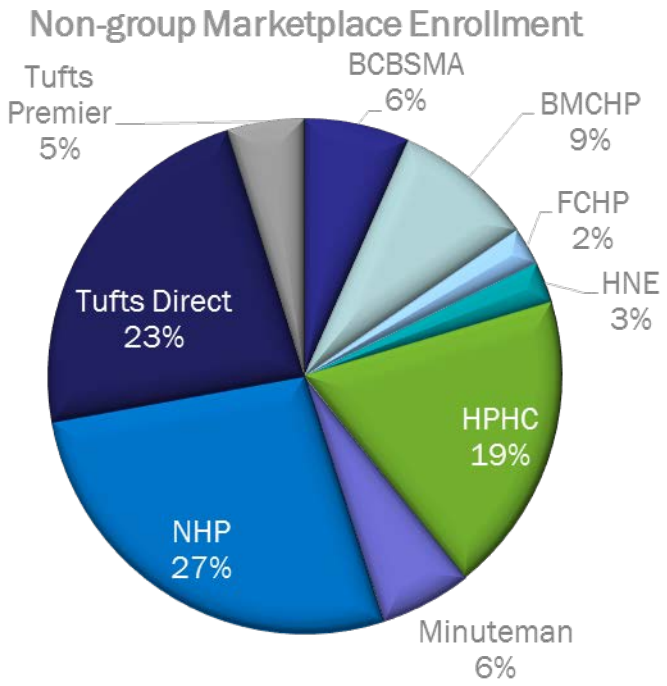
Tier	YAP High	YAP Low	YAP (High Deductible Health Plan)
Annual deductible	$250 per individual	$2,000 per individual	$3,050 per individual
Annual Out-of-Pocket	$5,000 per individual	$5,000 per individual	$5,950 per individual
Primary Care Provider (PCP) office visit	$25 copay	$25 copay	annual deductible, then $25 copay
Diagnostic x-ray or laboratory test	annual deductible, then 30% co-insurance	annual deductible, then 20% co-insurance	annual deductible, then 20% co-insurance
Outpatient surgery	annual deductible,	annual deductible,	annual deductible,

