

CHIA Standard Statistics: Average Cost of Commercial Coverage



Time Period/Data Year(s): CY2011 – CY2016

Governing Legislation: M.G.L. c. 12C, section 10; Regulation 957 CMR 10.00

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| <p>Description</p> | <p>CHIA’s Cost of Coverage statistic is the annual cost to employers and/or members of providing or procuring primary medical health insurance coverage in Massachusetts. The cost of fully-insured coverage is measured by the annual premium an employer or direct purchaser pays to a private commercial payer to assume the risk of eligible employees’ and employee-dependents’ medical expenses. The cost of self-insured coverage is measured by the annual premium equivalent, which represents incurred claims plus administrative service fees that payers receive from self-insured employers to design plans, administer claims, and/or utilize a network of negotiated provider rates.</p> <p>Fully-insured premiums and self-insured premium equivalents are not directly comparable. Premiums are set prospectively by payers, based on expected health care claims; this includes the cost to the insurer (“risk premium”) of carrying the medical expense liability associated with a given population. Self-insured premium equivalents, by contrast, are based on actual claims paid by employers as well as administrative service fees charged by the payer or third party administrator.</p> |
| <p>Frequency</p> | <p>The Annual Premiums Data Request is issued each February, with data submissions requested by mid-/late-May.</p> |
| <p>Statutory Definition</p> | <p>CHIA is directed by M.G.L. c. 12C, section 10 to report on “changes over time in health insurance premium levels.” 957 CMR 10.00 defines Health Insurance Premiums as “[t]he gross premiums earned for providing health insurance coverage, including any portion of the premium that is paid to a third party” and Incurred Claims (cost-of-claims) as “[t]he total cost of claims, after the provider/network discount (if any) and after member cost sharing,” including “medical claims, drug claims, and capitation payments, and all other payments to providers including those paid outside of the claims system.”</p> |
| <p>Data Submitters</p> | <p>Under 957 CMR 10.00, “[a] Payer is subject to the reporting requirements in 957 CMR 10.00 if the Payer, including Affiliated Payers, had at least 50,000 Massachusetts Private Commercial Plan members for the latest quarter as reported in the Center’s most recently published Enrollment Trends report as of February 1st of the Reporting Year and posted on the Center’s website. If a Payer is subject to the reporting requirements of 957 CMR 10.00, it shall file the required data for all of its Private Commercial Plans, clients, and Affiliated Payers.”</p> |
| <p>Data Included</p> | <p>Payers submit aggregate data for their primary, medical, commercial Massachusetts contract-membership for the previous three calendar years. Submitted data falls into two categories: membership and financial, as outlined below.</p> <p>Membership: Contract-member months by funding type (fully-/self-insured), market sector (employer size), product type (HMO/PPO/POS*), benefit design (High Deductible Health Plan (HDHP)/Limited Networks/Tiered Networks), and demographics (age, gender, and region).</p> <p>Financial: Premiums, Medical Loss Ratio (MLR) Rebates, Allowed Claims, Incurred Claims, self-insured Administrative Service Fees, ACA/ Health Connector Subsidy Amounts, and “3R” Amounts by all membership breakouts.</p> <p>When combined, submitted membership and financial data allow CHIA to calculate Massachusetts’ cost of coverage, including fully-insured premiums and self-insured premium equivalents.</p> <p>* Starting with the 2017 analysis (CY2014-16 data), a POS (Point-of-Service) product type category was added to the data submission manual.</p> |

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| <p>Quality Assurance Process</p> | <p>Data submitted as part of the Annual Premiums Data Request undergoes a quality assurance and verification process:</p> <p>Along with CHIA’s actuary, CHIA runs internal and external validity checks on all payer-submitted data. Internal validity checks are run on payer-submitted data for point-in-time and trend consistency and reasonableness. External checks are also run, comparing payer-submitted data against other payer-submitted state and federal reports, including the Supplemental Health Care Exhibit, the Massachusetts Annual Comprehensive Financial Statement, and the CCIO Medical Loss Ratio Reporting Form. Where discrepancies are found and confirmed, CHIA requests revised data submissions from payers.</p> |
| <p>Reports</p> | <p>Cost of coverage data is profiled in CHIA’s</p> <ul style="list-style-type: none"> • Annual Report on the Performance of the Massachusetts Health Care System (Released each August/September) <p>Reports include databooks, chartpacks, and technical appendices.</p> |
| <p>Data Notes</p> | <p>Important notes about data received from the Annual Premiums Data Request:</p> <ul style="list-style-type: none"> • Massachusetts contract-membership includes non-Massachusetts residents. • Starting with the 2015 analysis (CY2012-14 data), both premiums and claims amounts were scaled to account for the “percent of benefits not carved out” (e.g. pharmacy or behavioral health). Previous reported data was not scaled. • Starting with the 2017 analysis (CY2014-16 data), ACA/Health Connector Subsidy Amounts such as federal and state Cost-Sharing Reduction (CSR) and Advanced Premium Tax Credit amounts were collected separately for individual purchasers whose plans included these subsidies. <p>Each year’s premiums submissions include slight methodological refinements and the addition of several payers. See relevant technical appendices.</p> |
| <p>How to Obtain Data</p> | <p>Most aggregate data from the Annual Premiums Data Request is published each year in databooks on CHIA’s website concurrently with the reports noted above.</p> |
| <p>Related CHIA Measures</p> | <p>Massachusetts Employer Survey: Average annual Massachusetts individual and family health insurance premiums and premium contributions; limited fully- vs. self-insured breakouts.</p> |
| <p>Questions?</p> | <p>Questions may be directed to Ashley Storms, Analytic Reporting Manager, at ashley.storms@state.ma.us.</p> |