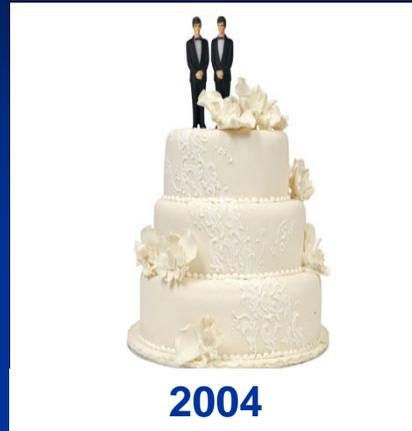


Don't Blame Me...I'm
from Massachusetts



1972



2004



2006

Blame Me...I'm from
Massachusetts



2010

The Massachusetts Exchange Experience

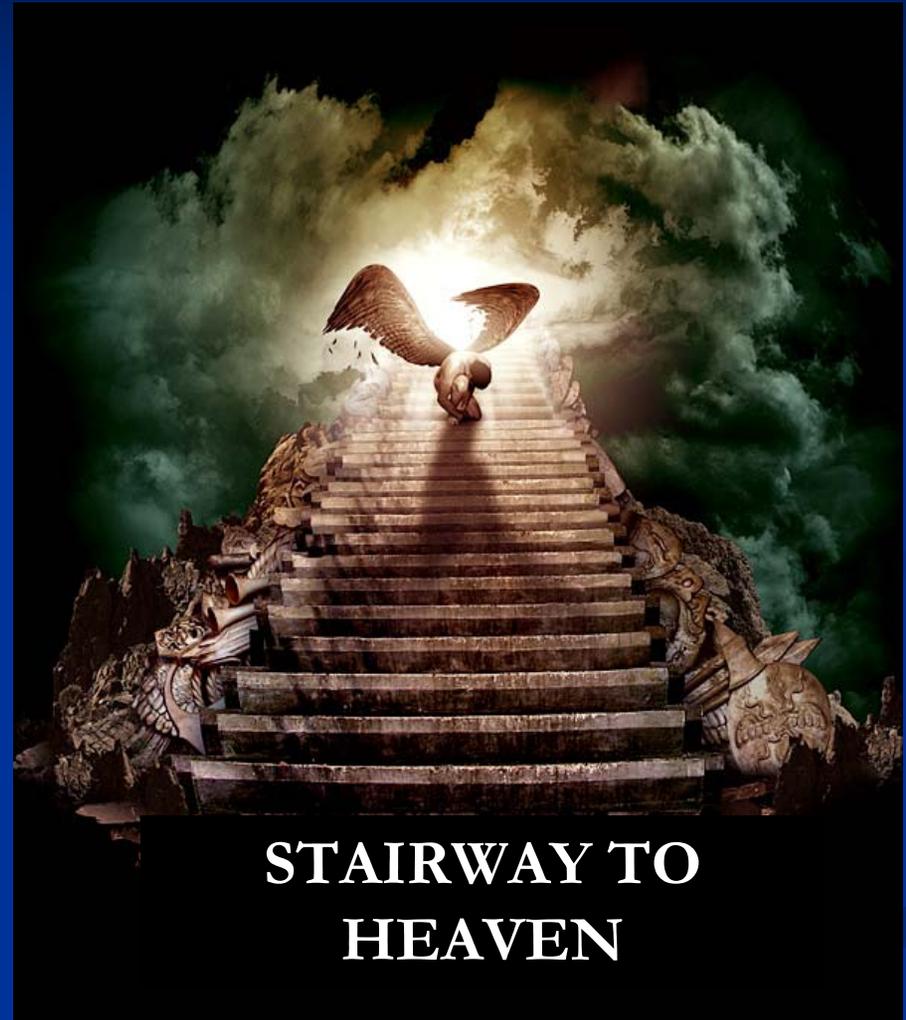
Nancy Turnbull, Harvard School of Public Health and
Board Member Massachusetts Health Insurance Connector

To the Oregon Health Policy Board, February 2010

Two Visions of Exchanges



BRIDGE TO NOWHERE



**STAIRWAY TO
HEAVEN**

What consumers might get...



Health Reform in Massachusetts



Major Components of Massachusetts Health Reform Law

- **Subsidize insurance for low and moderate income**
 - Medicaid expansions (mostly for children)
 - *Commonwealth Care* (for adults up to 300% FPL)
- **Reform the non-group/individual market**
 - Merger of individual and small group markets
 - Health Insurance “Connector”
 - Young Adult Plans
 - Dependent coverage to age 26
- **Require individuals age 18+ to have health insurance—if it’s affordable**
 - Or pay state income tax penalties
- **Require employers w/ 11+ FTE-employees to**
 - Provide health coverage or make a “Fair Share” contribution
 - Offer a pre-tax, payroll deduction plan for health coverage (S. 125 plan)

The Roles of the Massachusetts Connector

- Operates two exchanges
 - Commonwealth Care: subsidized program
 - Commonwealth Choice: unsubsidized plans
- Policy making body for individual mandate
 - “Minimum Creditable Coverage”
 - Schedule of Affordability
- Facilitates expansion of coverage in the state through information, outreach and marketing
 - Individual responsibilities under reform law
 - Availability of coverage through Connector

Two Exchanges

#1: Exclusive exchange for *Commonwealth Care*

- State is the purchaser for program of subsidized coverage for low income uninsured adults (<300% FPL)
- Standard benefit package (slightly different <100% FPL)
- Offered primarily through Medicaid Managed Care Organizations
- Premiums vary by income (\$0-116 per month for member)
- ~150,000 members

