Southcoast Health System in Massachusetts
An Act Providing Access to Affordable, Quality and Accountable Health Care

- Also known as Chapter 58.
- Signed into law under a Republican governor and a Democratic state house.
- Effective April 2006.

http://www.mass.gov/legis/laws/seslaw06/sl060058.htm
Chapter 58

- Four main goals:
  - To use an individual mandate to expand access to near universal coverage.
  - To establish guidelines for employers’ “fair share” contribution and involvement.
  - To reorganize insurance markets and manage the distribution and subsidization of new plans through a “Connector”
  - To establish transparency that will aid in the bill’s cost and quality of care.

http://www.mass.gov/legis/laws/seslaw06/sl060058.htm
Individual Mandate

- Expand Access
- In 2006 450,000-600,000 uninsured in MA.
- EMTALA was considered “unfunded safety net”.
- $700 million in the Uncompensated Care Pool.
- Feds threatening to pull $365 million in matching Medicaid funds for free care provided in MA.
Individual Mandate

- Goal was universal coverage.
- Community interests to take on cost would come later.
- Every adult over 18 must have coverage by June 2007.
- Penalty is loss of individual deduction on state income tax in 2008- average is $219.
Health Care in Massachusetts

• Medicare, Medicaid, Subsidized and Unsubsidized Private insurance coexist.

- Massachusetts healthcare reform was signed into law on April 12, 2006, with a goal of providing near-universal coverage of the Massachusetts population.

- The Health Connector was created to fill the gap for 498,000 individuals that had no insurance.

- It created complementary coverage programs called Commonwealth Care and Commonwealth Choice.

- It created an individual mandate which requires adults who can afford health insurance to obtain it, or be assessed a tax penalty. An exception waiver could be granted in certain circumstances.

- The State also still has a free care care pool, that should become minimal over time.
Health Care in Massachusetts

• First: cover the poor- Commonwealth Care. Automatic enrollment.
• Next: cover the working who do not have access to employer based insurance- Commonwealth Choice. Penalty if one did not participate.
• Encourage employer based coverage by allowing new plans- low monthly or annual cost and higher deductibles.
Commonwealth Care

- Commonwealth Care is a subsidized program for adults who are not offered employer-sponsored insurance, do not qualify for Medicare, Medicaid or certain other special insurance programs.

- Fully subsidized health insurance to adults earning up to 150% of the Federal Poverty Level (FPL). No monthly premiums for individuals earning up to $16,620, or $33,084 for a family of four.

- Partial subsidies for people earning above 150% and up to 300% of FPL.

- There are no monthly premiums for the children of adults covered by Commonwealth Care, as the children are covered by MassHealth (Medicaid).

- Plans are currently available: from $39 a month for an individual earning between $16,261 and $21,672; $77 for an individual earning between $21,673 and $27,096; and $116 if earning between $27,097 and $32,508.

- Of the 179,000 enrolled in Commonwealth Care 40% contribute toward the monthly cost of premiums, and the remainder receive free coverage.
Massachusetts Health Connector

You need health insurance. The state's Health Connector can help.

Find the right health plan for you or your family.
- Compare plans. We’ll let you know if you might qualify for a low or no-cost plan.

Glad to be insured

"I was young, healthy. I always thought that I was invincible. It never even crossed my mind that I could get hurt," Andrew Herlihy, Malden.

Hear Andrew’s story and more...

Already a Commonwealth Care member?
- Register for access to your account.
- Log in to choose a health plan and view account information.

We’re your connection to good health, Massachusetts!

The Health Connector is an independent state agency that helps you find the right health insurance plan. Learn More...

Commonwealth Choice offers many options from brand-name health insurance plans. They all carry our Seal of Approval for quality and value.

Commonwealth Care is low or no-cost health insurance for people who qualify.

Avoid tax penalties. Find out what’s available to you.

Visit Mass.gov

*Optimize your Health Connector experience with Internet Explorer 7.0 or Firefox 3.0.
Commonwealth Choice

• Commonwealth Choice is an unsubsidized offering of six private health plans, selected by competitive bidding, and available through the Health Connector to individuals, families and certain employers in the state.

• The six private plans offer options grouped by level of benefits and cost-sharing at the Bronze, Silver and Gold levels. There is also a special, lower priced Young Adults Plan offering from the same six carriers, exclusively for individuals between the ages of 18 and 26.

• These plans are offered directly through the Health Connector or directly from the carriers.

