

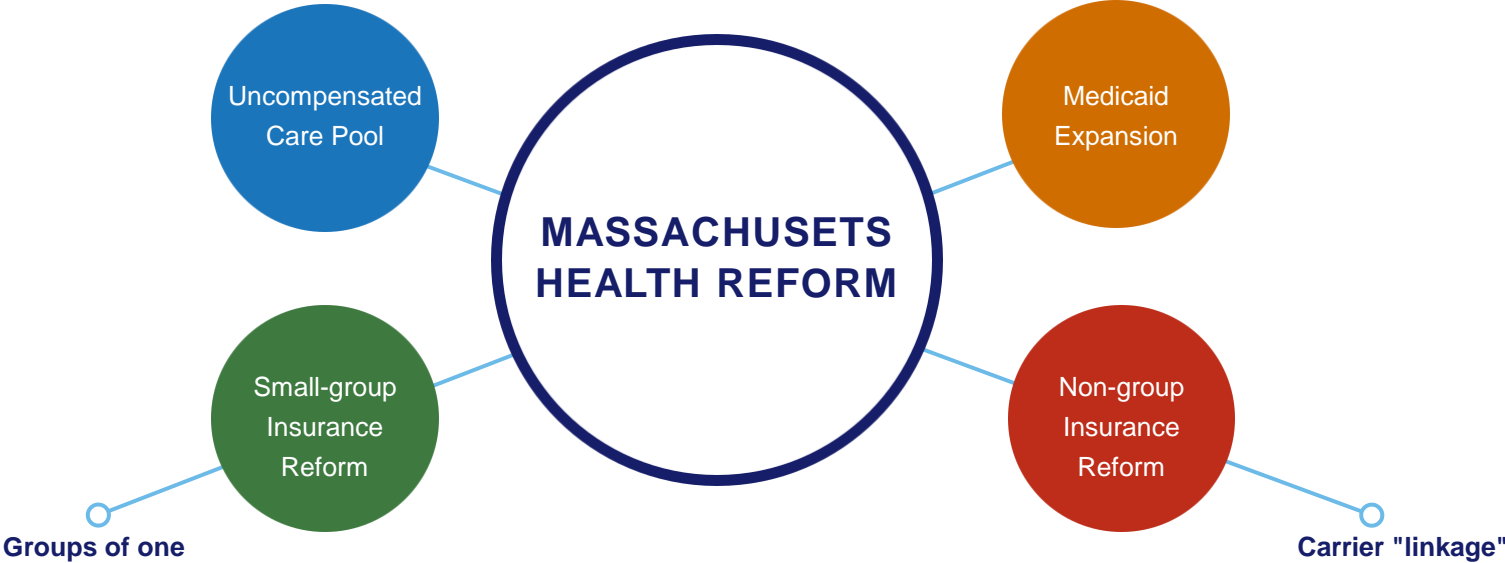
ON THE ROAD TO REFORM



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Strategic Policy Director
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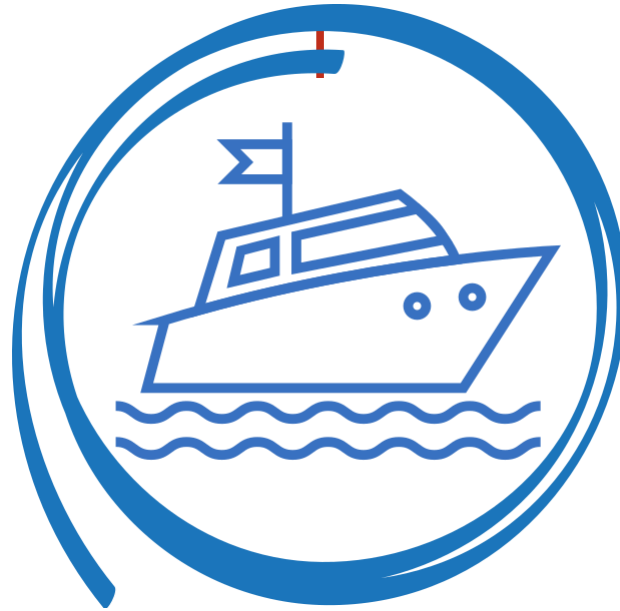
Policy Antecedents



