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***Diagnosing Health Care Reform:  
What's the Right Prescription for You?***

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**Massachusetts Association of Health Plans**

# Health Plans in MA

## The country's *best* health plans

- Consistently set the standard for quality care
- Centered on the patient
- Emphasis on health and wellness to improve members' care experiences and health outcomes



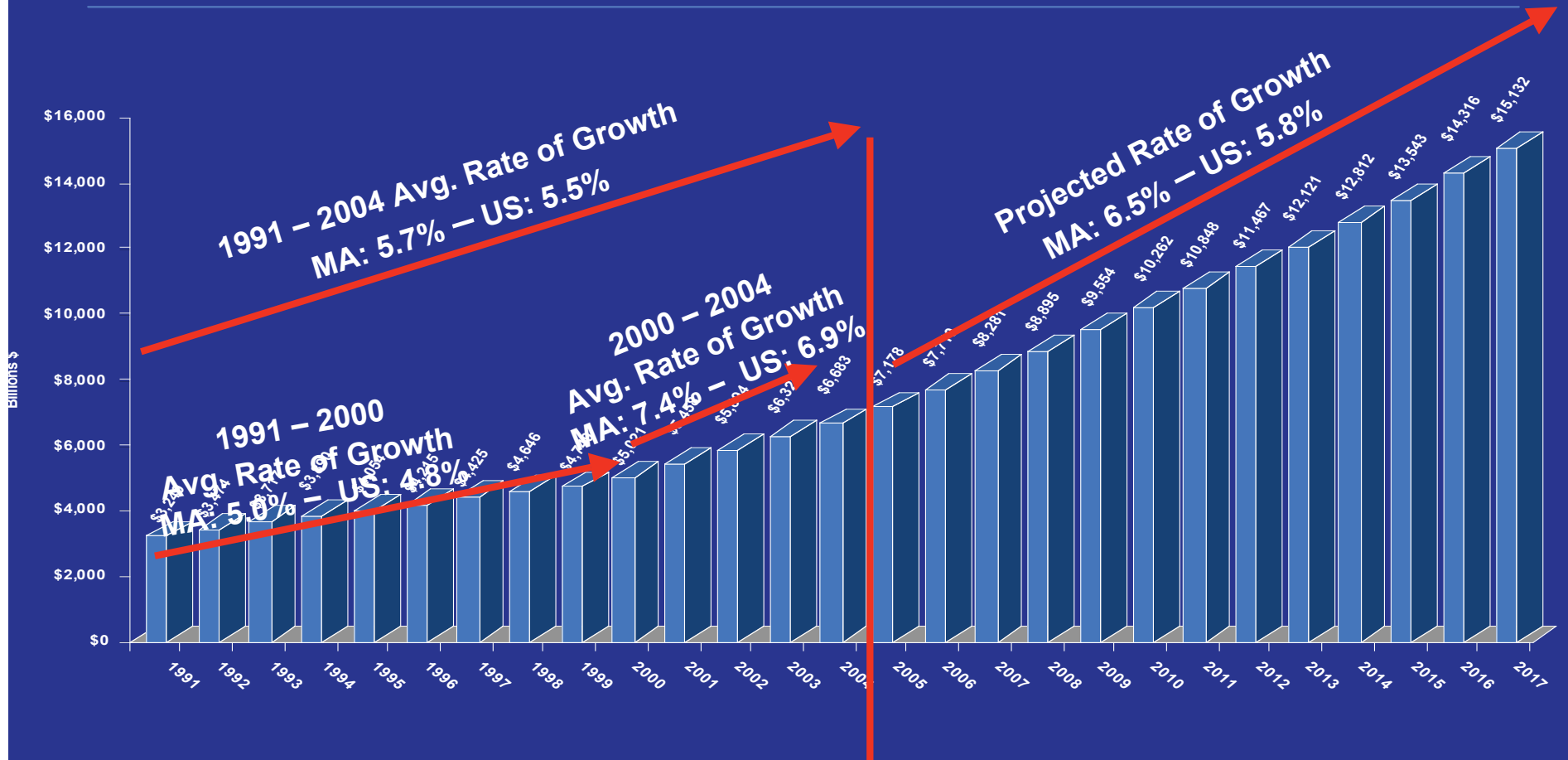
## Best Health Plans

The #1 health plans for Commercial, Medicaid & Medicare coverage are based in MA

5 of the country's top 18 performing health plans in terms of clinical quality are based in Massachusetts

