FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL
AND MASSACHUSETTS GENERAL HOSPITAL

National Health Insurance Exchange Summit
May 1, 2013

Pre Conference III: Massachusetts Connector – Provider Lessons From an Early Exchange

Lynne Eickholt, Chief Strategy Officer

Partners HealthCare at a Glance

Outpatient & Inpatient Care

- Founding academic medical centers Massachusetts General and Brigham and Women’s
- 5 Community Hospitals
- 6,000 affiliated physicians
- 5 Community Health Centers

Continuing & Specialty Care

- 2 Rehabilitation hospitals
- 2 Long term acute care facilities
- 2 Nursing care facilities
- Partners Health Care at Home
- McLean Psychiatric Hospital

Insurance

- Neighborhood Health Plan – 265,000 members

Finances

- $8.9 billion operating revenue
- $1.5 billion in research revenue

PUNCH LINE

- **MA experience under healthcare reform does not predict that insurance exchanges will rock the market**

- **Individual and employer mandates <u>have reformed</u> the MA healthcare market at a breath taking pace**

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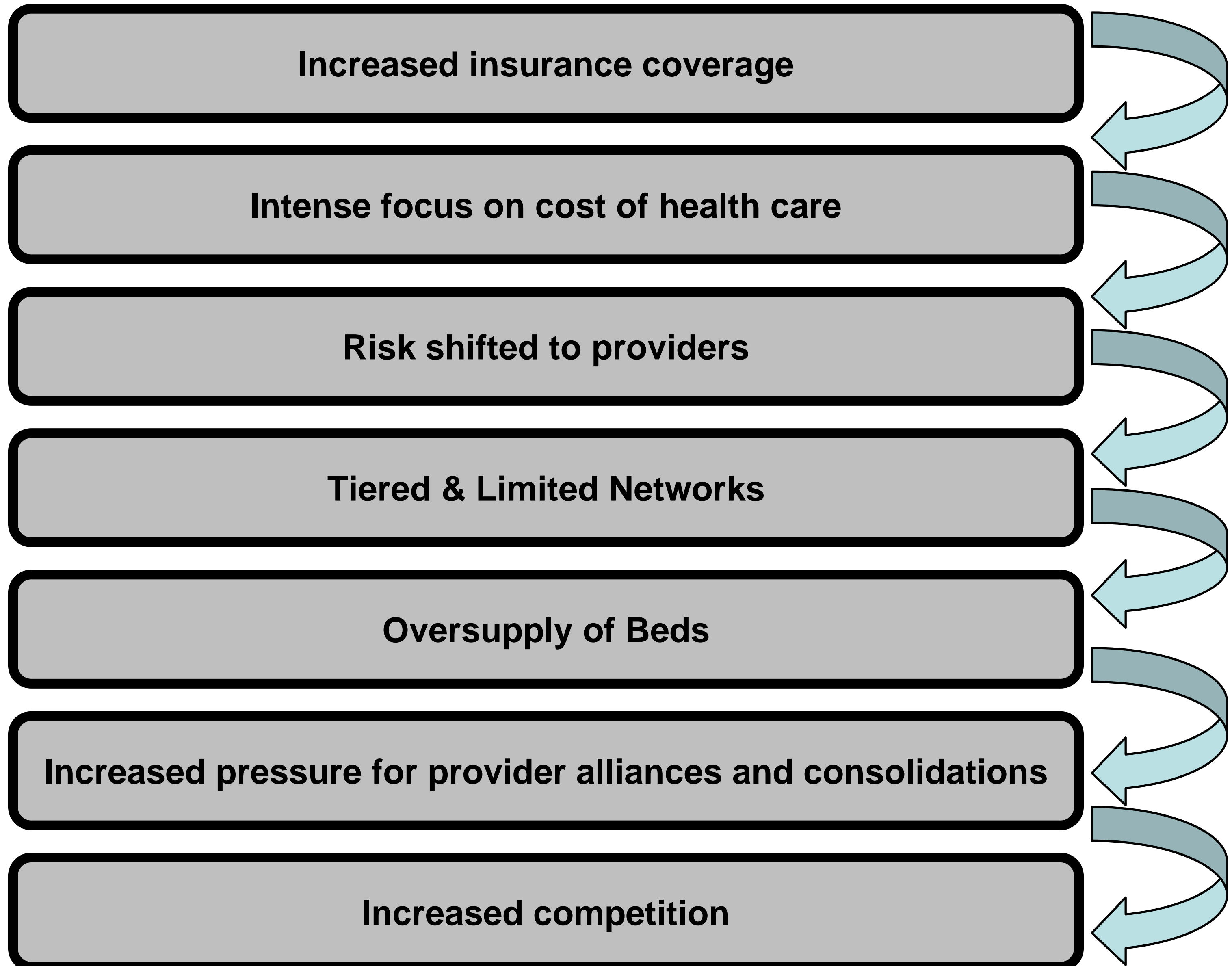
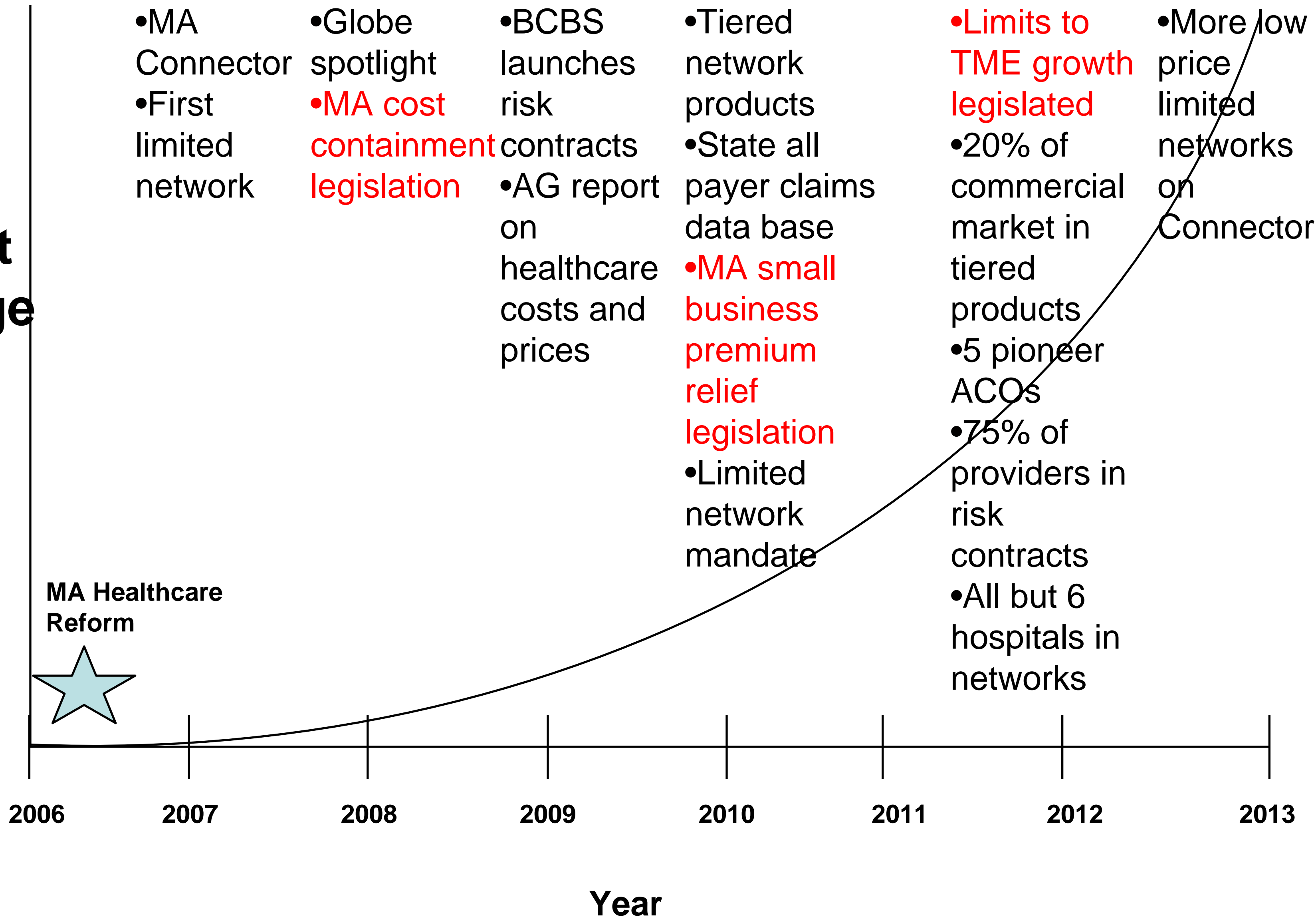
Market Dynamics Since Healthcare Reform



