



2023 Health Benefits Procurement

2021 GIC Member Preference Survey Results



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2021 GIC Member Preference Survey Results

To Inform Future & 2023 Health Benefits Procurement

GIC's Mission

GIC will provide its members with sustainable, effectively-administered high quality and affordable benefits, and use its influence to drive improved health for members and higher-value health care delivery in the Commonwealth of Massachusetts.

What is procurement?

Procurement is the process that the Commonwealth of Massachusetts typically uses to contract with private companies to perform state-related work. The process is strictly governed by Massachusetts law (M.G.L ch. 32A § 4) with an emphasis on ethics and transparency.

GIC uses this process to select health insurance carriers and plans along with other types of benefit insurance companies to provide coverage for a period of time (e.g. 3- to 5-year contracts). GIC's priority is that health carriers, health plans, and other benefits align with our mission.

2021 GIC Member Preference Survey Results



- Active July 15, 2021 - August 4, 2021 (20 days)
- Survey link sent to 94,605 active subscribers with health coverage (via email and direct mail)
- 9,201 completed surveys were analyzed
- 10% response rate was within the target range of 10-12%
- 72% of respondents identified as union members



Conjoint analysis is a sophisticated market research technique used to understand how customers value different components or features of a product or service



- A mechanism to understand the health plan features that matter most to GIC members
- One of several tools to gather data to inform the development of a procurement strategy
- The outcome of the procurement will reflect a balancing of these inputs

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The Member Preference survey showed respondents a series of packages in which plan features vary, to better understand which features drive respondents to choose one health care package over another.

The survey included 3 sections:

Optimization

Choice-Based Conjoint questions used to understand which features of a health insurance plan are most likely to influence a member's choice of a certain plan (e.g., *changes to deductible, premium, hospital access, etc.*)

Additional Research Questions

Scaled and select questions to provide additional insight into the survey population (e.g., *influence of tiers on provider choice*)

Demographics

Demographic questions provide insights into the characteristics of the participating member population. (e.g., *self-reported age, race/ethnicity, gender, etc.*)

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Conjoint Study – Assessing member preferences in benefit design

Type of question	Sample question
Benefit optimization	Respondents asked to choose between health plan packages where plan features vary (e.g., Deductible: No change to your current fiscal deductible vs. Plan no longer includes fiscal deductible)
Research	Respondents rank agreement with statements on a scale of 1-5 (e.g., Tier-level costs for office visits influence my health provider choice.)

For additional information, hover over any **bolded** text below.

Based only on the features you are shown (assuming everything else remains the same), decide which hypothetical health insurance plan you would choose.

Choose by clicking the "Select" button at the bottom of one of the program options below, highlighted in blue:

(7 of 10)

