



Commonwealth  
of Massachusetts

Center for Health  
Information and Analysis

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Executive Director

## Data Supplement

# Preliminary 2012 Total Medical Expenses Data

October 2013

Center for Health Information  
and Analysis

## Summary

In August 2013, the Center for Health Information and Analysis (Center) reported on the total medical expenses (TME) for the Massachusetts commercial market in its *Annual Report on the Massachusetts Health Care Market*. The data summary in this supplement provides detailed data for the commercial market as well as the managed care plans of public programs for 2012 based on preliminary data reported by thirteen health insurance companies. TME data was collected for commercial full claims, commercial partial claims, Medicaid and Commonwealth Care Managed Care Organizations (MCO), and Medicare Advantage health insurance categories.<sup>1</sup>

TME represents the full amount paid to providers for health care services delivered to a payer's covered enrollee population (payer and enrollee cost-sharing payments combined). TME covers all categories of medical expenses and all non-claims related payments to providers, including provider performance payments.

This summary provides highlights of 2012 preliminary TME data for the commercial full-claim population.<sup>2</sup> Please reference the accompanying Chartbook and data appendices for the TME results of other insurance categories. These 2012 TME results are considered preliminary because the reported data is based on less than four months of the claims run-out period and incorporates payers' estimates of claims completion and financial settlements. The final 2012 TME data will be collected by the Center in May 2014 and will be reported next year in the Center's *Annual Report on the Massachusetts Health Care Market*.

### Statewide TME growth appears to be slowing.

Preliminary 2012 statewide TME was \$424 per member per month (PMPM), representing a 2.0% increase from 2011 statewide TME. For all reported payers, with the exception of Neighborhood Health Plan (NHP), 2012 preliminary TME increased from 2011.<sup>3</sup> The modest increase in TME indicates a slower growth rate from 2011 to 2012 than in previous years.<sup>4</sup>

### Payments to hospitals and physicians account for 75% of TME.

Similar to 2011, nearly three-quarters of 2012 preliminary TME was paid to hospitals and physicians, including non-claims payments.<sup>5</sup> This combination of service categories had a less than 1% increase from 2011 to 2012, indicating that the slowdown of spending growth in hospital and physician service categories contributed significantly to the overall modest TME growth in 2012.<sup>6</sup>

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1 The Center is required by M.G.L. c. 12C to promulgate regulations for the uniform calculation and reporting by payers of Health Status Adjusted Total Medical Expenses and to publicly report that data. 957 CMR 2.00 governs the methodology and filing requirements for health care payers to calculate and report Health Status Adjusted Total Medical Expenses.

2 Commercial full claims data include both self- and fully-insured commercial business for which claims for all medical services were available to the reporting payer. The data capture complete medical spending and were used to calculate commercial TME. Commercial partial claims data include self- and fully-insured commercial business where the employer separately contracts for one or more specialized services, such as pharmacy or behavioral health service management. In these cases, the reporting payer does not have access to the claims for the separately contracted services. As the full range of medical expenses is not included in the data reported by the payers, these partial claims are not included in the TME analyses contained in this report.

3 More detailed information about payer-specific TME and membership, and other insurance categories may be found in the Chartbook.

4 From 2010 to 2011, statewide TME increased by 3.8%.

5 Non-claims payments are made to physician groups and hospitals for quality performance, global budget financial settlements, and other purposes.

6 Full service category breakdown for 2010-2012 may be found in the Chartbook.

## **TME varies substantially by county.**

Across the fourteen counties in Massachusetts, TME varied substantially from a low of \$335 PMPM in Hampden County to a high of \$560 PMPM in Dukes County. TME grew from 2011 to 2012 in all counties with the exception of Franklin and Barnstable counties. The variation in TME across the Commonwealth's fourteen counties may be due to differences in member health status, mix of services provided, provider prices, and the utilization of care.

TME is one of the key analytical components used to monitor the Massachusetts health care market. TME provides transparency and allows for comparison across payers, insurance products, and different geographic regions. TME is especially useful because it measures cost efficiency by incorporating price, volume and service mix. Going forward TME will remain a key component of monitoring health care spending growth in the Commonwealth.

### The accompanying documents with this data supplement:

Chartbook: Massachusetts Total Medical Expenses: Results from 2010 – 2012

Appendix 1: 2010 – 2012 Total Medical Expenses by Payer

Appendix 2: 2010 – 2012 Total Medical Expenses by Provider

Appendix 3: 2010 – 2012 Total Medical Expenses: Managed vs. Non-Managed Care Plans



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