

# Reflections of a CO-OP as a New Market Entrant

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# Creation of Consumer Operated and Oriented Plans (CO-OPs)

CO-OP program created by ACA, s. 1322, to introduce greater competition and choice within Marketplaces

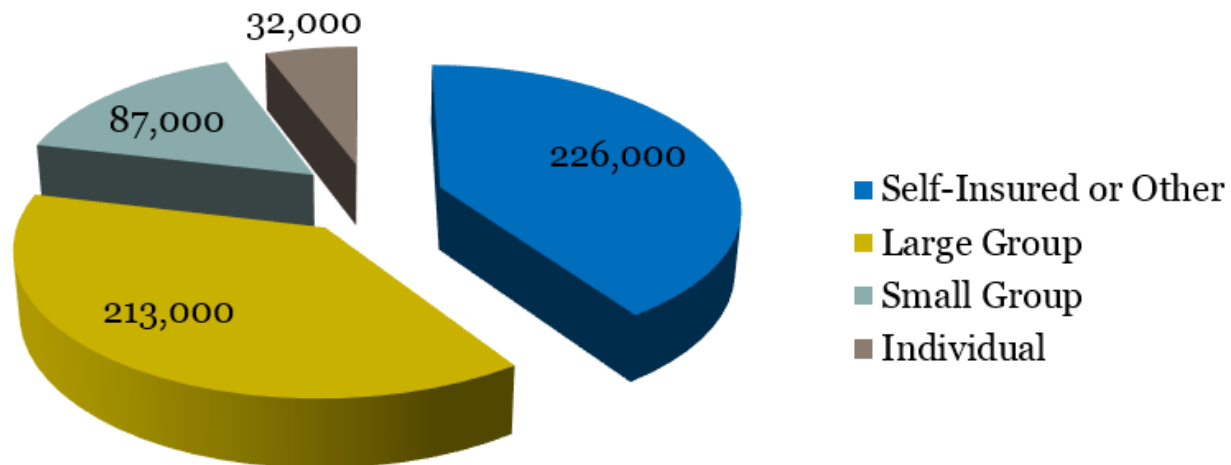
- Alternative to public payer
- Member-directed: Majority of Board Directors must be Members; all Directors elected by Members
- Enhanced competition and transparency within the health insurance marketplace (exchanges)
- 2/3 of all contracts must be in individual and small group markets
- ACA requires CO-OPs to offer silver and gold products on Exchange
- Currently 22 CO-OPs operating in 23 states
- Made possible through start-up and solvency loans of the ACA (administered by CMS)

# Coverage Profile on Eve of ACA's Open Enrollment

## MAINE'S 2013 HEALTH INSURANCE MARKET

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### Members



Source: 2013 Financial Results for Health Insurance Companies in Maine. Self-Insured estimated from most recent US Census Data.

Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

<http://www.maine.gov/pfr/insurance/>

# MCHO Mission & Vision

## ***Mission***

*To partner locally with Members, businesses and health professionals to provide affordable, high quality benefits that promote health and well-being.*

## ***Vision***

*To be a leader in transforming and improving individual and community health and positively affecting local economies.*

# MCHO Purpose

- To deliver meaningful health insurance benefits designed to improve consumer health and well-being by:
  - Working collaboratively with Providers and Members towards Triple Aim Achievement
    - Broad PPO Network – e.g., all hospitals in both Maine and NH included, plus access to national network
    - Value Based Insurance Design
      - Chronic Illness Support Program
      - Behavioral health integration
      - PCMH support & care mgmt coordination
- Paying for what matters by engaging in **payment reform and alignment of incentives** to improve efficiency and quality



**Integrating and coordinating**

# Challenges

- **Securing competitive rates with providers:** New entrants lack comparative leverage given starting enrollment of zero, and therefore tend to suffer on pricing
- **Gaining brand name recognition:** This was all the more difficult given that CO-OPs have been prohibited from using federal start-up loans for marketing
- **Establishing consumer awareness** of coverage opportunity through the Marketplace: All the more important to CO-OPs given the intertwined nature of CO-OPs and the Marketplace.
- **Balancing enrollment growth with solvency** requirements and sufficiency of capital, especially in light of shifting parameters and timeframes
  - CO-OPs held to higher RBC standard (500% RBC)
  - CO-OP financials more intensely impacted by implementation and timing of 3Rs and Cost Share Reductions

