



Final Award of 2019 Seal of Approval (VOTE)

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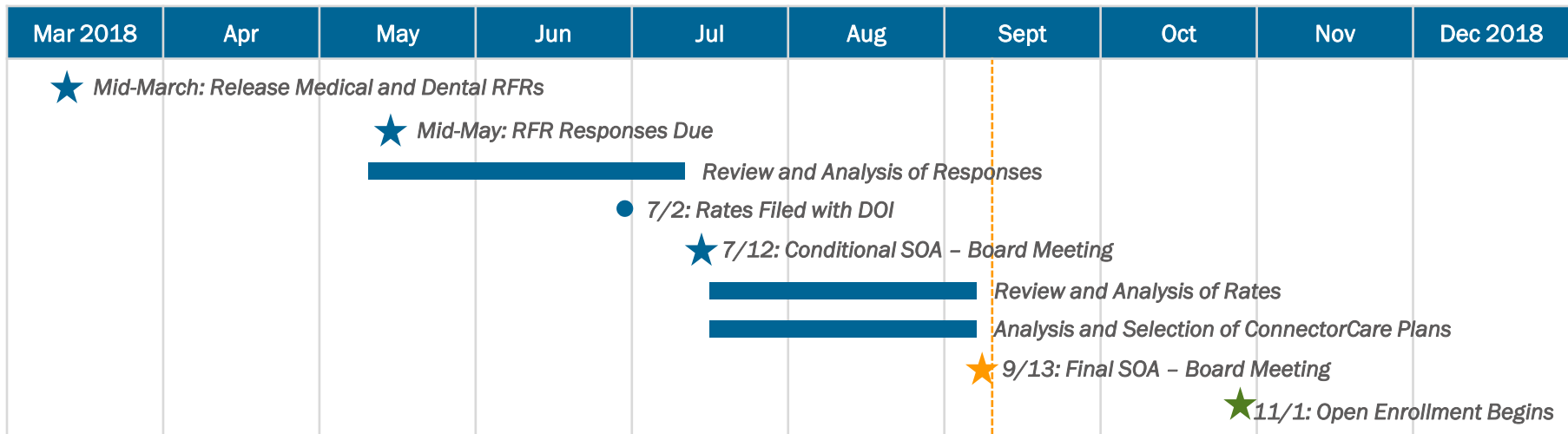
EDITH BOUCHER CALVAO, FSA, MAAA
Actuary

Board of Directors Meeting, September 13, 2018

2019 Seal of Approval: Timeline



Today we will share our recommendation for the award of the Final Seal of Approval (SOA) for Qualified Health and Dental Plans for the coverage year starting January 1, 2019, as well as our recommendation for the 2019 ConnectorCare program.



2019 Seal of Approval: Strategic Overview



The Health Connector designed its 2019 product shelf to meet shifting member needs and federal dynamics, with tailored strategies for ConnectorCare, unsubsidized and APTC-only non-group, and small group.

| ConnectorCare | Non-Group | Small Group |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Maintain existing ConnectorCare program design with no member-facing changes • Offer a non-group Silver tier that is better equipped to offer a sustainable ConnectorCare program by limiting the availability of Non-standard Silver plans | <ul style="list-style-type: none"> • Expand Standard plan offerings to support unsubsidized individuals seeking alternatives to high-premium “CSR-loaded” Silver plans <ul style="list-style-type: none"> – Require a Low Gold offering – Require a Standard High Bronze offering (no waivers permitted) | <ul style="list-style-type: none"> • Offer small group enrollees the full suite of non-group plans, as well as expanded plan offerings to support the unique needs of small groups and their employees <ul style="list-style-type: none"> – Require a Standard Low Silver HSA-compatible offering – Require a PPO offering • Continue employee choice options, allowing employers to choose from a traditional “one plan” model, as well as a “one carrier” and “one level” model |

2019 Seal of Approval: Market Response Overview



The Final 2019 Qualified Health and Dental Plan shelves will offer a range of plan designs, carriers, and premiums, featuring:

- A steady ConnectorCare program design that continues to offer affordable choice
- A broader choice of carriers and plans for unsubsidized non-group and small group enrollees, with:
 - Nine medical carriers submitting a total of 57 non-group and 70 small group Qualified Health Plans (QHPs)
 - Two dental carriers submitting a total of 12 Qualified Dental Plans (QDPs) for on-Exchange sale*
- Modest premium changes that align with underlying trend (with the exception of planned shifts to buffer ConnectorCare from recent federal changes), reflecting the Commonwealth’s commitment to actively promoting a stable insurance market

