

CENTER FOR HEALTH INFORMATION AND ANALYSIS

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# INDIVIDUAL PURCHASERS

IN THE MASSACHUSETTS  
HEALTH CARE SYSTEM

TECHNICAL APPENDIX

MAY 2018



# Individual Purchasers in the Massachusetts Health Care System

## TECHNICAL APPENDIX

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## Background

The data for the *Individual Purchasers in the Massachusetts Health Care System* brief was collected as part of the “2017 Annual Premiums Data Request,” used originally for CHIA’s [2017 Annual Report on the Performance of the Massachusetts Health Care System](#). Per Regulation 957 CMR 10.00, only payers with at least 50,000 Massachusetts Private Commercial Plan members, as reported in CHIA’s February 2017 [Enrollment Trends](#) report, were required to submit to the Annual Premiums Data Request. CHIA received summarized contract-membership, commercial premiums, consumer cost-sharing, and benefit level data for individual purchasers in calendar years 2014, 2015, and 2016 from the following payers:

- **BCBSMA:** Blue Cross and Blue Shield of Massachusetts, Inc. and Blue Cross and Blue Shield of Massachusetts HMO Blue, Inc.
- **Fallon:** Fallon Community Health Plan, Inc. and Fallon Health & Life Assurance Company, Inc.
- **HPHC:** Harvard Pilgrim Health Care, Inc. and HPHC Insurance Company, Inc.
- **HNE:** Health New England, Inc.
- **NHP:** Neighborhood Health Plan, Inc.
- **Tufts:** Tufts Associated Health Maintenance Organization, Inc.; Tufts Insurance Company; and Tufts Health Public Plans, Inc. (formerly Network Health, LLC)

Payer data was provided in response to the “2017 Annual Premiums Data Request,” which was developed with the assistance of Oliver Wyman Actuarial Consulting. This request included detailed definitions and specifications for membership, premiums, claims, and other pricing data. It specified that payers provide data on their primary, medical, private commercial membership for all group sizes, including individual purchasers in the private commercial market.

CHIA requested that payers submit summarized data for their fully- and self-insured lines of business, contracted in Massachusetts. Individual purchaser data only exists in the fully-insured category. Payers’ data submissions encompassed “contract members” who may have resided inside or outside of Massachusetts; out-of-state members were most often covered by an employer that is located in Massachusetts. Within the context of this brief, it may be assumed that individuals purchasing non-group coverage are both contract members and residents of the Commonwealth.

Payer-provided data was validated against reported financial data from the Supplemental Health Care Exhibit (SHCE), the Massachusetts Annual Comprehensive Financial Statement, and the CCIIO Medical Loss Ratio Reporting Form.<sup>1</sup>

## Individual Purchaser Enrollment

CHIA collected summarized enrollment, premiums, and claims data by funding type (fully-insured or self-insured), employer size (market sector), product type (health maintenance organization, preferred provider organization, point-

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<sup>1</sup> The analysis in this report relies on premium, claims, and membership data submitted by Massachusetts payers. Payer data submissions were reviewed for reasonableness but were not audited. When reported data was not consistent, revised data was requested and provided by the payers. To the extent that final payer submitted data was unknowingly incomplete or inaccurate, findings in this report may not align with other payer filings.

of-service, and “other” plans), and benefit design type (high deductible health plans, tiered network plans, and limited network plans).

Within the Individual Purchasers (non-group) market sector, data was further categorized into members with and without Cost-Sharing Reduction (CSR) subsidies. These sectors were classified as “ConnectorCare” and “Unsubsidized,” respectively, for the purposes of this brief. The “Unsubsidized” category also included contract members who received federal Advance Premium Tax Credits (APTCs) to lower monthly premium amounts. These members qualified for APTCs based on their expected annual income but did not qualify for CSR subsidies.

Market Sector	Category	Plan Type	Description
Individual Purchasers	Unsubsidized	No Subsidy/Unknown	Health insurance plans purchased by individuals either directly from a payer or through the Massachusetts Health Connector without public subsidy.
		APTC Only	Health insurance plans purchased by individuals through the Massachusetts Health Connector and qualified for an Advance Premium Tax Credit (APTC) but <u>not</u> qualified for a Cost-Sharing Reduction (CSR) subsidy.
	ConnectorCare	APTC + CSR Subsidies	Health insurance plans purchased by individuals through the Massachusetts Health Connector and qualified for an Advance Premium Tax Credit (APTC) subsidy <u>and</u> a Cost-Sharing Reduction (CSR) subsidy (ConnectorCare plans).

Several payers – including BMC HealthNet Plan, CeltiCare, and Minuteman Health – fell below the reporting threshold for the Annual Premiums Data Request. These payers represented approximately one-fifth of ConnectorCare enrollment in 2016. In order to represent the full ConnectorCare population in Figure 1, which displays individual purchaser enrollment by subsidy level from 2014 to 2016, CHIA sourced total ConnectorCare membership from CHIA’s *Enrollment Trends* reporting.<sup>2</sup> Financial trends in this brief only reflect members enrolled through the 10 payers that participated in the 2017 Annual Premiums Data Request.

## Coverage Costs and Member Cost-Sharing

Payer-reported data from the “2017 Annual Premiums Data Request” enabled CHIA to report on fully-insured commercial premiums and member cost-sharing.

### Fully-Insured Premiums

For fully-insured lines of business, payers provided annual earned premiums by employer size, product type and benefit design type for 2014 through 2016, as well as their rating factors used in December 2016 and estimated

<sup>2</sup> Total ConnectorCare membership was sourced from the following *Enrollment Trends* publications: 2016 membership from the February 2018 edition of the report, 2015 membership from the August 2017 edition, and 2014 membership from the March 2017 edition. In all cases, data was initially provided to CHIA by the Massachusetts Health Connector.

rebate amounts for the reporting years.<sup>3</sup> Premiums net of rebates were scaled by the “Percent of Benefits Not Carved Out” and divided by annual member months to arrive at premiums per member per month (PMPM). Reported premium amounts include any federal APTCs and state premium subsidies received by payers on their members’ behalf. A majority of individual purchasers qualified for federal and/or state assistance with premium payments, lowering their monthly premium contributions below those reported in this brief.

## **Member Cost-Sharing**

Average cost-sharing PMPM was calculated by subtracting incurred amounts and CSR subsidy amounts, if applicable, from allowed amounts (all of which were scaled by the “Percent of Benefits not Carved Out”) and dividing by annual member months. CSR subsidy amounts represent the total estimated reductions payers received to lower individuals’ health insurance deductibles, copayments, and coinsurance payments while enrolled in qualifying Massachusetts Health Connector plans.<sup>4</sup> CSR subsidies came from a combination of federal and state funding sources. Under federal regulations, these subsidies applied to designated silver tier plans bought in each state.<sup>5</sup>

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<sup>3</sup> Per federal and Massachusetts regulations, payers must provide rebates when their Medical Loss Ratios (MLRs) fall below certain thresholds.

<sup>4</sup> Eligibility determined based on expected annual income. Maximum out-of-pocket amounts may also be reduced.

<sup>5</sup> Despite recent changes in federal funding for CSR subsidies, insurers are still required to offer reduced cost-sharing plans under Affordable Care Act (ACA) regulations as of early 2018.



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