
Massachusetts Commercial Medical Care Spending: Findings from the All-Payer Claims Database

2010-2012

Medical Claims Payments for the Three Largest Commercial Payers

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center
for health
information
and analysis

HEALTH
AND POLICY
COMMISSION

In Partnership

Introduction

This **chartpack** presents **trends** in combined commercial medical claims spending for the state's **three largest commercial payers** based on data submitted to the **All-Payer Claims Database** (APCD).

The accompanying **databook** enables the public to view and analyze data directly, while **technical notes** explain the methods used.

Over time, **CHIA** and the **HPC** intend to extend their reporting of APCD data to include additional public and private payers and additional types of spending.

This report is a joint publication of The Center for Health Information and Analysis (CHIA) and the Health Policy Commission (HPC). CHIA and the HPC are independent state agencies that share a mission to monitor the Massachusetts health care system.

About the data

What data is included in this report?

Included

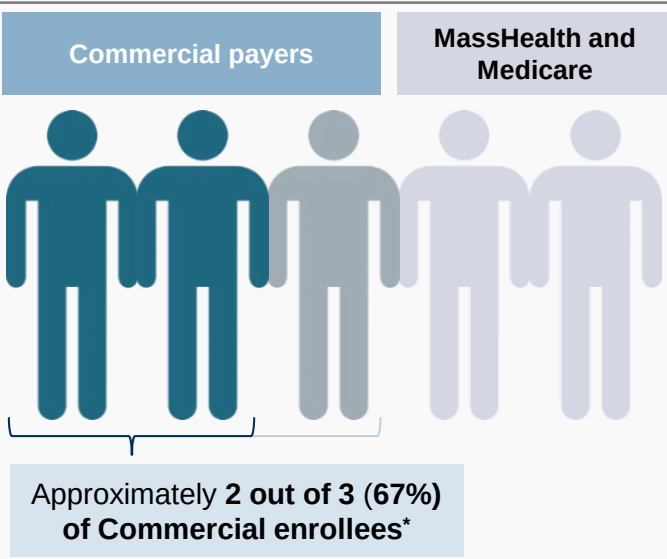
- **Medical claims-based payments** submitted to the APCD for Massachusetts residents insured by one of the state’s **three largest commercial payers**: Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care and Tufts Health Plan.
- Payments include member **out-of-pocket spending** on deductibles and copayments.
- Calendar years 2010, 2011 and 2012, paid through June 2013.

Excluded

- Other commercial payers, Medicare, and MassHealth.
- **Pharmacy claims, dental claims, and payments made outside the claims system**, such as capitation payments, pay-for-performance and shared savings.
- Any medical claims payments not submitted to the APCD by the three largest commercial carriers.

What is included in this report?

Covered lives in MA insurance market, by payer (~97% of MA residents in 2012)



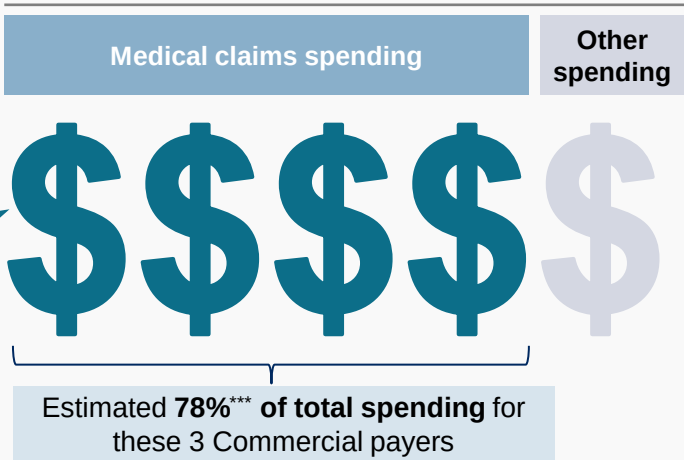
Payers included in this report:

- **Blue Cross Blue Shield of MA**
- **Harvard Pilgrim Health Care**
- **Tufts Health Plan**
- *These are the top 3 Commercial payers by enrollment in MA*
- *Does not include enrollees in other Commercial payers , MassHealth or Medicare*

These 3 Commercial payers cover **36% of all Massachusetts residents****

What payers are included?

Spending for top 3 Commercial payers



Spending included in this report:

- **Medical claims**
- *Does not include pharmacy, dental, non-claims payments, and spending not reported to the APCD*

What spending is included?