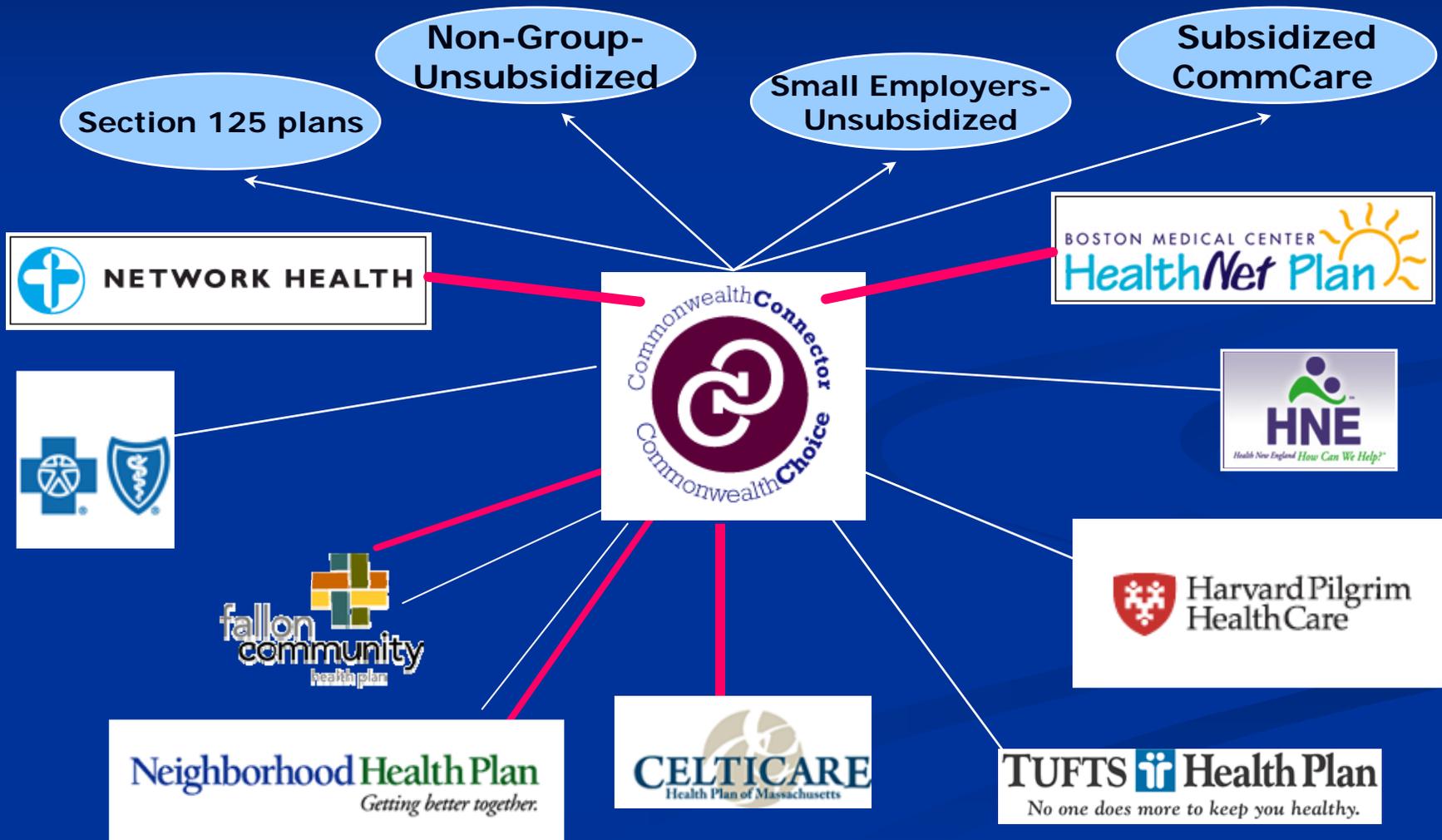
Two Exchanges

#2: Alternative distribution channel for *Commonwealth Choice*, unsubsidized individual and small group

- Competes side-by-side with regular insurance market
- Connector is a distributor not a purchaser
- Four product tiers: Bronze, Silver, Gold, Young Adult Plans (exclusive distributor for YAPs)
- Connector evaluates and give “Seal of Approval” to plans indicating that a health benefit plan meets certain standards regarding quality and value
- Carriers with 5,000 or more members in small group market are required to propose SoA plans
- Connector not required to offer all carriers that propose plans
- ~24,000 members in individual/nongroup plans
- Small employer plan “pilot” (~200 members)

Massachusetts Connector

The “Travelocity” of Health Insurance



www.mahealthconnector.org

Account Login • En Español • Help • Contact Us



Massachusetts now has the lowest rate of uninsured in the U.S. [learn more >](#)

Home Find Insurance Health Care Reform About Us

SEARCH

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



Find the right health plan for you or your family.

- Compare plans. We'll let you know if you might qualify for a low or no-cost plan.

[GET STARTED](#)

Individuals & Families



Young Adults



Employees



Employers



Brokers

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

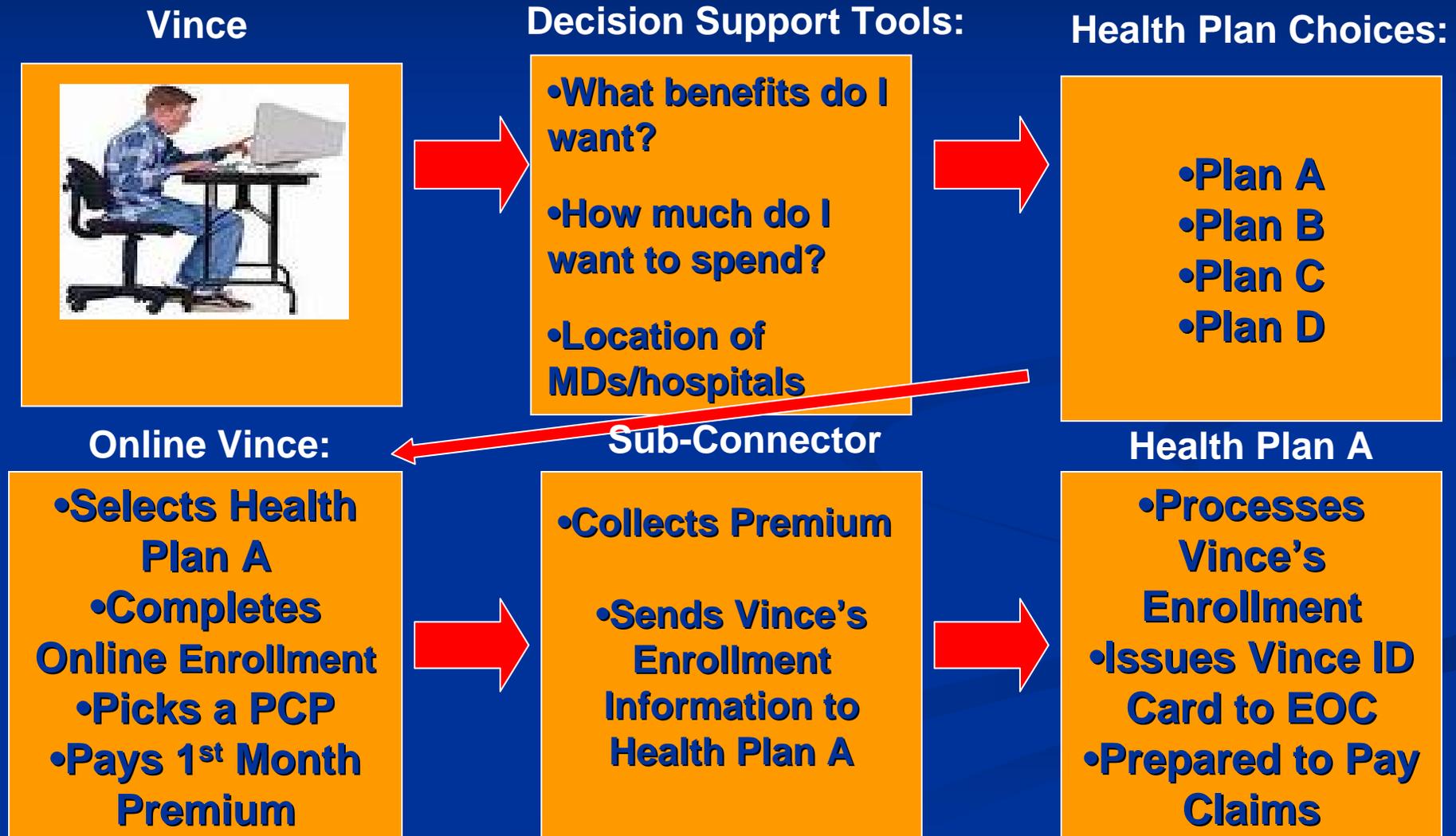
"I didn't know how I was going to be able to afford the rising cost of health insurance. Fortunately, my wife told me about the Health Connector, which provided me with many different options ..." [read more](#)

Already a Commonwealth Care Member?

