CENTER FOR HEALTH
INFORMATION AND ANALYSIS

ANNUAL REPORT ON THE PERFORMANCE OF THE MASSACHUSETTS HEALTH CARE SYSTEM

SUPPLEMENT 3: MEMBER MEDICAL COST-SHARING

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Member Medical Cost-Sharing

Member cost-sharing refers to non-premium health plan medical care expenses paid directly by members (deductibles, co-payments, and co-insurance payments) instead of by the payer.[1] Cost-sharing levels are the result of payer-set benefit levels and consumer utilization and should be considered in the context of overall insurance plan structure.

This Supplement provides information on current Massachusetts member medical cost-sharing by payer and by market sector,[2] with particular attention to the growing membership covered under High Deductible Health Plans (HDHPs).[3] As with premiums data, cost-sharing data is available only for the fully-insured portion of the commercial market and is based on all members covered by contracts in Massachusetts, regardless of state residency.

Key Findings:

Medical cost-sharing held steady between 2012 and 2013 for members of commercial health insurance plans. In 2013, members paid an average of $48 per member per month in medical cost-sharing.

In 2013, compared to other payers, Health New England had lower average premiums but the highest average member medical cost-sharing,[4] while Tufts Health Plan had higher average premiums and lower average medical cost-sharing.

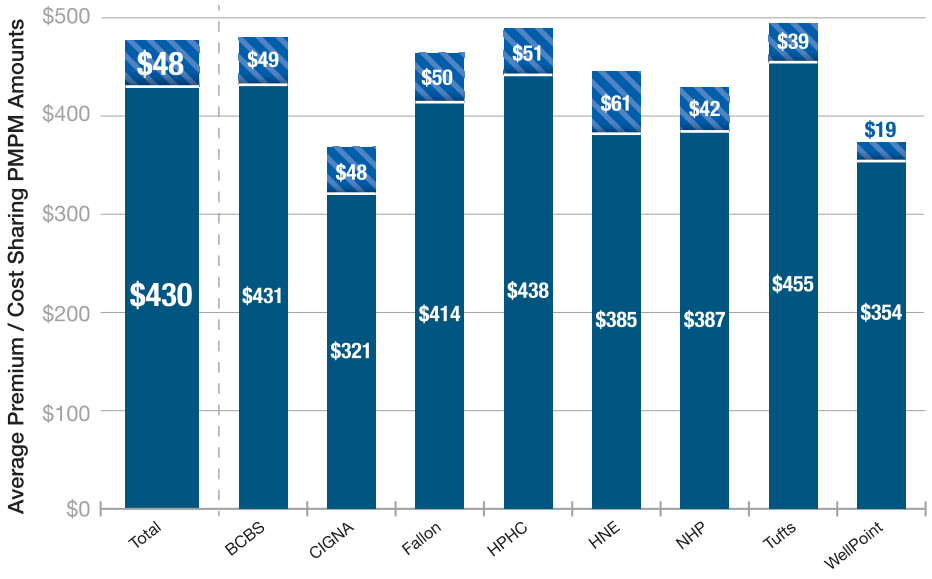
Massachusetts membership in High Deductible Health Plans (HDHP) increased across all market sectors (employer sizes) from 2011 to 2013. HDHP enrollment was particularly concentrated in the Individual segment of the Merged Market (45% of members) in 2013 and the Small Group segment (38% of members), though HDHP adoption from 2011 to 2013 was growing fastest in the larger market sectors.

I. Medical Cost-Sharing

In 2013, members paid an average of $48.41 per member per month (PMPM) in medical cost-sharing, although actual cost-sharing for many members was significantly higher.[5] This medical cost-sharing was in addition to members' estimated 26% average contribution to total premiums, or approximately $112 PMPM based on 2013 average statewide premium levels ($429.50 PMPM).[6] [7] Average medical cost-sharing increased 3.4% PMPM from 2011 to 2012, but was virtually unchanged from 2012 to 2013.

Medical Cost-Sharing by Payer

By payer, 2013 medical cost-sharing ranged from an average of $19 PMPM for WellPoint's small, fully-insured membership to $61 PMPM for HNE's membership (Figure 3.1). HNE, with the highest average medical cost-sharing of all large payers, also had lower premiums ($385 PMPM).[8] Conversely, Tufts had the lowest medical cost-sharing of the large payers ($39 PMPM), and the highest average premiums ($455 PMPM).



3.1 Average Premiums & Cost Sharing PMPM by Payer (2013)

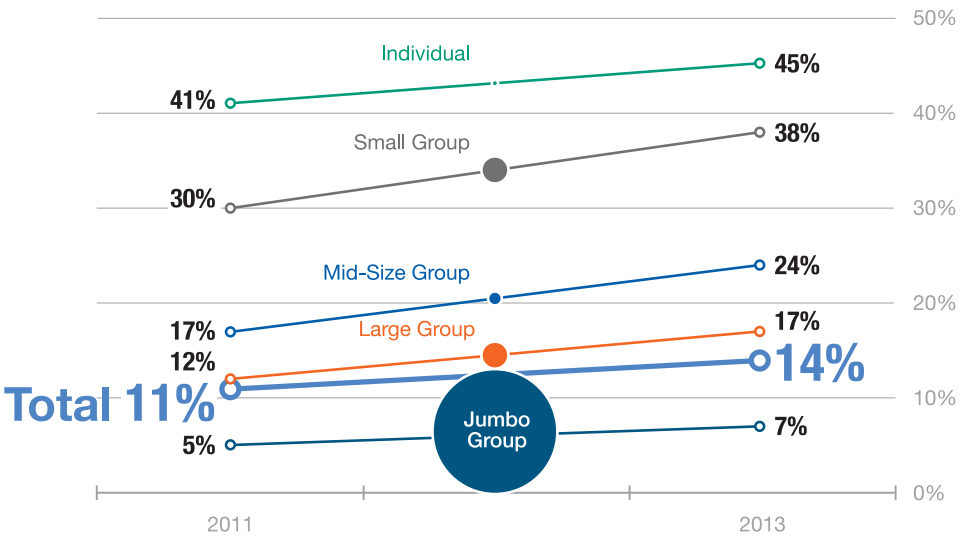
Figure 3.1: Average Premiums & Cost Sharing PMPM by Payer (2013)

[1] This does not include other out-of-pocket expenses not included in health plan coverage, such as most over-the-counter drugs and other non-covered services.