• The change reformed the individual and small-group health insurance markets to effectively lower their price, and offer more choices for individuals purchasing unsubsidized products on their own.
## Find Insurance: Individuals & Families

### COMPARE PLANS (OVERVIEW)

Click "View Plan" to see details. You can also compare **up to 3 plans** at a time. Check the box next to the plans you want to compare. Then click Compare Selected Plans.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Plan</th>
<th>Premium</th>
<th>Deductible</th>
<th>Doctor</th>
<th>RX</th>
<th>ER</th>
<th>Hospital Stay</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Tufts Health Plan Advantage HMO Select 2000 (Limited choice of doctors &amp; hospitals)</td>
<td>$983.29</td>
<td>$2,000/$4,000</td>
<td>$40</td>
<td>$20 after Rx deductible / $50 after Rx deductible / $75 after Rx deductible</td>
<td>$200</td>
<td>$0 after deductible</td>
</tr>
<tr>
<td>B</td>
<td>Harvard Pilgrim Health Care Harvard Pilgrim Core Coverage 1750</td>
<td>$995.54</td>
<td>$1,750/$3,500</td>
<td>$25</td>
<td>$15 / 50% co-insurance after Rx deductible / 50% co-insurance after Rx deductible</td>
<td>$250</td>
<td>20% co-insurance after deductible</td>
</tr>
<tr>
<td>B</td>
<td>Neighborhood Health Plan NHP Three Select</td>
<td>$1,004.29</td>
<td>$2,000/$4,000</td>
<td>$25</td>
<td>$15 after Rx deductible / 50% co-insurance thereafter</td>
<td>$100 after deductible</td>
<td>20% co-insurance after deductible</td>
</tr>
</tbody>
</table>
Employers and the “Fair Share”

• “The burden of increased coverage is to be shared among insurers, individuals and government.”

• Employers are deemed to offer fair and reasonable coverage if at least 25% of their full time workers are enrolled in the firm’s health plan or the employer offers to pay 33% of the premium of an employed individual.
  • Mass Taxpayers Foundation 2009
Employers – Small Group

• Employers with fewer than 11 full-time-equivalent employees are not required to offer health benefits or a Section 125 Plan (which is a pre-tax, payroll deduction plan). Employees can purchase a Commonwealth Choice plan through the Connector.

• This allows small business employees access to plans similar to those of a large employer with leverage to discount the cost of the plan.

• Employers of 11 to 49 full-time equivalent employees must make a fair and reasonable contribution toward coverage for full-time employees, or pay a Fair Share Assessment of $295/employee. Employers must offer a Section 125 plan.

• The Employer is exempt from the penalty only if 25 percent of its employees participate in the company plan, and the employer offers to contribute 33 percent toward an individual’s health plan.
Employers with more than 50 full-time employees are limited in what they may offer to their employees through the Health Connector’s Commonwealth Choice program. They must offer a Section 125 Plan.

Employers with more than 50 full-time employees may not offer the Commonwealth Choice Contributory Plan. The Contributory Plan lets small employers subsidize Commonwealth Choice health insurance options for their employees.

“Free Rider Surcharge” is a surcharge assessed for use of state funded uncompensated care. Triggers after three instances by one employee or five instances by multiple employees. Exempt if employer sets up a Sec. 125 “cafeteria plan.”
Insurance Reorganization

- The Connector Board set premium levels and copayments for the state subsidized Commonwealth Care Plans.
- $18/month for incomes 100%-150% of poverty line to $106/month for individuals with incomes 250%-300% poverty line.
- Two options: higher premiums and lower deductibles and lower premium and higher deductibles. Later expanded to three tiers.
• Connector provides people with a plan.
• Risk pools are developed between small businesses and individuals.
• Cost of the plans is determined by competitive bidding.
• 2008 prescription coverage was mandated by the Connector Board for all of the plans participating in the Connector.
So what happened? People

- Almost everyone has coverage.
- MA has the lowest uninsured in the nation 2.6%.
- Commonwealth Choice:
  - 30% BCBS
  - 21% HCHP
  - 6% THP
  - 17% FCHP
  - 23% NHP
  - 3% HNE
Uninsured Population

Drop in uninsured significant across income strata

Source: Urban Institute, June 2008
Expanding Access

• 160,000 newly insured obtained insurance through their employer at a cost to the employers of $540 million.
• Penalty for not having insurance is $\frac{1}{2}$ the cost of the plan with the lowest premium available to the individual.
• Individual making $31,000/yr-$900
  • MA Dept Revenue 2009
So what happened? People

- January 2009 - Minimal Creditable Coverage standard - 200,000 residents had to change coverage to comply
Individual Mandate

- MA residents age 18 and over required to have minimum creditable coverage, if deemed affordable. “Minimum creditable coverage” defined for individuals, with a maximum deductible of $2,000/ $5,000 out-of-pocket.

- Enforced through state tax returns. Appeal process for individuals if one qualifying financial hardship event occurred during year.

What Happened in 2007?

- 95% of adults filing health insurance information with their tax returns have health coverage.

- 2% of adults filing did not have coverage and could afford it according the state’s Affordability Schedule, resulting in penalization.

- 2% could not afford insurance according to schedule.

- 1% didn’t complete the information required.
So what happened- Employer?

- Estimated that through employer contribution $7.7 million would be raised in 2008.
- In 2008 $2 million raised
- In 2009 the “fair share” contribution became more stringent for employers with 50 or more employees...to get more money.
So what happened- Employer

• Costs for insurance plans exploded to double digit increases.
• Health care costs continued to rise unchecked and these costs were passed off to the consumer.
• Premiums for health care rose 94% between 2006-2007. (US Census 2007)
• The employers have experienced high increases in plan rates for their employees.
• Make up for the losses the plans experienced by underbidding for the Connector plans, high risk populations and enrollment distributed across several companies.
Health Care Costs

- Consumes $\frac{1}{2}$ of state expenditures.
- In 200 acre area of Boston 12 medical institutions, 40,000 employees and 1 million patients per year. (Health Affairs 2009)
- $5$ billion in revenue/year.
While the U.S. has the highest health care expenditures per capita among other industrialized countries, MA has among the highest health care costs in the U.S.