ENVIRONMENTAL FACTORS

- Iterative policy making process
- Employers embrace "high road" economic development strategy
- Consumers embrace pragmatic approach to policy-making
- Looking for the "big tent"
- Consensus Building Institutions

RESULT



A better boat on a calmer
sea

MAKE THE "BOAT" BETTER

COST

More affordable, better value plans with lower premiums and cost sharing



COVERAGE RATE

Combination of the Individual Mandate, and Minimum Creditable Coverage contribute to ESI stability and a high overall coverage rate



RISK POOL

Merged non-group and small-group markets create a larger, healthier, and more stable risk pool



FINANCIAL/OPERATIONAL ALIGNMENT

Unified administrative and financial responsibility incentivize CQI and further reform (e.g. cost-growth target)



MAKE THE "SEA" CALMER

CONSENSUS

- Broad consensus among employers, insurers, consumers, and providers on the goal of achieving and maintaining (near) universal coverage



VALUE

- Better value plans means the entire structure is more widely accepted by the public



Health Coverage Expansion in Massachusetts

Perspectives and Approaches from the Health Connector

AUDREY MORSE GASTEIER
Chief of Policy and Strategy

Health Connector's Role in Massachusetts Reform

Massachusetts' success in promoting coverage and affordability for residents rests in part on unique programs and policies administered by the Health Connector:

- Our unique “wrap program,” ConnectorCare, which uses state-financed subsidies on top of ACA subsidies
- Active market engagement for unsubsidized individuals and small groups
- Our state individual mandate
- Substantial outreach to the general population and targeted communities about health coverage and

BUILDING BLOCK:

Additional subsidies for low- to moderate-income households

The Health Connector offers additional premium and cost sharing subsidies for individuals under 300% FPL who receive federal premium tax credits. Premiums increase gradually with income, offering options as low as \$0 up to 150% FPL and \$126 at 300% FPL.

BUILDING BLOCK:

A proactive approach to keeping insurance markets healthy

Massachusetts promotes a healthy market through policies like an “individual mandate” to maintain coverage, merged market for individuals and small groups, standard plan requirements at the Health Connector, higher MLR requirements, and monitoring against non-compliant plans and scam offers.

BUILDING BLOCK:

Coordinated coverage expansion for the Marketplace and Medicaid

In addition to offering a robust set of programs, the Health Connector works seamlessly with its state Medicaid partners at MassHealth to allow individuals to apply for both programs at once and receive immediate eligibility results for each program.

BUILDING BLOCK:

A data-driven outreach and marketing approach

Targeted outreach and in-person assistance raises awareness among the uninsured about the availability of health insurance. Messages are delivered in 7 languages and a variety of formats: print, radio, television, digital, and in-person events.

Health Connector By the Numbers

The Health Connector's programs, outreach and public education efforts, and policies have helped Massachusetts lead the nation in coverage and affordability.



More than 97% of Massachusetts residents are insured



More than a quarter million Massachusetts residents are served by the Health Connector

\$332



The Health Connector has the second lowest silver benchmark plan in the country for three years running