Average Changes in Health Connector Premiums (without member aging): 2018-2019

| Total ¹ | Unsubsidized & APTC-only Medical Plans ² | ConnectorCare Base Silver Medical Plans ³ | Dental Plans ⁴ |
|--------------------|-----------------------------------------------------|------------------------------------------------------|---------------------------|
| | 58,021 members ⁵ | 194,103 members | 78,673 members |
| | | | |

* Consistent with Plan Year 2018, two additional carriers are recommended for certification of off-Exchange Qualified Dental Plans, for a total of 19 plans

¹ For 2019, the total Division of Insurance merged market enrollment-weighted premium change, inclusive of the Health Connector, is 4.2%

² Enrollment-weighted non-group premium change (2018 actuals to 2019 calculated) without member aging (~2%), assumes mapping to 2019 renewal plan

³ Enrollment-weighted non-group premium change from 2018 base silver plan to 2019 base silver plan (2018 actuals to 2019 calculated) without member aging (~2%), premium increases not directly reflected in ConnectorCare enrollee contributions

⁴ Enrollment-weighted non-group average premiums for Family High and Family Low based on age 19 and over premium value; Pediatric-only based on age less than 19 premium value

⁵ Enrollment data as of August 2018

2019 Seal of Approval: Carrier Participation Overview



The Health Connector will feature steady carrier participation in 2019, with the same carriers as 2018, as well as a new entrant.

- Health Connector staff have begun onboarding preparations with new and returning carriers:
 - UnitedHealthcare is preparing to join the non-group and small group platforms for January 1, 2019 effective dates
 - Tufts Premier is preparing to join the small group platform for April 1, 2019 effective dates
- Since the July meeting, Neighborhood Health Plan (NHP) has indicated its intention to rebrand under a new name, AllWays Health Partners
 - The carrier does not anticipate any substantive product changes, but plan names are expected to reflect AllWays Health Partners for January 1 effective dates
 - As part of the transition, NHP has been authorized to do business as AllWays Health Partners
 - The Health Connector is working with NHP toward a smooth member transition to the AllWays brand, with an expected cut-over in time for Open Enrollment

Qualified Health Plans: Non-Group Overview



There are 57 non-group QHPs proposed for consideration for 2019, a net increase of five plans from 2018.

- This increase reflects expanded low gold and bronze offerings as an alternative to silver plans impacted by federal CSR withdrawal
- This increase also features expanded carrier choice, with United rejoining the shelf

| Non-Group 2019 | | | | | | | |
|--------------------------------------------------|-----------|-----------|-----------|-----------|--------------|------------|---------------------------|
| Issuers | Platinum | Gold | Silver | Bronze | Catastrophic | Total 2019 | Total 2018 for Comparison |
| Blue Cross Blue Shield | 1 | 2 | 1 | 1 | 1 | 6 | 5 |
| BMC HealthNet Plan | 1 | 2 | 1 | 1 | 0 | 5 | 5 |
| Fallon Health | 2 | 5 | 3 | 2 | 1 | 13 | 12 |
| Health New England | 1 | 2 | 1 | 2 | 0 | 6 | 7 |
| Harvard Pilgrim Health Care | 1 | 2 | 1 | 1 | 0 | 5 | 4 |
| Neighborhood Health Plan/AllWays Health Partners | 1 | 2 | 1 | 1 | 0 | 5 | 7 |
| Tufts Health Plan - Direct | 1 | 2 | 1 | 2 | 1 | 7 | 8 |
| Tufts Health Plan - Premier | 1 | 2 | 1 | 1 | 0 | 5 | 4 |
| United | 1 | 2 | 1 | 1 | 0 | 5 | N/A |
| Total 2019 | 10 | 21 | 11 | 12 | 3 | 57 | |
| Total 2018 for Comparison | 9 | 16 | 14 | 10 | 3 | 52 | |