Since Reform – MA Healthcare Market Trajectory



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MA versus ACA – Some Key Differences

	[1,2]MA Employer Penalty (aka Fair Share Contribution)	ACA Employer Penalty
Employer size	11+ full-time employees	50+ full-time employees
Penalty if Employer does not offer any coverage	$295 per employee	[3]$2,000 per total # of full-time employees (excluding the first 30 employees)
Penalty if Employer offers inadequate coverage	$295 per employee	$3,000 *for each employee that receives a federal tax credit* to purchase coverage in an Exchange (up to a maximum of the penalty for offering no insurance
Full-time definition	FTE equivalent	# of full-time employees
	Works 35+ hours/week	Works 30+ hours/week
Coverage requirements	At least 25% of employees participate in employer offered plan	Covers 60% of covered expenses
	Employer covers at least 33% of employees' premiums	Does not cost more than 9.5% of an employee's family income

1. Less than 2% of MA employers have been penalized since MA Health Reform.
2. Gov. Patrick introduced legislation to eliminate the "Fair Share Contribution" in favor of the federal employer penalty
3. The ACA employer penalty is only triggered if at least one employee receives a federal tax credit to purchase insurance in an Exchange.

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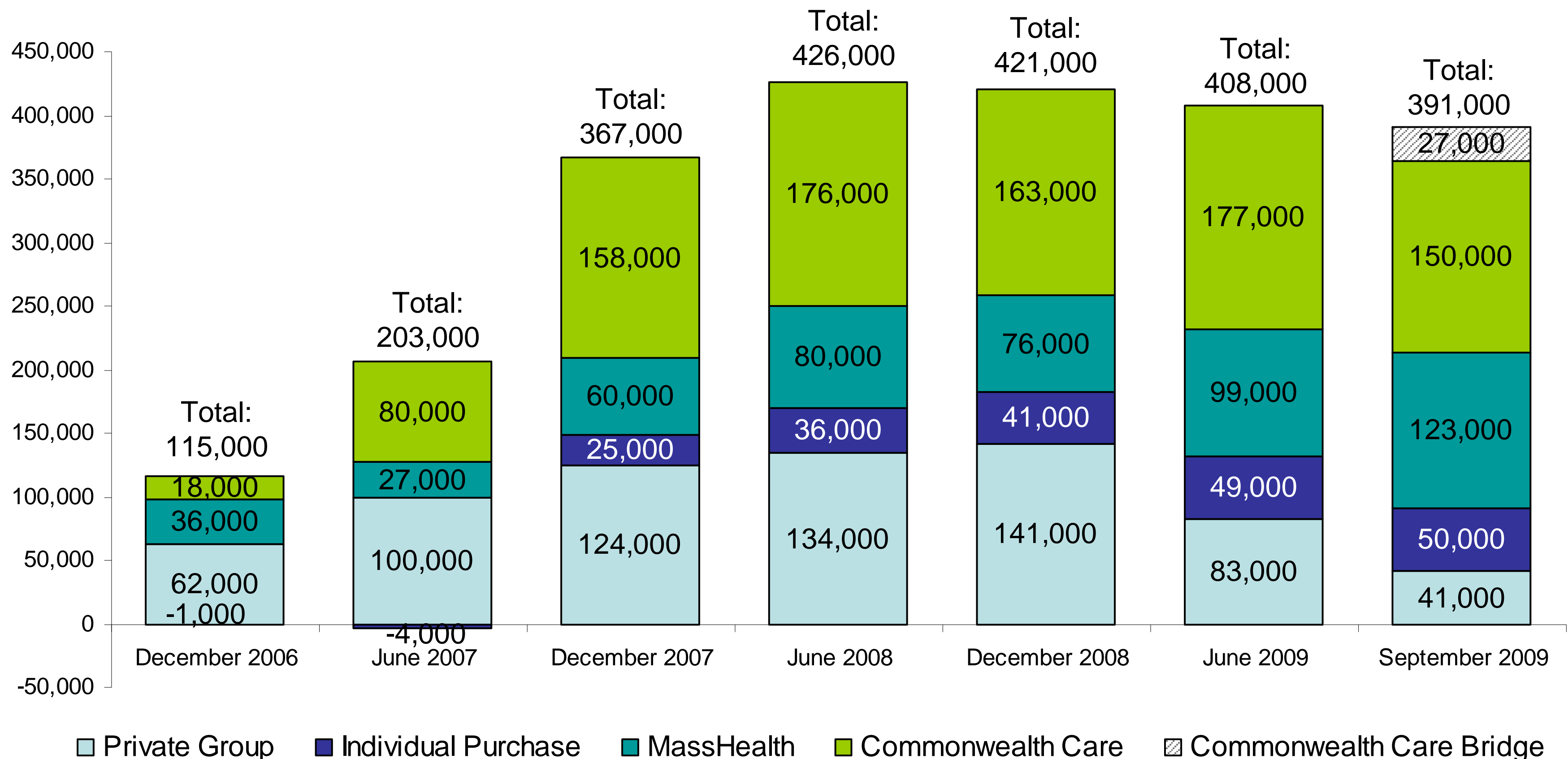
Increase in Insurance Coverage in Massachusetts

