



Commonwealth Care FY2013 Procurement Results

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**Board of Directors Meeting
April 12, 2012**



FY2013 Challenge

- Commonwealth Care is faced with major fiscal challenges in FY13 due to significant increases in anticipated enrollment
 - As a result of the Finch case, we are anticipating 34,000 AWSS members covered under Commonwealth Care in FY13
 - Growth is also expected as a result of membership transition from the Medical Security Program (MSP) when the current Unemployment Insurance (UI) extensions phase out



Demonstrated Success of FY12

Strategy

- A wide actuarially sound rate range
- Procurement design that promoted MCO innovation and competition
- No benefit reductions or member co-pay increases



Outcome

- 5% aggregate capitation rate decrease relative to FY11
- The lowest-cost MCOs have successfully managed their costs to their bids
- Member satisfaction remains very high (over three-quarters satisfied/highly satisfied)



Procurement Strategy

Thus, our FY13 procurement strategy pursued the same basic framework as in FY12, with certain refinements:

1. The bid ceiling (Medical + Administration) was set at \$415 PMPM
2. (*New*) Bidders could bid below the preliminary actuarially sound rate floor, subject to independent actuarial review and certification
3. Enrollee premium differentials set based on bid position
4. A subset of incoming Plan Type I members would have limited choice of the low-cost MCO(s) available in their service areas, including the lowest-cost MCO and the 2nd-lowest-cost MCO, provided that the 2nd-lowest-cost MCO bids no higher than \$380 PMPM
5. An active open enrollment for Plan Type I members would be triggered if less than two current statewide Commonwealth Care MCOs bid at or below \$380 PMPM



Summary of FY13 Bid Results

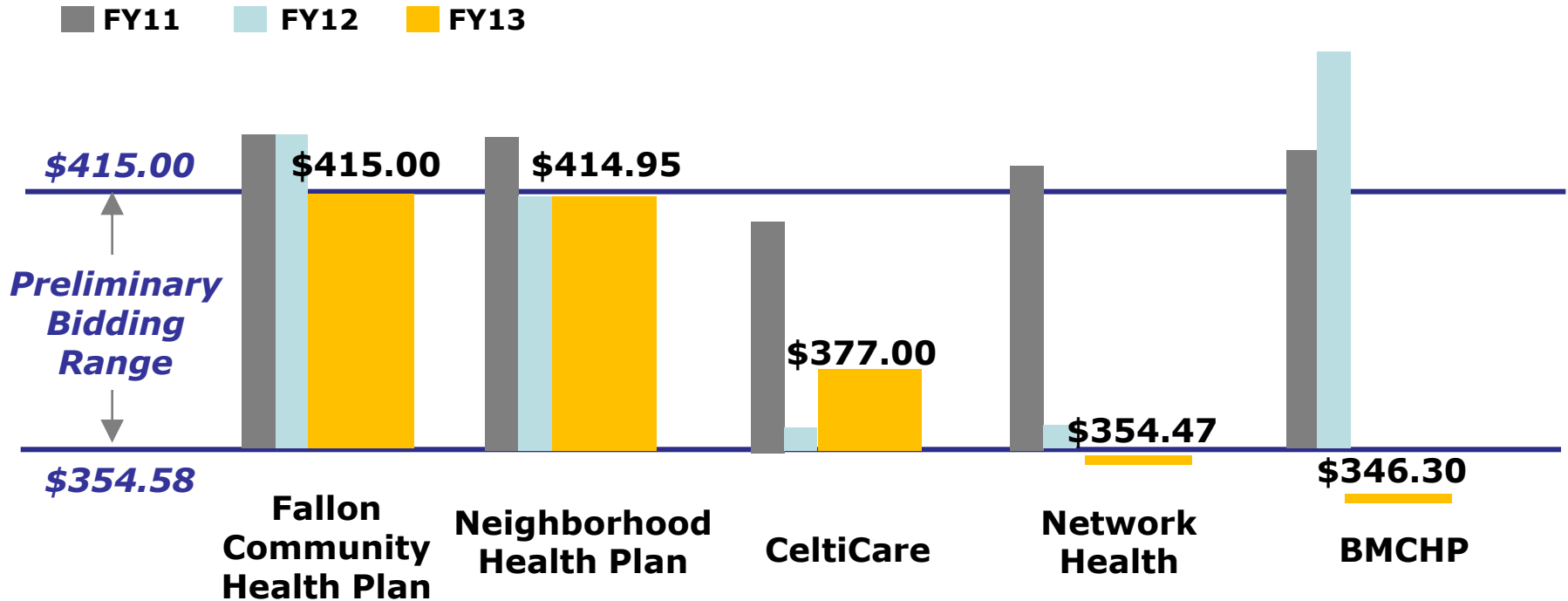
- We project that FY13 will achieve **another 5% decrease** in aggregate capitation rates relative to FY12
- Majority of plans proposed a rate cut for FY13, and *every single plan* now has rates lower than those from FY11 (two years ago!)
- No cuts in benefits, no increases in copays; “spread” between the lowest and highest enrollee premiums per income category is narrower than last year
- No major changes to health plan provider networks
- Existing members have the full choice of health plans during open enrollment
- All incoming members have at least two health plans to choose from encompassing a broad array of hospitals and doctors



Capitation Bids

Most MCOs bid flat or lower rates relative to FY12.