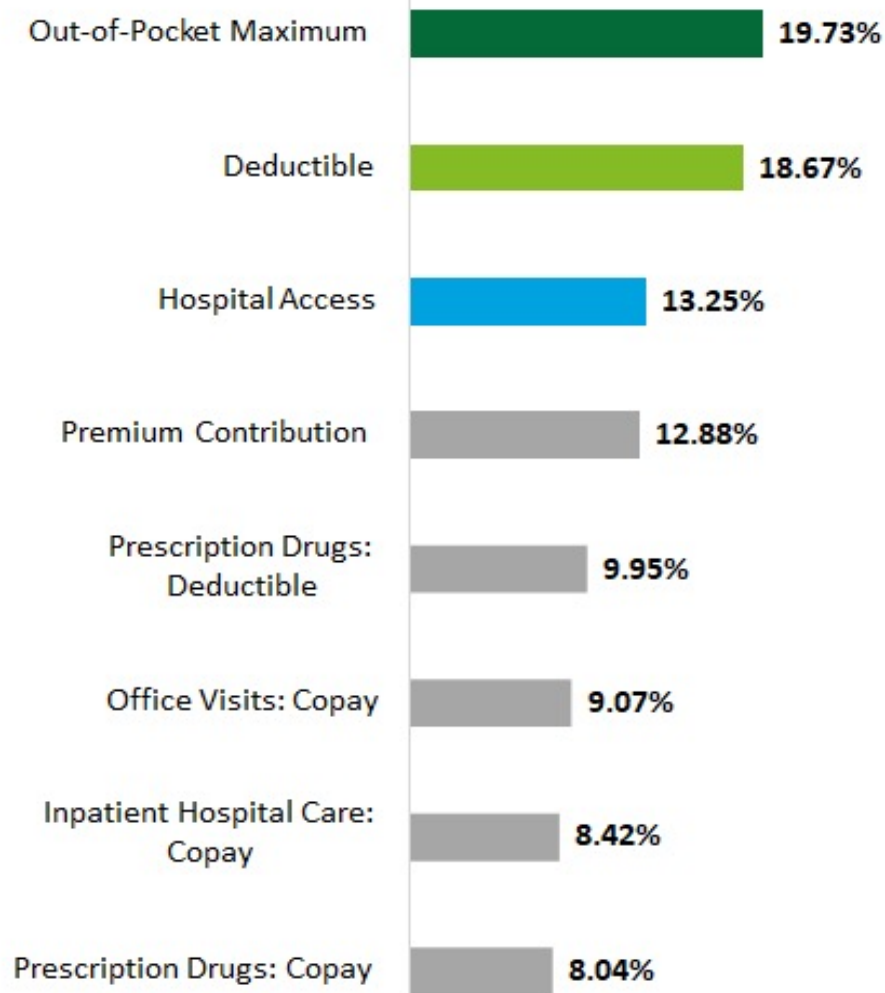
<u>Deductible</u> <u>Prescription Drugs: Copay</u> <u>Prescription Drugs: Deductible</u> <u>Inpatient Hospital Care: Copay</u>	<p>No change to your current fiscal year deductible</p> <p>Your prescription drug copays decrease by \$10 (retail and mail order)</p> <p>Your prescription drug deductible is \$200 individual / \$400 family</p> <p>No change to your current inpatient hospital care copay per admission</p> <p>Select</p>	<p>The program no longer includes a fiscal year deductible</p> <p>No change to your current prescription drug copays (retail and mail order)</p> <p>Your prescription drug deductible is \$50 individual / \$100 family</p> <p>25% increase in your inpatient hospital care copay per admission (e.g., from \$275 to \$344)</p> <p>Select</p>
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Note: As a reminder, these questions may seem repetitive and, in some cases, the preferred plan option may seem obvious. The plan features you are presented within this section of the survey are randomly system-generated, which may cause some plan option to seem unrealistic or unbalanced.

Sample question	Demographic variation in responses			
I would be willing to pay more in monthly health insurance premiums to have access to the most expensive hospitals for everyday medical use.	Income	Age	Gender	Race/ethnicity
Tier-level costs for office visits influence my health provider choice.	Income	Age	Gender	Race/ethnicity

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Optimization: Most Influential Changes Tested



The top three influential most influential benefit changes:

1. Out-of-pocket maximum
 2. Deductible
 3. Hospital access
- Less than one percent of households exceeded the OOP maximum in FY20
 - Responses were consistent across demographic groups
 - Respondents tend to be most influenced by potential changes to their out-of-pocket maximum, deductible, and hospital access.

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Majority of those willing to change plans would do so if...	The majority of those <u>not</u> willing to change plans...
They can maintain coverage at current doctor offices and clinics (most strongly associated with subscribers 44 years and younger)	Plan to stay in the same plan in 2022 (most strongly associated with subscribers 55 years+)
They can maintain coverage at my current doctor's office and clinics, at the same or potentially lower cost (most strongly associated with subscribers 44 years and younger)	Are confident in their own ability to choose between health plan options available to them (most strongly associated with subscribers 55 years+)
The plan design does not change and it reduces the amount that premiums go up every year (most strongly associated with subscribers 34 years and younger)	Are confident in ability to choose between health carriers available (most strongly associated with subscribers 55 years and older)
	Are satisfied with health carrier overall (most strongly associated with subscribers 55 years+)