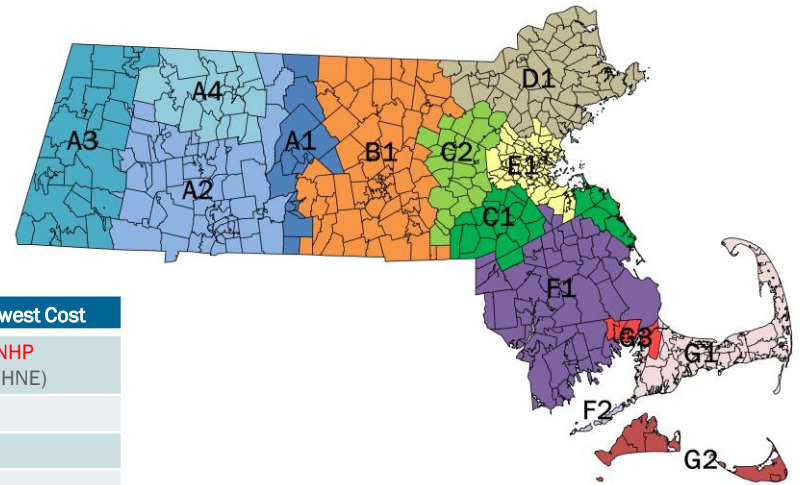
A large, stylized white cross is centered on a light green background. The cross is composed of four thick, rounded arms that meet at the center. The background is a solid, light green color.

ConnectorCare Program

ConnectorCare: Carriers by Region

ConnectorCare will feature stable carrier participation, with statewide coverage and access to two or more carriers in many regions.

- The chart below shows ConnectorCare carrier positions based on underlying 2019 premiums, relative to rank ordering in 2018, for each region in the map at right
- While some regions retain the same rank ordering, other regions show changes in ordering, in part due to dynamics associated with the loss of federal CSRs



| Region | Lowest Cost | 2 nd Lowest Cost | 3 rd Lowest Cost | 4 th Lowest Cost |
|--------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|
| A1 | BMCHP | Tufts-Direct | HNE (formerly AllWays/NHP) | AllWays/NHP (formerly HNE) |
| A2 | BMCHP | Tufts-Direct | HNE | |
| A3 | Tufts-Direct | HNE | | |
| A4 | HNE | | | |
| B1 | Fallon (formerly Tufts-Direct) | Tufts-Direct (formerly Fallon) | BMCHP | AllWays/NHP |
| C1 | Tufts-Direct | BMCHP | AllWays/NHP | |
| C2 | Tufts-Direct | BMCHP | Fallon | AllWays/NHP |
| D1 | Tufts-Direct (formerly BMCHP) | BMCHP (formerly Tufts-Direct) | AllWays/NHP | |
| E1 | Tufts-Direct (formerly BMCHP) | BMCHP (formerly Tufts-Direct) | AllWays/NHP | |
| F1 | Tufts-Direct (formerly BMCHP) | BMCHP (formerly Tufts-Direct) | AllWays/NHP | |
| F2 | AllWays/NHP | | | |
| G1 | Tufts-Direct | BMCHP | | |
| G2 | AllWays/NHP | | | |
| G3 | Tufts-Direct | BMCHP | AllWays/NHP | |

Carriers in **green** have moved to a lower cost position relative to 2018. Carriers in **red** have moved to a higher cost position. Prior carrier in rank order position is noted in parentheses.

ConnectorCare: Enrollee Contributions



The recommended ConnectorCare enrollee premium contributions will ensure affordability and stability for enrollees, while continuing to promote competitive pricing among carriers participating in the program.

- As in past years, all ConnectorCare members, regardless of where they reside, will have access to at least one ConnectorCare plan at the Affordability Schedule-defined monthly cost
- Given market dynamics in 2019, the Health Connector recommends expanding access for enrollees in many regions to a second ConnectorCare plan at the same Affordability Schedule-defined monthly cost (see *Supplemental Materials*)
 - Carrier pricing was sufficiently competitive in most regions to allow at least one additional choice at the same cost
 - This will prevent enrollee disruptions and promote market stability in a landscape where premiums continue to be impacted by federal CSR withdrawal
 - In a few exception regions (A3–Berkshire, A4 – Franklin, F2 – Dukes, G2 - Nantucket), carrier availability and pricing do not support additional choice at this time



**Unsubsidized and APTC-Only
Qualified Health Plans**

QHPs: Unsubsidized and APTC-only Premium Changes



Unsubsidized and APTC-only non-group enrollees will see competitive premiums, on average lower than the market as a whole.

