

# THE PERFORMANCE OF THE MASSACHUSETTS HEALTH CARE SYSTEM SERIES: TIERED NETWORK MEMBERSHIP IN THE MASSACHUSETTS MARKET

The Center for Health Information and Analysis' "2014 Annual Report on the Performance of the Massachusetts Health Care System" profiled overall membership and cost trends in the Massachusetts market from 2011 to 2013.<sup>1</sup> This Brief provides additional Tiered Network coverage and cost detail to inform the work of Massachusetts' health care decision-makers.

## MASSACHUSETTS TIERED NETWORK MEMBERSHIP INCREASING, DRIVEN BY TOP THREE PAYERS AND THE GIC

Tiered Network health insurance plans - plans that segment provider networks by quality and/or cost, with tiered-providers requiring differing levels of consumer cost-sharing - comprise a small but growing segment of the Massachusetts commercial market.<sup>2,3</sup> Between 2011 and 2013, Tiered Network membership increased +45% (+171,000 members) to comprise 13% (546,000 members) of the Massachusetts commercial market (Figure 1).<sup>4</sup> Growth was particularly acute from 2011 to 2012 (+35%).

Tiered Network membership trends were driven by the Commonwealth's three largest payers<sup>5</sup>: Blue Cross Blue Shield of Massachusetts (BCBS), Harvard Pilgrim Health Care (HPHC), and Tufts Health Plan (Tufts). In 2013, these payers accounted for 76% of Massachusetts contract-membership, but nearly all of its Tiered Network membership (95%) and its Tiered Network membership growth (98%). Tufts had the greatest proportion of its membership in a Tiered Network in 2013 (Figure 2).

Three-quarters of BCBS' Tiered Network membership was fully-insured, while most of HPHC's and Tufts' Tiered Network membership was self-insured, Massachusetts Group Insurance Commission (GIC) membership (Figure 3).<sup>6</sup> Tiered Network adoption rates did not vary substantially by employer size.<sup>7</sup>

Figure 1: Massachusetts Tiered Network Membership by Payer (2011-2013)

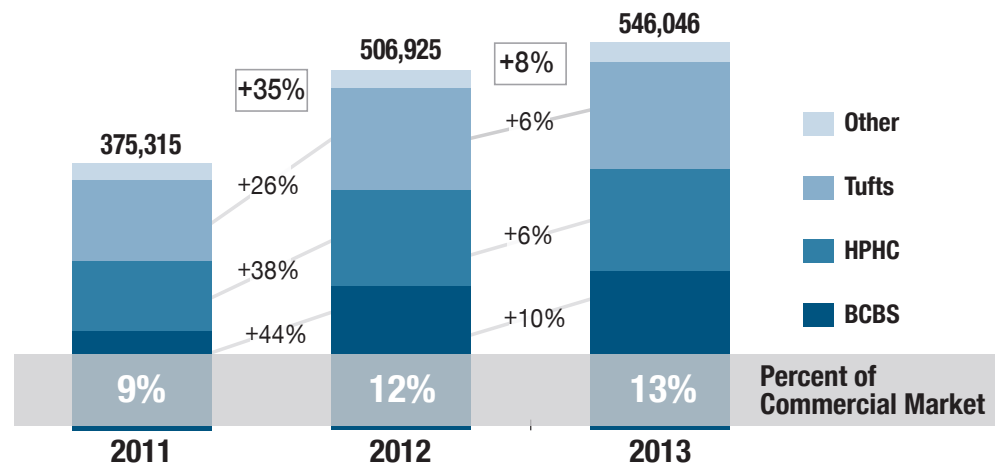


Figure 2: Massachusetts Tiered Network Membership by Payer (2013)

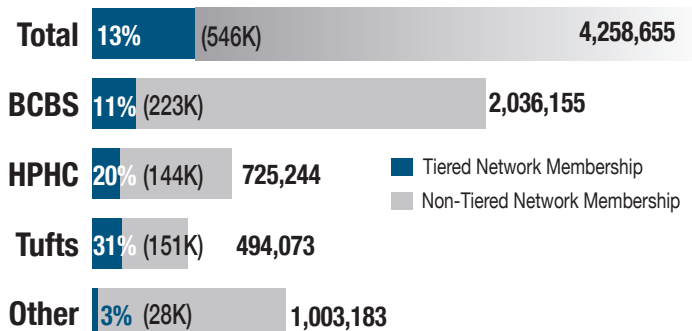
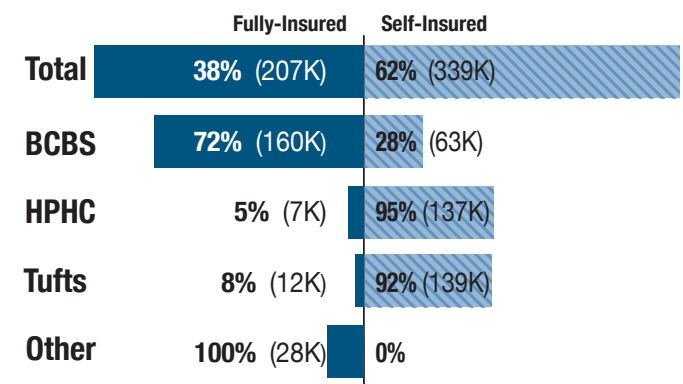


Figure 3: Massachusetts Tiered Network Membership Funding Type by Payer (2013)



