

# Massachusetts Health Reform: Progress and Prognosis



March 2008

# Outline

1. Overview of MA Healthcare Reform
2. Role of the Health Connector
3. What lies ahead

April 2006

**Chapter 58  
is signed!**



## *Why health reform?*

- ✓ 396,000+ uninsured adults
- ✓ “Free Care” isn’t free
  - Leads to expensive and inconsistent care
  - Generates implicit and explicit tax, primarily paid through health insurance premiums
- ✓ Improve health of the uninsured

# Pillars of MA Healthcare Reform: Shared Responsibility

- Subsidize insurance for low-income uninsured (MassHealth & CommCare)
- Require individuals age 18+ to have health insurance
- Require employers w/ 11+ FTE-employees to provide “Fair Share” contribution & a pre-tax, payroll deduction plan
- Reform the non-group market
- Increase MassHealth reimbursement levels (P4P)

# Role of the Connector in MA Healthcare Reform

- Purchase insurance for eligible beneficiaries
- Market commercial health insurance
- Policymaking, e.g.:
  - Minimum Creditable Coverage
  - “Affordability”

# *Commonwealth Care*

- Buy insurance for adults who do not otherwise have access to subsidized health care (e.g., employer-sponsored insurance, Medicaid, Medicare)
- [Their children qualify for MassHealth]
- Shift funds from providers (free care pool) to individuals (subsidized insurance)
- Available to adults with family income at or below 300% of the federal poverty level (FPL)
  - Single person
    - \$2,553 monthly or \$30,636 annually
  - Family of four
    - \$5,163 monthly or \$61,956 annually

## *Commonwealth Care*

- Coverage of adults with income at or below 100% FPL started on November 1, 2006
- Program implemented for adults with income between 100 - 300% FPL on February 1, 2007
- As of December 2007, 160,000 previously uninsured adults now covered