\$392

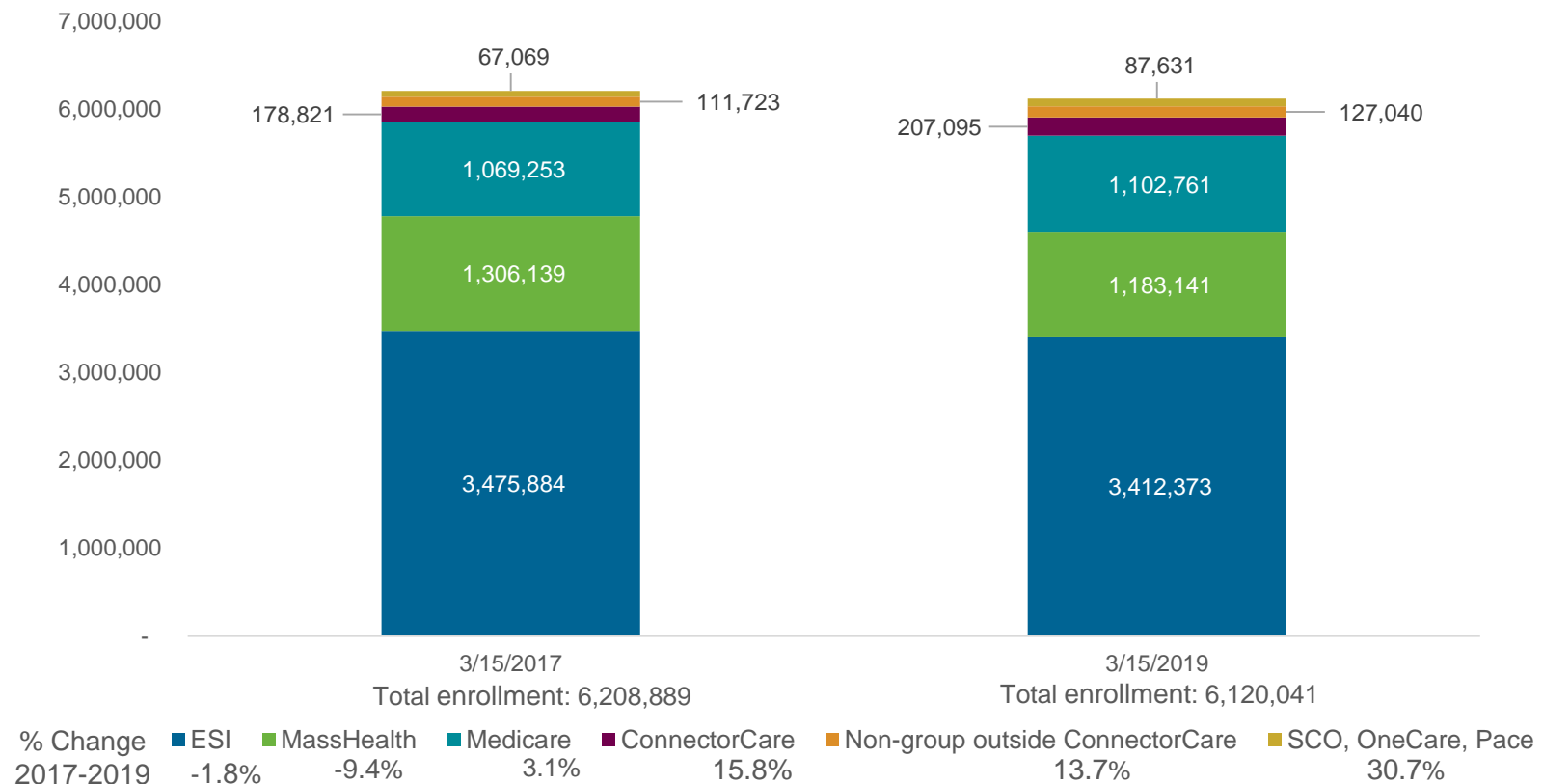


The Health Connector has the lowest average individual premiums of any Exchange in the country for three years running (2017-2019), despite otherwise high health care costs

Massachusetts Health Coverage Trends

All individual coverage (ConnectorCare and other non-group coverage) has grown over the last two years, while ESI and MassHealth enrollment have decreased.

MA Health Coverage by Insurance Type, 2017 - 2019



Source: CHIA Enrollment Trends, August 2019 (data through March 2019)

Note: This analysis does not include the unclassified sub-category of private commercial insurance which grew by 11,000 between March 2017 and March 2019.