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



Make it easier to buy insurance



Ten Lessons from Massachusetts about Exchanges

1. **P**ublic Accountability
2. **P**ublic subsidies
3. **P**rogram Coordination
4. **P**urging pernicious insurance practices
5. **P**ooling
6. **P**rotection (against adverse selection)
7. **P**roduct standardization
8. **P**artnerships
9. **P**urchasing Power
10. **P**olitics

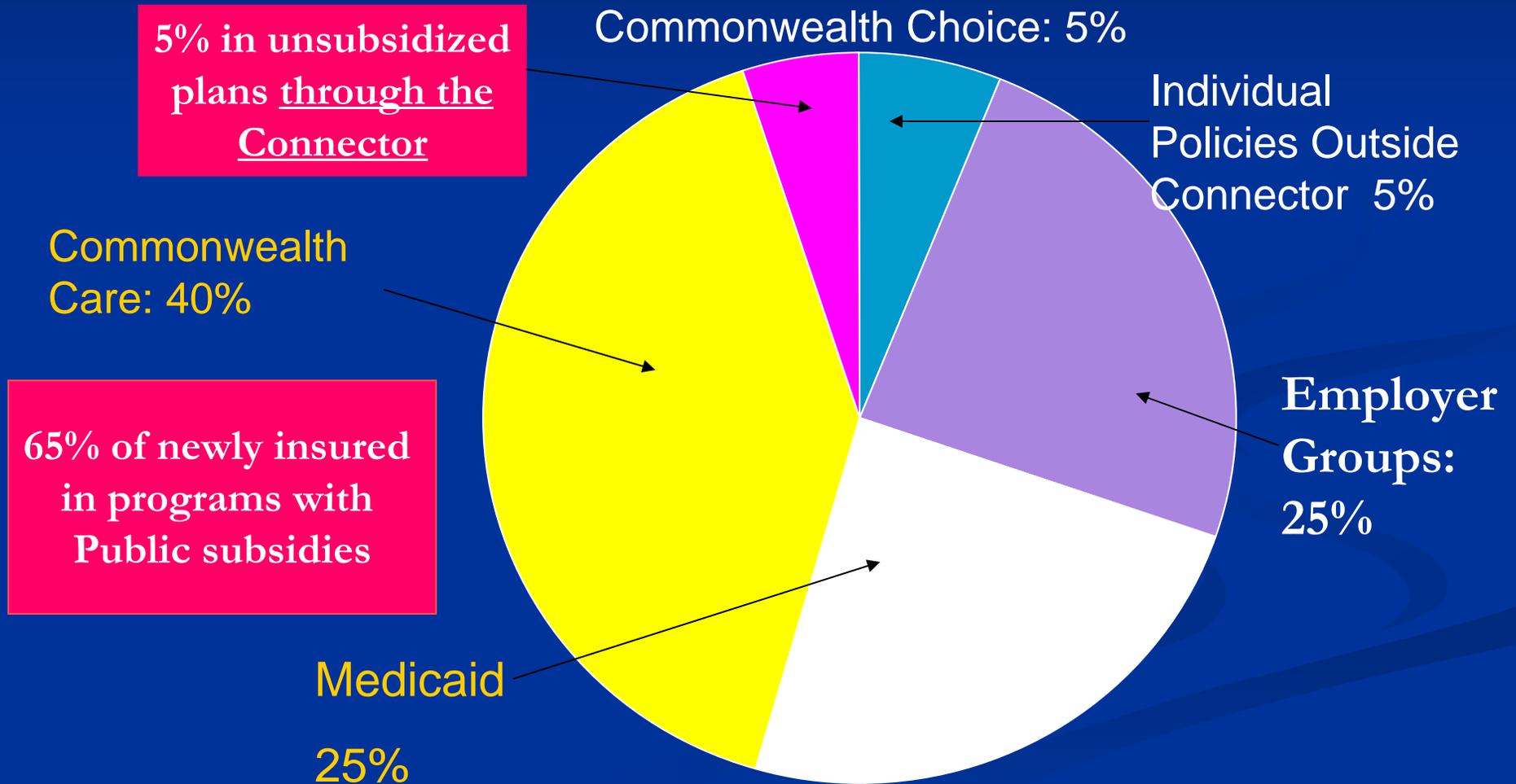
#1: Public Accountability



- Semi-independent public agency--self-governing
- Board composition: 10 members
 - 4 ex officio state officials: Secretary of Administration and Finance (chair), Insurance Commissioner, Medicaid Director, head of state employee benefits agency
 - 3 appointed by governor: business rep, health economist, actuary
 - 3 appointed by attorney general: consumer rep, labor rep, rep from health and welfare trust fund
- All meetings are public
 - No more than 3 board members can meet together without being subject to open meeting law
- Strong connections between AG representatives and the consumer advocates
 - Regular meetings and phone calls, including before every board meeting
 - Labor rep is member of the steering committee of the Affordable Care Today (ACT) coalition

#2: Public Subsidies

Newly Insured in Massachusetts



Source: Division of Health Care Finance and Policy

#3: Program Coordination

Medicaid

- Program has staffing and systems to determine income eligibility
- “One front door” for subsidized health programs in MA
- “Virtual Gateway” on-line system screens for
 - Medicaid, Commonwealth Care, Healthy Start, Health Safety Net, Children’s Medical Security Plan
 - Child Care, Food stamps, WIC, and range of other state programs
- Volatility of enrollment and loss of coverage for administrative reasons is constant challenge

Division of Insurance

- Young adult plans
- Licensing and regulation of health plans

Dept of Revenue

- Enforces the individual mandate

#4: Purging Pernicious Practices

Make insurance work as well for sick as the healthy

Massachusetts has had since 1990s

- Guaranteed issue and renewal; limit on pre-X (but no carriers use pre-X)
- No medical underwriting
- No rating on health status, medical claims, gender
- Modified community rating
 - 2:1 rating bands
- All products available to everyone



#5: Pooling

Massachusetts has

- Individual and small group markets are combined
- All products at each carrier in one rating pool
 - Includes Young Adult Plans
- Same rating pool inside and outside exchange for each carrier



Pooling Matters



#6: Protecting against adverse selection

Massachusetts has

- Same insurance rules inside and outside the exchange
- Same rating pool inside and outside Connector
- Insurer must sell “Seal of Approval” products inside and outside the Connector
- Individual mandate
- Standardized products in the Connector for the individual market

Massachusetts lacks

- Insurers can sell non-standardized products outside the Connector
 - Minimum creditable coverage rules set a floor of coverage in the market
- No risk adjustment across insurers (except in subsidized Commonwealth Care)

#7: Product Standardization

Massachusetts 1.0: “Actuarial Value”

Find Insurance: *Individuals & Families*

STEP 4 OF 6 - COMPARE PLANS (OVERVIEW)

Click "View Plan" to see details. You can also compare **up to 3 plans** at a time. Check the box next to the plans you want to compare. Then click "Compare Selected Plans."

Compare Selected Plans

| Tier | Plan | Premium* ? | Deductible ? | Co-Payments ? | | | Hospital Stay ? |
|------|--|---------------|---|---|--|------------------------|--------------------------------------|
| | | | | Doctor | RX | ER | |
| B | <input type="checkbox"/> Neighborhood Health Plan NHPTThree Select | \$314.15 | \$2,000/\$4,000 | \$25 | \$15 after Rx deductible / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible | \$100 after deductible | 20% co-insurance after deductible |
| B | <input type="checkbox"/> Fallon Community Health Plan FCHP Direct Care | \$392.00 | \$2,000/\$4,000 | \$25 | \$15 / \$50 / \$100 | \$200 | \$500 per admission after deductible |
| B | <input type="checkbox"/> Tufts Health Plan Advantage HMO Select 2000 <i>(Limited choice of doctors & hospitals)</i> | \$421.38 | \$2,000/\$4,000 | \$40 | \$20 after Rx deductible / \$50 after Rx deductible / \$75 after Rx deductible | \$200 | \$0 after deductible |
| B | <input type="checkbox"/> Harvard Pilgrim Health Care Harvard Pilgrim Core Coverage 1750 | \$451.56 | \$1,750/\$3,500 | \$25 copay up to 3 medical care office visits per individual (or 6 per family); next visits are subject to the deductible; then 20% co-insurance thereafter | \$15 / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible | \$250 | 20% co-insurance after deductible |
| B | <input type="checkbox"/> Fallon Community Health Plan FCHP Select Care | \$454.00 | \$2,000/\$4,000 | \$25 | \$15 / \$50 / \$100 | \$200 | \$500 per admission after deductible |
| B | <input type="checkbox"/> Blue Cross Blue Shield of Massachusetts HMO Blue Basic Value | \$476.13 | \$250 per plan year / \$500 per plan year | \$25 | \$15 / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible | \$150 | 35% co-insurance after deductible |