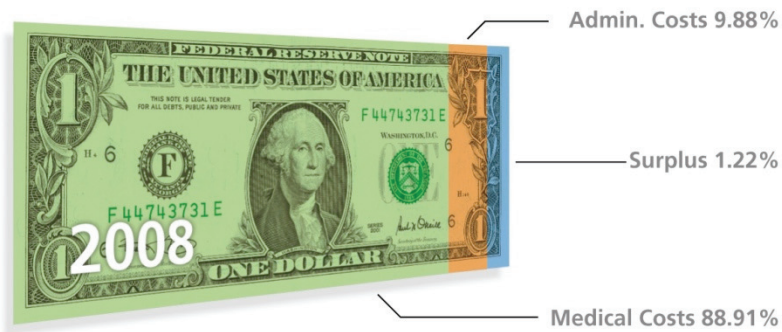
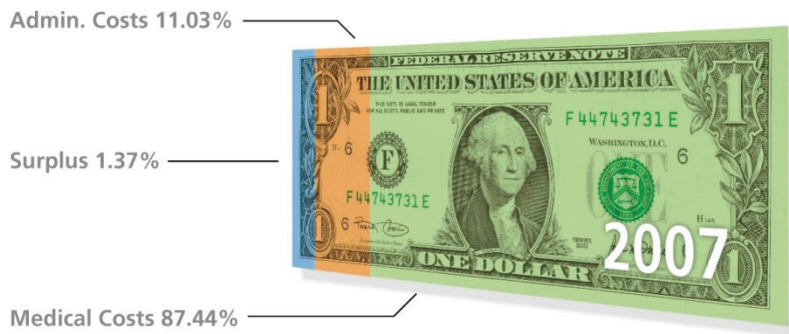
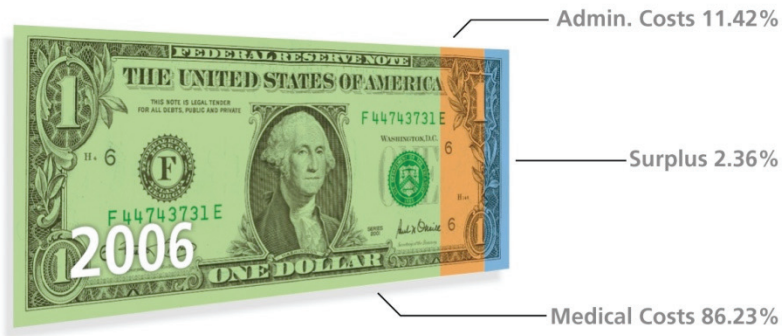
*U.S. News & World Report & NCQA's The State of Health Care Quality: 2008*

# Personal Health Care Spending in MA



source: Centers for Medicare & Medicaid Services (CMS), Office of the Actuary, National Health Statistics Group, 2007.  
 \*2005 – 2017 data are projected.