ConnectorCare

History of ConnectorCare

The ConnectorCare program, which provides subsidized coverage for individuals up to 300% FPL, is historically based on Commonwealth Care, a pre-ACA subsidy program for eligible members.

- Prior to the ACA, Massachusetts established Commonwealth Care, the precursor to ConnectorCare, as a part of comprehensive state health reform in 2006
- Commonwealth Care was a subsidized insurance program available through the Health Connector, designed to offer affordable coverage for low-to-moderate income residents who would otherwise fall into a coverage gap because they were ineligible for other public coverage (e.g. Medicaid) but lacked other insurance (e.g., employer insurance)
 - The program was designed to closely align with the state's Medicaid (MassHealth) agency and rules
 - The program was established and partially funded via a Medicaid Section 1115 Demonstration Waiver
- In 2014, the ACA expanded federal health coverage and financing for plans sold through the Massachusetts Health Connector, with the introduction of Advance Premium Tax Credits (APTCs), Cost-sharing reductions (CSRs), and consumer protection standards for Qualified Health and Dental Plans (such as metallic tiers and Essential Health Benefits)
 - To maintain the same level of affordability for Commonwealth Care enrollees post-ACA, Massachusetts revised its 1115 Waiver to redesign the program as a “state wrap” to the new ACA plans and federal subsidy structure
 - With these changes, Commonwealth Care was rebranded as ConnectorCare and experienced back-end adjustments, but maintained a relatively similar enrollee-facing

ConnectorCare Today

As a result of this legacy, the ConnectorCare program is different from the subsidy programs available through other ACA Marketplaces.

- In most states, APTCs are available to Marketplace enrollees with income up to 400% FPL and federal CSRs were available to Marketplace enrollees up to 250% FPL prior to Plan Year 2018
 - Unique to Massachusetts, the Health Connector layers additional state subsidies on top of ACA subsidies for eligible individuals with incomes up to 300% via the ConnectorCare program
 - VT, NH, MN, and NY also have subsidy “wrap” programs, but ConnectorCare is particularly robust
- To support the same level of affordability for low-to-moderate income residents as Commonwealth Care, Massachusetts designed ConnectorCare to “wrap” federal subsidies with additional state subsidies for individuals with income up to 300% FPL.
 - ConnectorCare maintains a similar affordability level of the Commonwealth Care-era plan designs (with adjustments for changes in FPL), in keeping with the state individual mandate “affordability schedule”
 - ConnectorCare selects plans from commercial carriers (including carriers which also participate in Medicaid) and enrollees are part of the commercial “merged market” risk pool
 - ConnectorCare uses each selected carrier’s lowest-cost Silver tier plan as the base and enriches it with state premium and cost-sharing subsidies, in addition to federal APTCs, to create a selection of plans with low premiums and co-pays for eligible individuals
 - Nationally, APTCs may be used for Platinum, Gold, Silver, and Bronze plans, but in Massachusetts, ConnectorCare enrollees are only enrolled in the lowest-cost Silver plan from a ConnectorCare

ConnectorCare's Impact on Affordability

ConnectorCare leverages ACA subsidies, and “wraps” them with additional state subsidies to offer low monthly premiums and point-of-service cost-sharing.

- Enrollees are divided into 5 “plan types” based on income
- Enrollees make per-member premium contributions based on their plan types, in base amounts ranging from \$0 to \$130/monthly for 2020
- Plans have modest co-pays, but no deductibles or coinsurance

Plan Types 1 & 2A 0-150% FPL	Plan Type 2B 150%-200% FPL	Plan Type 3A 200%-250% FPL	Plan Type 3B 250%-300% FPL
\$0	\$45	\$87	\$130