Premiums for 50-year-old resident of Boston for effective date of June 2009

Mass 2.0: Standardized Products



[Home](#)
[Find Insurance](#)
[Health Care Reform](#)
[About Us](#)

BROWSE PLANS: 3 benefits packages [\(What's a benefits package?\)](#) → [24 plans] [Print this page](#)

Sort plans by Benefits Package close instructions

You've Selected:

Benefits Package

Bronze

Silver

Gold

Narrow Your Plans by:

Monthly Cost

[Less than \\$300](#) (15)

[\\$301 - \\$400](#) (19)

[\\$401 - \\$500](#) (10)

[\\$501 - \\$600](#) (2)

[\\$601 - \\$700](#) (7)

[Greater than \\$701](#) (2)

Annual Deductible

[None](#) (15)

[\\$250 - \\$500](#) (8)

[\\$500 - \\$1,000](#) (8)

[\\$1,000 - \\$2,000](#) (8)

[\\$2,000 - \\$4,000](#) (16)

Insurer

[Blue Cross Blue Shield](#) (7)

[Celticare](#) (7)

[Fallon](#) (13)

[Harvard Pilgrim](#) (7)

[Health New England](#) (7)

[Neighborhood](#) (7)

[Tirec](#) (7)

Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.

| | \$ Monthly Cost | Annual Deductible | Annual Out of Pocket Max. | Doctor Visit | Generic Rx | Emergency Room | Hospital Stay |
|--|-----------------------------|----------------------------------|----------------------------------|------------------------------|------------------------------------|-------------------------------------|--|
| Bronze Low Benefit Package 8 plans available Show Plans About Bronze Low | a low as \$211 | \$2,000 (ltd) \$4,000 (ann.) | \$5,000 (ltd) \$10,000 (ann.) | annual deductible, tier \$25 | annual deductible, tier \$15 copay | annual deductible, tier \$100 copay | annual deductible, tier 20% co-insurance |
| Bronze Medium Benefit Package 8 plans available Hide Plans About Bronze Medium | a low as \$251 | \$2,000 (ltd) \$4,000 (ann.) | \$5,000 (ltd) \$10,000 (ann.) | \$30 copay | \$10 copay | annual deductible, tier \$150 copay | annual deductible, tier \$500 copay |
| <input type="checkbox"/>  View details | \$251.12 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  SMALLER NETWORK View details | \$252.67 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  SMALLER NETWORK View details | \$255.23 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  View details | \$268.89 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  View details | \$276.09 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  View details | \$289.78 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  View details | \$339.56 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| <input type="checkbox"/>  View details | \$341.34 | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Bronze High Benefit Package 8 plans available a low as \$273 | \$250 (ltd) \$500 (ann.) | \$5,000 (ltd) \$10,000 (ann.) | \$25 copay | \$15 copay | \$150 copay | annual deductible, tier \$200 | annual deductible, tier \$500 |

Still Too Much Choice and Price Variation?

- 54 years old in Boston area
- 41 choices through Connector
- 7 products

- Bronze Low, Med, High

- Silver Low, Med, High

- Gold

6

insurers

--Premiums range from \$320-\$996/month
Premium variation within product tier: Up to
70+%

- 50+ choices directly from health insurers

ONE
CONSUMER



**25-year-old has 61 plan choices ranging from \$152-554 per month

#8: Partnerships



■ Connector Operations

- Medicaid program for eligibility determination and re-enrollment for Commonwealth Care
- “Subconnector”: small business intermediary provides enrollment and premium billing for Commonwealth Choice
- Subcontract for multi-lingual customer call and service center

■ Outreach and enrollment

- State grants to dozens of community-based organizations

■ Marketing

- Relationship with selected brokers for small group product

■ Public support

- Framing and messaging campaign supported by broad-based coalition

Lots of Social Marketing



Good thing he's got health insurance.

Having health insurance is required in Massachusetts—and now there are increasing penalties if you don't. The state's Health Connector website is the easiest place to compare the widest range of affordable plans that well-known insurance companies offer. Visit our site, choose the plan you like best, and get covered—medically and financially. Do it today. Because *(#)*!(%i@**&!)" data-bbox="320 690 425 715"/>*

What it could cost you if you *don't* have health insurance:
 Broken arm – \$2,670
 Broken leg – \$11,277
 Appendectomy – \$14,265
 Tax penalties: up to \$912 this year

1-877-MA-ENROLL
MAhealthconnector.org



Good thing he's got health insurance.

Avoid tax penalties: up to \$912 this year.
 Sign up today.



HealthConnector

1-877-MA-ENROLL **MAhealthconnector.org**

Even 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**

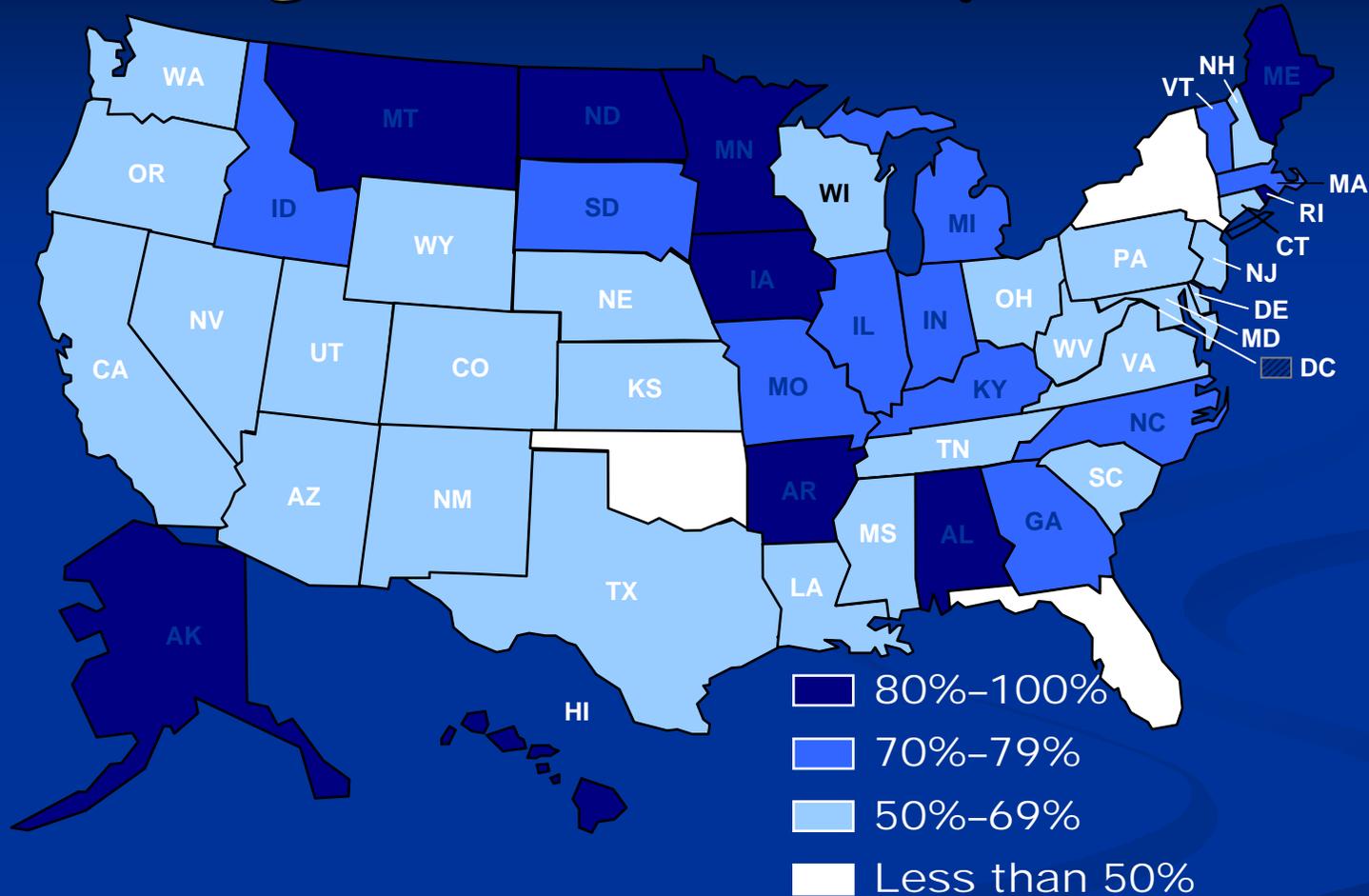
Other corporate/civic partnerships announced as part of
public education campaign