Note: U.S. dollars are current-year values. Other currencies are converted based on purchasing power parity.
Health Care Costs

• Rapidly became clear- cost must be controlled if Chapter 58 was to survive.
  • Partners Health Care receiving 15-60% more in payments for the same services than elsewhere in MA.
  • There was suspicion of collusion with the largest insurer with the largest health care system, mixed BOD, conflicts of interest.
Health Care Costs

• Health Care Cost and Quality Council formed.
• In the first meeting- fee for service had to go. Global payments tied to quality care to level to payments independent of site of service.
• Payments tied to complexity of case and outcomes.
What is Next for Massachusetts

• To control the growth of health care expenditures, the legislature enacted: *An Act to Promote Cost Containment, Transparency and Efficiency in the Delivery of Quality Health Care.*

• This created a **Special Commission on the Health Care Payment System** to investigate reforming and restructuring the payment system.

• The Special Commission recommends that **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 Problem
Care is fragmented instead of coordinated. Each provider is paid for doing work in isolation, and no one is responsible for coordinating care. Quality can suffer, costs rise and there is little accountability for either.

The Solution
Global payments made to a group of providers for all care. Providers are not rewarded for delivering more care, but for delivering the right care to meet patient’s needs.
Key Components of Recommendations

- Development of Accountable Care Organizations (ACOs)
- Participation by all payers - private and public
- Patient-centered care and adoption of medical homes
- Patient choice
- Common core performance measures and cost and quality transparency
- Appropriately balanced sharing of financial risk between ACOs and carriers
- Strong and consistent risk-adjustment
Oversight Entity

The oversight entity will:

• Define parameters for a standard global payment methodology - but the market will determine global payment amounts.

• Establish transition milestones and monitor progress, with a focus on the progress to global payments, progress to greater payment equity, and per capita health care costs.

• Make decisions in an open and transparent manner and seek broad stakeholder input from providers, health plans, government, employers, and consumers.

• The oversight entity will have authority to assist and intervene, and make mid-course corrections if needed.
Chapter 58 and Cancer Care

- Patients have insurance.
- Poor working patients have insurance.
- Prior to Chapter 58 11% patients were uninsured in an average private practice.
- No show visits declined.
- Deductibles increased in most on Commonwealth Choice.
- Copays for imaging, prescriptions, hospital stays increased.
Chapter 58

- Office E&M rates variable - some up some down.
- Increased prior authorizations.
- Increased specialty pharmacies for injectibles: leuprolide, ESAs, growth factors.
- BCBS 10/09 all chemotherapy requires prior authorization.
• No quality metrics for cancer care yet.
• QOPI being discussed.
• Treatment plans are being encouraged.
• BCBS pays for treatment plans $200 and uses this for “disease management”.
• Cost control has to occur and cancer care will be no exception.
• ?? pathways, EHRs, disease management.
Chapter 58

- Shift in site of care.
- 2000 60% all oncology care occurred in single specialty private practice, multispecialty group or community health center. 40% hospital outpatient, largely limited to academic centers in Boston.
- 2007 90% cancer care in hospital outpatient setting, 40% remains in academic setting.
  - BCBS communication
Chapter 58

- Site of service shift has implications for payment models, ACOs.
- Implications for state societies role.
- Implications for ASCO
  - AESOP Task Force
Chapter 58

- Quality care and site of service.
- Metrics in the context of a larger organization.
- QOPI in a hospital setting.
- HER in a larger organization.
The successes...

The more obvious ones:

- 97.4% of Massachusetts Residents are now insured. The uninsured rate is now 2.6%, according to a study conducted by the Urban Institute and is the lowest rate of uninsured residents in the nation.

- There are now nearly 430,000 newly insured in the Commonwealth of Massachusetts since the outset of healthcare reform.

- About 190,000, or 44% of the newly insured are in private commercial insurance, purchasing either through the Commonwealth Choice or a private health plan through their employer or directly on their own from private insurance carriers.

The not so obvious ones:

- Individuals needs were put first, not the employer, payer or provider

- System focused approach to health reform and coverage – how insurance is purchased, sold, administered, how public subsidies are delivered
The remaining challenges…

- **Access**: there is a lack of primary care doctors that can accept new patients, so patients still show up in emergency departments.

- **Provider Payments**: health care providers have been reimbursed at approximately 75% - 90% of cost. Some providers have refused to accept new patients at these rates. Medicaid rates have dropped the fastest.

- **Growth**: due to downturn in the economy, more individuals are eligible for partial or full subsidized health care causing the State budget issues. Example is that legal immigrants will receive scaled down benefit package.

- **Services**: various benefits have been eliminated due to budgetary constraints. More may come….