Massachusetts Health Care Reform
Connector Update

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Deputy Director and Chief Operating Officer

3rd National Medicaid Congress
Friday, June 6, 2008
Washington, DC
Agenda

I. FY08 Highlights
   ▪ Reformed the market
   ▪ Established CommChoice
   ▪ Implemented the individual mandate
   ▪ Did lots of outreach!

II. Results So Far

III. Future Challenges
Reformed the market
*Merged non-group and small-group markets*

### Pre-Reform
- **Non-group Market**
  - Up to ~150K possible
- **Small-group Market**
  - ~800K

### Post-Reform
- **Merged**

- **Merger results:**
  - Expanded product offerings
  - Enlarged the risk pool
  - Improved affordability
Improved Affordability:  
*Twice the coverage at half the price*

A non-group market example:

**Pre-reform** plan choice for 37-year-old:
- Monthly premium of $335
- No Rx coverage
- $5,000 deductible

**Post-reform** plan choice for 37-year-old:
- Monthly premium of $175
- Rx coverage
- $2,000 deductible, with office visits and ER coverage prior to the deductible
Established “Commonwealth Choice” program
Connector is an “exchange” that brings the market together.
Launched the website
*Increased transparency and simplified the consumer experience*

Welcome to the Health Connector!

**LEARN, COMPARE, SELECT A HEALTH PLAN.**

Big changes are happening in Massachusetts health care. Most adults must now carry health insurance. We give you the tools and the facts you need to find the right health plan.

We work to bring you health benefits at better prices. There are choices here for everyone. And if you qualify for a plan at no or low cost, we’ll let you know.

Health insurance is an important decision. We are here to help.

Your **Connection** to Good Health

- **Individuals & Families**
  - Young adults too.
  - Shop now

- **Employees**
  - In an employer sponsored health plan.
  - Shop now

- **Employers**
  - Shopping for yourself and your employees.
  - Shop now

- **Brokers**
  - Exploring on behalf of your employer clients.
  - Shop now
Standardized Benefits

*Easy to shop and compare*

Connector’s Commonwealth Choice program has 3 tiers of health plans (Gold, Silver and Bronze, plus a 4th for Young Adults):

<table>
<thead>
<tr>
<th>Tier</th>
<th>Benefits</th>
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</thead>
<tbody>
<tr>
<td>Gold</td>
<td>- Average monthly cost = $337 to $548 (for a 35 year old individual in the Boston area)&lt;br&gt;- $0 to $15 each time you go to the doctor&lt;br&gt;- Choice of large number of doctors and hospitals</td>
</tr>
<tr>
<td>Bronze</td>
<td>- Average monthly cost = $193 to $285 (for a 35 year old individual in the Boston area)&lt;br&gt;- $0 to $40 each time you go to the doctor&lt;br&gt;- Highest amount of cost-sharing required at point-of-service&lt;br&gt;- Some plans limit which doctors and hospitals you can use.</td>
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</tbody>
</table>
Created a Pre-Tax Benefit

*Increases affordability*

The Connector is making CommChoice insurance more affordable with its pre-tax program ("Voluntary Plan").

- Reform law requires employers to set up Section 125 Plans for most employees

- Connector allows employers to extend pre-tax premium payment option to employees who are not eligible for their group plan by establishing “voluntary plans” with the Connector

- Marketing the opportunity directly to employees
# Implemented Individual Mandate

## The Tax Form

**Schedule HC  Health Care Information.** You must enclose this schedule with Form 1 or Form 1-NR/PY.

As a result of the new health care reform law, most Massachusetts residents age 18 and over are required to have health insurance, if it is affordable for them. Those who did not have health insurance by December 31, 2007 may lose their personal exemption. This schedule must be completed by all full-year residents and certain part-year residents (see instructions) age 18 and over to determine the amount of their personal exemption.

**Completing Schedule HC:** If you were enrolled in a health insurance plan as of December 31, 2007, you **only** need to complete page 1 of Schedule HC, using the information from Form MA 1099-HC issued to you by your health insurance carrier (see instructions for line 2 if you were not issued a Form MA 1099-HC). After completing page 1 of this schedule and entering your personal exemption amount on Form 1 or Form 1-NR/PY, you should skip the remainder of Schedule HC and continue completing your tax return. **Note:** Failure to enclose Schedule HC will delay the processing of your return.

<table>
<thead>
<tr>
<th>DATE OF BIRTH</th>
<th>SPouse's DATE OF BIRTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>MM DD YYYY</td>
<td>MM DD YYYY</td>
</tr>
</tbody>
</table>

1. Were you (and/or your spouse if married filing jointly) enrolled in a health insurance plan as of December 31, 2007? For information regarding late 2007 applicants for Young Adult Plans, Commonwealth Care and MassHealth, see instructions.

If you (and your spouse if married filing jointly) answer Yes in line 1, **complete** lines 2 or 3 below, whichever is appropriate. Also, enter one of the following amounts on line 2a of Form 1 or line 4a of Form 1-NR/PY: $4,125 if single or married filing a separate return; $6,375 if head of household; or $8,250 if married filing jointly. Be sure to fill in the oval(s) in line 2 if you were not issued Form MA 1099-HC (see instructions).

If you are filing a joint return, and one spouse answers Yes in line 1 but the other answers No in line 1, the spouse who answers Yes must complete lines 2 or 3 below, whichever is appropriate, and the spouse who answers No must go to line 4a on page 2.
I. FY08 Highlights

Did Lots of Outreach...