[2] The commercial health insurance medical cost-sharing analysis based on fully-insured membership data from eight Massachusetts-licensed payers: Blue Cross Blue Shield of MA (BCBS), CIGNA, Fallon Community Health Plan (Fallon), Harvard Pilgrim Health Care (HPHC), Health New England (HNE), Neighborhood Health Plan (NHP), Tufts Health Plan (Tufts) and WellPoint (UniCare). United Healthcare was unable to provide reliable enrollment and premiums data for this report.

Cost Sharing by Payer PMPM, 2011 - 2013				
Payer	2011	2012	2013	2012 - 2013 Change
BCBS	$49	$49	$49	1.1%
CIGNA	$47	$52	$48	-8.6%
Fallon	$43	$48	$50	3.6%
HPHC	$45	$50	$51	3.2%
HNE	$62	$65	$61	-6.0%
NHP	$41	$41	$42	2.7%
Tufts	$43	$44	$39	-10.3%
WellPoint	$22	$20	$19	-5.2%
Total	**$47**	**$49**	**$48**	**-0.3%**

3.1 Medical Cost-Sharing by Payer (2011-2013)



3.2 High Deductible Health Plan Membership by Market Sector (2011-2013)

Note: HDHPs were defined within this report as plans meeting IRS deductible levels. HDHP IRS standard deductible levels were $1,200 in 2011-12 and $1,250 in 2013. Figure shows membership of market sectors as of 2013.

Source: CHIA (payer-reported data)

Tufts members, on average, paid 10.3% less in medical cost-sharing from 2012 to 2013, while the average cost-sharing for Fallon members increased by +3.6%.

Table 3.1: Medical Cost-Sharing by Payer (2011-2013)

Medical Cost-Sharing by Market Sector

Average medical cost-sharing varied across market sectors,[9] though the difference between groups continued to narrow between 2012 and 2013. The Individual segment of the Merged Market, with its substantial HDHP enrollment, continued to have the highest average levels of medical cost-sharing among market sectors in 2013 ($70 PMPM). This does, however, represent a decrease in cost-sharing for the Individual segment from 2012 (-3.7%). The Jumbo Group had the lowest average level of medical cost-sharing at $39 PMPM, up just 0.5% since 2012.

Table 3.2: Medical Cost-Sharing by Market Sector (2011-2013)

Membership in High Deductible Health Plans by Market Sector

In 2013, 14% of Massachusetts commercial membership was in HDHPs, up three percentage points since 2011 (Figure 3.2).[10] Smaller employers were more likely to use HDHPs than larger employers in 2013, though every market sector showed increased member adoption of HDHPs between 2011 and 2013. Nearly 45% of Individual membership within the Merged Market was in an HDHP in 2013, up four percentage points since 2011, as was 38% of Small Group membership, up eight percentage points over the same period. The Mid-Size Group had a seven percentage point increase in its HDHP membership to 24%.

[3] HDHPs were defined within this report as those plans meeting IRS standard deductible levels: plans with deductibles of at least $1,200 in 2011 and 2012, and $1,250 in 2013.

[4] This comparison is made with payers with more than 50,000 fully-insured lives.

[5] Average member PMPM includes members with no medical expenses in a given year. Medical cost-sharing varies significantly on an individual basis; some members pay significantly more due to plan designs and high utilization while the majority of members, with lower utilization, pay less and in some cases may pay nothing.

[6] See Supplement 2 for additional information on commercial insurance premiums and benefit levels.

Cost Sharing by Market Sector, 2011 - 2013				
Payer	2011	2012	2013	2012-2013 Change
Individual	$72	$73	$70	-3.7%
Small Group	$55	$57	$56	-1.4%
Mid-Size Group	$47	$49	$49	0.8%
Large Group	$43	$44	$44	0.0%
Jumbo Group	$37	$39	$39	0.5%
Total	**$47**	**$49**	**$48**	**-0.3%**

3.2 Medical Cost-Sharing by Market Sector (2011-2013)

Figure 3.2: High Deductible Health Plan Membership by Market Sector (2011-2013)

CHIA will continue to monitor the impact that increased HDHP adoption may have on Massachusetts member cost-sharing over time.

[7] Source: Medical Expenditure Panel Survey – Insurance Component for single and family plans. Available from: http://meps.ahrq.gov (Accessed August 22, 2014).

[8] "Large" payers are those that reported greater than 50,000 fully-insured members.

[9] Market sector is defined by average employer size, which is segregated into the following categories: Individual products (Individual and Small Group make up the Merged Market sector), Small Group (1-50 enrollees), Mid-Size Group (51-100 employees), Large Group (101-499 employees), and Jumbo Group (500+ employees).

[10] In some cases, employers may have implemented financing mechanisms such as health reimbursement accounts or funded health savings accounts to support employee spending that would otherwise be out-of-pocket. For a closer look at consumer-driven health plans, see A Report on Consumer-Driven Health Plans: A Review of the National and Massachusetts Literature (2013). Available from: http://www.mass.gov/anf/docs/hpc/health-policy-commission-section-263-report-vfinal.pdf (Accessed August 19, 2014).

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