Unsubsidized & APTC-only Average Changes in Premium by Tier, before Subsidies: 2018 to 2019 ^{1,2}

| | Platinum | Gold | Silver | Bronze | Catastrophic |
|-----------------------------|---------------|---------------|----------------|----------------|--------------|
| | 3,801 members | 8,765 members | 24,256 members | 20,708 members | 491 members |
| All Plans (without "aging") | 4.6% | 2.2% | 2.4% | 2.8% | 4.0% |
| All Plans (with "aging") | 6.3% | 3.9% | 4.1% | 4.5% | 5.7% |

- Compared to 2018, premium rates are more stable, indicating a return to a healthier market after last year's disruption due to the loss of federal CSRs
- Silver plan premium increases continue to reflect the need for ConnectorCare carriers to "load" their silver plans, but unsubsidized and APTC-only members now have more alternatives available
- Because premiums vary considerably by carrier, members who shop could see rates that hold steady or even decrease

¹ Non-group enrollment data from August 2018

² Enrollment-weighted premium change (2018 actuals to 2019 calculated) with and without member aging (~2%), assumes mapping to 2019 renewal plan

QHPs: Unsubsidized & APTC-only Premium Changes (*cont'd.*)



Premium changes vary significantly by carrier, compared to average increases.

Unsubsidized & APTC-only Average Changes in Premium by Carrier: 2018 to 2019

| Carriers | Membership Share ¹ | Premium Change ² |
|--------------------------------------------------|-------------------------------|-----------------------------|
| Tufts Health Plan – Direct | 43% | 1.4% |
| BMC HealthNet Plan | 18% | 7.0% |
| Neighborhood Health Plan/AllWays Health Partners | 13% | 5.9% |
| Tufts Health Plan - Premier | 9% | 3.5% |
| Blue Cross Blue Shield | 7% | 7.8% |
| Fallon Health | 4% | 11.3% |
| Harvard Pilgrim Health Care | 3% | 4.9% |
| Health New England | 3% | 1.9% |
| OVERALL³ | | 4.4% |

¹ Enrollment data as of August 2018

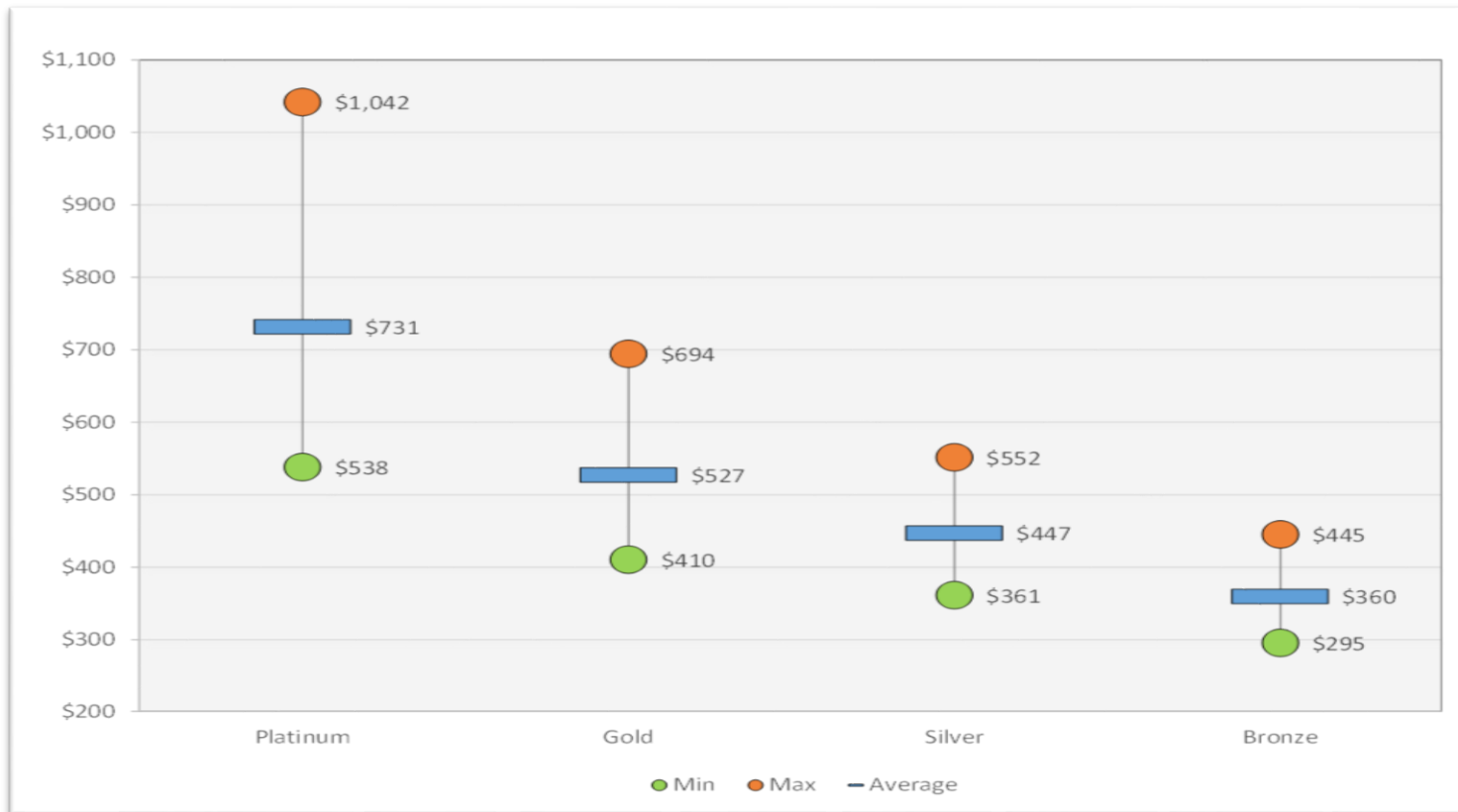
² Enrollment-weighted non-group premium change (2018 actuals to 2019 calculated) with member aging (~2%), assumes mapping to 2019 renewal plan

