

Minutes of the
Merged Market Advisory Council (Council or MMAC) Meeting of September 23, 2020
Approved by Council at the Meeting Held on October 7, 2020.
Motion of Council Member Michael Caljouwand Seconded by Council Member Mark
Gaunya.
The Motion Passed by a Unanimous Vote of the Council Members Present.
Held via video conference

Members Participating by video conference or by phone:

Gary D. Anderson, Chairman, Commissioner Division of Insurance
Audrey Gasteier, designee of Louis Gutierrez, Exec Director, Massachusetts Health Connector
Lauren Peters, designee of Marylou Sudders, Secretary of Health and Human Services
Michael Caljouw, Blue Cross & Blue Shield, Health Insurance Carrier representative
Lora Pellegrini, Massachusetts Association of Health Plans, Health Insurance Carrier representative
Mark Gaunya, Health Insurance Broker representative
Rosemarie Lopes, Insurance Broker representative
Rina Vertes, Health Insurance Industry Actuary
Amy Rosenthal, Small Group/Individual Health Insurance Purchaser representative
Patricia Begrowicz, Small Group/Individual Employer representative
Jon Hurst, Health Insurance Business Community representative
Joshua Archambault, Health Insurance Business Community representative
Wendy Hudson, Small Group/Individual Employer representative

Attending to the Council:

Kevin P. Beagan, Deputy Commissioner, Health Care Access Bureau, Division of Insurance
Michael D. Powers, Counsel to the Commissioner Division of Insurance
Jackie Horigan, Director Consumer Services Section Division of Insurance

Call to Order

Chairman Gary D. Anderson called the meeting to order at 2:04 PM.

Ms. Horigan called a roll of the Council Members and reported a quorum was present.

Membership

Mr. Beagan noted that HMO-reported membership for August 2020 was very similar to that of July 2020. There were further declines in commercial membership – 1,614 in small group; 16,791 in large group; and 2,764 in ASO (Administrative Services Only self-funded business) – offset by increases in individual (5,686) and governmental (19,713) accounts.

In comparing April 2020 to August 2020 membership, commercial coverage – including ASO – has decreased by 56,147 (1.2%) but governmental programs increased by 49,687 to fill the gap. Mr. Beagan reiterated that the Division will continue to monitor this information but that concerns about a dramatic drop in coverage have so far not materialized.

Ms. Rosenthal acknowledged the work of the Executive Office of Health and Human Services during the COVID-19 crisis and stated the importance to keep MassHealth strong because consumers never know when they may need to go on it.

Minutes

Chairman Anderson asked the group to review the minutes from the September 10, 2020 meeting, which had been shared in advance of the meeting, and vote on approval. Mr. Gaunya made a motion to accept the minutes as drafted and Ms. Lopes seconded the motion. The minutes were unanimously approved with no discussion.

Discussion of Policy Options:

Chairman Anderson asked Mr. Beagan to lead a scheduled discussion of policy options.

Addressing Rising Health Care Costs

Mr. Beagan noted that a few members wished the Council to talk about rising health care costs – even if outside the scope of the Council - and consider whether more work was needed to stem health care cost pressures. Mr. Beagan highlighted items within the Governor’s 2019 Health Reform Bill that would stress increasing investments in primary care and addressing facility fees and drug prescription costs. He asked if MMAC members had thoughts about cost control.

Mr. Hurst noted that the recently announced average rate change of 7.9% increase for 1Q21 merged market premium rates is high and noted that consumers need to know why it costs so much and what these costs were getting them, especially with rising deductibles and copays. Ms. Vertes agreed the rate increase is eye-catching and noted there continues to be a wide variation in health care practitioner payment rates (unit cost) that leads to higher costs. Ms. Vertes explained that doctors and hospitals have different rates for a standard set of services, such as an appendectomy or MRI which may cost \$1,000 in one place and \$4,000 elsewhere. Ms. Vertes encouraged the Council to foster ideas where patients are aware of the differences. Mr. Gaunya noted that the most expensive facility is not necessarily the best and quality is often comparable.

Mr. Gaunya noted that unit costs are a challenge and suggested that price transparency requirements established in Chapter 224¹ should be better publicized and patients should know that they can ask for the price of services. Mr. Hurst and Mr. Caljouw added that transparency means little if it has no effect on premiums.

Ms. Peters noted the coverage that businesses choose impacts what they pay since carrier premiums can vary significantly. Consumers should pay attention to not only what provider to go to, but also what carrier offers the best products for them. Mr. Caljouw noted that there should be further thought to reward consumers for making smart choices about where to get care and suggested that tiered and limited network products encouraged the patients’ use of lower cost care.

Ms. Pellegrini and Ms. Rosenthal thought the Council should support efforts by HPC, CHIA, and others studying underlying costs, such as prescription drug costs that affect all health plan costs. Mr. Archambault thought that there should also be studies looking at providers’ scope of practice and whether more care could be provided by less expensive providers.

¹ Chapter 224 of the Acts of 2012, “An Act Improving the Quality of Health Care and Reducing Costs Through Increased Transparency, Efficiency and Innovation.”