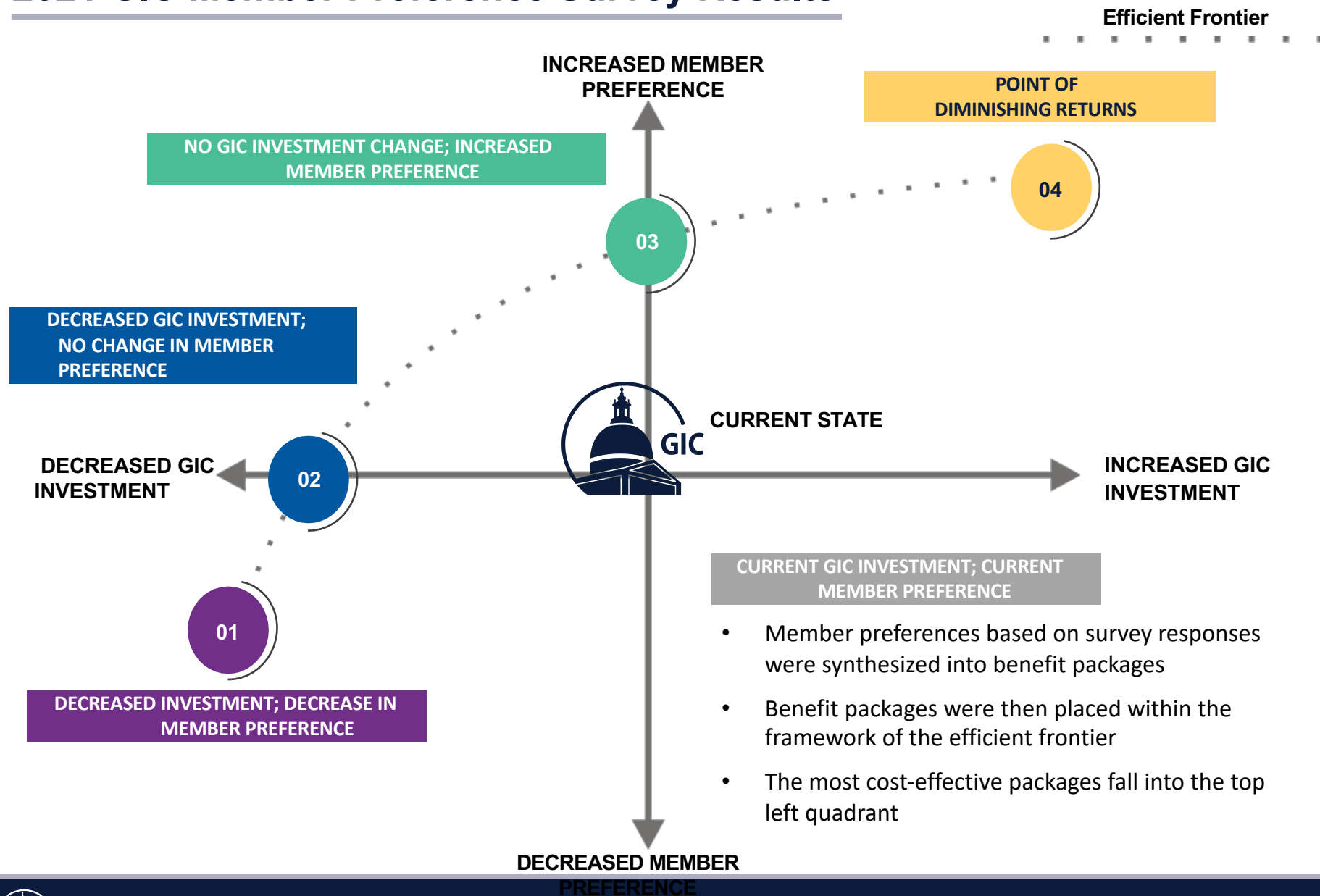
- Member migration to alternatives more likely in younger age groups
- Subscribers aged 34 and younger enrolled in Broad or National network plans account for only 4.9% of total spend among subscribers (this is the amount of subscriber \$ at play in moving young members to narrow networks)

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Age Band	Percent agree that tier level costs influence provider choice
Under 26 years	55%
26 to 34 years	47%
35 to 44 years	38%
45 to 54 years	33%
55 to 64 years	30%
65 years and older	29%
Prefer not to respond	31%

