



Massachusetts Health Reform Overview

Actuaries Club of Boston Annual Meeting
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MA Health Reform – Key Components

- Main focus: To extend affordable health insurance coverage to the uninsured population
 - Individual Mandate / Employer Responsibility
 - Commonwealth Care Program
 - Merging the Small Group and Individual Market
 - Commonwealth Connector
 - Young Adult Plan
 - Payment Reforms

Individual Mandate Employer Responsibility

■ Individual Mandate

- Everyone required to purchase health insurance
- Affordability Scale
- Financial Penalty

■ Employer Group Responsibility

- Surcharge to employers that do not offer health insurance to their employees

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Commonwealth Care Program

■ New State Subsidized Program

- Under 300% FPL, subsidies and plan design vary based on income level
- Program administered by the Connector
- First 3 years - Exclusive participation of MA MCOs
- Program costs projected for FY 10 ~\$840M, membership projection ~190K*

* Connector website- Board Presentation, June 23, 2009

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Merging the Small Group and Individual Markets

- Small Group and Individual Markets Merged
- Rating Bands changed
 - Group Size adjustment from 0.95 to 1.05 to 0.95 to 1.10
 - Group Size adjustment moved from 2:1 band to outside 2:1 band

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Commonwealth Health Insurance Connector

- Connects individuals and small businesses with health insurance products
 - Individuals, Non Contributing Employer Groups
- Private Insured Market - Commonwealth Choice
 - Six carriers
 - Three levels of products – gold, silver, bronze
 - Connector approval process
 - Assists employers in establishing Section 125 plans
- Administers the Commonwealth Care Program
- Robust website allows individuals to compare price and product

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Young Adult Plan

- Age 18-26, Individual Plans Only
- Distributed through Connector Only
- Plan Designs vary – High Deductibles, coinsurance, and sometimes benefit limits

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Payment Reforms

- Special Commission on the Health Care Payment System
 - Examine payment methodologies
 - Recommend a common, transparent methodology
 - Recommend a plan for implementation
- Report July 2009
 - Examined FFS, Episode Based Payment and Global Payment
 - Recommending Global Payment supplemented by P4P through Accountable Care Organizations
 - Implementation within 5 years

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Panel Discussion

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