# Early Impact of CO-OPs

## Summary First Year Results

- In several markets, e.g. Maine, CO-OPs provided the only other carrier choice in 2014
- In 23 states with CO-OPs, overall health insurance premiums are roughly 8% lower than in states without them
- In CO-OP states, CO-OPs offer 37% of the lowest-priced plans
- CO-OP plans are the most likely of all insurers to be within 10 percent of the lowest-priced plan
- From 2014 to 2015, premiums for the second lowest cost silver plan dropped by 1.9%, but had risen by 1.5% in non-CO-OP states.
- Enrollment at end of 2014 topped half a million; expectation of significant gains through 2015 open enrollment period

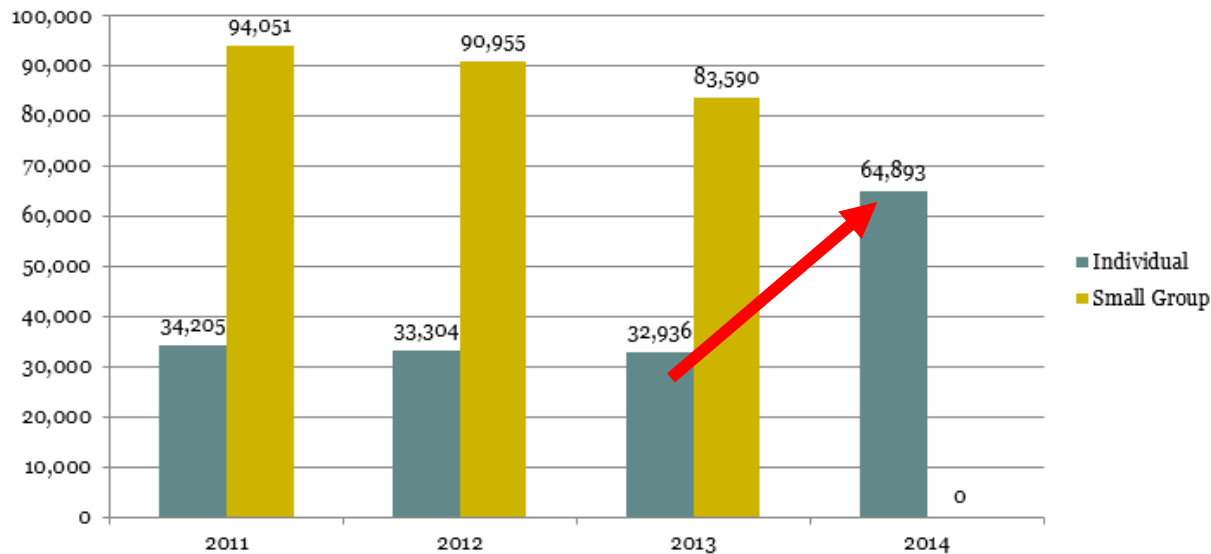
# Impact of ACA on Non-group Market in Maine

## Health Insurance Market Insured Lives

Small group enrollment for 2014 has not been reported yet.

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Doubling of Non-group coverage from 2013 to 2014 (Increase by 31,957)



Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

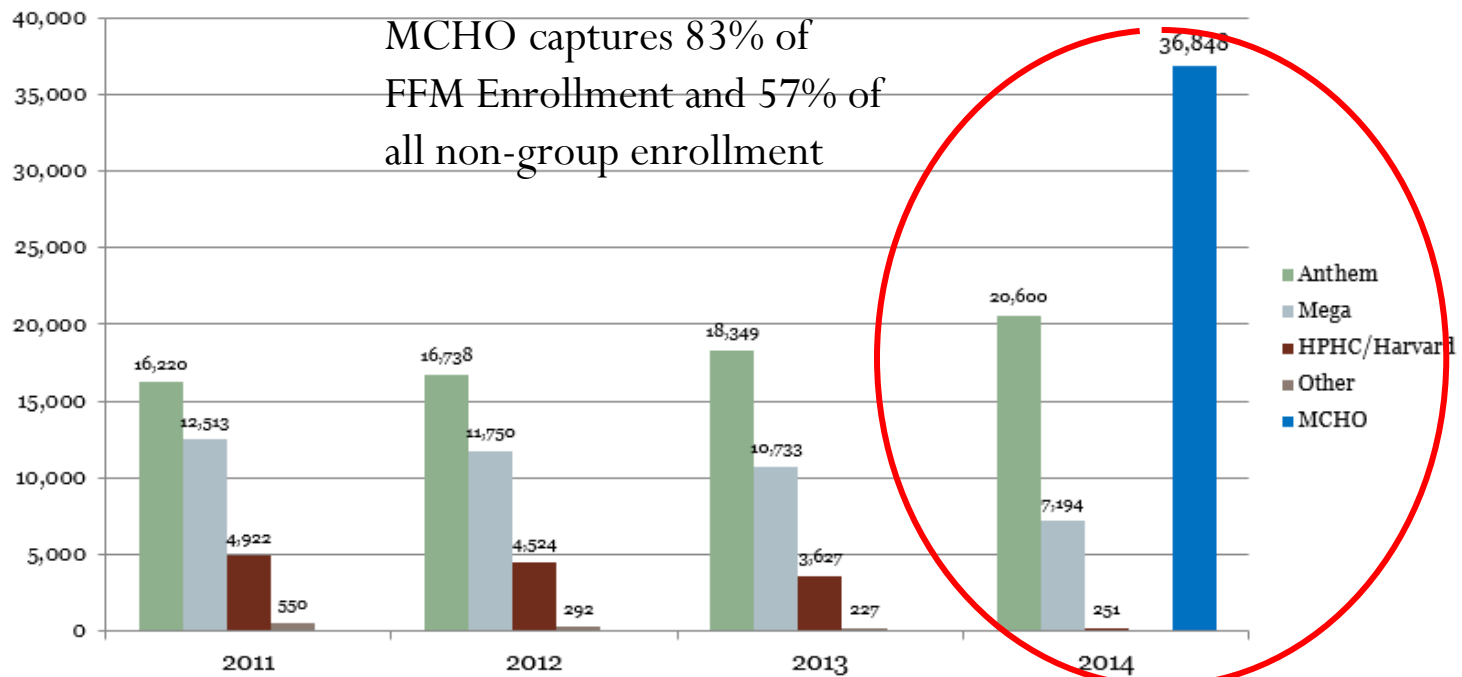
<http://www.maine.gov/nfr/insurance/>



# MCHO Gains Strong I&FP Enrollment

## Individual Market