- “I got it” advertising campaign
- Strategic partnerships
- Grassroots efforts
- Postcards from the Department of Revenue
I. FY08 Highlights

... and Lots of Advertising

BECAUSE EVERY MASSACHUSETTS CITIZEN SHOULD HAVE HEALTH CARE COVERAGE THEY CAN COUNT ON

For More Information
Call 1-877-MA-ENROLL (623-6765)
Or Visit www.mahealthconnector.org

DO YOU KNOW SOMEONE WHO NEEDS HEALTH INSURANCE?
1-877-MA-ENROLL (623-6765)
www.mahealthconnector.org

Some people who used to be locked out of health coverage may now have new opportunities to get insurance. Massachusetts has made recent changes to the law that makes reduced-cost health insurance plans available to more people than ever before.

By the end of 2007, all adults in the state 18 and over need to have health insurance.

BECAUSE IGNORING A PROBLEM HAS NEVER MADE ONE GO AWAY

What’s a YAP?
The Health Connector offers Commonwealth Choice Young Adult Plan (YAP) options — health insurance for those 19 - 28.

Why should I get a YAP?
Starting July 1, 2007, most people age 18 and older who live in Massachusetts must have health insurance.

It’s EASY to get. It’s AFFORDABLE. The Health Connector can help you with your options.

CHECK US OUT!

Call 1-877-MA-ENROLL
www.MAhealth.connector.org

GET A YAP
“I’ve got one!”
“I’m getting one.”
You should get one too!

Commonwealth Choice
Your Connector to Good Health

CHECK US OUT!

Call 1-877-MA-ENROLL
www.MAhealth.connector.org

11
... And the ultimate corporate partnership in Massachusetts

PRESS RELEASE

05/22/2007 11:29 AM ET

Connector teams up with Red Sox to build enrollment in new health insurance plans

Other corporate/civic partnerships announced as part of public education campaign
Every tax filer received a postcard from the Department of Revenue...

Dear Massachusetts Taxpayer,

Beginning July 1, 2007, a new Massachusetts law says that residents over age 18 must have health insurance. With few exceptions, adults must be able to show that they have health insurance by Dec. 31, 2007. Those who cannot will lose the tax benefit of their personal exemption on their 2007 Massachusetts income tax return, worth $219 for an individual. Penalties will increase for 2008.

Most adults already have health insurance, perhaps through an employer or a government program. If you do not, the Commonwealth Health Connector can help you or your employer to find the right health plan. The Health Connector has new health insurance choices for you and your family. These plans carry the state’s Seal of Approval for quality and affordability. You can also purchase plans through approved Massachusetts health insurance carriers. To learn more or to purchase a plan, visit www.mass.gov/connector.
I. FY08 Highlights

People responded:

Weekly Visits to MAHealthconnector.org

- July 1st: Mandate goes into effect.
- Nov. 15th: Final push to sign-up to avoid 2007 tax penalties
Agenda

I. FY08 Highlights

II. Results So Far

III. Future Challenges
II. Results So Far

Broadened Access: 340,000 Newly Insured

Composition of Newly Covered

- MassHealth 17%
- CommCare, Free 37%
- ESI 25%
- CommCare, Contributory 14%
- Non-group 7%
Steady Growth in Commonwealth Care

II. Results So Far

As of May 2008, 176,879 members:
- 50,371 premium-paying (28.5%)
- 126,508 no premium (71.5%)
Decreasing reliance on Free Care

II. Results So Far

HSN & CommCare in FY07 & FY08
MA state budgets ($ millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Health Safety Net</th>
<th>Commonwealth Care</th>
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<tbody>
<tr>
<td>FY2007</td>
<td>$598</td>
<td>$128</td>
</tr>
<tr>
<td>FY2008 (proj.)</td>
<td>$625</td>
<td>$447</td>
</tr>
</tbody>
</table>
Steady Growth in Commonwealth Choice

II. Results So Far

As of May 2008, 18,122 members:
- 14,186 subscribers
- 3,936 dependents
Steady growth in pre-tax program: “Voluntary Plan” enrollments (cumulative)
Most employers are doing their fair share. Those who are not owe fair share assessments totaling $6.7 million to date.
Agenda

I. FY08 Highlights

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III. Future Challenges
Challenges Ahead

- Rising health care costs
  - Though now a platform from which to address

- Mandate: can’t exempt too many people or reform is meaningless

- Employer-sponsored insurance: a blessing and a challenge
  - Base of our system but incentives are misaligned
  - Crowd-out considerations

- How many uninsured are there really?
  - Good survey data is key
  - Non-citizens

- Continued state and federal funding
Rising Health Care Costs

Cumulative Changes in Health Insurance Premiums and Workers’ Earnings, 2001-2007

III. Future Challenges

Maintain/Enhance Employer Support

- Employers are required to make “fair share” contribution if they don’t contribute to health insurance.

- Individual mandate can put job market pressure on employers to provide health insurance.

- Crowd-out provisions for premium assistance programs (waiting period, cost-sharing) are included.
III. Future Challenges

Maintain/Enhance Employer Support

- 55 percent of MA employers agree with requirement to offer or pay fair share contribution (41 percent oppose)

- Employers offering ESI in 2007:
  - MA: 72 percent
  - US: 60 percent

- Growth of ESI in MA, 12 months ending Jan. ‘08:
  - 85,000 newly covered lives
Good News

- Surveys show broad awareness of the law and continued public support.

- Employer survey shows that employers largely support health care reform and few signs of crowd-out yet.

- State Legislature is renewing its commitment to fund Health Care Reform.

- Many state leaders are calling for serious health care cost containment efforts.

- Connector Board is very focused and working together effectively.