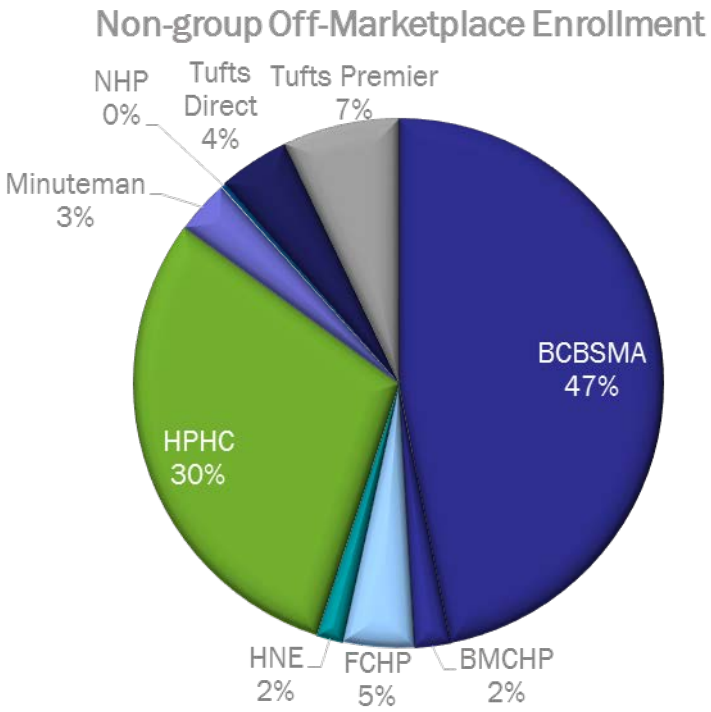
Commonwealth Choice: Tier Overview

Tier		Gold	Silver High	Silver Medium	Silver Low	Bronze High	Bronze Medium	Bronze Low
Annual deductible (also called the "deductible")		None	None	$500 per individual $1,000 per family	$1,000 per individual $2,000 per family	$250 per individual $500 per family	$2,000 per individual $4,000 per family	$2,000 per individual $4,000 per family
Annual Out-of-Pocket Maximum		None	$2,000 per individual $4,000 per family	$2,000 per individual $4,000 per family	$2,000 per individual $4,000 per family	$5,000 per individual $10,000 per family	$5,000 per individual $10,000 per family	$5,000 per individual $10,000 per family
Primary Care Provider (PCP) office visit		$20 copay	$25 copay	$20 copay	$20 copay	$25 copay	$30 copay	annual deductible, then $25 copay
Diagnostic x-ray or laboratory test		$25 copay	$0 copay	annual deductible, then $0 copay	annual deductible, then $0 copay	annual deductible, then 35% co-insurance	annual deductible, then $0 copay	annual deductible, then 20% co-insurance
Outpatient surgery		$150 copay	$500 copay	annual deductible, then $0 copay	annual deductible, then $0 copay	annual deductible, then 35% co-insurance	annual deductible, then $250 copay	annual deductible, then 20% co-insurance
Hospitalization		$150 copay	$500 copay	annual deductible, then $0 copay	annual deductible, then $0 copay	annual deductible, then 35% co-insurance	annual deductible, then $500 copay	annual deductible, then 20% co-insurance
Prescription drug deductible (also called the "Rx deductible")		None	None	None	None	$250 per individual $500 per family (for Tiers 2 and 3; for Retail and Mail order)	$250 per individual $500 per family (for Tiers 2 and 3; for Retail and Mail order)	None (but the annual deductible does apply to prescription drugs)
Prescription drugs (Rx)	Retail	Tier 1: $15 copay	Tier 1: $15 copay	Tier 1: $15 copay	Tier 1: $15 copay	Tier 1: $15 copay	Tier 1: $10 copay	Tier 1: annual deductible, then $15 copay
		Tier 2: $30 copay	Tier 2: 50% co-insurance	Tier 2: $35 copay	Tier 2: $30 copay	Tier 2: Rx deductible, then 50% co-insurance	Tier 2: Rx deductible, then $30 copay	Tier 2: annual deductible, then 50% co-insurance
		Tier 3: $50 copay	Tier 3: 50% co-insurance	Tier 3: $60 copay	Tier 3: $50 copay	Tier 3: Rx deductible, then 50% co-insurance	Tier 3: Rx deductible, then $50 copay	Tier 3: annual deductible, then 50% co-insurance
	Mail order	Tier 1: $30 copay	Tier 1: $30 copay	Tier 1: $30 copay	Tier 1: $30 copay	Tier 1: $30 copay	Tier 1: $20 copay	Tier 1: annual deductible, then $30 copay
		Tier 2: $60 copay	Tier 2: 50% co-insurance	Tier 2: $70 copay	Tier 2: $60 copay	Tier 2: Rx deductible, then 50% co-insurance	Tier 2: Rx deductible, then $60 copay	Tier 2: annual deductible, then 50% co-insurance
		Tier 3: $150 copay	Tier 3: 50% co-insurance	Tier 3: $120 copay	Tier 3: $150 copay	Tier 3: Rx deductible, then 50% co-insurance	Tier 3: Rx deductible, then $90 copay	Tier 3: annual deductible, then 50% co-insurance
Emergency room		$75 copay	$100 copay	$100 copay	annual deductible, then $100 copay	$150 copay	annual deductible, then $150 copay	annual deductible, then $100 copay
Other benefits		All carriers are fully-insured and cover all mandated state benefits. Coverage and cost-sharing for benefits other than those listed above may vary from one plan to another within a single tier.						

Power of Comparison Shopping

The comparison shopping experience increases competition among carriers – consumers are more likely to shop around to discover new options that give good value for their dollar





Source: CHIA Enrollment Trends July 2016 Databook. Data from March 2016. http://www.chiamass.gov/enrollment-in-health-insurance/. Enrollment totals for On Exchange Non-Group enrollment do not include ConnectorCare enrollment. Excludes carriers with negligible enrollment.

2017 Goals: Promoting Value and Health Outcomes

We used the 2017 SOA to start influencing the way products in our marketplace address the health needs of our members

- As part of the Commonwealth's efforts to address the opioid crisis, the Health Connector, coordinating with the Opioid Prevention Task Force, added requirements to the 2017 SOA related to opioid use, prevention and treatment
- We also required the inclusion of pediatric Essential Health Benefit (EHB) vision and dental coverage as part of all QHPs
  - All carriers met this requirement, although CeltiCare, given their limited eligible membership, is offering a non-network benefit whereby it will pay providers at cost and reimburse members based on prescribed cost-sharing levels
- As part of our planning for SOA 2018 and beyond, we sought carrier comments regarding the strategies and targets for Value-based Insurance Design (VBID) in future Health Connector product designs

New for ConnectorCare in 2017: Enhanced Opioid Treatment

Starting in 2017, ConnectorCare enrollees with opioid dependency have zero cost-sharing for medication-assisted treatment and associated services and Rescue Opioid Antagonists

Medication Assisted Treatment (MAT)

- Examples include buprenorphine, naltrexone, and methadone
- ConnectorCare Issuers must set MAT medications as zero cost-sharing for all ConnectorCare plan types
- If an identical generic formulation is available, ConnectorCare issuers may set additional cost-sharing for brand formulations
- Any services directly associated with a MAT visit, including counseling and drug screening, must also be provided at zero cost-sharing for all ConnectorCare plan types

Opioid Antagonists:

- Examples include Nalaoxone (Narcan)
- ConnectorCare Issuers must designate at least one (1) opioid antagonist (overdose reversal) approved for use in take-home setting (e.g., with a standing prescription) and (1) opioid antagonist for use by health care professionals as zero cost-sharing for all ConnectorCare plan types
- The selection of the zero cost-sharing medication(s) is at the discretion of the ConnectorCare issuer

Products in Context: Other Marketplaces

Other state-based Marketplaces (SBMs) vary widely in their plan offerings, and policy and regulatory contexts, but monitoring and learning from peer SBMs can become an important component of building an informed product strategy

- Ten states, including Massachusetts, set guidelines or standards for carriers in terms of number and design of plan offerings
  - The remaining state-based and federally facilitated Marketplaces take a passive approach that allows any plan meeting baseline ACA requirements to appear on the Marketplace's shelf
  - Massachusetts is one of seven SBMs that offered standardized plans for 2016; the FFM gave carriers the option of standardized plans for 2017

SBMs with Standard Plans	
California	New York
Connecticut	Vermont
Massachusetts	Washington, D.C.
Oregon	

SBMs without Standard Plans	
Colorado	Maryland
Hawaii	Minnesota
Idaho	Rhode Island
Kentucky	Washington

Data as of Plan Year 2016. Source: Various on file, including SBM websites

- Some states are developing approaches to address quality and cost concerns
  - Connecticut and Minnesota are seeking to promote value and cost containment efforts, while California is launching a multi-year quality and value-based certification contracting process

Questions?

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