No Loss in Private Insurance – Small Uptake on Exchange for Commercial Insurance Business



Source: Adapted from DHCFP Key Indicators Report, February 2010
Note: In October 2009, Commonwealth Care Bridge began reenrolling 27,000 people who had been disenrolled from regular Commonwealth Care.

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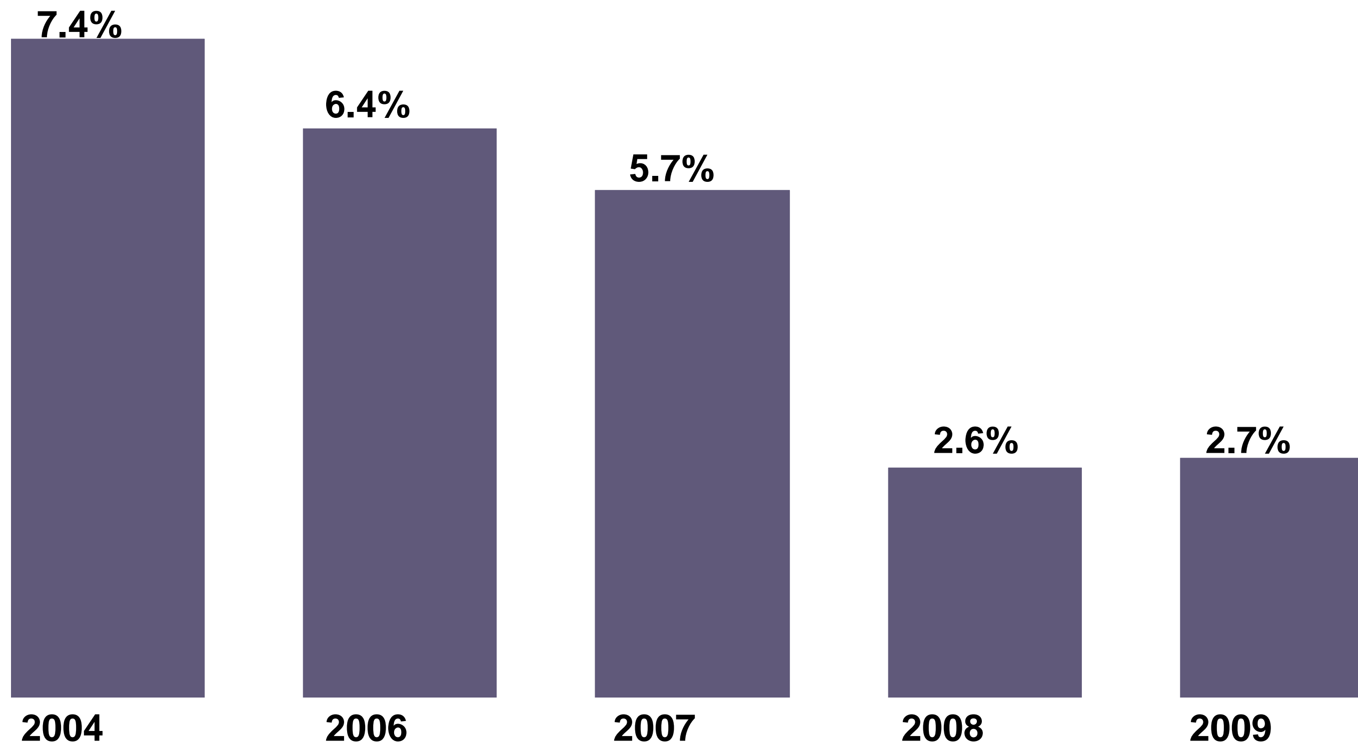
Number of Uninsured Reaches Historic Lows