# Subsidized Insurance: Commonwealth Care

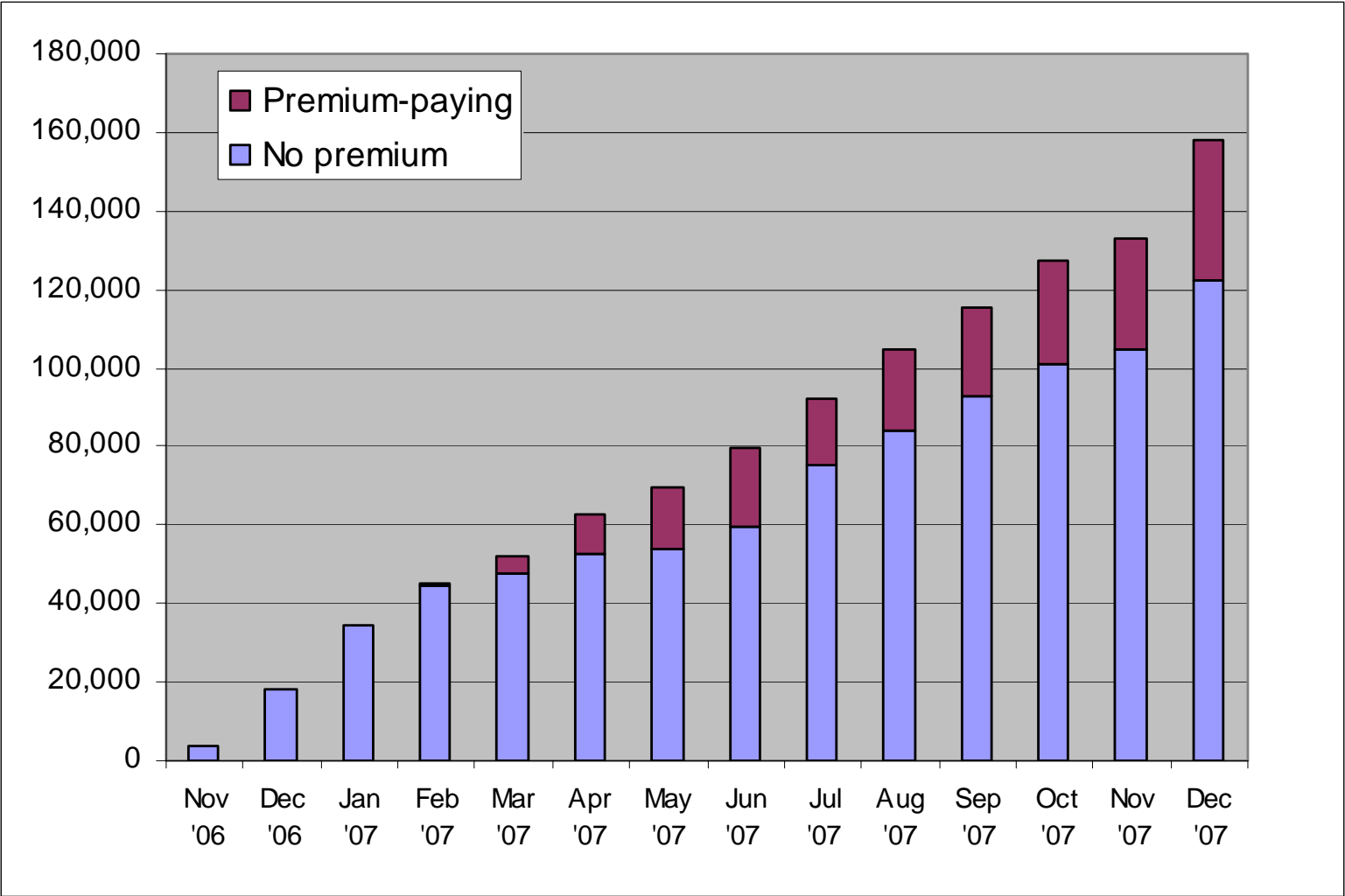


[www.macommonwealthcare.com](http://www.macommonwealthcare.com)

## Monthly Premium Schedule

| FPL          | Individ'l | Couple | Couple with children |
|--------------|-----------|--------|----------------------|
| <151%        | \$0       | \$0    | \$0                  |
| 150.1 - 200% | \$35      | \$70   | \$70                 |
| 200.1 – 250% | \$70      | \$140  | \$140                |
| 250.1 – 300% | \$105     | \$210  | \$210                |