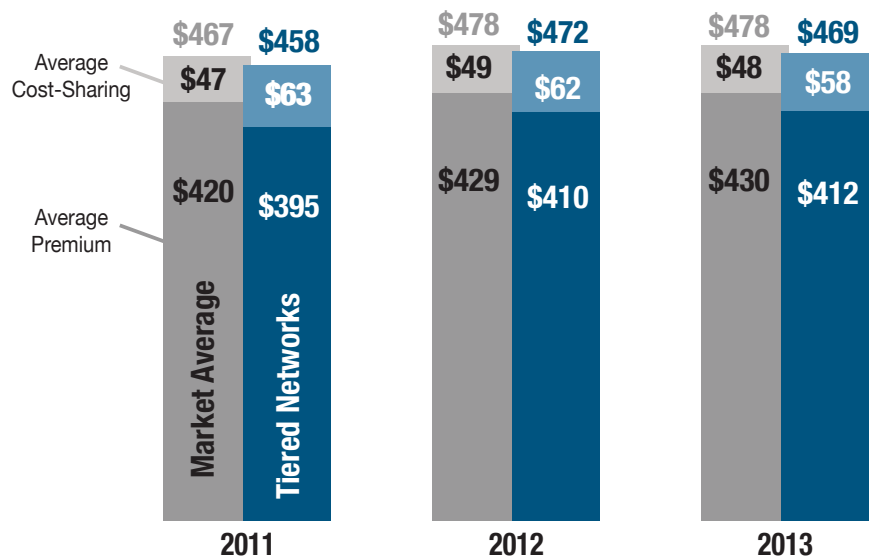
## MASSACHUSETTS TIERED NETWORK MEMBERS FACE LOWER PREMIUMS BUT HIGHER MEDICAL COST-SHARING

In 2013, the average Massachusetts Tiered Network premium was 4% lower than the state average, but Tiered Network members paid 20% more in medical cost-sharing.<sup>8</sup> Overall, the average Massachusetts Tiered Network member paid \$469 PMPM in premiums and cost-sharing in 2013, \$9 PMPM less than the average Massachusetts health plan member (Figure 4).<sup>9</sup> These results, however, do not account for plan design differences and the potential impact Tiered Networks' more constricting provider choice options may have on actual health care experiences.

Tiered Network average premiums increased by +4% PMPM from 2011 to 2013, a rate nearly twice as fast as the overall market (+2%). The impact of this increase on Tiered Network members was mitigated by a decrease in average Tiered Network cost-sharing (-8% PMPM), compared to a +3% cost-sharing increase for the overall market.

For more information on Tiered Network membership, premiums, and cost-sharing, see the [DataBook](#).

Figure 4: Massachusetts Tiered Network Member Average Consumer Costs PMPM (2011-2013)



		2011	2012	2013	2011-2013 Change	
					Absolute	Percentage
Tiered Networks	Premiums	\$395.04	\$410.06	\$411.56	\$16.52	4%
	Cost-Sharing	\$62.91	\$62.19	\$57.85	-\$5.06	-8%
	<b>Total</b>	<b>\$457.95</b>	<b>\$472.25</b>	<b>\$469.40</b>	<b>\$11.46</b>	<b>3%</b>
Market Average	Premiums	\$420.31	\$429.12	\$429.51	\$9.19	2%
	Cost-Sharing	\$46.95	\$48.55	\$48.41	\$1.46	3%
	<b>Total</b>	<b>\$467.26</b>	<b>\$477.67</b>	<b>\$477.92</b>	<b>\$10.65</b>	<b>2%</b>

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<sup>1</sup> See "The 2014 Annual Report on the Performance of the Massachusetts Health Care System" and "Supplement 10: Commercial Health Insurance Coverage". Data in this Brief were provided by Blue Cross Blue Shield of Massachusetts, CIGNA, Fallon Health, Harvard Pilgrim Health Care, Health New England, Neighborhood Health Plan, Tufts Health Plan, and WellPoint (UniCare). United Healthcare was unable to provide reliable enrollment and premiums data in July 2014. Data based on contract-membership for fully- and self-insured contract-lives; premiums and cost-sharing information is available only for the fully-insured segment of the market. Membership estimated by dividing member months by 12.

<sup>2</sup> See [Technical Notes](#) for Tiered Network definition.

<sup>3</sup> CHIA results were consistent with those presented in the Massachusetts Attorney General's presentation, "Examination of Health Care Cost Trends and Cost Drivers".

<sup>4</sup> 92% of Massachusetts Tiered Network members were in-state residents compared to only 71% of Massachusetts-contract members. 17% of Massachusetts-contract, Massachusetts-residents were in Tiered Network plans, up six percentage points from 2011 to 2013.

<sup>5</sup> By resident membership in 2013

<sup>6</sup> As detailed within the Attorney General's Cost Trends [presentation](#), most of HPHC's and Tufts' Tiered Network membership – and their related Tiered Network membership growth – is from their respective GIC populations. HPHC offers GIC Independence and GIC Primary Choice products, while Tufts offers GIC Navigator and GIC Spirit products. BCBS does not offer GIC products.

<sup>7</sup> 16% of the Individual segment of the Merged Market was in a Tiered Network plan, while 13% of the Jumbo Group membership (from employers with 500+ employees) was in a Tiered Network plan.

<sup>8</sup> Fully-insured, contract members only, post-MLR rebates; includes both employee and employer contributions. Massachusetts Chapter 288 [Sections 32](#) and [33](#) require that all payers that offer a plan with at least 5,000 enrollees in the individual or small group market must offer a tiered or selective network plan in which the base premium is at least 12 percent lower than that of the payer's most actuarially similar non-tiered or non-selective plan.

<sup>9</sup> Adjusting by benefit levels and by several demographic characteristics of the covered populations (area, age, group size, and gender), the average 2013 Massachusetts Tiered Network premium remained 8% lower than the average state premium PMPM (pre-MLR rebate comparison).