The overall uninsured rate for Massachusetts dropped from 6.4% in 2006 to 2.6% (primarily illegal immigrants) in 2008, and the number of people without coverage fell from 395,000 to 167,300, a decrease of nearly 60% reflecting the successful implementation of health reform.

Source: DHCFP, 2009

* The 2009 estimate is not statistically different from the 2008 estimate.

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Private and Government Insurance Market Reform in MA

- Capitation – 75% of MDs in BCBS Alternative Quality Contract
- Tiered/Limited Networks ~ 20% of members in tiered products
  - Example: Tier 3 Hospital – Inpatient co-pay for Choice Net = $2,000
- MA has 5 Pioneer Accountable Care Organizations (ACOs)
- MA Medicaid RFPs
  - ACO
  - High cost patients with behavioral health conditions
  - High cost dual eligibles <65

Since 2006 – 3 Bills passed on Payment Reform, Products & Cost
Chapter 224 - Health Care Cost Growth Benchmark

Benchmark Tied to State Economic Growth

- 2013 – Set at 3.6%
- 2014 & Beyond – Potential Gross State Product

Benchmark Measures "Total Health Care Expenditures"

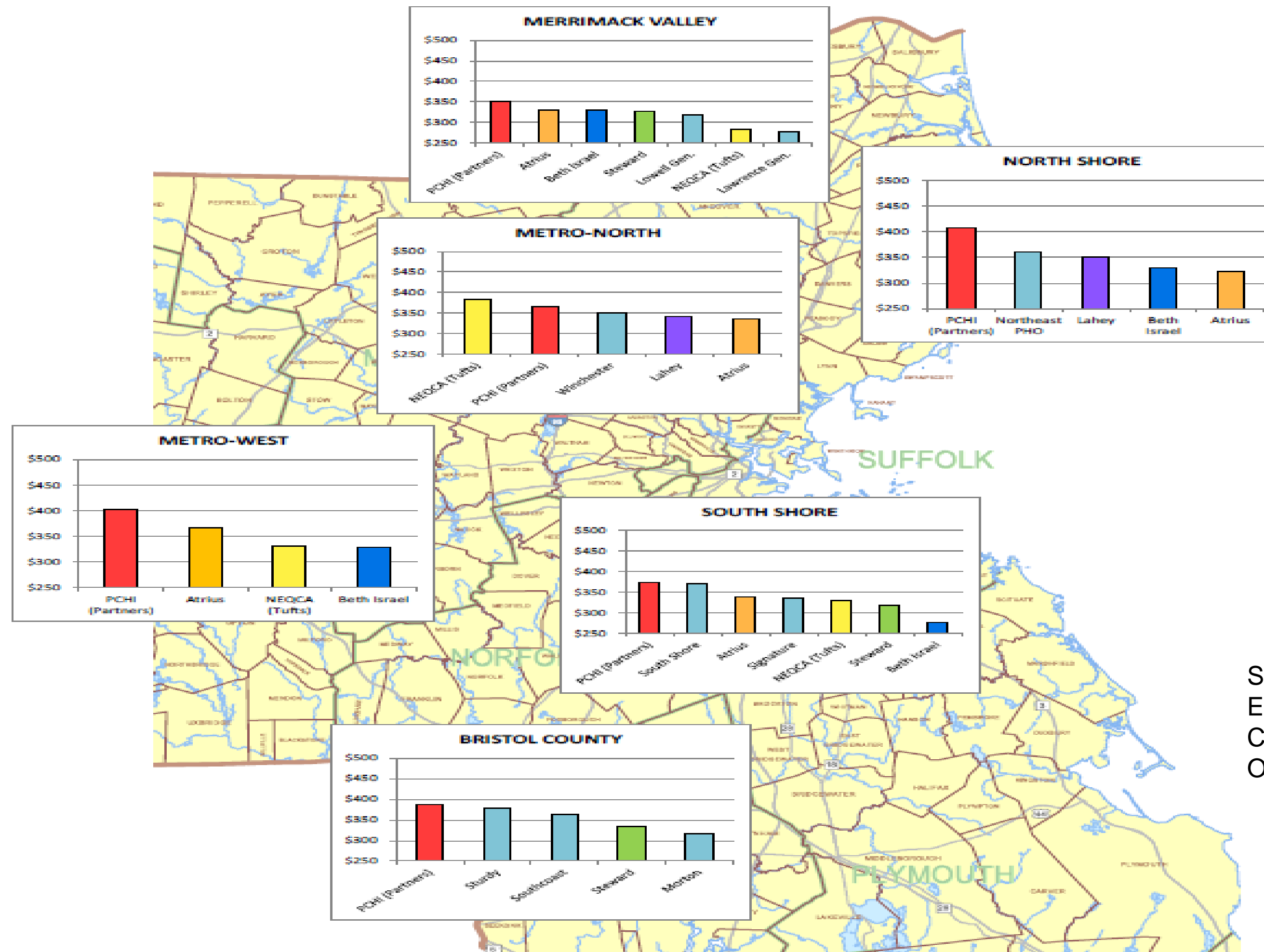
- Per capita sum of all health care expenditures in the Commonwealth
- Includes both public and private sources
- Adjusted for health status at the provider-level

