The Massachusetts Health Connector and Cost Containment After Reform

MARISSA WOLTMANN
Associate Director of Policy and ACA Implementation Specialist

January 12, 2017
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

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

### Sample ConnectorCare Subsidy Calculation

<table>
<thead>
<tr>
<th>Component</th>
<th>Calculation Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>APTC Amount*</td>
<td>$192.00</td>
</tr>
<tr>
<td>State Premium* Subsidy</td>
<td>$53.01</td>
</tr>
<tr>
<td>Member Contribution*</td>
<td>$43.00</td>
</tr>
</tbody>
</table>

Cost of Underlying Lowest Cost Silver Plan: $288.01*

*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.
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%\(^1\)

<table>
<thead>
<tr>
<th>Carriers</th>
<th>Membership Share(^2)</th>
<th>Premium Change(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tufts Health Plan - Direct</td>
<td>51%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Neighborhood Health Plan</td>
<td>24%</td>
<td>20.7%</td>
</tr>
<tr>
<td>BMC HealthNet Plan</td>
<td>18%</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Health New England(^3)</td>
<td>3%</td>
<td>16.8%</td>
</tr>
<tr>
<td>Fallon Health</td>
<td>2%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Minuteman Health</td>
<td>1%</td>
<td>1.8%</td>
</tr>
<tr>
<td>CeltiCare Health</td>
<td>1%</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

\(^1\) 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
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
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.
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.

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 Naloxone (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
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

<table>
<thead>
<tr>
<th>SBMs with Standard Plans</th>
<th>SBMs without Standard Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>Colorado</td>
</tr>
<tr>
<td>New York</td>
<td>Maryland</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Hawaii</td>
</tr>
<tr>
<td>Vermont</td>
<td>Minnesota</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Idaho</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>Rhode Island</td>
</tr>
<tr>
<td>Oregon</td>
<td>Kentucky</td>
</tr>
<tr>
<td></td>
<td>Washington</td>
</tr>
</tbody>
</table>

*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?

MARISSA WOLTMANN
Associate Director of Policy and ACA Implementation Specialist

Marissa.Woltmann@state.ma.us