by Insurer with 2014 enrollment as of 4/14

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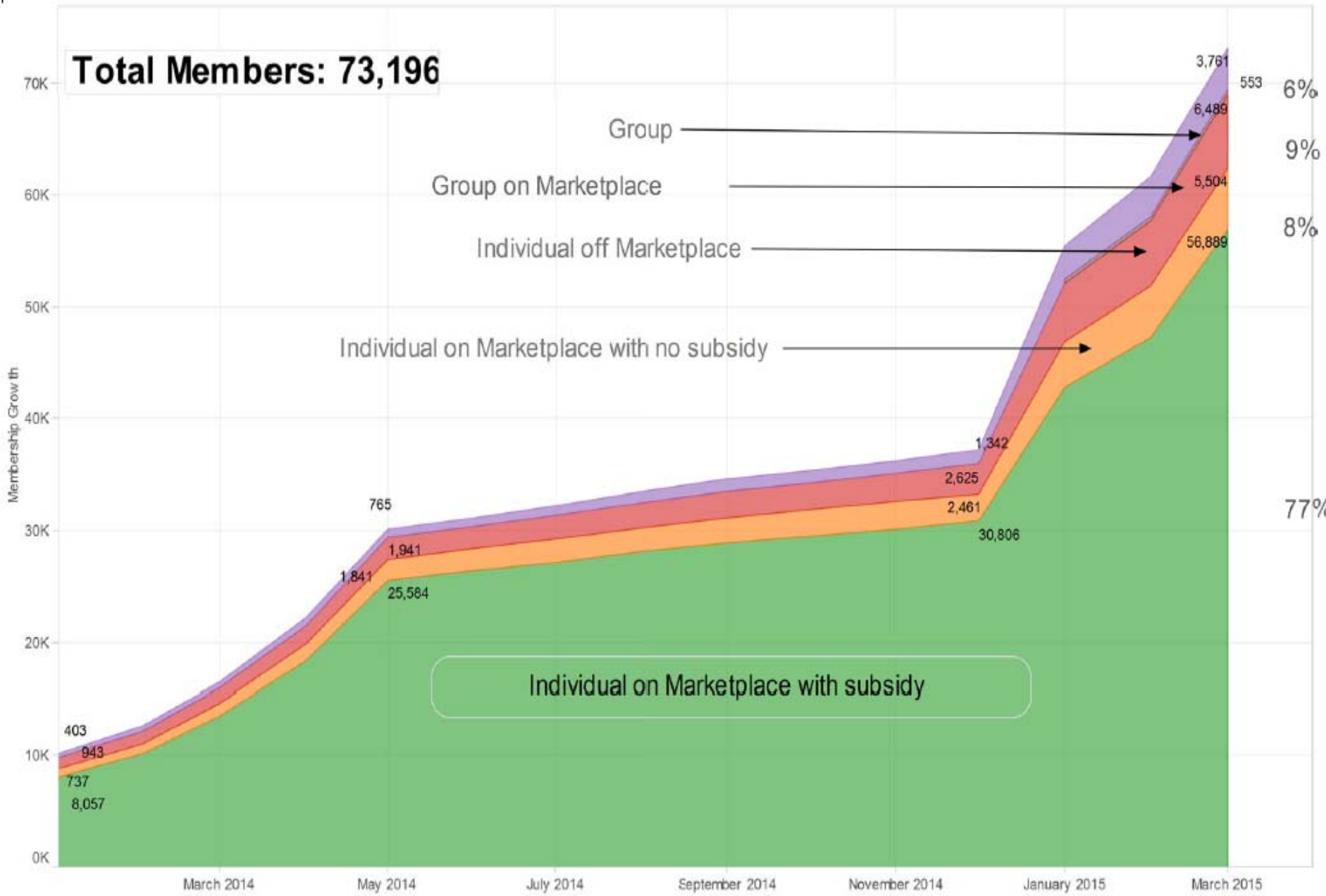
Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