CONNECTORCARE BENEFITS & COPAYS				
Plan Type		Plan Type 1	Plan Types 2A & 2B	Plan Types 3A & 3B
Medical Maximum Out-of-Pocket (Individual/ Family)		\$0	\$750/\$1,500	\$1,500/\$3,000
Prescription Drug Maximum Out-of-Pocket (Individual/ Family)		\$250/\$500	\$500/\$1,000	\$750/\$1,500
Preventive Care/Screening/Immunization		\$0	\$0	\$0
Primary Care visit to treat injury or illness (exc. Well Baby, Preventive and X-rays)		\$0	\$10	\$15
Specialist Office Visit		\$0	\$18	\$22
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services		\$0	\$10	\$15
Rehabilitative Speech Therapy		\$0	\$10	\$20
Rehabilitative Occupational and Rehabilitative Physical Therapy		\$0	\$10	\$20
Emergency Room Services		\$0	\$50	\$100
Outpatient Surgery		\$0	\$50	\$125
All Inpatient Hospital Services (including Mental/Behavioral Health and Substance Abuse Disorder Services)		\$0	\$50	\$250
High Cost Imaging (CT/PET Scans, MRIs, etc.)		\$0	\$30	\$60
Laboratory Outpatient and Professional Services		\$0	\$0	\$0
X-Rays and Diagnostic Imaging		\$0	\$0	\$0
Skilled Nursing Facility		\$0	\$0	\$0
Retail Prescription Drugs:	Generics	\$1	\$10	\$12.50
	Preferred Brand Drugs	\$3.65	\$20	\$25
	Non-Preferred Brand Drugs	\$3.65	\$40	\$50
	Specialty High Cost Drugs	\$3.65	\$40	\$50

ConnectorCare Subsidy Example

For a 40 year old in Boston making \$20,000 per year in 2019...

	In Massachusetts (With ConnectorCare)		In States Without Additional State Subsidy Program (With APTCs Only)	
Premiums	Lowest Cost Plan for this individual:	\$44	Lowest Cost Silver Plan for this individual:	\$78.73
Cost Sharing	Deductible:	\$0	Deductible:	\$200
	Maximum Out-of-Pocket (MOOP) (medical)	\$750	MOOP (combined):	\$2,600
	MOOP (Rx)	\$500		
	PCP Office Visit (OV):	\$10	PCP OV:	\$10
	Specialist OV:	\$18	Specialist OV:	\$30
	Inpatient Hospitalization	\$50	Inpatient Hospitalization (after deductible)	\$200

Funding and Cost of ConnectorCare

The Health Connector's programmatic and administrative budgets account for all non-federally-funded costs associated with ConnectorCare.

- The Health Connector's programmatic budget, which is largely comprised of State Premium Wrap and State Cost-Sharing Reduction subsidies, is funded by the state via the Commonwealth Care Trust Fund (CCTF). The CCTF collects revenue from a portion of the cigarette taxes, state individual mandate penalties, and employer assessments
- In addition, state premium and cost-sharing expenditures are supplemented by federal "matching funds" available through the 1115 waiver
- The Health Connector's administrative budget includes costs associated with administering all programs, as well as overhead and other contractual expenses. A portion of the administrative budget comes from CCTF, but another portion comes from the administrative fees assessed on the premium for all products sold through the Health Connector:
 - A fee of 3% of total unsubsidized premium is assessed on ConnectorCare products, as well as Non-Group and Small Group dental products
 - A fee of 2.5% of total unsubsidized premium is assessed on other Non-Group and Small Group medical products sold through the Health Connector