#9: Purchasing Power



Health Insurance Exchange

Concentrated Insurance Markets: Market Share of Two Largest Health Plans, by State, 2006

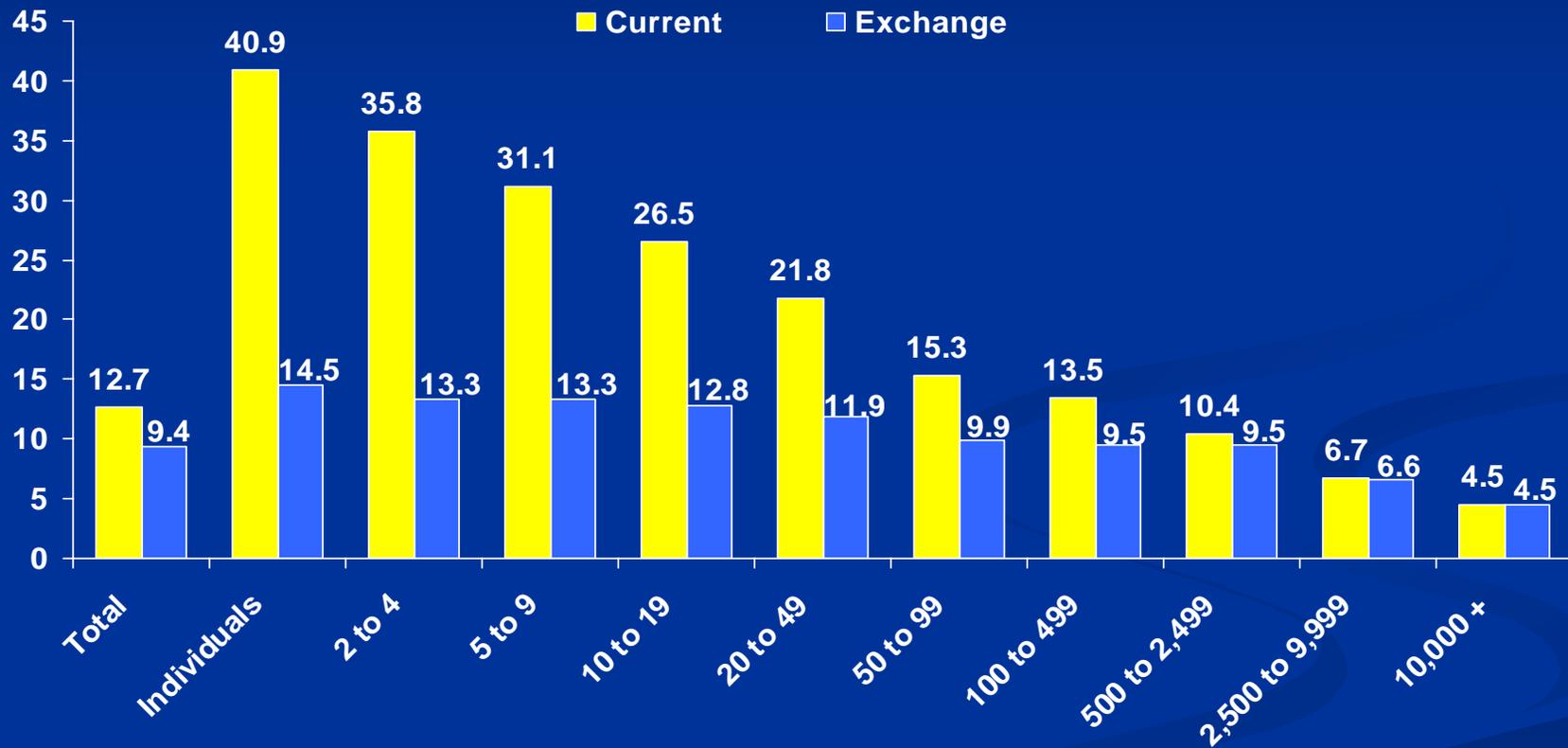


Note: Market shares include combined HMO+PPO products. For MS and PA share = top 3 insurers 2002-2003.
Source: American Medical Association, *Competition in health insurance: A comprehensive study of U.S. markets, 2008 update*; MS and PA from J. Robinson, "Consolidation and the Transformation of Competition in Health Insurance," *Health Affairs*, Nov/Dec 2004; ND from D. McCarthy et al., "The North Dakota Experience: Achieving High-Performance Health Care Through Rural Innovation and Cooperation," The Commonwealth Fund, May 2008.

Cost of Administering Health Insurance as a Percentage of Claims Under Current Law and Potential with Exchange, by Group Size

Percentage

Potential with Exchange, by Group Size



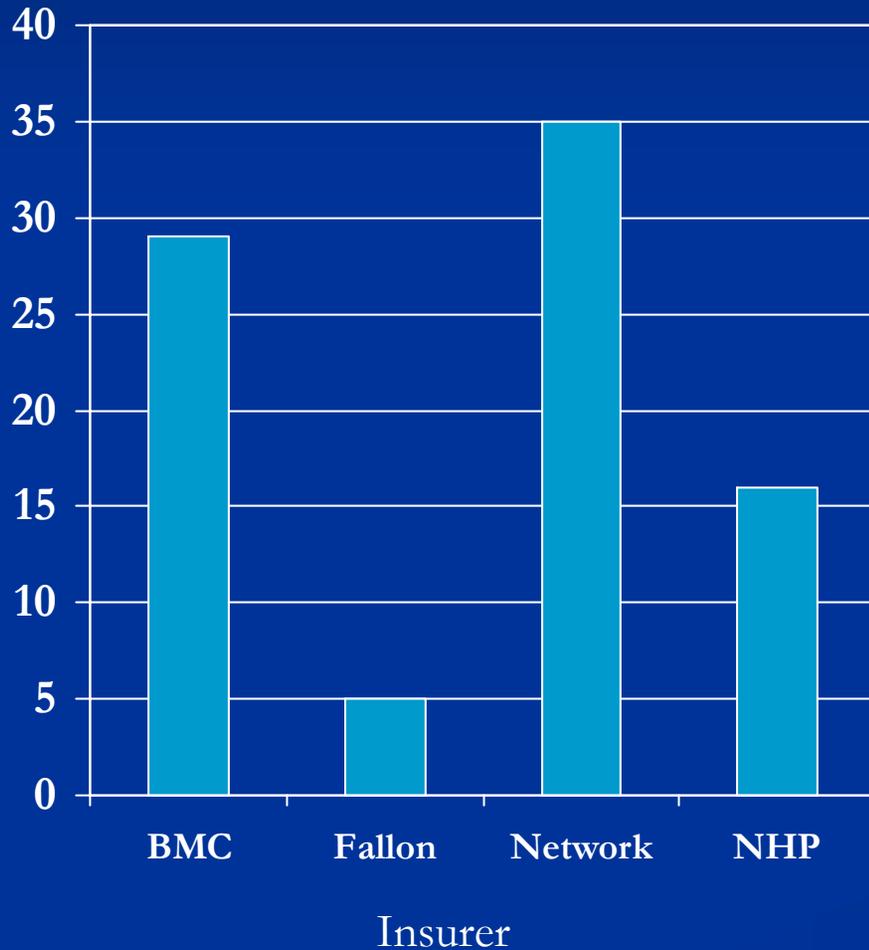
Source: Estimates by The Lewin Group for The Commonwealth Fund published in *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way* (New York: Commonwealth Fund, Feb. 2009).