# Where Does the Premium Dollar Go?



## Medical Expenses



## Administrative Expenses

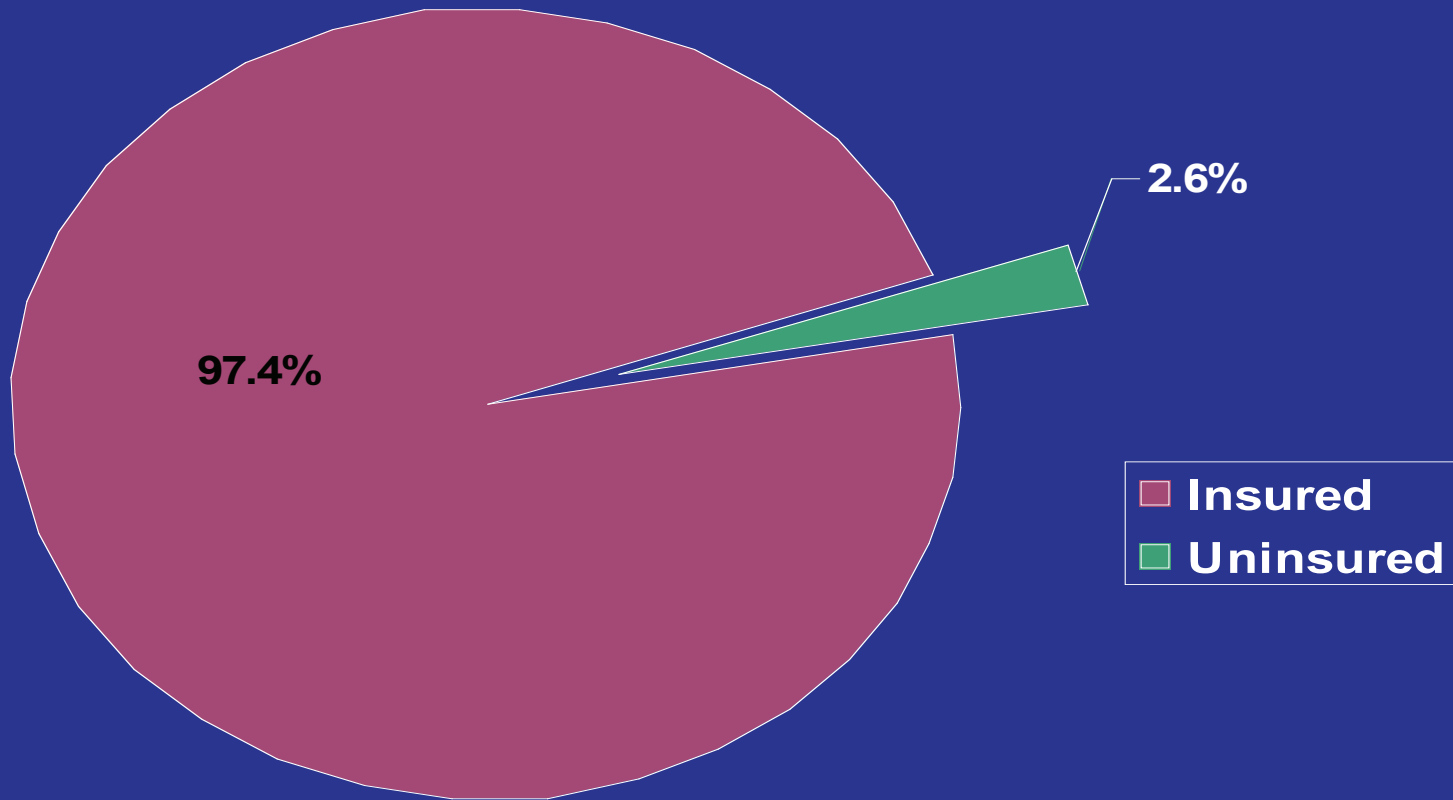


## Surplus



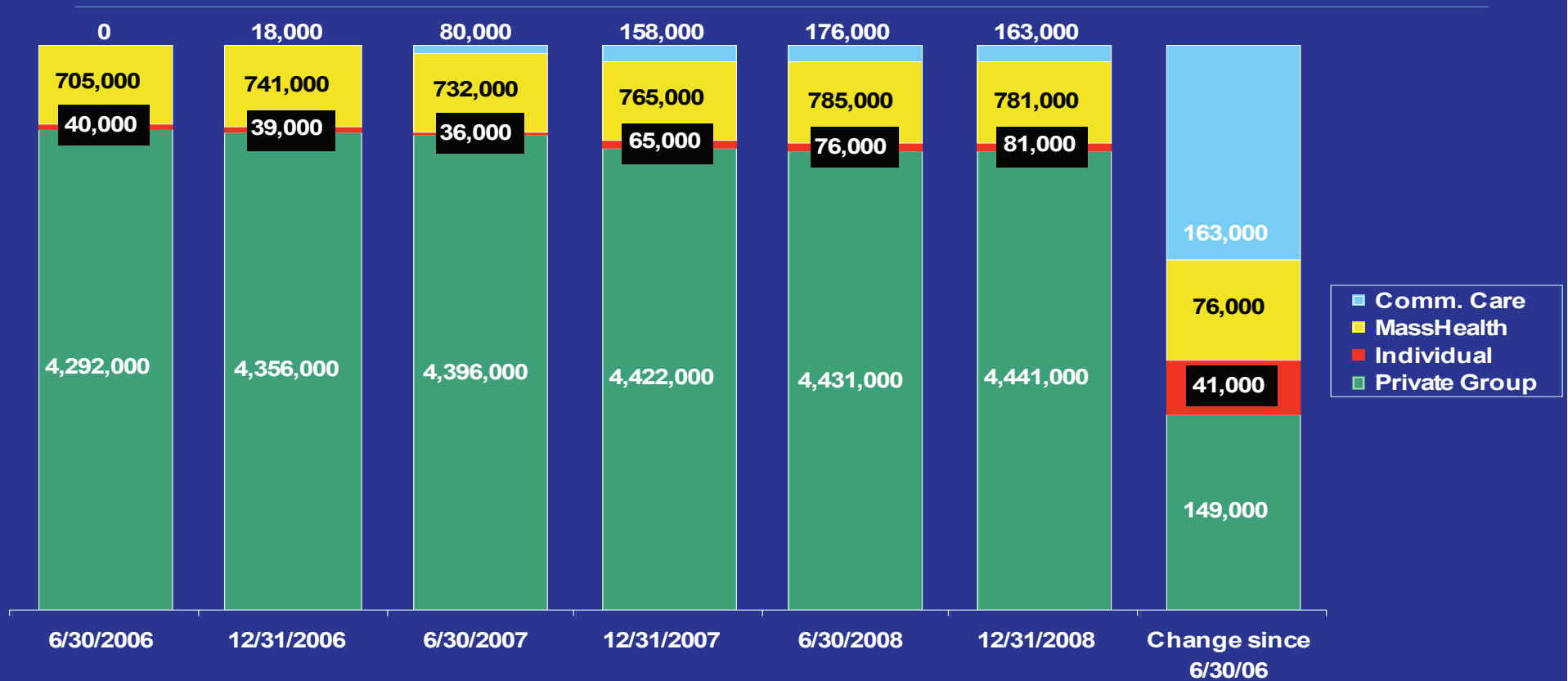
source: MA DOI. Based on statements filed with the MA Division of Insurance for the five major local commercial MAHP carriers.

# Where are We Now: Insurance Rate for All MA Residents



source: MA Division of Health Care Finance & Policy (DHCFP),  
*Health Insurance Coverage in Massachusetts: Estimates from the 2008  
Massachusetts Health Insurance Survey*, March 2009

# Where are We Now: Insured Population by Type of Insurance (Excludes Medicare)



source: DHCFP, Key Indicators, Feb. 2009

# MA Health Care Reform: Major Provisions

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1. The Connector
2. Commonwealth Care
3. Medicaid Expansion
4. Commonwealth Choice
5. Individual Mandate
6. Small/Non-Group Merger
7. Employer Requirements