Key findings

Medical spending	• The average annual growth of per member per month (PMPM) medical claims-based spending was 2.9% between 2010 and 2012, from \$330 to \$350. • Enrollment in the three largest commercial plans declined 2.8 percent per year over the same period.
Out-of-pocket spending	• Members' out-of-pocket spending rose from 6.9% of medical spending to 7.7% percent between 2010 and 2012. • In 2012, 7.4% of members spent more than \$1,000 on deductibles, coinsurance and copayments for their medical claims.
By categories of service	• The fastest growing category of service was outpatient facility claims, which grew at 8% per year and made up 18% of spending in 2012.
By type of episode	• Joint degeneration, pregnancy with delivery, and routine exam were the types of episodes with the highest spending growth in 2012. • Spending growth was concentrated by episode, with 10 episode types making up 44% of growth.
By region	• PMPM spending varied from a high of \$429 in the Cape and Islands to a low of \$306 in the Pioneer Valley/Franklin region. • Risk scores were lowest in the Central MA and Metro Boston regions and highest in the Cape and Islands region. Risk scores measure expected spending, based on a population's age, sex, and burden of illness

Commercial Medical Care Spending 2010-2012

Overview

Out-of-pocket
spending

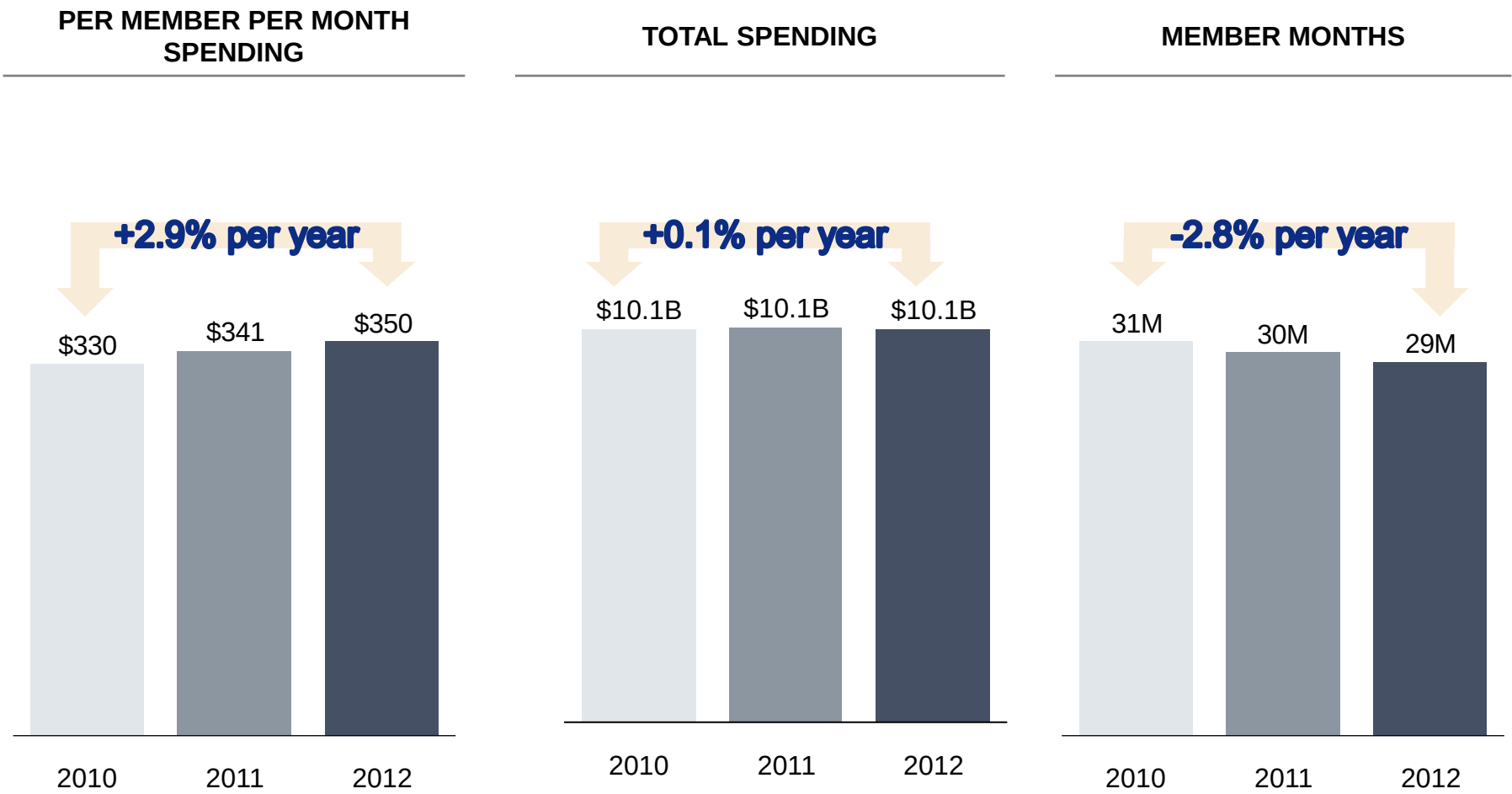
By category
of service

By type of
episode

By region

PMPM spending on medical claims increased by 2.9% annually between 2010 and 2012; member months declined 2.8% annually over the same period

