



# Massachusetts Health Care Reform

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## **The Boston Globe**

**Mass bill requires health insurance  
Joy, worries on healthcare**

## **The New York Times**

**Massachusetts Sets Health Plan  
for Nearly All**

# Making History



MASSACHUSETTS



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# Overview

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- Our Role
- Why did health care reform happen in Massachusetts?
  - Is it a Rosetta Stone?
  - Can it happen in other states?
- Implementation and Challenges
- What does reform mean for our market? For our business?
- What's next?

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# The BCBSMA Foundation

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- The Roadmap to Coverage
  - Report was a catalyst to reform
  - Many ideas from report were incorporated into the bill
  
- Summit on Access
  - Provided the forum for continuing discussion on health care reform
  - Attended by policymakers, including then Governor Romney, Speaker DiMasi and then Senate President Travaglini

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# Our Role In Health Care Reform

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As the bill was being developed, BCBSMA came to be viewed as a key resource to policymakers, offering specific analysis of:

- Health insurance issues
- Market reforms
- Availability of low cost products

We also played a role in convening discussions

- During the drafting and debate of the various bills
- During the final stages of deliberations

This was more than a Government Relations operation

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# Why Massachusetts?

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- A relatively low number of uninsured
- Already spending over \$1 billion annually on the uninsured
- Market reforms already in place
- Political climate

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# Why Massachusetts? (continued)

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- Business and advocacy groups' ability to compromise
- Something in the law for everyone
- Threat of losing \$385M in federal funding for Medicaid
- Threat of multiple ballot questions
- BCBSMA Foundation

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# Elements of Health Care Reform

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Covering the uninsured

Beginning to address quality of care

Increasing Medicaid rates to providers

Market reforms

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# Covering the uninsured

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Goal was to cover 90-95% of the uninsured in three years

Over 122,000 previously uninsured are now covered

How is it being done?

- Medicaid Expansions
- Commonwealth Care
- Commonwealth Choice
- Individual Mandate

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# Covering the uninsured (continued)

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Massachusetts now has the lowest rate of uninsured in the

- 372,000 or 6% of the population

Of those still uninsured

- 56% between 18 and 39
- 57% male
- 70% employed

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# Elements of Health Care Reform (continued)

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## Beginning to address quality of care

- Health Care Cost & Quality Council
- Transparency
- Pay for Performance

## Increasing Medicaid rates to providers

- Additional \$270 million over the next three years
- 85% to hospitals; 15% to physicians

## Market reforms

- Merger of the small group and nongroup markets
- Some tools to allow for low-cost products
- Employer responsibility

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# Health Insurance Connector

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An independent quasi-public entity set up to facilitate selling and buying of affordable insurance products

A new distribution channel for individual & small group products

Facilitates the Commonwealth Care program (subsidy program)

May grant waivers to individuals who cannot afford insurance

Grants "Seal of Approvals" that allows insurers to offer products through the Connector

- Approved 7 health plans (including BCBSMA) on March 8, 2007

# Products Across the Market



	Neighborhood Health Plan	Harvard Pilgrim Health Care	Tufts Health Plan	BCBSMA
Monthly premium for a 37-year-old individual	\$175	\$288	\$242	\$275
Annual deductible (individual/family)	\$2,000/\$4,000	\$1,500/\$3,000	\$2,000/\$4,000	None
Annual out-of-pocket maximum (individual/family)	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000	\$5,000/\$10,000
Inpatient hospitalization	\$2,000 deductible, then 20% of remainder of bill	\$1,500 deductible, then 20% of remainder of bill	\$2,000 deductible, no additional charge	35% of total hospital bill
Outpatient hospital services	\$100 copay after annual deductible has been met	\$250 copay, waived if patient admitted	\$200 copay, waived if patient admitted	\$150 copay, waived if patient admitted
Doctor's office visits	\$25 copay; doesn't count against deductible	Three individual visits with \$25 copay, then 20% of cost	\$35 copay for primary care physician; \$50 copay for specialists; does not count toward deductible	\$25 copay for primary care physician; \$40 for specialist
Routine vision exam	\$25 copay	One exam every 24 months with \$25 copay	One exam every calendar year with \$35 copay	One exam every 24 months with \$15 copay
Prescription drug coverage	\$100 deductible for individuals, then \$15 copay for 30-day supply	No deductible, then \$15 copay or 50% of cost	\$250 deductible, then copays of \$20-\$75 depending on drug	No deductible; copays of \$15-\$50 depending on drug
SOURCE: Commonwealth Health Insurance Connector Authority and The Boston Globe				

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# BCBSMA's Products and Strategy

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## Offering products through the Connector as well as outside of the Connector

- The average premium for our Basic Tier plan w/ prescription drug coverage is \$265
- No deductible but with coinsurance.
- Members will pay fixed co-pays on office visits of between \$15 and \$40
- Coinsurance and co-pays roll up into an out-of-pocket maximum of \$5,000 for individuals and \$10,000 for families, except pharmacy

## Also offering a plan for young adults (19-26 year olds)

- The average premium for the Young Adult Plan with prescription drug coverage is \$205

## Actively marketing these new products

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# Challenges

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## Affordability

- Exemption to the individual mandate allowed for affordability
- Our primary message has been that those who cannot reasonably afford health insurance should not be punished, and we should all work together to make sure this doesn't happen

## Minimum Creditable Coverage

- Question about what MCC level will comply with the individual mandate
- Decision was made by the Connector Board to delay the requirements for 18 months for those with existing health insurance coverage
  - This will allow the market to buy up, or
  - For the Connector to refine the MCC level

Funding and continued commitment to making the law work

Role of Connector (challenge for us)

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# Our Continuing Responsibility

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Our role in health care reform is not over

## Coalition for Health Care Reform

- Public education campaign to broaden public awareness of the key benefits of the law and to minimize opposition that can fuel a repeal effort
  - Protect the gains of health care reform
  - Ensure that the new law is given a chance to work
- Broad-based coalition
  - Business groups
  - Providers
  - Health plans

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# Initial Findings

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## Broad agreement that universal coverage is a laudable goal

- 76% say they approve of the new law

## Minimal understanding of the law

- 73% have heard or read about the law, but only 13% know “a great deal” about it

## Negative response to individual mandate

- 2 out of 3 agree with the general principle that the state should not be able to force people to get health insurance
- 39 % express a negative reaction to the individual mandate (32% positive)

## Less of a problem with the mandate on businesses

- 12% express a negative reaction to the mandate on business (67% positive)

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# Initial Findings (continued)

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## Number of uninsured magnified

- 74% say the new law will make no difference in their own health care

## Concerns about implementation

- Only 6% say they are very confident of success
- 64% are concerned about the state's ability to administer the law competently

## Cost dominates in conversations on health care

- 62% are concerned that coverage will be too expensive

## Concerned about potential cost of the new law

- 59% are concerned that taxes will go up