Performance Improvement Plans if Benchmark is Exceeded

- Beginning in 2015, the Commission may require providers and insurers who exceed the benchmark to file and implement plans

Variation in TME Across and Within Geographic Regions

- TME varies by practice groups even when the practice groups are part of the same system



Source:
Examination of Health Care Cost Trends and Cost Drivers
Office of Attorney General

Significant Merger & Network Formation Activity
Possibly 3-4 Networks; Only 6 Independents

Atrius
- MD governed and driven approach to ...ulation managem...
- No insu...

Beth I...
•Low... ...ius
•Network ... ...s are left
•Stronger ... ...A

Affiliation?

Lahey
•Low cost ... to Atrius
•Northeast M... ... of economically in...ated MDs
•Purchased 2 hospitals to date

Tufts/Vanguard
•JV to buy hospitals, MD affiliate network
•Low cost
•Developing insu... vehicle

Vanguard buys Steward?

Steward
•For-profit ... ...ty hospital care app...
•Buying continu...
•Buying econom... ...ntegrated MD groups
•Use TAHP for own insurance product

Partners
•Highest value
•Moving to economically integrated MDs, community & tertiary hospitals
•Full continuum of service
•Insurance license

The 6 Independents: Strong geographic shares & healthy finances

Partners Health Care Strategy

"ALL – IN"
ON
RISK & POPULATION MANAGEMENT
IN 2012

- 3 Commercial risk contracts ~350K members
- Pioneer ACO ~60K members
- Merged with Insurer – Neighborhood Health Plan

  - Long Experience in P4P
  - Successful CMS Demo for High Risk Patients

Partners Health Plan Jumped Into Commercial Exchange Market Early

Year	MassHealth	CommCare	Commercial	Total
2005	105,729		23,817	129,546
2006	114,225	3,424	24,287	141,936
2007	120,725	24,366	27,391	172,482
2008	125,849	30,216	28,667	184,732
2009	138,595	32,442	29,575	200,612
2010	149,257	37,152	42,264	228,673
2011	149,761	36,339	54,898	240,998
YTD 2012	157,417	31,847	63,049	252,313