Medical + Administrative Capitation Bid, \$PMPM



All five capitation rate bids have been determined by an independent actuary to be actuarially sound and are within the final actuarially sound rate range.



Provider Networks

- All MCOs have proposed either the same or expanded networks compared with FY12
- Network Health's FY13 network will include the addition of Mass Eye & Ear Infirmary, effective February 2012, and Signature Healthcare and Sturdy Memorial Hospital, effective July 2012
- The two lowest bidders – BMCHP and Network Health – collectively cover 66 out of the 73 acute hospitals in the state



MCOs' Cost Saving Efforts

- A key driver of MCOs' overall cost reduction is unit cost improvement, achieved through contract renegotiations and referral management
 - For the past year, several Commonwealth Care MCOs have made significant progress in their provider contracts, where provider organizations agreed to serve Commonwealth Care members at lower cost
 - By rewarding lower-cost MCOs with membership, the design of the Commonwealth Care program plays a key supporting role in MCOs' continued progress in improving provider/supplier contracts
- In addition, MCOs have continued to expand other cost-containment initiatives such as readmission management, ER management and sub-capitation



Plan Type I Enrollment Rules

- Incoming Plan Type I members without prior coverage history in another available MCO through either Commonwealth Care or MassHealth in the past six months will be required to choose between the two “low-cost MCOs” in their Service Area
 - All other incoming Plan Type I members will have a choice of all MCOs
- In 35 out of the 38 Service Areas, the low-cost MCOs will be BMCHP and Network Health
 - In the Greenfield Service Area, the low-cost MCOs will be BMCHP and CeltiCare
 - In the Oak Bluffs and Nantucket Service Areas, the low-cost MCOs will be Network Health and CeltiCare
- **There will not be an Active Open Enrollment for Plan Type I members in FY13**
 - Three current statewide Commonwealth Care MCOs (BMCHP, Network Health and CeltiCare) bid below the \$380 PMPM threshold



Enrollee Premium

The framework of developing the FY13 enrollee premium schedule is the same as FY12:

- Enrollee premium only applies to Plan Type II and III members
 - Plan Type I members, which include the majority of AWSS members, are not subject to enrollee premiums regardless of their MCO selection
- Base enrollee premiums apply to the lowest-cost MCO
 - Per the 2012 Affordability Schedule, base enrollee premiums for PTs IIB, IIIA and IIIB will increase by 1.5%; it will remain at \$0 for PT IIA members
- Plan Types II and III members who choose an MCO other than the lowest-cost plan will be subject to a premium differential above the base enrollee premium, determined by the MCO's capitation bid relative to the lowest-cost plan
 - The premium differential will be progressive by income
- Consistent with FY12, we are proposing to incorporate a moderate subsidy of premium spread that applies to all MCOs proportionally



FY13 Enrollee Premium Recommendation

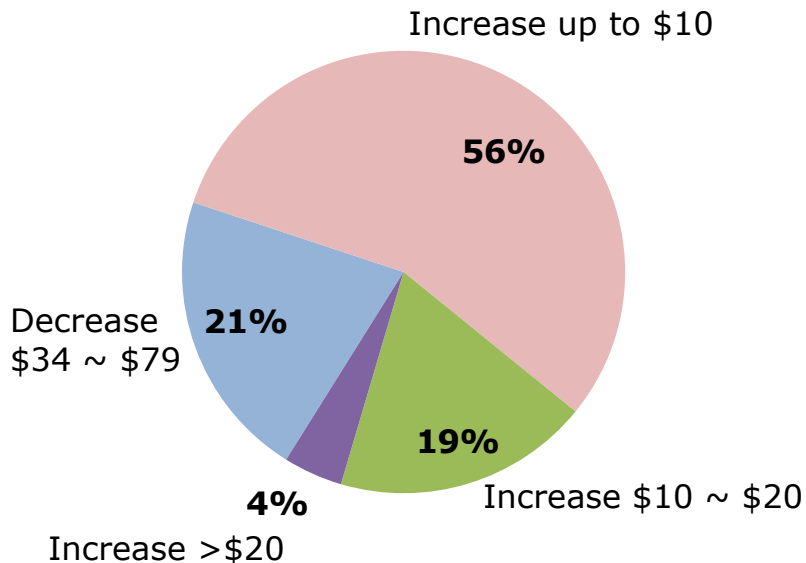
		<i>Base Enrollee Premium</i>	Network BMCHP	Health CeltiCare	Neighborhood	Fallon	
FY12	PT IIA	\$0	\$34	\$0	\$0	\$21	\$27
	PT IIB	\$39	\$91	\$39	\$39	\$72	\$80
	PT IIIA	\$77	\$152	\$77	\$77	\$125	\$137
	PT IIIB	\$116	\$197	\$116	\$116	\$167	\$181
FY13	PT IIA	\$0	\$0	\$3	\$12	\$28	\$28
	PT IIB	\$40	\$40	\$45	\$58	\$81	\$81
	PT IIIA	\$78	\$78	\$85	\$105	\$138	\$138
	PT IIIB	\$118	\$118	\$126	\$147	\$182	\$182
Change (From FY12 to FY13)	PT IIA	\$0	(\$34)	\$3	\$12	\$7	\$1
	PT IIB	\$1	(\$51)	\$6	\$19	\$9	\$1
	PT IIIA	\$1	(\$74)	\$8	\$28	\$13	\$1
	PT IIIB	\$2	(\$79)	\$10	\$31	\$15	\$1

Note: this summary reflects the premium schedule of 36 Service Areas. Modifications apply to 2 Service Areas.