# Massachusetts Health Care Reform II

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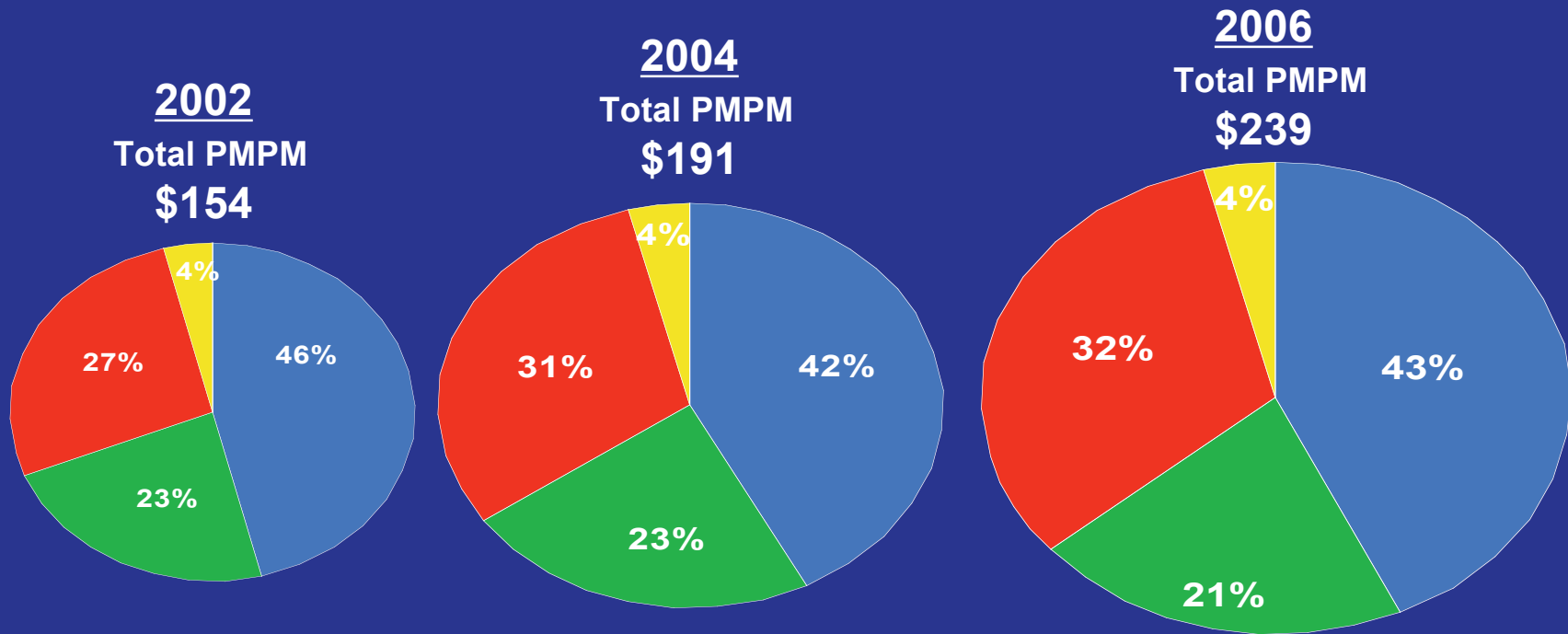
## Cost Control – Chapter 305 of the Acts of 2008

- Hearings on Health Care Costs Health Plans & Providers
- Reporting & Prohibiting Billing of Never Events
- Strengthening the Determination of Need Process
- Uniform Coding
- Rx & Device Manufacturer Gift Ban
- Payment Reform Commission
- Study of Hospital & Health Plan Reserves
- Funding for CPOE & EHR Technology
- NPs as PCPs



# Cost Control is the Next Phase

The Cost of Medical Services Increased 55% in 4 Years



■ Professional Services    ■ Hospital Inpatient  
■ Hospital Outpatient    ■ Misc.

source: MA Division of Insurance (DOI), *Trends in Health Claims for Fully-Insured, HMOs in Massachusetts, 2002-2006*, Sept. 2008

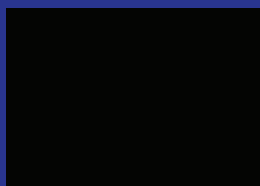
# Payment Reform

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## Special Commission to Reform the Payment System

- Creation of Accountable Care Organizations
- Global payments with adjustments to reward provision of accessible and high quality care become the predominant form of payment to providers in Massachusetts within a period of five years
- Government, payers and providers will be required to share responsibility for providing infrastructure, legal and technical support to providers in making this transition

# The Affordable Health Plan



On July 14<sup>th</sup> MAHP, together with legislators and business groups, unveiled the Affordable Health Plan at the State House

# The Affordable Health Plan

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## New Product for Small Employers

- A new product with benefits actuarially equivalent to Commonwealth Choice Bronze Level coverage
- Statutory rate cap on reimbursements to all providers for this product at no more than 110% of Medicare for all covered services for this product other than outpatient Rx
- Minimum MLR of 85% and limits post-tax underwriting surpluses to 2% for the entire small group/nongroup market

**Estimated Savings Range from 17% - 22%  
below 2009 premiums**