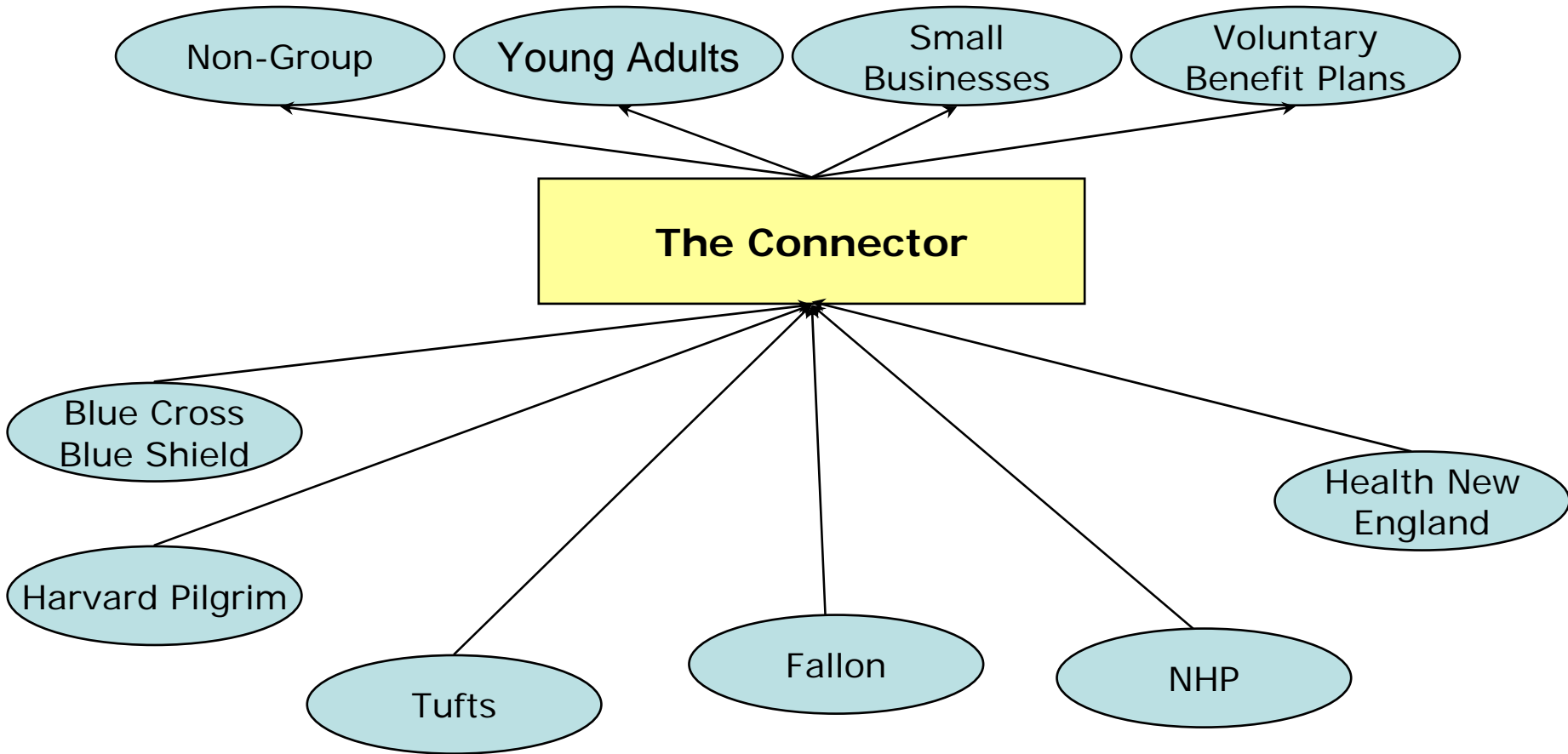
# Commonwealth Care: 160,000



# *Commonwealth Choice*

- Designed to promote choice in non-group and small group markets
- Commercial (non-subsidized) health insurance distribution system
- Four prime target markets:
  - Non-group individuals
  - Young adults not offered ESI
  - Employees not offered/eligible for group coverage
  - Small businesses