Exclusivity Enhances Value of Exchange

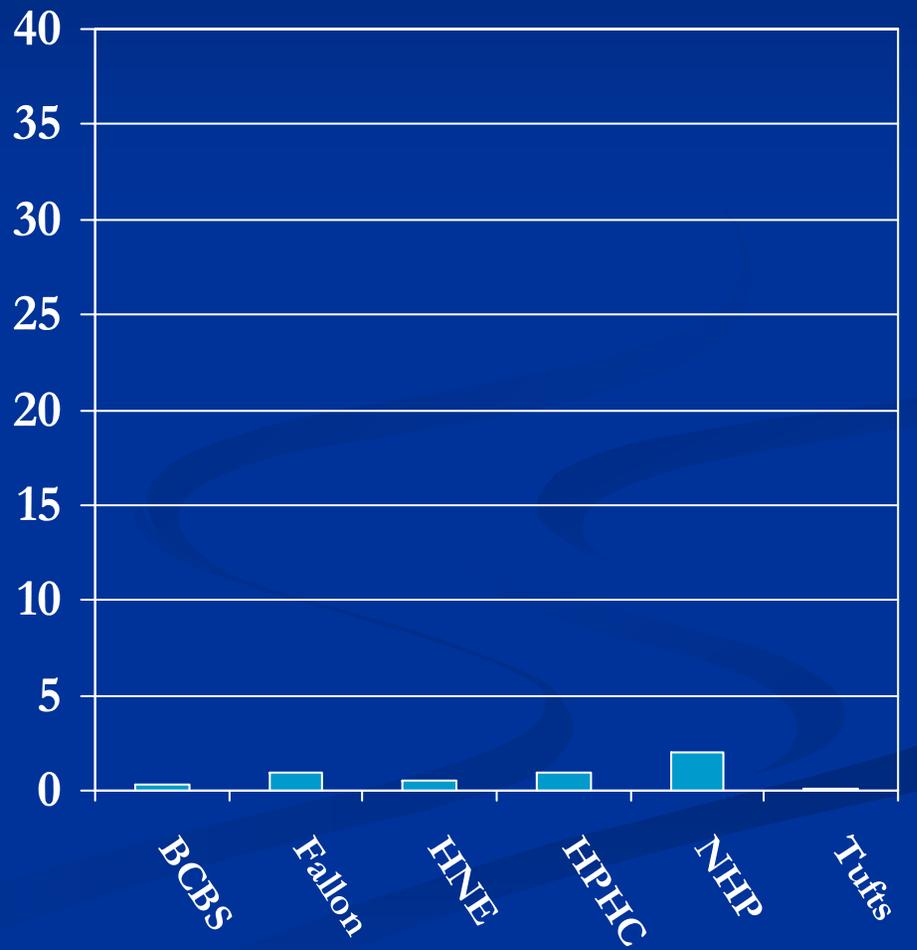
- Maximizes enrollment and ability to be active purchaser
- Easier for consumers to understand and navigate
- Prevents gaming by insurers
 - Can compete based on risk selection by offering different plans outside the Exchange
- Forces broader pooling of risk
 - Spreads benefits of younger people buying coverage
- Enables risk adjustment across carriers
- Lowers administrative costs
- Allows innovation without concerns about impact on/response of market outside of Exchange