Equalizing how Carriers Offer Products across Submarkets

Mr. Beagan presented a slide deck² (attached) about products offered in the Merged Market. By law, all must be made available to all eligible individuals and small employers, but carriers do not actively market all products in all submarkets. Among the points noted in the slide deck:

- only a handful of carriers offer ConnectorCare products;
- two ConnectorCare carriers do not offer preferred provider plans and individual preferred provider plan membership is concentrated in just a few carriers;
- not every carrier offers both a tiered or a limited network product.

Mr. Beagan indicated that the Governor's Health Reform bill proposed changes to the statute that would require that every product be identified on carrier websites and marketed to all merged market members and there appeared to be Council support for these provisions. Mr. Beagan asked if Council members had thoughts whether products be offered by every carrier in every submarket.

ConnectorCare Products

Ms. Gasteier asked if every carrier should be added to the ConnectorCare offerings. Mr. Caljow noted that the products not in ConnectorCare cost more than the most popular ConnectorCare products and adding choice would not necessarily reduce cost. Ms. Rosenthal noted that the Connector should have a sufficient amount of choices to make sure consumers can afford a level of care, and it doesn't make sense to offer plans on the Connector just for the sake of offering them if consumers cannot afford them.

Ms. Pellegrini felt that the market should decide who participates in ConnectorCare and Mr. Gaunya added that it would not be optimal for rules to dictate where carriers compete except to require that products offered on the Connector also be available off-Connector.

Preferred Provider Plans

Ms. Vertes did not think there was a need to require every carrier to offer a preferred provider plan since every HMO plan already offers generous networks with access to care. She felt that people only purchase preferred provider plans because they don't want to go through the process of getting a referral. She thought that equalizing the offer of these plans would not improve the market and the problem remains that unit costs are driven by the robustness of existing provider networks.

Limited Network/Tiered Network Products

Ms. Pellegrini indicated that state law requires almost every carrier to offer either a tiered or limited network product that costs 14% less than a full network product. Ms. Peters suggested that the drafters required the 14% differential to incentivize employers/consumers to buy those plans and asked what could be done to incentivize employers to buy these products. Mr. Hurst noted that the cost differential should be at least 25% to get employers to buy these plans.

Ms. Pellegrini indicated there continues to be problems with developing these products because of statutory provisions that allow providers a 60-day right to opt-out of a product. This prevents the development of meaningful tiered products with greater premium differentials or cost-sharing

² Developed by Bob Carey as part of the work conducted by Gorman Actuarial.

differential between tiers. Mr. Gaunya said that what is most important to employers/consumers is: 1) whether their doctor is in the network and 2) whether their hospital is in the network. Mr. Hurst noted that no employer is going to make their employee go to a plan where the employee's doctor is not part of the network. He felt limited network products should be an option but not a mandate.

Ms. Lopes noted that tiered products have picked up speed with her clients because business owners don't want to lose choice. Ms. Vertes stated that tiered networks have potential to address some of the cost concerns, but the current design of tiered networks don't provide enough financial differentiation for consumers to choose between providers in one tier versus another. Ms. Rosenthal noted that her organization receives thousands of calls about tiered network products because they are confusing, and it is challenging to educate the public about them.

Ms. Vertes stated that there should be more reference-based pricing where the consumer pays a provider's cost beyond what is a reasonable amount. If the agreed amount is \$1,000 and the provider charges up to that rate, the plan pays the whole amount; however if the provider charges more, then the consumer is responsible for the rest.

Mr. Caljouw stated that the current statute allows for smart tiering/smart network and that there was room for more of these products to be developed to address cost and choice.

Regional Network Products

Mr. Beagan indicated that certain members suggested a need for regional network options to encourage members to seek care locally. Ms. Begrowicz reminded the Council that her area could benefit from such plans and tiered networks aren't available in Western MA. Mr. Caljouw said carriers have had difficulty developing such plans based on negotiations with providers. Ms. Pellegrini thought carriers would address this as their systems allowed.

Conclusion:

Mr. Beagan noted that in the next meeting, the Council would discuss alternate options like PEOs. He also identified that the November meetings would be on November 4 and 17.

Commissioner Anderson thanked the Council Members and the presenters for their participation, and reiterated that it is very important that every member of the Council is heard and that the Council can work toward a consensus. He stated that the next meeting of the Council will be on Wednesday, October 7, 2020 at 2 P.M. and that the meeting would be held virtually using the same Teams platform. Chairman Anderson called for a motion to adjourn. Mr. Gaunya made the motion, and it was seconded by Mr. Hurst. The motion passed by a unanimous vote of the Council Members, with Chairman Anderson abstaining.

Whereupon, the Council's business was concluded.

These minutes are exempt from the requirements of M.G.L. c. 30A, § 22(a) based on the definition of a "public body" as defined under c. 30A, § 18.

List of Documents provided at the Council meeting:

- 1. Draft minutes of the September 10, 2020 Council meeting that were approved at the September 23, 2020 meeting.**
- 2. Aggregate HMO membership in Massachusetts health plans as of August 30, 2020.**
- 3. Merged Market Products Presentation.**
- 4. Proposed workflow of meeting.**