Unsubsidized Nongroup Membership

Unsubsidized Nongroup Market Dynamics

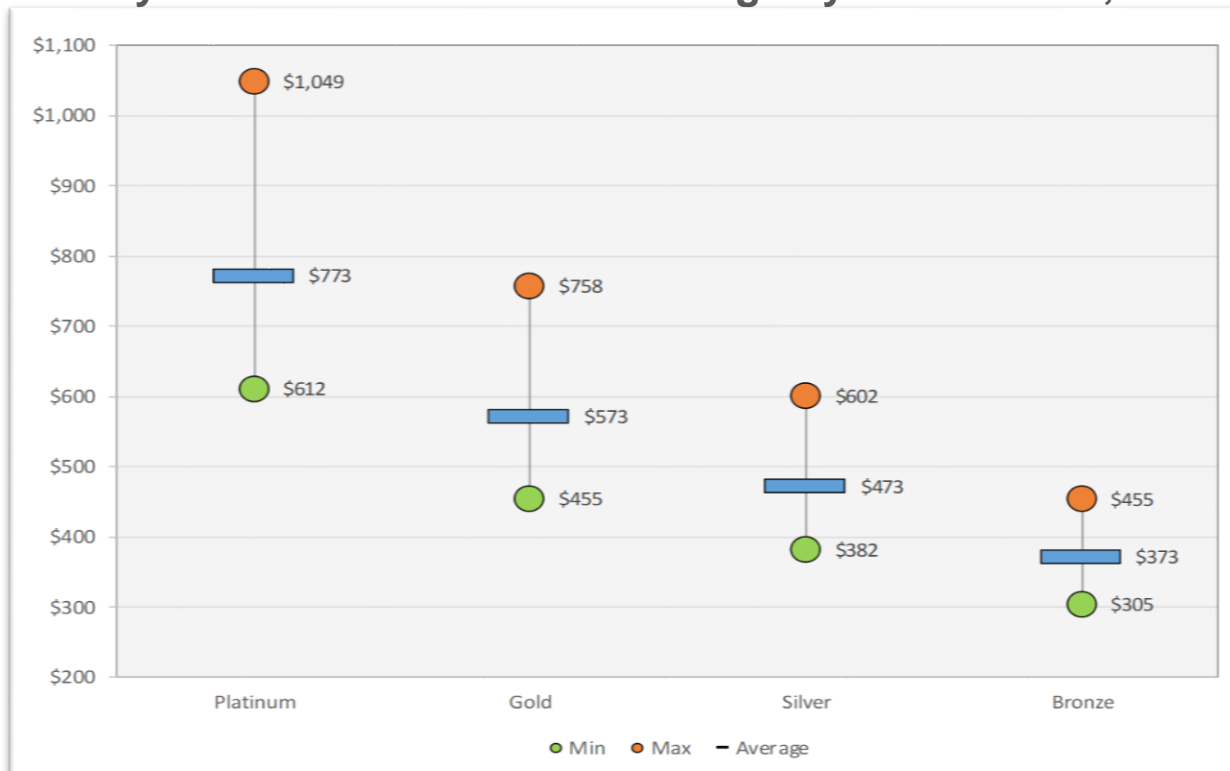
The unsubsidized nongroup market face unique access and affordability challenges that the Health Connector seeks to address.

- National unsubsidized enrollment has declined in recent years, with unsubsidized enrollment decreasing by 2.5 million people or 40% between 2016 and 2018 nationally. During the same time period, Massachusetts experienced a 7.5% increase in unsubsidized non-group enrollment
- Roughly half of the Massachusetts unsubsidized nongroup market is enrolled through the Health Connector
- The Health Connector “standardizes” plan choices for unsubsidized enrollees and shoppers to make it easier to compare plans.
- While Health Connector unsubsidized enrollees have access to the lowest average Exchange premiums in the country, they report significant challenges with affording the cost of coverage, as they have to pay the full premium, without any assistance via subsidy or via an employer contribution

Premium Ranges for Unsubsidized Enrollees

Unsubsidized enrollees have access to a range of premiums in each metallic tier, which facilitates competition among carriers.