<http://www.maine.gov/pfr/insurance/>

# MCHO Results

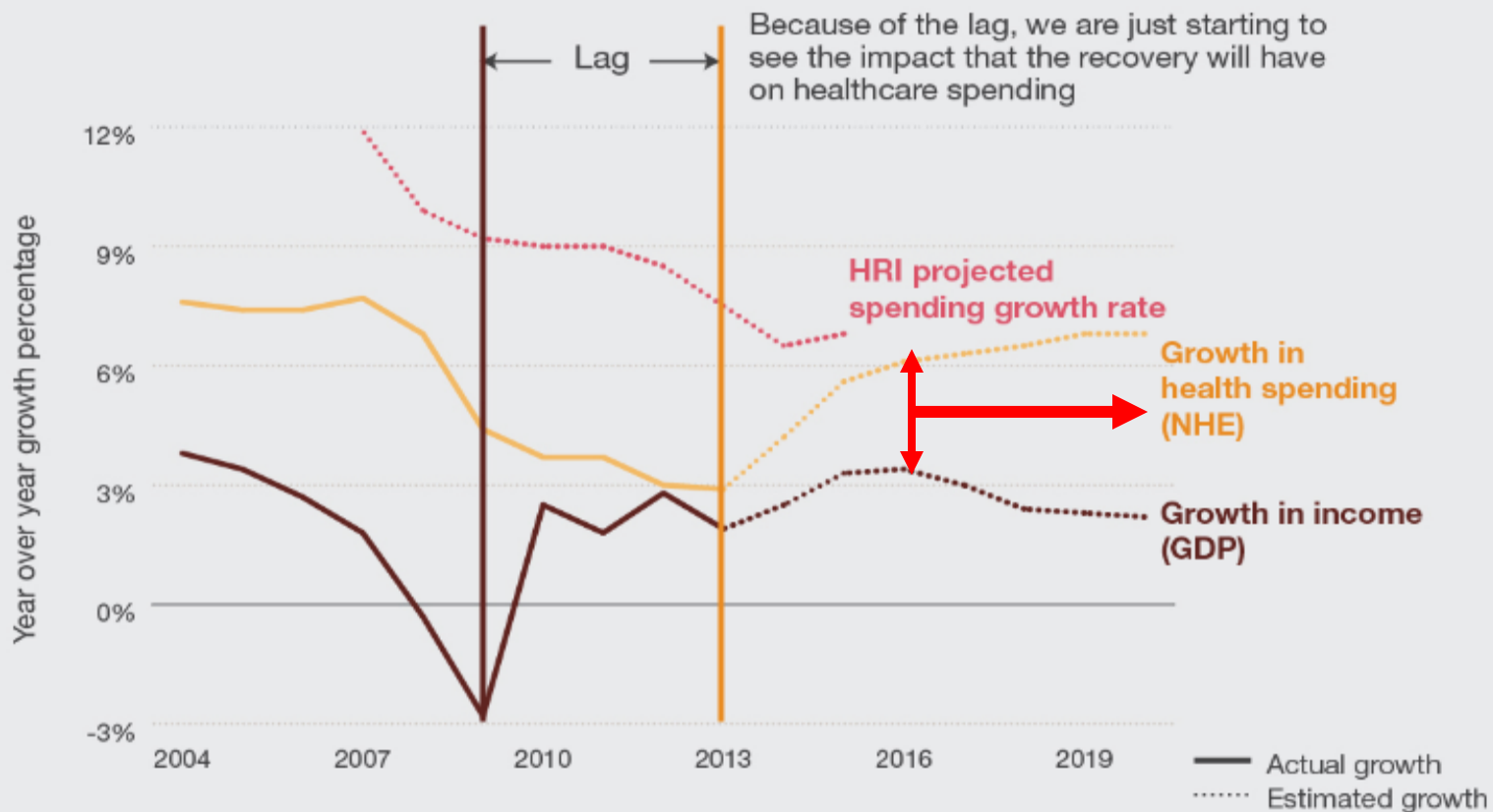
- MCHO enrollment in 2014, two and a half times greater than enrollment projections, and 83% market share of Maine FFM
- From 2014 to 2015, MCHO decreased premium pricing
  - By 0.8% for IFP
  - By 10% for small group
- In September 2014, MCHO expanded to all of New Hampshire, all 10 counties, and all hospitals in network
- At end of Open Enrollment 2.0, MCHO enrollment now stands at over 73,000 and 81% market share of Maine FFM

# MCHO Enrollment Growth, 2014-15



# Health spending and income growth track each other but with a lag

Relationship between growth in Gross Domestic Product (GDP) and growth in National Health Expenditures (NHE), 2004–2019



Source: PwC Health Research Institute, *Medical cost trend: Behind the numbers 2015*, June 2014, analysis based on data from the Bureau of Economic Analysis and the Office of Actuary in the Centers for Medicare & Medicaid Services, and on projections of GDP from the Congressional Budget Office

# We all need a sense of urgency



# If the End is Near, then the Future is Now

- Ongoing consumer & provider engagement
  - Expanding upon VBID
  - Enhanced portals
    - Improved prior auth process (including self-service)
    - Easier use of accumulators and evidence based guidelines
  - Appropriate data sharing to enhance improved utilization and delivery of care
  - Payment reform that separates performance risk from insurance risk with mutual trust in attribution, baselines and risk adjustment mechanisms

A scenic view of a lake with a forested island and a red kayak in the foreground. The water is blue and calm, reflecting the sky. The island is covered in tall evergreen trees and has a rocky shoreline. The sky is clear blue with a few small clouds. The red kayak is visible in the bottom right corner, pointing towards the island.

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