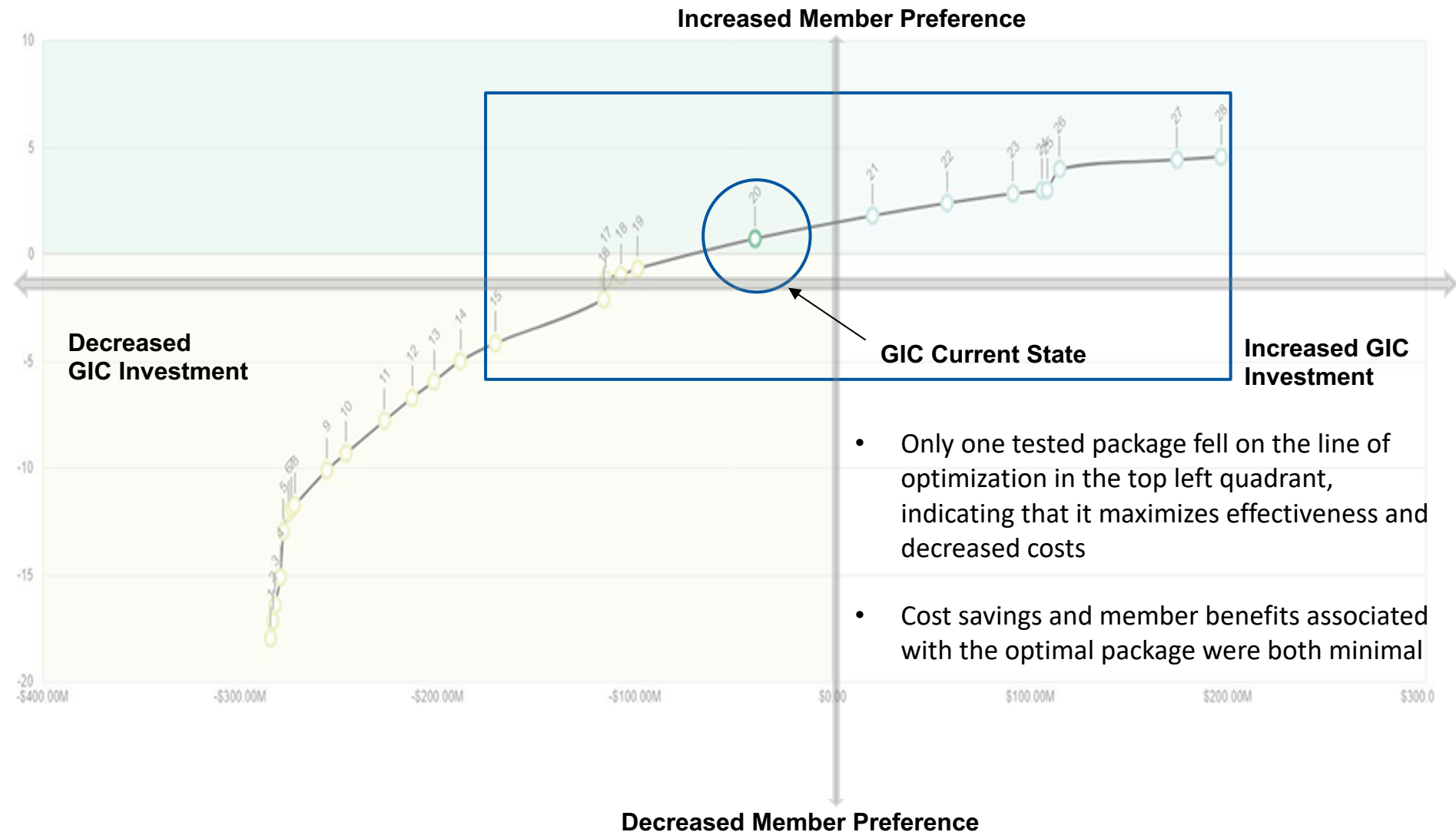
- Younger subscribers are the most influenced by tiering, but are also where the least cost-savings can be realized through steerage
- Subscribers 34 years of age and younger comprise only 14% of total subscriber professional spending

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Efficient frontier framework – top tested benefit packages



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Efficient frontier framework – example custom benefit packages



- By customizing packages, GIC can assess the impact of benefit design changes on subscriber preferences and costs

- Subscribers expressed a preference over the status quo for lower deductible and a lower OOP max offset by increased premiums
- GIC staff will continue to work within Deloitte's tool to optimize the benefit package in terms of cost and subscriber preference across demographics

Attribute	Custom Package #1	Cost (000s)
Premium Contribution	10% increase in your monthly premium cost for health insurance coverage (e.g., from \$120 to \$132)	(\$59,482)
Health Deductible	No change to your current fiscal year deductible	\$0
Prescription Drug Deductible	Your prescription deductible is \$50 individual/\$100 family	\$7,760
Out-of-Pocket Max	Your OOP max is \$2,500 individual/\$5,000 family	\$8,900
Change in Cost	(\$42,912)	
Percent of members who prefer	60.0%	

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Key Takeaways

1

Findings confirm much of what we have heard in past listening sessions, and from labor colleagues

2

Members are most sensitive to out-of-pocket costs, especially deductibles, and less sensitive to marginal increases in their share of premium