Enrollee Premium Impact

**% of PTs II & III members with premium change
(based on current membership distribution)**



- Maximum premium spread is slightly narrower compared with FY12
- Based on current membership distribution, average FY13 enrollee premium will decrease relative to FY12

	FY12	FY13
PT IIA	\$12	\$10
PT IIB	\$59	\$55
PT IIIA	\$106	\$102
PT IIIB	\$148	\$142

- Because members have the option to switch to lower premium health plans during open enrollment, actual average enrollee premiums in FY13 may be even lower



Operational Plan



Open Enrollment Operational Readiness

In preparation for FY13 Open Enrollment, we plan to leverage feedback from the Year 2 member survey to improve communications, benefit materials and customer support.

- ✓ Member Communications
 - Letters
 - Web & Emails
 - Open Enrollment materials
- ✓ Call Center support
- ✓ Stakeholder communication & training for member support



Key Messages for Members

1. Inform members that open enrollment is the annual opportunity to change health plans for any reason
 - Time period: **June 1st – 22nd**
2. Use 'call to action' message:
 - **"Do you want to change your health insurance plan? Now is the time.*"**
3. Important considerations for the member
 - Your monthly premium may be increasing or decreasing
 - The providers (such as doctors and hospitals) that are available from each health plan's network may vary
 - Your benefits and copays will be the same, no matter which health plan you choose
4. Ensure new Commonwealth Care members (AWSS and others) are aware of and familiar with the Open Enrollment period

* During other times of the year, you are only allowed to make a health plan change if you meet a qualifying event as described in the Commonwealth Care program guide



Member Communications (May and June)

- Letters: open enrollment reminder letters, including new AWSS
 - Non-premium paying member letters
 - Premium-paying member invoice reminders
- Email blasts for members with email addresses
 - Email collection campaign this winter resulted in almost 30%* increase in number of email addresses on file for enrolled members
 - Emails, sent to premium and non premium payers, will reinforce messages in member letters & direct members to website information
- Website information
 - Detailed instructions, focus on how to find providers
 - Highlight premiums and benefits
 - Updated online tutorial for members
- Customized open enrollment packets

*Approximately 17,000 email addresses for current members on file



Open Enrollment Packet

Based on member survey results and Advocate feedback, we will simplify and improve the content in Open Enrollment packets.

- Customized packet, as in previous years
 - Displaying current MCO plan information & premium amount
 - Shows new premium amount if member stays with current MCO
 - Health plan options available to members
 - Benefits and co-payments
 - Region-specific MCO materials
 - Hospital network comparison
- Refined format, with emphasis on clarifying important information
 - Enhancing 'call to action' to be more easily translated into different languages
 - Adding definitions for insurance terminology (such as providers, premiums, co-pays, benefits, networks)
 - Cutting out redundant information
 - Updated decision support tool, focusing on important considerations for changing plans (Q & A format with emphasis on premiums, providers, extra services)



Call Center Support

Open enrollment is the busiest time of year for the call center. Last year during Open Enrollment, 69% of members who made a change did so over the phone. Given this, and the feedback from the member survey on the importance of customer service, it is critical that members get the support they need.

- Methods for making a change (Online, Phone, Mail)
- Increase staffing levels to ensure service levels are met and calls are answered promptly
- More robust call center training
 - Focus on new FY13 program changes and welcoming new members
 - Soft skills – focus on empathy, courtesy and respect
 - Prepare team for inquiries after Open Enrollment
- Simplified IVR (fewer automated messages)
- Ongoing calibration sessions before, during and after Open Enrollment
 - Ensure quality monitoring is aligned with training, supervision & call handling



Stakeholder Training & Communications April – June

- State-wide Massachusetts Health Care Training Forums (MTF)
 - April 18th and 20th
- Open enrollment conference calls for hospitals, health centers, MCOs and Advocates
 - Week of April 23rd
- Advocate meetings
 - April 13th , May 11th, June 8th
- MCO collaboration
 - April 13th and on-going follow-up as needed
- Web resources posted on www.MAhealthconnector.org
- Email reminders to these stakeholders via listserv



FY13 Commonwealth Care Contract Recommendation

Connector staff recommends that FY13 Commonwealth Care contracts be awarded to the following health plans, contingent upon final agreement on contracts, for the period beginning July 1, 2012 and ending June 30, 2013:

- BMC HealthNet Plan
- CeltiCare Health Plan
- Fallon Community Health Plan
- Neighborhood Health Plan
- Network Health