Membership as of 9/30/2012
Source: NHP Data Warehouse

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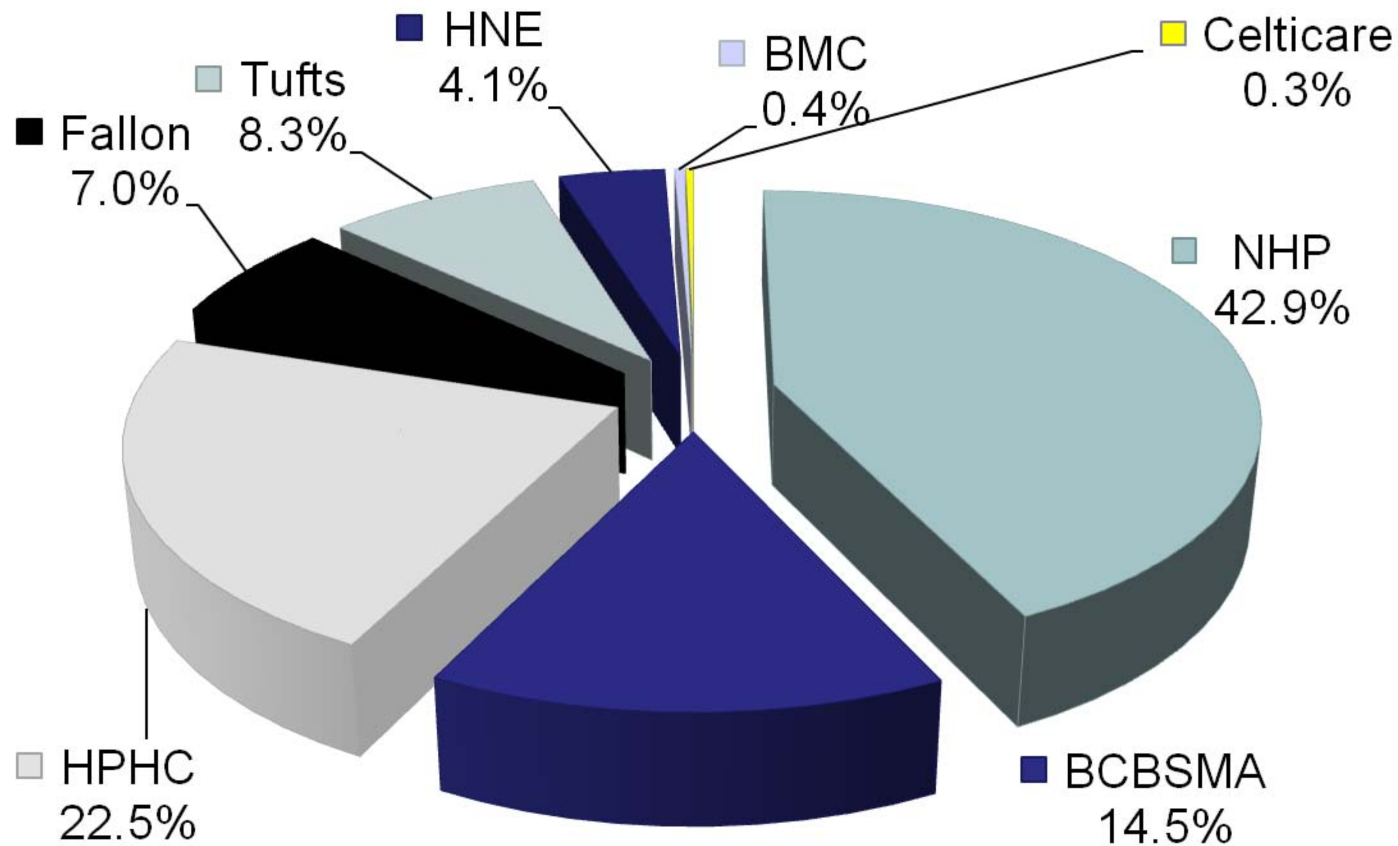
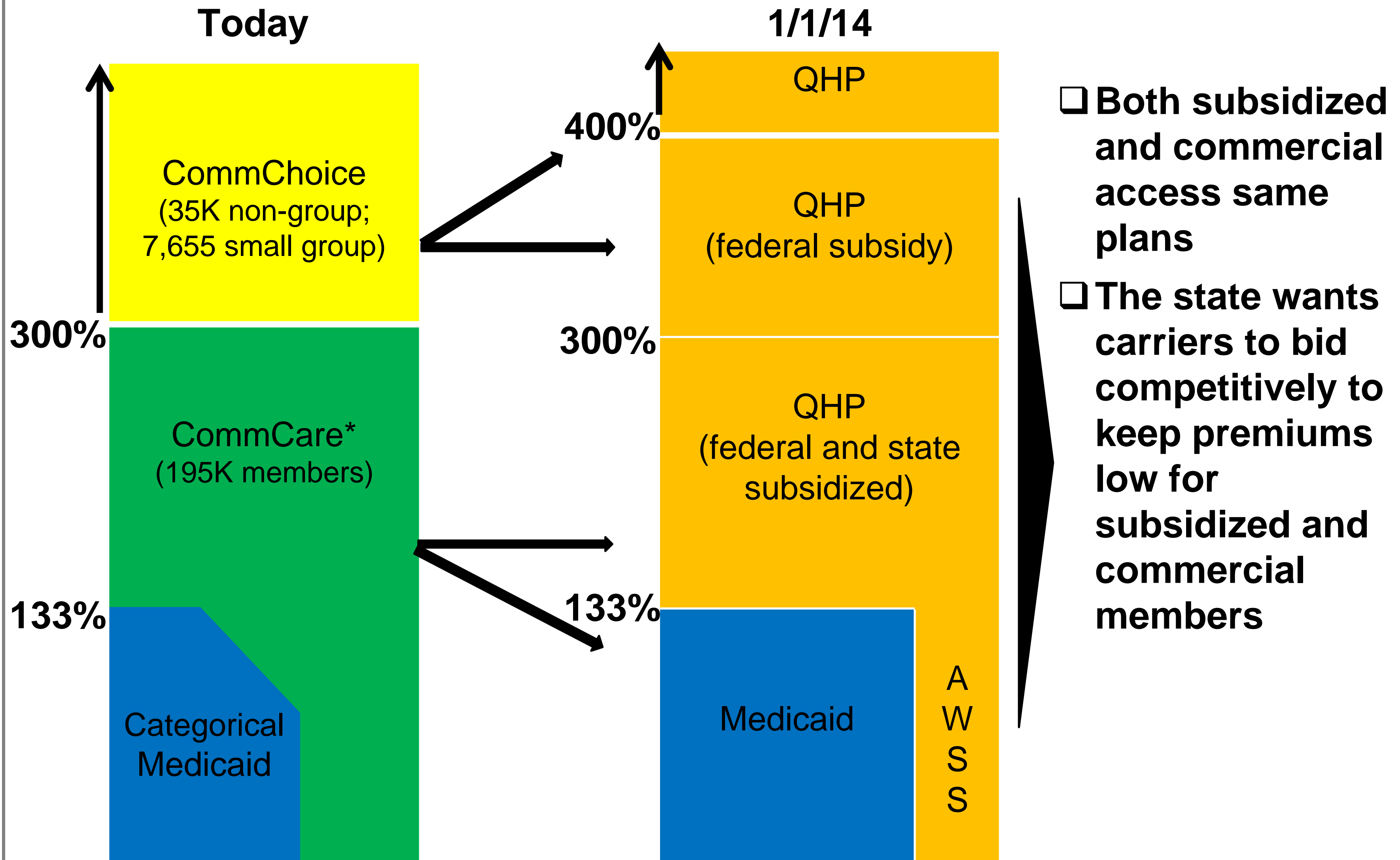
NHP's CommChoice Market Share* - An Important Part of Our Business



***Market share as of 6/30/2012**
Source: MA Connector

MA Connector Separated Commercial & Subsidized Products and Insurers – ACA Merges These Markets



- Both subsidized and commercial access same plans
- The state wants carriers to bid competitively to keep premiums low for subsidized and commercial members

*Includes AWSS & individuals ineligible for a Medicaid category who default to CommCare

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The Future?

•Partners providers will take risk for Medicaid

•More employers/employees purchasing through exchange?

•The MA exchange has fostered "low ball" price competition. Combining markets for both subsidized and commercial members will increase that effect

•"Partners" limited network product for exchange?

•Providers should be careful about pricing commercial business at same level as subsidized business