³ Overall data does not reflect UnitedHealthcare, since it does not have any renewing membership

QHPs: Unsubsidized and APTC-Only Premium Ranges

Unsubsidized and APTC-only enrollees will have products with a range of premium costs available in each metallic tier.

Monthly Unsubsidized Premium Range by Metallic Tier, 2019 ¹



¹ Premiums reflect an unsubsidized 42 year-old individual in Worcester

QHPs: Premium Changes Detail for Closing Silver Plans



In order to maximize the ConnectorCare program in an environment without federal CSRs, the Health Connector limited 2019 non-group Silver offerings to Standard plans only, with high actuarial value and no coinsurance.

- While this approach yields longer-term stability for the program, it requires some near-term disruption with the closure of five Non-standard Silver plans
- Unsubsidized and APTC-only enrollees in these Non-standard Silver plans will be mapped to Standard Silver plans upon renewal
- While these enrollees will see an average premium increase of 6.6% if they choose to remain in their renewal plan:
 - The new Standard silver plans will feature a richer copay design, rather than coinsurance
 - New gold and bronze options will provide an alternative at a relatively close actuarial value – all affected enrollees will have a choice of at least eight gold plans and at least four bronze plans

| Carrier | 2018 Plan Name | Members | | Average Premium Impact |
|-----------------|------------------------------------------------------------------|--------------|-----------|------------------------|
| | | Unsubsidized | APTC-Only | |
| BMCHP | Non-Standard: BMC HealthNet Plan Silver B II | 2,611 | 1,394 | 9.3% |
| Fallon | Non-Standard: Community Care Silver Coinsurance 35% II | 204 | 216 | 2.0% |
| NHP/ AllWays | Non-Standard: NHP Prime HMO 3000/6000 30/50 35% FlexRx 6-Tier II | 395 | 231 | 9.7% |
| | Non-Standard: NHP Prime HMO 2000/4000 30/50 35% FlexRx 6-Tier II | 695 | 500 | 4.9% |
| Tufts Direct | Non-Standard: Direct Silver 2500 with Coinsurance II | 4,134 | 2,846 | 5.5% |
| TOTAL | | 8,009 | 5,191 | 6.6% |

*Unsubsidized and APTC-only membership as of August 2018



**Small Group
Qualified Health Plans**

QHPs: Small Group

There are 70 small group QHPs proposed for consideration for 2019, a net increase of 21 plans from 2018.