# Commonwealth Choice



# Options Under CommChoice

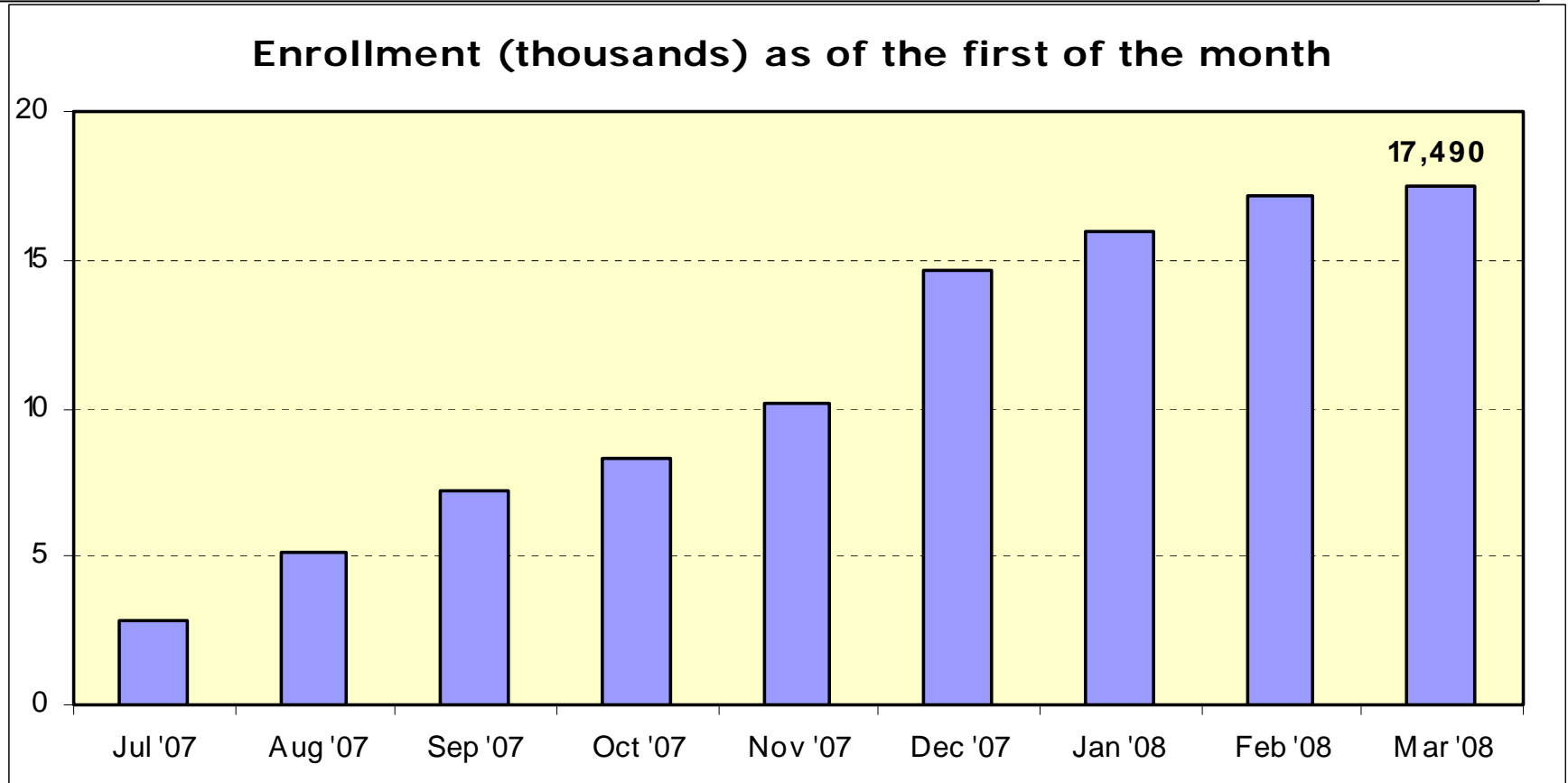
(37-year old, July 2007)

| <b>Benefit Level</b> | <b>Carrier A</b> | <b>Carrier B</b> | <b>Carrier C</b> | <b>Carrier D</b> |
|----------------------|------------------|------------------|------------------|------------------|
| <b>Gold</b>          | \$400            | \$460            | <b>\$285</b>     | \$370            |
| <b>Silver</b>        | <b>\$300</b>     | \$340            | \$235            | <b>\$230</b>     |
| <b>Bronze</b>        | \$240            | \$280            | <b>\$184</b>     | \$202            |

# *Reforming the Non-Group Market*

- Pre-reform plan choice for 37-year-old:
  - Monthly premium of \$335
  - No Rx coverage
  - \$5,000 deductible
- Post-reform plan choice for 37-year-old:
  - Monthly premium of \$175
  - Rx coverage
  - \$2,000 deductible, with office visits and ER coverage prior to the deductible

# Commonwealth Choice Enrollment



## *What is Minimum Creditable Coverage?*

- Comprehensive medical benefits, including Rx
- In-network deductible not to exceed \$2,000/\$4,000
- If deductible or co-insurance, must include out-of-pocket max  $\leq$  \$5,000/\$10,000 on core services
- No indemnity fee schedules allowed
- No annual or per illness maximum allowed (lifetime maximums are allowed)
- Federally compliant HSA/HDHP plans qualify as MCC