Connector's Current Market Power

Commonwealth Care
as % Total Insurer Members



Commonwealth Choice
as % Total Insurer Members

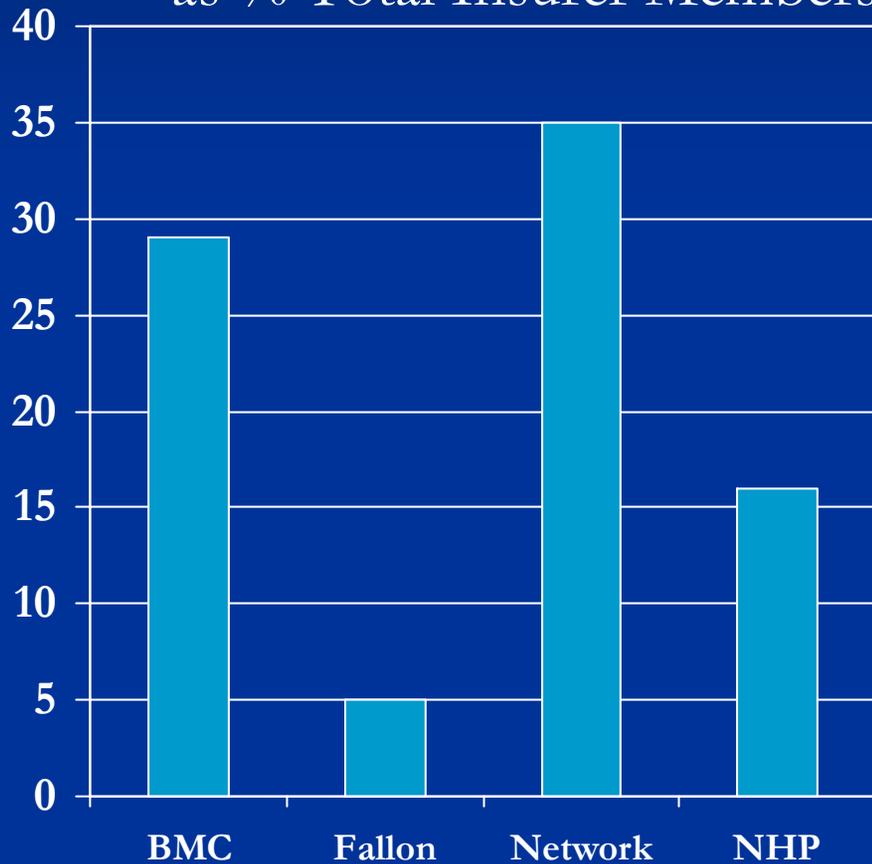


As of 12/31/08; non-Medicare members

Connector Potential Market Power

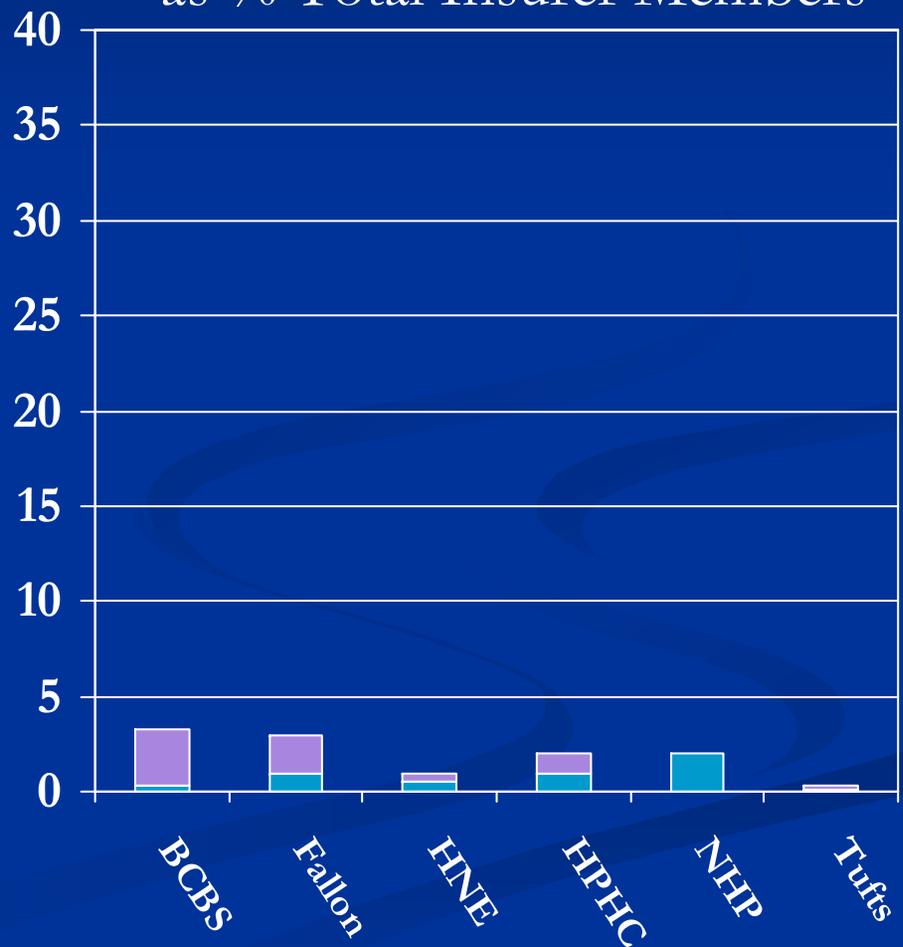
Commonwealth Care

as % Total Insurer Members



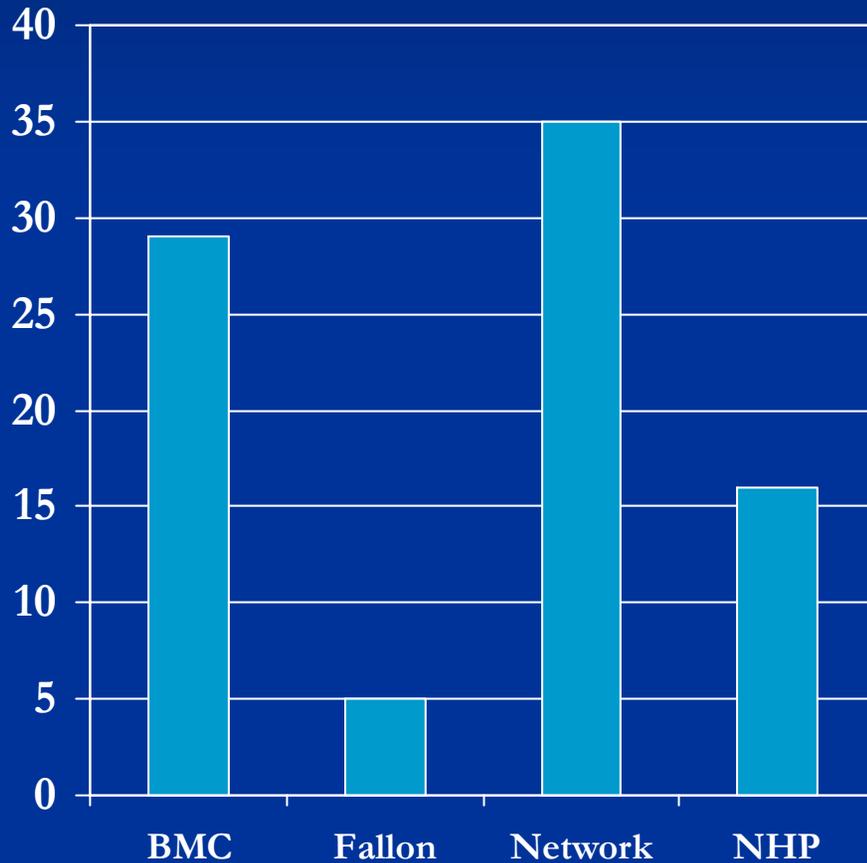
All Individual

as % Total Insurer Members

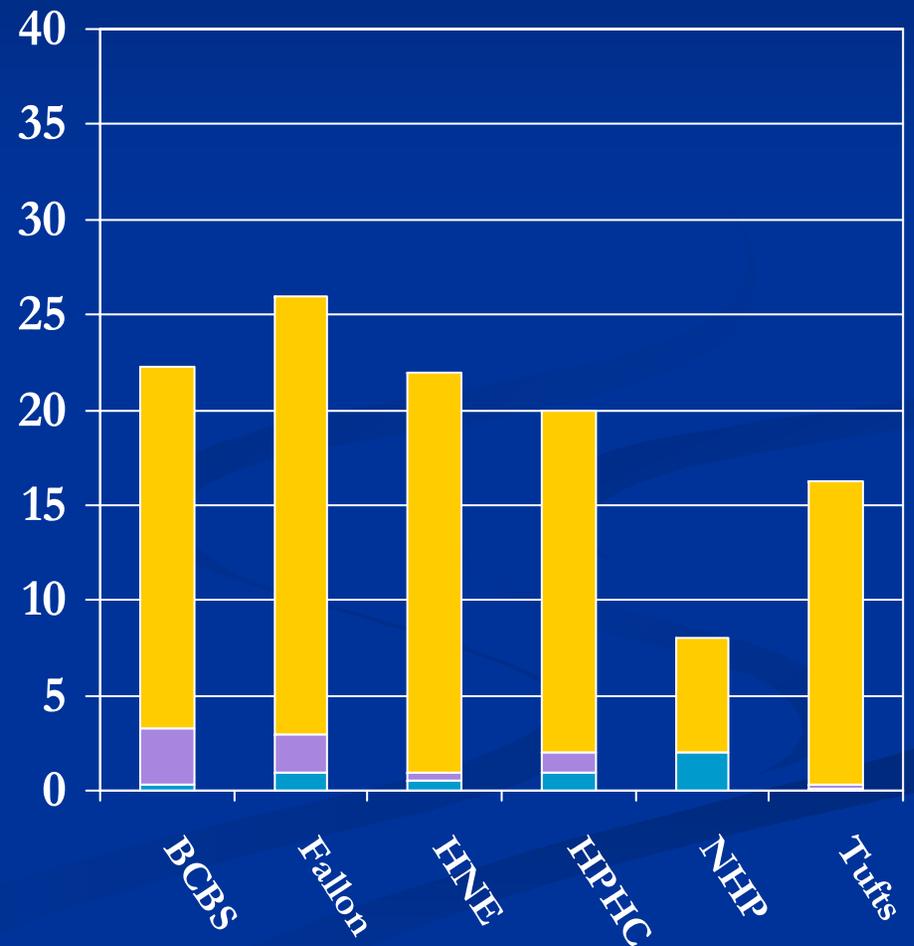


Connector Potential Market Power

Commonwealth Care
as % Total Insurer Members



All Individual and Small Employer <50
as % Total Insurer Members



MassACT!
MASSACHUSETTS
AFFORDABLE CARE TODAY!



Health Care for
all
Real change for real people

#10: POLITICS



Mass
Medical
Society

**MASSACHUSETTS LEAGUE OF
COMMUNITY HEALTH CENTERS**
*Good health. Right around the
corner.*

Harvard Pilgrim
Health Care



NETWORK HEALTH

Neighborhood Health Plan
Getting better together.

FOUNDATION
BLUE CROSS BLUE SHIELD OF MASSACHUSETTS

The
Heritage Foundation



AIM | the employer's
voice & resource
ASSOCIATED INDUSTRIES OF MASSACHUSETTS

BOSTON MEDICAL CENTER
HealthNet Plan

PARTNERS
HEALTHCARE

SEIU
Stronger Together

MBR
MASSACHUSETTS BUSINESS ROUNDTABLE

Greater Boston
Chamber
The Hub of Business

TUFTS Health Plan
No one does more to keep you healthy.