- This increase reflects six new PPO/POS and 12 new HSA-compatible options in response to small group feedback
- This increase also features expanded carrier choice, with Tufts Premier and United rejoining the shelf

| Small Group 2019 | | | | | | | |
|--------------------------------------------------|-----------|-----------|-----------|-----------|--------------|-----------|---------------------------|
| Issuers | Platinum | Gold | Silver | Bronze | Catastrophic | Total | Total 2018 for Comparison |
| Blue Cross Blue Shield | 1 | 2 | 3 | 1 | N/A | 7 | 4 |
| BMC HealthNet Plan | 1 | 2 | 3 | 1 | N/A | 7 | 5 |
| Fallon Health | 2 | 5 | 6 | 2 | N/A | 15 | 11 |
| Health New England | 1 | 3 | 2 | 2 | N/A | 8 | 7 |
| Harvard Pilgrim Health Care | 1 | 3 | 2 | 1 | N/A | 7 | 4 |
| Neighborhood Health Plan/AllWays Health Partners | 1 | 2 | 3 | 1 | N/A | 7 | 7 |
| Tufts Health Plan - Direct | 1 | 2 | 2 | 2 | N/A | 7 | 7 |
| Tufts Health Plan - Premier | 1 | 2 | 2 | 1 | N/A | 6 | 4 |
| United | 1 | 2 | 2 | 1 | N/A | 6 | N/A |
| Total | 10 | 23 | 25 | 12 | N/A | 70 | |
| Total 2018 for Comparison | 9 | 16 | 14 | 10 | N/A | 49 | |

¹ Plan count for 2018 comparison include Tufts Premier, as these plans were certified for 2018 but ultimately not sold on-Exchange



Qualified Dental Plans

QDPs: Overview



The Qualified Dental Plan shelf also remains stable from last year, with 12 plans available through the Health Connector.




- Altus Dental and Delta Dental have submitted plans for certification and sale through the Health Connector on both the non-group and small group shelves
- Blue Cross Blue Shield and Guardian have submitted plans for certification for the small group market, but as in 2018, are recommended for a waiver of sales through the Health Connector given sufficiency of existing choice

| Carriers | Non-Group | Small Group | For sale on Health Connector | High | Low | Pedi | Total |
|-------------------------------------|-----------|-------------|------------------------------|----------|----------|----------|-----------|
| <i>Altus Dental</i> | ✓ | ✓ | ✓ | 1 | 1 | 1 | 3 |
| <i>Blue Cross Blue Shield of MA</i> | | ✓ | | 1 | 1 | 2 | 4 |
| <i>Delta Dental of MA</i> | ✓ | ✓ | ✓ | 2 | 3 | 4 | 9 |
| <i>Guardian</i> | | ✓ | | 1 | 1 | 1 | 3 |
| TOTAL | | | | 5 | 6 | 8 | 19 |




QDPs: Premium Changes

Overall, QDP enrollees will see an average increase in premiums of 2.3%, though enrollees who shop will find plans at a range of prices.

Non-group Dental
Average Changes in Premium by Tier: 2018 to 2019 ¹

| Family High | Family Low | Pediatric-only |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 20,172 members ² | 54,209 members | 4,292 members |
|  0.9% |  4.7% |  -6.9% |

Small Group Dental
Average Changes in Premium by Tier: 2018 to 2019 ¹

| Family High | Family Low | Pediatric-only |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 705 members ² | 288 members | 211 members |
|  0.9% |  5.1% |  3.5% |

Dental Average Changes in Premium by Carrier: 2018-2019

| Carriers | Non-group Membership Share ² | Non-Group Premium Change ¹ | Small Group Membership Share ² | Small Group Premium Change ¹ |
|--------------------|-----------------------------------------|---------------------------------------|-------------------------------------------|-----------------------------------------|
| Altus Dental | 13% | -4.7% | 17% | 0.1% |
| Delta Dental of MA | 87% | 3.9% | 83% | 2.5% |
| OVERALL | | | | 2.3% |

¹ Enrollment-weighted average premiums for Family High and Family Low QDPs sold through the Health Connector only, based on age 19 and over premium value; Pediatric-only based on age less than 19 premium value

² Enrollment as of August 2018



Vote

The Health Connector recommends awarding the 2019 Final Seal of Approval to all recommended QHPs and QDPs proposed by the following carriers:

- ***Altus Dental***
- ***Blue Cross Blue Shield of MA***
- ***Boston Medical Center HealthNet Plan***
- ***Delta Dental of MA***
- ***Fallon Health***
- ***Guardian***
- ***Harvard Pilgrim Health Care***
- ***Health New England***
- ***Neighborhood Health Plan (d/b/a AllWays Health Partners)***
- ***Tufts Health Plan – Direct***
- ***Tufts Health Plan – Premier***
- ***UnitedHealthcare***