# Affordability Schedule

- Benchmark Affordability to CommCare Enrollee Premium
- K.I.S.S.
  - Excuse lower-income brackets
  - Assume affordability above median income
  - Progressive sliding scale of premium contributions
- Generous & constructive enforcement

# The Ultimate Endorsement



## PRESS RELEASE

05/22/2007 11:29 AM ET

### **Connector teams up with Red Sox to build enrollment in new health insurance plans**

**Other corporate/civic partnerships announced as part of public education campaign**

# Commonwealth Choice: Lots of Action

**BECAUSE EVERY MASSACHUSETTS  
CITIZEN SHOULD HAVE HEALTH CARE  
COVERAGE THEY CAN COUNT ON**

For More Information

Call: 1-877-MA-ENROLL (623-6765)

Or Visit: [www.mahealthconnector.org](http://www.mahealthconnector.org)



Commonwealth **Connector**

You can also contact approved health plans directly. For a complete list, and to find out about other ways you can help, visit: [www.masshealthreform.org](http://www.masshealthreform.org)



**DO YOU KNOW  
SOMEONE WHO NEEDS  
HEALTH INSURANCE?**

1-877-MA-ENROLL (623-6765)  
[www.mahealthconnector.org](http://www.mahealthconnector.org)

Some people who used to be locked out of health coverage may now have new opportunities to get insurance. Massachusetts has made recent changes to the law that makes reduced-cost health insurance plans available to more people than ever before.

By the end of 2007, all adults in the state 18 and over need to have health insurance.



**BECAUSE  
IGNORING A  
PROBLEM HAS  
NEVER MADE  
ONE GO AWAY**

## 1 CHECK US OUT

Call 1-877-MA-ENROLL  
[www.MAhealthconnector.org](http://www.MAhealthconnector.org)

## 2 PICK A PLAN

Options available from:

- Blue Cross Blue Shield of Massachusetts
- Fallon Community Health Plan
- Harvard Pilgrim Health Care
- Health New England
- Neighborhood Health Plan
- Tufts Health Plan

## 3 SIGN UP

Online or by phone!



# GET A YAP

"I've got one!"

*"I'm getting one."*

You should get  
one too!

**Commonwealth  
Choice** *Your Connection  
to Good Health*

## What's a YAP?

The Health Connector offers Commonwealth Choice Young Adult Plan (YAP) options - health insurance for those age 19 - 26.

## Why should I get a YAP?

Starting July 1, 2007, most people age 18 and older who live in Massachusetts must have health insurance.

**It's EASY to get. It's AFFORDABLE.**  
The Health Connector can help you with your options.

**CHECK US OUT !**



Call 1-877-MA-ENROLL  
[www.MAhealthconnector.org](http://www.MAhealthconnector.org)

## *Progress Report: Public Support*

Sept 2006

80% aware of Reform

61% favor/20% against

June 2007

87% aware

67%/16%

Even employers (55%-to-41%) support the requirement that they pay “Fair Share Contribution”

*Progress Report: New Enrollment  
(projected for January 1, 2008)*

|                              |                 |
|------------------------------|-----------------|
| Net new Commercial insurance | ~ 100,000       |
| Commonwealth Care            | 169,000         |
| Medicaid enrollment growth   | ~ 70,000        |
| <b>TOTAL</b>                 | <hr/> > 300,000 |

# *What lies ahead?*

- Will the public accept the reality (and consequences) of the individual mandate and the MCC standards?
- Can crowd-out be avoided...or at least minimized?
- How will employers respond to new rules (e.g., fair share assessment, non-discrimination, Section 125)?
- Will primary care be there to supply improved access?
- Will health care inflation moderate?

# Living within the Golden Triangle

**Eligibility**

**Coverage**

**Medical Costs**