Monthly Unsubsidized Premium Range by Metallic Tier, 2020 ¹



¹ Premiums reflect an unsubsidized 42 year-old individual in Worcester



State Individual Mandate

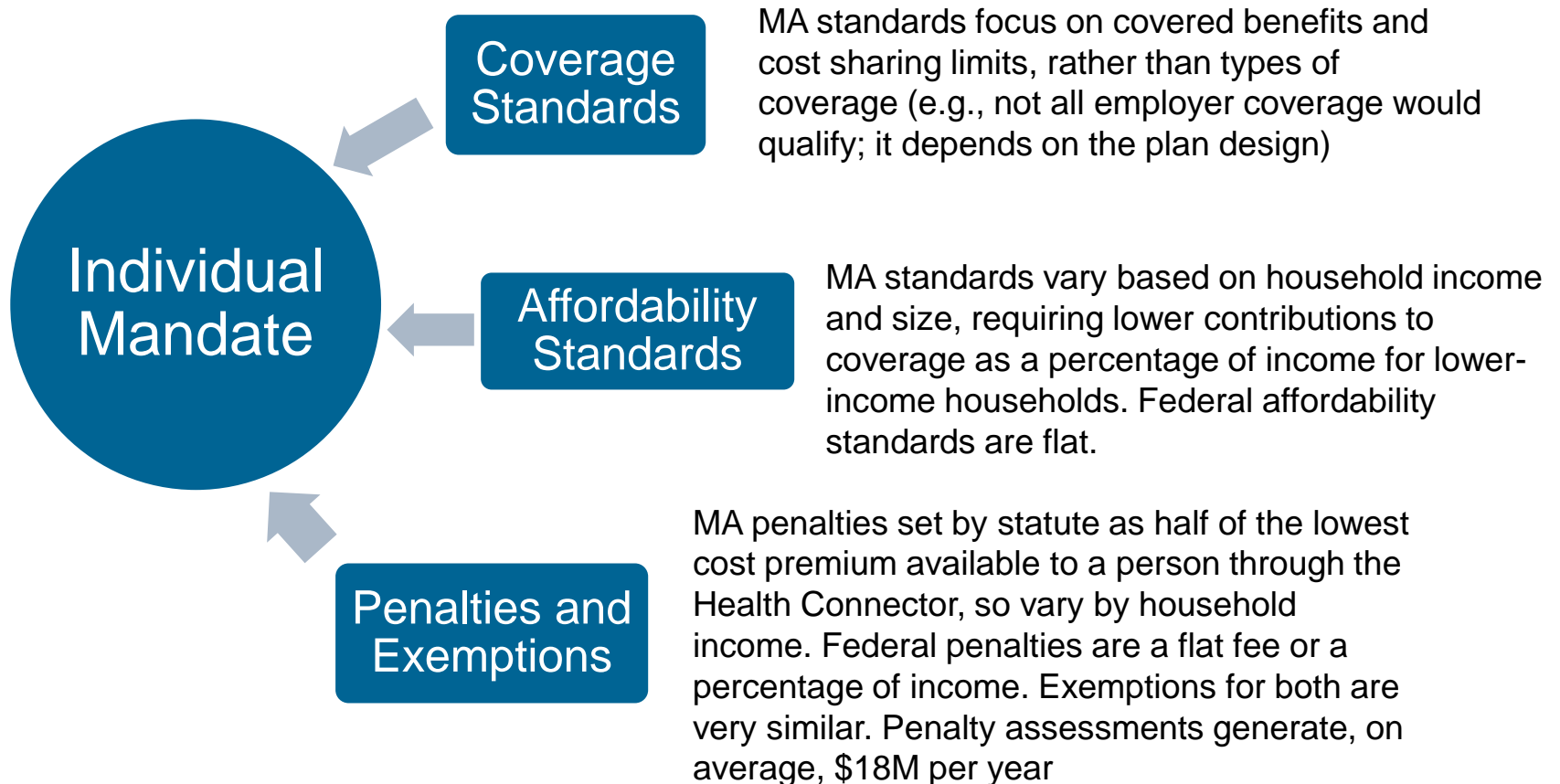
Individual Mandate

Massachusetts's 12-year-old state-level individual mandate plays a unique role in promoting widespread coverage, but also in promoting affordability.