3

Members are also sensitive to changes to broad access to the hospitals, which we also see in the low and declining enrollment in plans with networks that exclude high priced hospitals

4

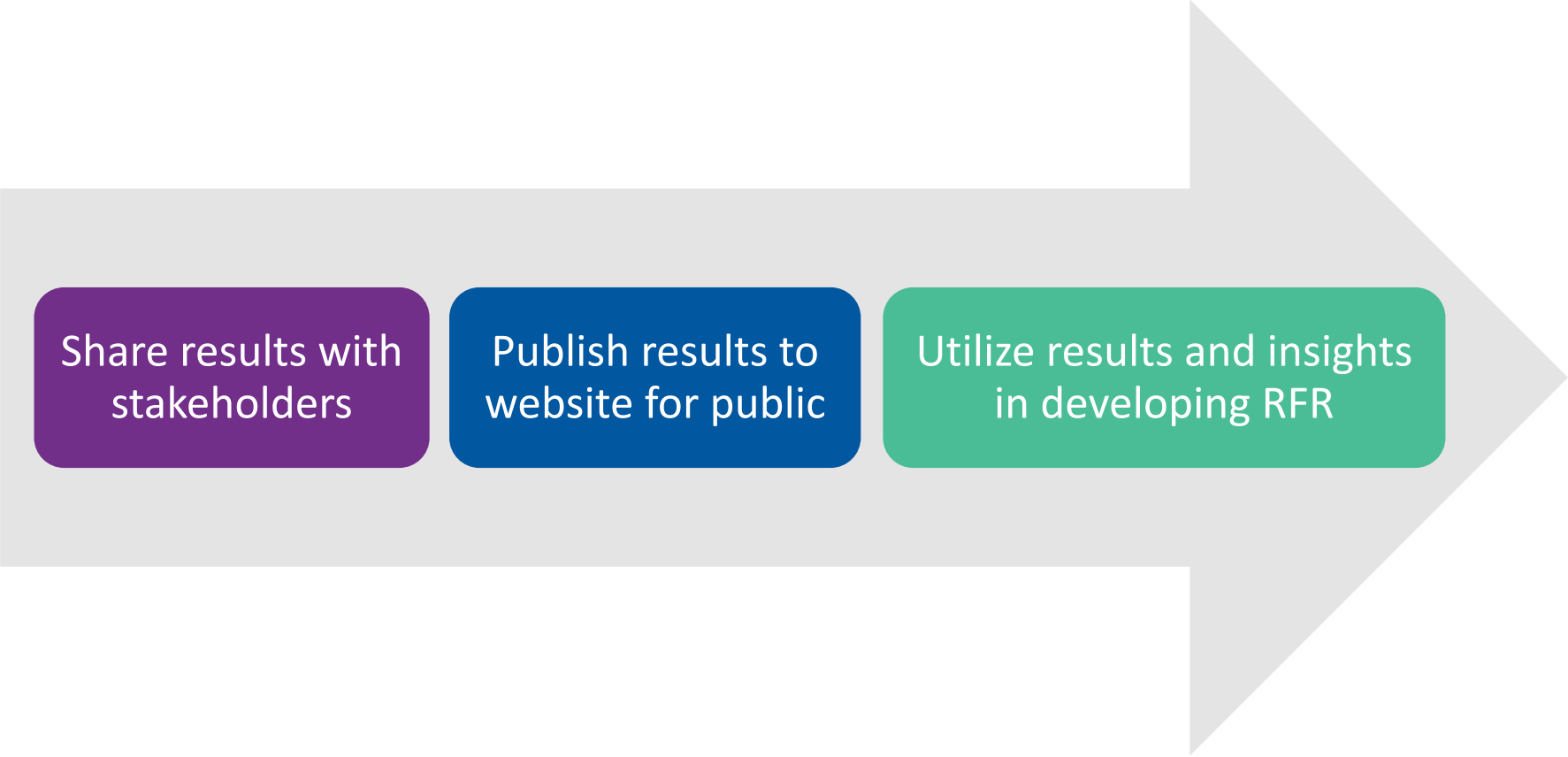
Members overall are satisfied with the plans they are currently enrolled in, and expect to remain in them in the coming annual enrollment

5

However, underneath the overall numbers, there is measurably more sensitivity to premium increases among younger members than older members, and a greater appetite for options with more modest premiums

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Next Steps



Share results with
stakeholders

Publish results to
website for public

Utilize results and insights
in developing RFR



Thank You



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