



Overview of Massachusetts Health Care Reform

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Overview of Mass. Reform

1. Key elements
2. Progress report
3. Exchange design issues



Why health reform?

- ✓ 400,000 – 650,000 uninsured adults
- ✓ “Free Care” isn’t free
 - Leads to expensive and inconsistent care
 - Generates implicit and explicit tax
- ✓ Improve health of the uninsured, e.g.
 - Nearly 25% do not fill prescriptions
 - Cancer patients diagnosed later and die earlier



Estimated Adult Deaths from Uninsurance

Year	Population Age	% Uninsured	Total Deaths	Uninsured Excess Deaths
2000	146.1	15.5%	536,000	17,000
2001	147.8	16.1%	549,000	18,000
2002	150.3	17.1%	563,000	19,000
2003	151.5	17.7%	572,000	20,000
2004	153.4	17.6%	571,000	20,000
2005	155.6	18.1%	589,000	21,000
2006	157.7	18.7%	602,000	22,000
Total				137,000

- Sources: March Current Population Survey, 2001–07; National Center for Health Statistics, final death rates for 2000-04 and preliminary death rates for 2005*



Mass. Model for National Reform

1. Shared Responsibility
 - Individual mandate
 - Employer contribution
 - Public subsidies
2. Insurance Market Reform
3. Insurance Exchange



Key Elements of Reform: Insurance market reform

1. Guaranteed Issue
2. Guaranteed Renewal
3. Adjusted Community Rating
4. Merger of Non-Group & Small-Group Markets

Policy objective: Make health insurance work for the sick as well as the healthy



Role of the Connector

1. Make policy decisions as authorized by Health Care Reform Law
2. Conduct outreach and advertising efforts to inform public of new opportunities and responsibilities.
3. Operate two exchanges



Continuous Coalition Campaign (Session #4, 1:00 p.m.)