- Massachusetts established a state-level individual mandate as part of its 2006 health reform law
- Massachusetts retained its mandate, even after the ACA individual mandate went into effect in 2014 – and continues to have a mandate today (even after withdrawal of federal mandate penalty)
- While individual mandates are widely understood to promote coverage and ensure risk pool stability, they have other less-discussed, but important benefits related to affordability:
 - Creating ceilings on cost sharing
 - Ability to stem market traction of less robust/"gray market" plans that can leave consumers exposed
 - Outreach capabilities enabled by mandate administration, which in turn helps affordability for those who can be newly enrolled + overall risk pool

Individual Mandate & Affordability

The Massachusetts mandate differs from the federal mandate in its design.



Individual Mandate & Cost Sharing

Minimum Creditable Coverage (MCC) allows the state to encourage an upper-bound on cost sharing for individuals complying with the state's mandate.

- In addition to requiring that MCC meets key benefits requirements (e.g., hospitalization, Rx, maternity care, etc.), coverage must also meet cost sharing requirements
- MCC regulations prohibit annual benefit limits on core services and set out parameters for out of pocket spending
- Compliant plans must cap deductibles at \$2,000 for individual coverage and \$4,000 for family coverage, with separate prescription drug deductibles capped at \$250 for individual coverage and \$500 for family coverage*
- The maximum out of pocket amount for a compliant plan may not exceed the maximum defined by HHS each year. (In 2019, this is \$7,900 for an individual, and \$15,800 for a family.)
- These requirements effectively encourage our market (across market segments, payers, coverage types, etc.) to offer coverage with relatively modest cost sharing parameters

*Note: The Health Connector is proposing regulatory changes that would index allowable deductibles modestly according to the premium adjustment percentage published by the U.S. Dept. of Health and Human Services (HHS)



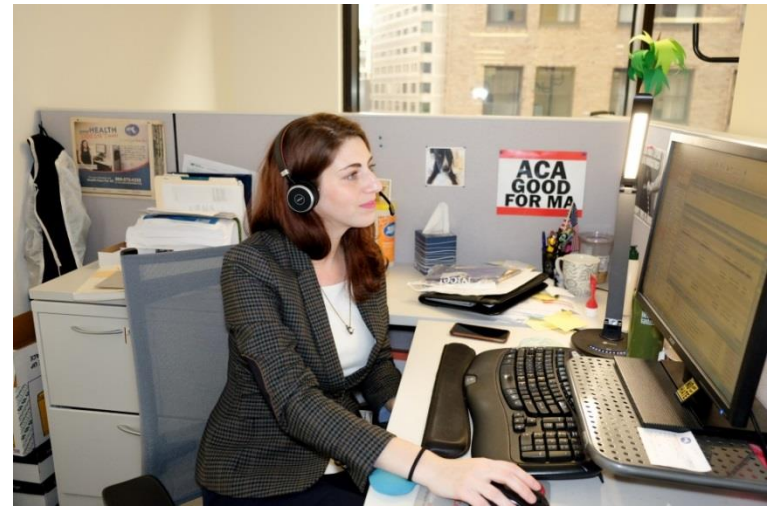
HEALTH CARE FOR ALL



Health Care For All (HCFA)
advocates for health justice
in Massachusetts by working
to promote health equity and
ensure coverage and access for all.

HCFA HelpLine

- Fields 20,000 calls annually in three languages – English, Spanish & Portuguese
- Enrolls people of all income levels in public and private programs
- Problem-solves insurance issues
- Conducts outreach events in geographic areas with lower coverage rates



HelpLine Contributions



- Enhances enrollment numbers & reduces churn
- Provides real-time feedback to the state on problematic trends, and flags areas of concern for industry stakeholder groups
- Assists and educates enrollment specialists who work for hospitals, health centers and the state

Continuum of Advocacy & Policy Strategies



Next Steps in Massachusetts



Promote health justice in Massachusetts:

- Cover everyone
 - Have affordable options for consumers
 - Thinking broadly about good health
 - Include oral health care
 - Include behavioral health
- 