**fallon
community
health plan**

Massachusetts Taxpayers Foundation

**Greater Boston
Interfaith Organization**

**BOSTON
MEDICAL
CENTER**

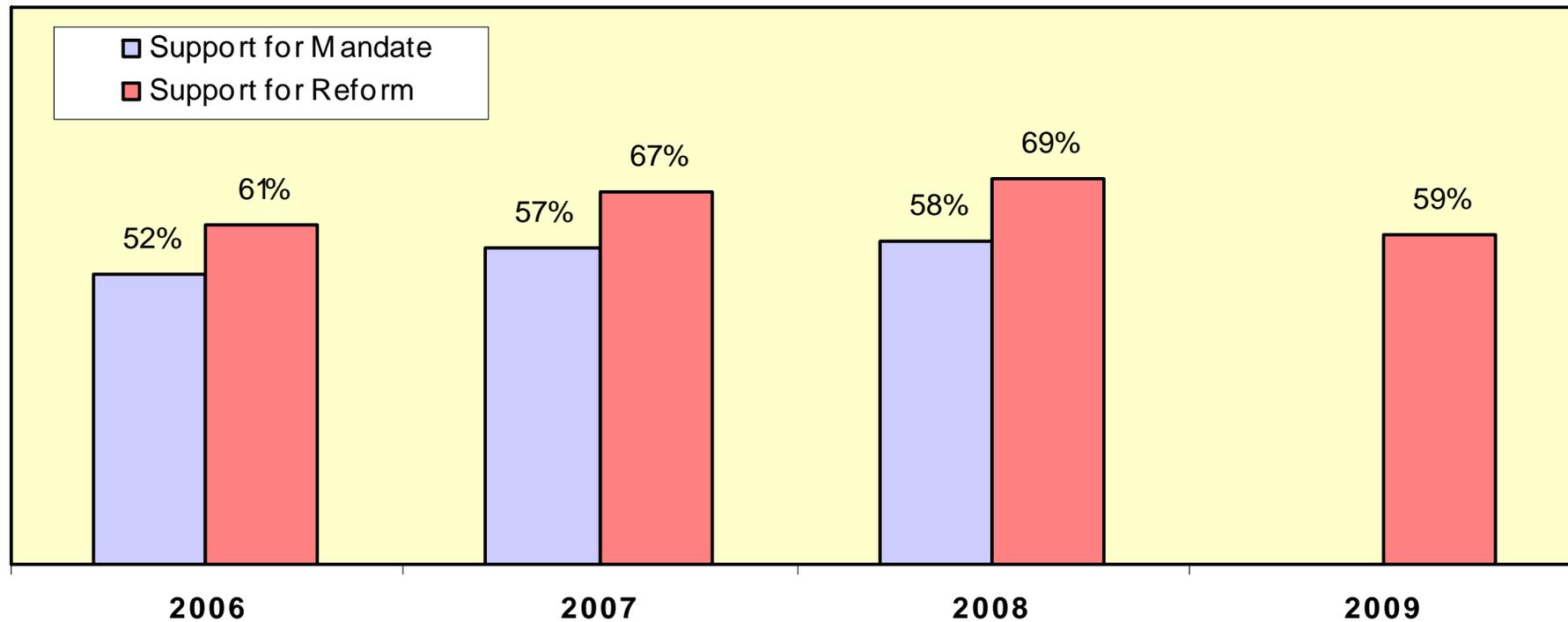
Cambridge Health Alliance

MHA
Massachusetts Hospital
Association
Advancing Excellence in Health Care



Continued Strong Public Support

Public Support for Individual Mandate and Health Care Reform in Mass, 2006-2009



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)

The Major Challenge Ahead



HEALTH REFORM

**THE MOUNTAIN OF
HEALTH CARE COSTS**

THANK YOU!

"The Country Needs and,
unless I mistake its temper,
the country demands bold,
persistent experimentation."

Franklin De la no Roosevelt, 1932



Affordability Schedule

| SINGLES | |
|-----------------|-----------------|
| Annual Income | Monthly Premium |
| \$0 - \$16,260 | \$0 |
| \$16,261-21,672 | \$39 |
| \$21,673-27,096 | \$77 |
| \$27,097-32,508 | \$116 |
| \$32,509-39,000 | \$171 |
| \$39,001-44,200 | \$228 |
| \$44,201-54,600 | \$342 |
| Over \$54,601 | Affordable |

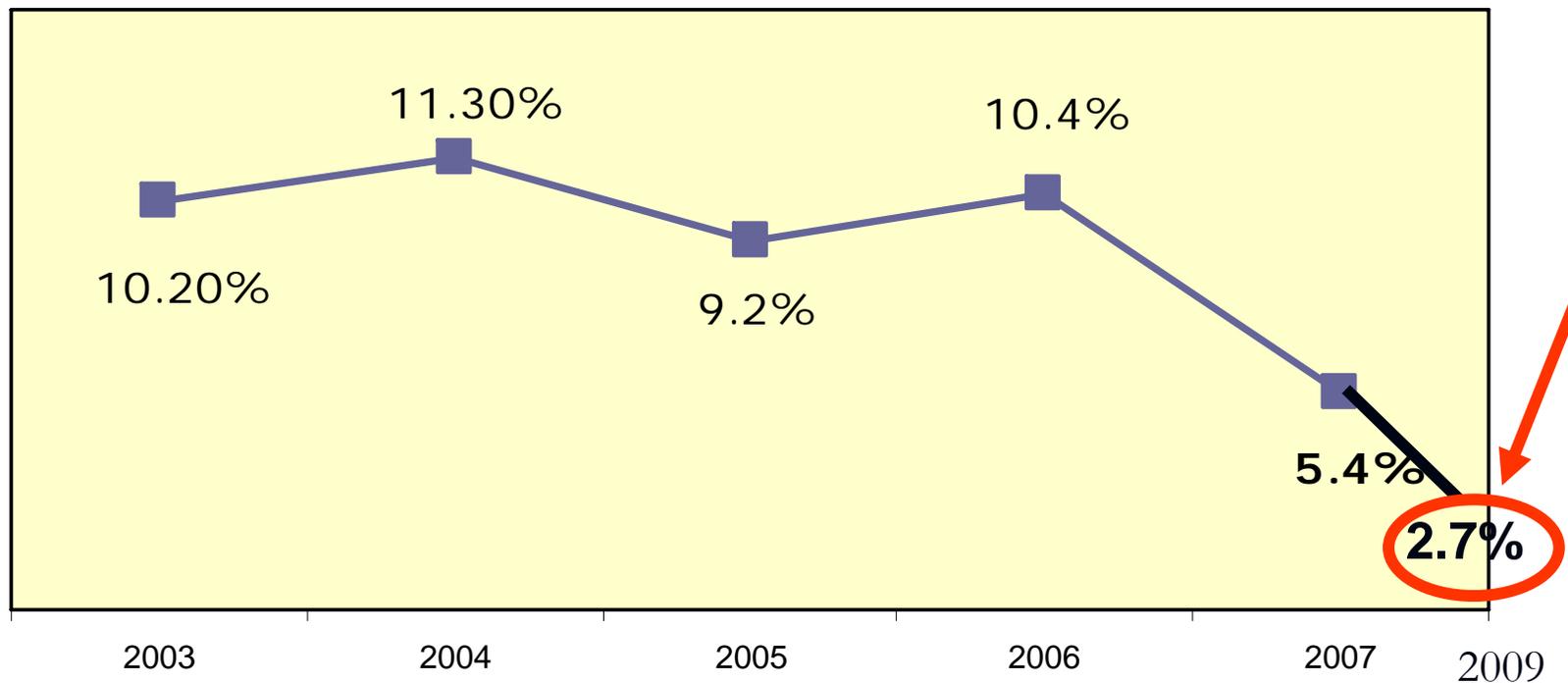
↑
**COMM
CARE**

SAME as
CommCare
Premium
Schedule



Lowest Rate of Uninsurance in the Country

Massachusetts: Uninsured as % of Population



Source: Current Population Survey, 2003-2008, US Census Bureau