

CHIA Standard Statistics:

Average Cost of Commercial Coverage



Time Period/Data Year(s): CY 2011 – CY 2023

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

Description	<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.</p> <p>Premiums are expressed on a per member per month (PMPM) basis and are net of medical loss ratio (MLR) rebate payments.</p> <p>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.</p>
Frequency	<p>This data is collected as part of the Annual Premiums Data Request, for which payers submit data each September. Prior to 2020, data was submitted in May of each year.</p>
Statutory Definition	<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>
Data Submitters	<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>
Data Included	<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*/Other), benefit design (High-Deductible Health Plan/Limited Networks/Tiered Networks), and demographics (age, gender, and region).</p> <p>Financial: Premiums, Medical Loss Ratio (MLR) Rebates, Allowed Claims, Incurred Claims, ACA/ Health Connector Subsidy Amounts, and ACA premium stabilization program amounts by all membership breakouts.</p> <p>When combined, submitted membership and financial data allow CHIA to calculate Massachusetts average fully insured premiums.</p> <p>Starting with the 2022 analysis (CY 2018-2020 data), Risk Adjustment Transfer Amounts and Rating Factors were removed from the data submission manual.</p> <p>*Starting with the 2017 analysis (CY 2014-16 data), a POS (Point-of-Service) product type category was added to the data submission manual.</p>

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Quality Assurance Process	<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 Division of Insurance Medical Loss Ratio Reporting Form, and the CCIIO Medical Loss Ratio Reporting Form. Where discrepancies are found and confirmed, CHIA requests revised data submissions from payers.</p>
Reports	<p>Cost of coverage data is profiled in CHIA's</p> <ul style="list-style-type: none"> <i>Annual Report on the Performance of the Massachusetts Health Care System</i> <p>Reports include databooks/datasets, chartpacks, and technical appendices.</p>
Data Notes	<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. In the 2015 analysis (CY 2012-14 data) through the 2019 analysis (CY2016-18 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 2021 analysis (CY2017-19 data), both premiums and claims amounts were not scaled. Starting with the 2017 analysis (CY 2014-16 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. Starting with the 2022 analysis (CY 2018-2020 data), the allowed and incurred claims were reported net of pharmacy rebates. If payers indicated that their submitted claims amounts had not already been adjusted for pharmacy rebates, CHIA adjusted submitted claims values using the commercial rebate percentages reported in payers' Prescription Drug Rebate data submissions. Within each payer and year, the same adjustment was applied across all market sectors, funding types, and product types/benefit design types. An expanded analytic dataset, including additional enrollment and financial data, is available on CHIA's website. <p>Each year's data submissions include slight methodological refinements, and payer inclusion varies from year to year based on data quality. See relevant technical appendices.</p>
How to Obtain Data	<p>Most aggregate data from the Annual Premiums Data Request is published each year in databooks/datasets on CHIA's website concurrently with the reports noted above.</p>

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Related CHIA Measures	Massachusetts Employer Survey : Average annual Massachusetts individual and family health insurance premiums and premium contributions; limited fully- vs. self-insured breakouts.
Questions?	Questions may be directed to Molly Bailey at molly.bailey@chiamass.gov .