Massachusetts Taxpayers Foundation





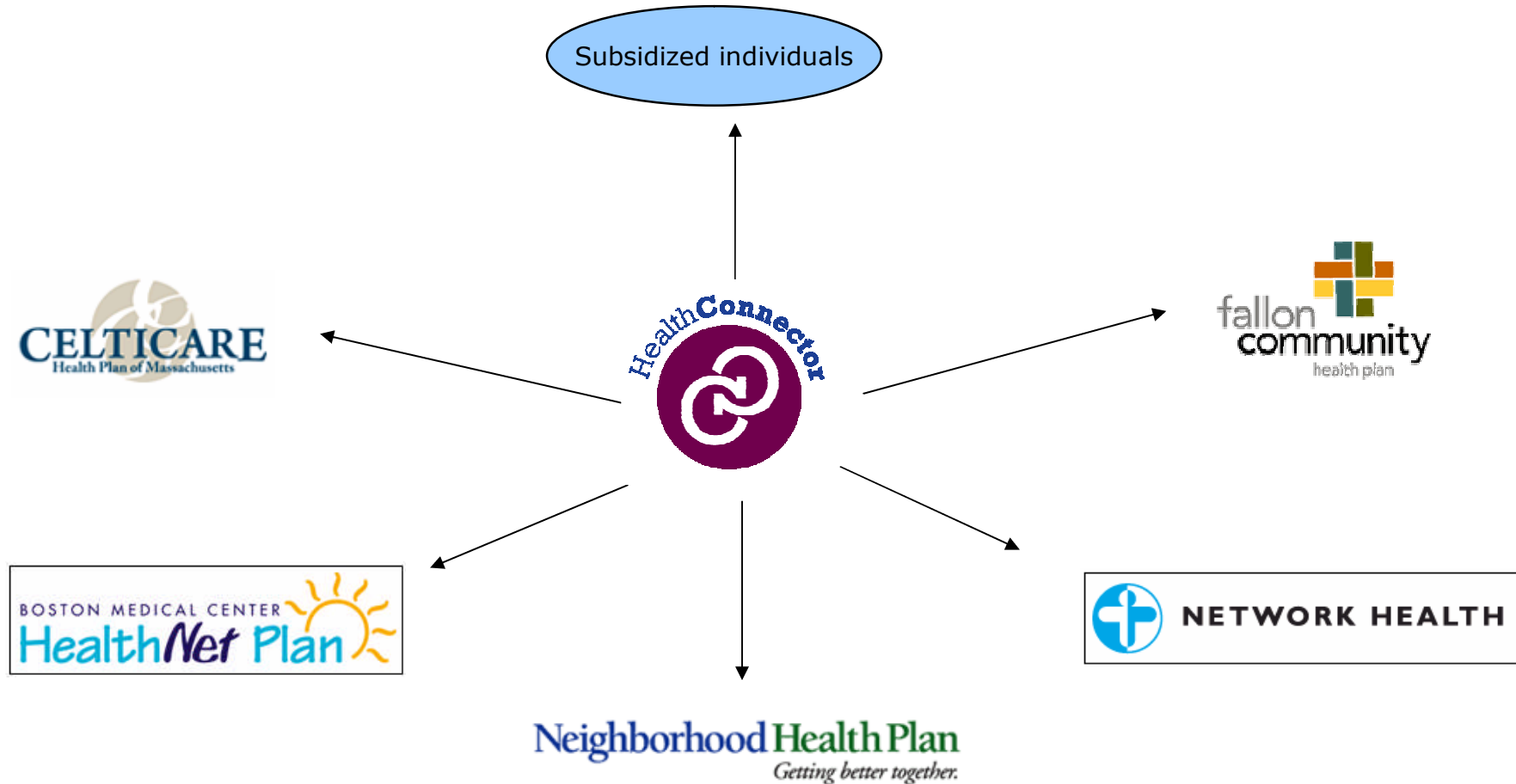
Two Exchanges

- Commonwealth Care is an **Exclusive Distribution Channel** for subsidy-eligible adults ($\leq 300\%$ fpl)
[Session #2, 9:15 a.m.]
- Commonwealth Choice is an **Alternative Distribution Channel** for unsubsidized non-group & small-group insurance
[Session #3, 10:45 a.m.]



Commonwealth Care: 150,000 mbrs

Connects eligible, uninsured, low-income residents to subsidized health plans





Launched CommCare for $\leq 100\%$ fpl on 10/06; for premium-payers on 1/07

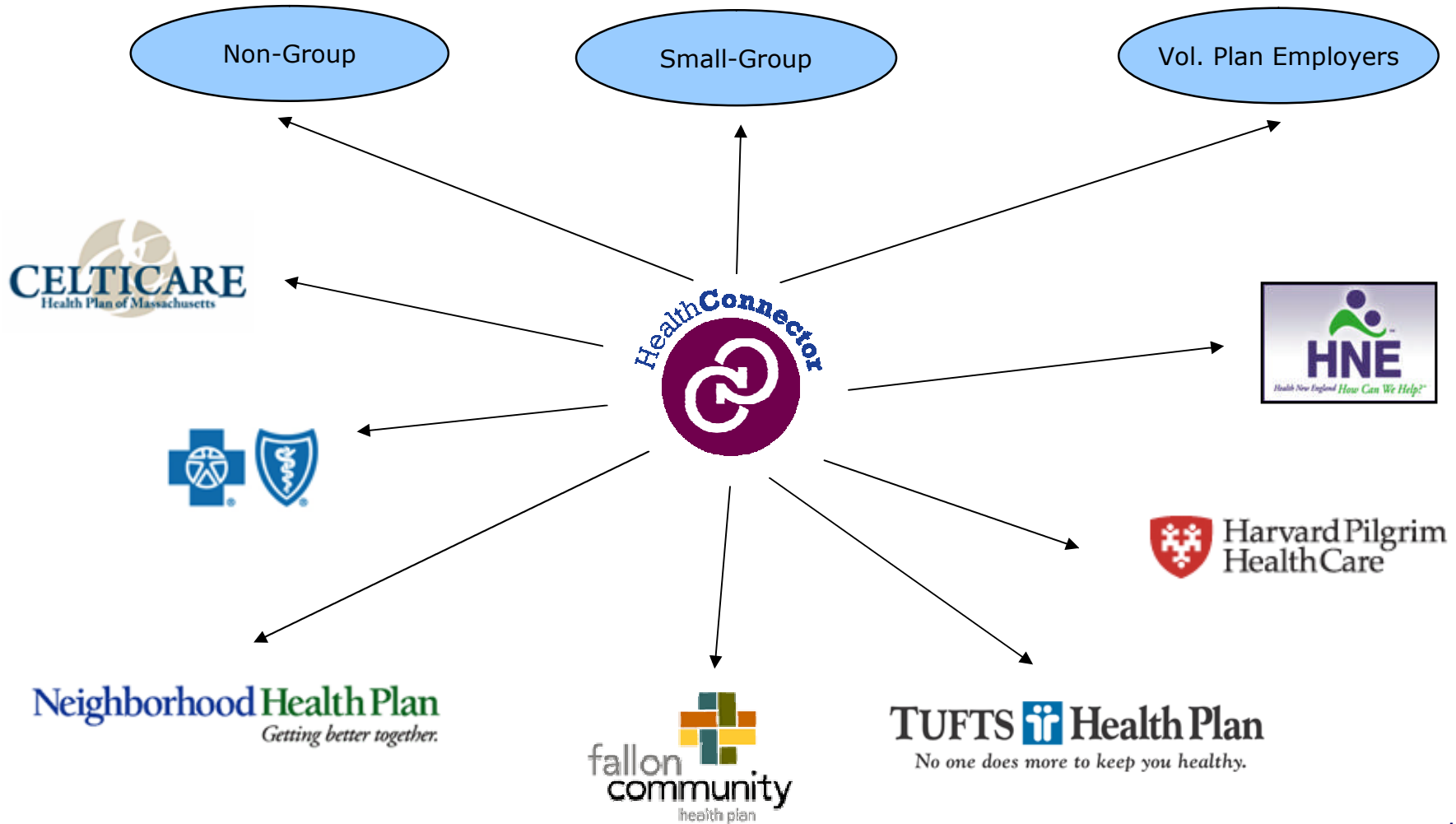
- Commonwealth Care is a government-subsidized, comprehensive health insurance for uninsured individuals with incomes up to 300 percent of the federal poverty level (FPL)
- Coverage was through a choice of four private health insurance plans – Medicaid Managed Care Organizations (MMCOS)
- A fifth plan (CeltiCare) entered the state thru this program in year-4
- Sliding scale enrollee contributions, ranging from minima of \$0 to \$116 pmpm:

Commonwealth Care minimum monthly premiums – effective July 1, 2008		
Income (% of FPL)	Income (\$)	Min. monthly premium
0 - 150%	\$0 - \$16,248	\$0
150.1% - 200%	\$16,249 - \$21,660	\$39
200.1% - 250%	\$21,661 - \$27,084	\$77
250.1% - 300%	\$27,085 - \$32,496	\$116



Commonwealth Choice: 22,000 mbrs


Connects Mass residents and businesses to commercial health insurance products



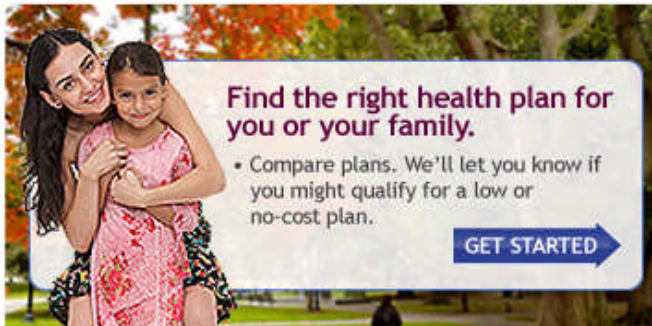






Launched for Non-Group July 2007; "pilot" for Small-Group, February 09

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You need insurance. The state's Health Connector can help.

 <p>Find the right health plan for you or your family.</p> <ul style="list-style-type: none"> Compare plans. We'll let you know if you might qualify for a low or no-cost plan. <p>GET STARTED</p>	 <p>Young Adults</p>	 <p>Employees</p>	 <p>Employers</p>	 <p>Brokers</p>
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Welcome to the Health Connector!


We are an independent state agency that helps you find the right health plan and avoid tax penalties. [Learn More...](#)

[Commonwealth Choice](#) offers many options from brand-name health plans. We negotiate prices and benefits. You shop, compare and enroll.

[Commonwealth Care](#) is low or no-cost health insurance for people who qualify.

Find out what's available to you.

Health Connector Success Stories




Andre from Milton

"I didn't know how I was going to be able to afford the rising cost of health insurance. Fortunately, my wife told me about the Health Connector, which provided me with many different options ..." [read more](#)

Already a Commonwealth Care Member?

- [Register](#) for access to your account
- [Log in](#) to choose a health plan and view account information





Progress Report– 5 Real Facts [Session # 5, 2:30 p.m.]

- 1. 2.7% uninsured** after 3 years
2. Of newly insured, **35% private pay**
- 3. 98% compliance** (taxpayer filings)
- 4. 59% - 75% voter approval** rating
- 5. Net new state costs ~ \$350 million**



There's More to the Story

"If I didn't have health insurance, I would never have made an appointment with my doctor because of the cost. The cancer would have spread and I would not be alive today to tell you my story."



- **Jaclyn Michalos, 27**



There's More to the Story

Before moving to Mass in 2007, she was told by an insurance agent in her home state:

"You'll never get insurance, so don't waste your time."

After discovering Commonwealth Choice:

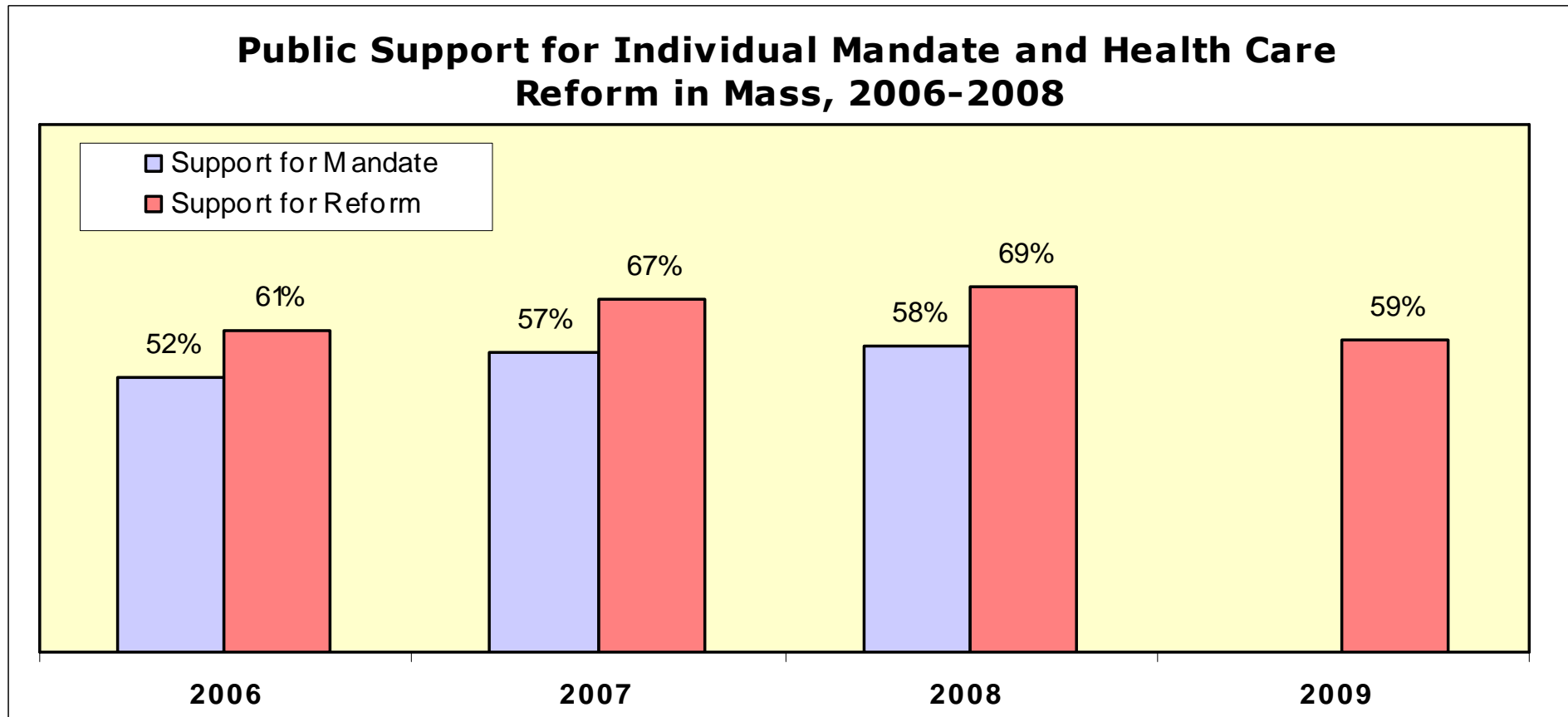
"I did the whole thing online and got a very good plan. I was just thrilled!"

**Abbie von Schlegell ,
Commonwealth Choice
member**





Strong Voter & Leadership Support



Source: Kaiser Family Foundation/Harvard School of Public Health/BCBS of Mass Foundation Surveys, 2006-2008; Harvard School of Public Health/Boston Globe Massachusetts Health Reform Poll (conducted September 14-16, 2009)



Challenges

1. Primary care access
 - Expanded training & incentives
 - Expansion of retail clinics
2. Programmatic cost control
 - 4.7% average annual trend for CommCare
 - 20% premium reduction for CommChoice
3. Systemwide cost control!!!



Exchange Design Issues

1. Governance: semi-independent public agency

Distributor/guardian of public funds

Market maker

Interacts w/ other gov't agencies



Exchange Design Issues

2. Coordination w/other agencies

Medicaid

Division of Insurance

Dept of Revenue (IRS?)

Health & Human Services



Exchange Design Issues

3. Rating dynamics in the exchange

Self-contained purchaser (CCare)

Market rates using ACR (CChoice)

Managing the “risk premium”



Exchange Design Issues

4. Risk adjustment

Mandate is essential

Standardizing benefits

Age/sex/geography & acuity

Limiting choice of actuarial tiers



Exchange Design Issues

5. Benefits specification

Start with existing market

Innovation & select networks

Standardize for easy comparison

Manage benefits changes



Exchange Design Issues

6. Bidding & selection dynamics

Subsidized volume

Mandate to participate

Competitive insurance market

Transparency

Dictating price vs. long-term relationships



Exchange Design Issues

7. Program management

Outreach & public education

Eligibility determination/re-determination

Enrollment & premium billing

Customer service

Appeals



Value Proposition for Exchanges

Easy shopping

Value: select networks & premier brands

Trust/consumer protection

Administrative simplification