

**CENTER FOR HEALTH
INFORMATION AND ANALYSIS**

**ANNUAL REPORT ON THE
PERFORMANCE OF THE MASSACHUSETTS
HEALTH CARE SYSTEM**

**SUPPLEMENT 7: MASSHEALTH AND COMMONWEALTH
CARE EXPENDITURES**



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MassHealth And Commonwealth Care Expenditures

This Supplement provides information on health care expenditures for Massachusetts residents enrolled in the MassHealth and Commonwealth Care programs in 2012 and 2013. MassHealth and Commonwealth Care program expenditures are components of public spending included in Total Health Care Expenditures (THCE).

Total Spending for MassHealth and Commonwealth Care Programs

MassHealth and Commonwealth Care programs are health insurance programs administered by the state.¹ Expenditures for these programs were \$13.4 billion in 2013.² Together these programs' spending comprise about a quarter of THCE in Massachusetts. Approximately half of the cost of these programs is funded by the federal government through Medicaid and the Children's Health Insurance Program (CHIP).

I. MassHealth Programs and MassHealth Managed Care

MassHealth is a joint state and federal insurance program that is state-run, and offers coverage for certain eligible low-income residents of Massachusetts. It combines Massachusetts' Medicaid program and Children's Health Insurance Program (CHIP) into one program. MassHealth offers different types of programs based on eligible members' income, health status, and other factors. Programs include the Primary Care Clinician (PCC) Plan, Managed Care

Organizations (MCOs), One Care, Senior Care Options plans (SCOs), and Programs of All-inclusive Care for the Elderly (PACE). Some members, in specific situations, are enrolled in the MassHealth Fee-for-Service (FFS) program.

Overall, spending for MassHealth programs grew from \$12.0 billion in 2012 to \$12.4 billion in 2013, an increase of 3.9%.

MassHealth Spending by Program

MassHealth is comprised of a variety of programs that differ significantly based on eligibility and administration and are better examined individually. Individual MassHealth program spending varied significantly for 2012 and 2013 (Table 7.1). These figures represent actual medical spending (including patient cost-sharing) and do not reflect differing administrative costs across the programs. The figures below were not adjusted to account for differences in member health status or range of program benefits.

The Primary Care Clinician (PCC) Plan, managed directly by MassHealth, had a 1.4% increase in total spending per member per month (PMPM).

MassHealth MCOs had a 3.9% increase in PMPM spending.

SCO and PACE programs provide care to elderly members. SCO had a 2.3% decline in total spending PMPM while PACE had a 1.0% increase.

Key Findings:

Health care expenditures for MassHealth and Commonwealth Care programs totaled \$13.4 billion in 2013. Together, spending for these programs makes up about a quarter of Total Health Care Expenditures in Massachusetts.

The Primary Care Clinician (PCC) Plan, managed directly by MassHealth, had a 1.4% increase in total spending per member per month.

Table 7.1: Total Spending Per Member Per Month by MassHealth Program^a

MassHealth Managed Care Organization (MCO) Total Medical Expenses

The MassHealth MCO plans in Massachusetts are administered by commercial payers.

Members of MassHealth MCOs are required to select a primary care physician (PCP) within their payer's network to manage their care. MassHealth MCO spending grew from \$2.4 billion in 2012 to \$2.7 billion in 2013, representing a 10.1% spending increase and 6.0% membership increase.^{3 4}

II. Commonwealth Care Program

Commonwealth Care is an insurance program run by the Commonwealth Health Connector, Massachusetts' health insurance exchange, which is available to eligible low- or middle-income Massachusetts residents who did not qualify for the MassHealth program.⁵ Individuals can be covered under a Commonwealth Care MCO plan at no cost or for a state-subsidized monthly premium. Like the MassHealth MCOs, Commonwealth Care MCOs are administered by commercial payers, and members are required to select a primary care physician (PCP) within their payer's network to manage their care. Commonwealth Care spending grew

¹ Spending for the Group Insurance Commission (GIC), because it is an employer, is captured in commercial expenditures. The GIC, which purchases health insurance coverage for state employees, spends nearly \$2 billion annually on commercial health insurance (including fully- and self-insured products). GIC expenditures are included in the commercial plan expenditures discussed in Supplement 4, and are not included here. Information on GIC spending is available

from <http://www.mass.gov/anf/employee-insurance-and-retirement-benefits/annual-reports/annual-report-fy-2013-financial-and-trend.html> (Accessed August 15, 2014).

² These expenditures are for medical spending on members; they do not include capitation payments.

from \$0.79 billion in 2012 to \$0.92 billion in 2013, representing a 16.3% spending increase and 12.9% membership increase.⁶

Program ^a	% Change in Member Months	2012 Total Spending PMPM	2013 Total Spending PMPM	% Change 2012 - 2013
Primary Care Clinician (PCC) ^b	-0.9%	\$492.84	\$499.88	1.4%
Massachusetts Behavioral Health Partnership (MBHP) ^c	-0.5%	\$94.87	\$99.39	4.8%
MassHealth MCOs	6.0%	\$407.41	\$423.14	3.9%
Senior Care Options (SCO)	23.4%	\$2,274.18	\$2,223.03	-2.3%
Program for All-Inclusive Care for the Elderly (PACE)	3.0%	\$3,254.01	\$3,285.32	1.0%
Dually-Eligible One Care (21 - 64) ^d	--	--	\$1,374.92	--

7.1 Total Spending Per Member Per Month by MassHealth Program

- ^a The figures reported here are not adjusted for health status. For example, compared with the MCO program, PCC plan members are known to have higher acuity health care needs. In addition, administrative costs and MassHealth non-claim based payments are not shown. MassHealth FFS, a combination of programs serving unique member populations, is not presented in this table as well. Please see Databook 1: Total Health Care Expenditures for more information.
- ^b Calculation of PCC Plan expenditures includes certain additional services that are not included in the calculation of MCO expenditures; services provided through MBHP are calculated separately.
- ^c MBHP manages mental health and substance use disorder services for members of the MassHealth PCC Plan as well as other populations.
- ^d One Care started in October 2013.
- ^e SCO, PACE and One Care include spending from Medicare.

³ For a detailed consideration of the differences between the PCC and MCO models plans, see the 2013 Final Report of the Massachusetts Medicaid Delivery Model Advisory Committee, available at <http://www.mass.gov/anf/medicaid-delivery-model-commission.html> (Accessed August 13, 2014).

⁴ For more information on MassHealth MCO TME see Databook: Total Medical Expenses.

⁵ The Commonwealth Care program ceased enrolling new members as of December 31, 2013. Certain plans continued coverage during 2014.

⁶ Enrollment includes the Commonwealth Care Bridge program which began in March 2012. For more information on Commonwealth Care TME see Data Appendix: Total Medical Expenses.



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