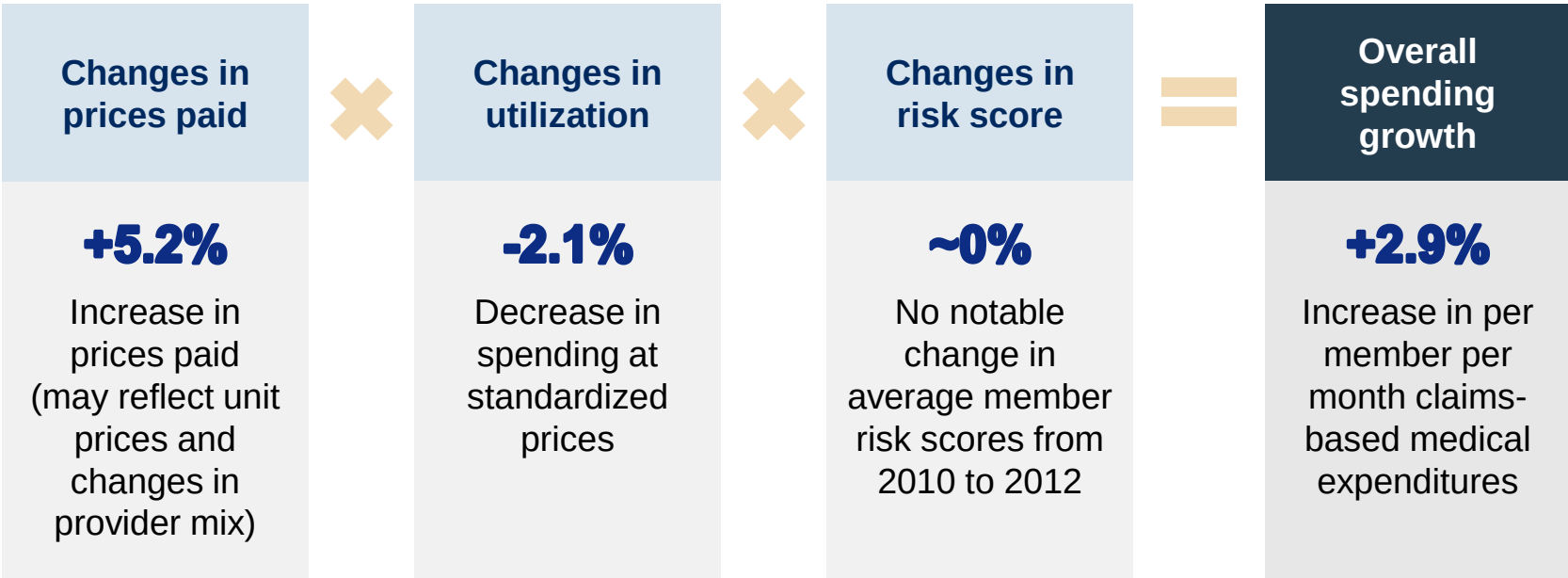
Overall



Source: The Lewin Group analysis of medical claims data from the Massachusetts's All-Payer Claims Database, three major commercial payers. Databook Exhibit 1.

The increase in per person spending was due to higher prices paid; the quantity of care used declined, and there was no change in members' average risk score between 2010 and 2012

Overall



Note: The change in quantity is calculated by re-pricing all services using a standardized fee schedule. The change in prices paid is the residual change in PMPM spending. Risk scores measure expected health care spending, based on a population's age, sex, and burden of illness, as observed in claims data. Risk scores were calculated using the Symmetry Episode Risk Group software.

Source: The Lewin Group analysis of medical claims data from the Massachusetts's All-Payer Claims Database, three major commercial payers Databook Exhibits 4 and 5.

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Commercial Medical Care Spending 2010-2012

**Out-of-pocket
spending**



By category
of service

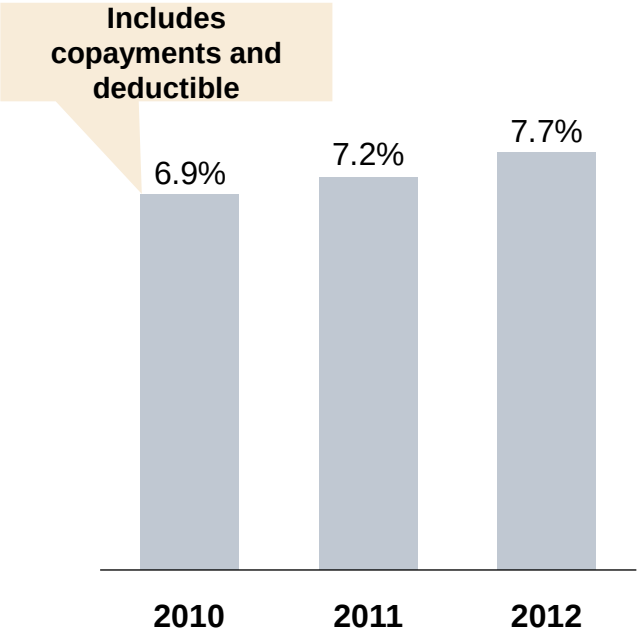
By type of
episode

By region

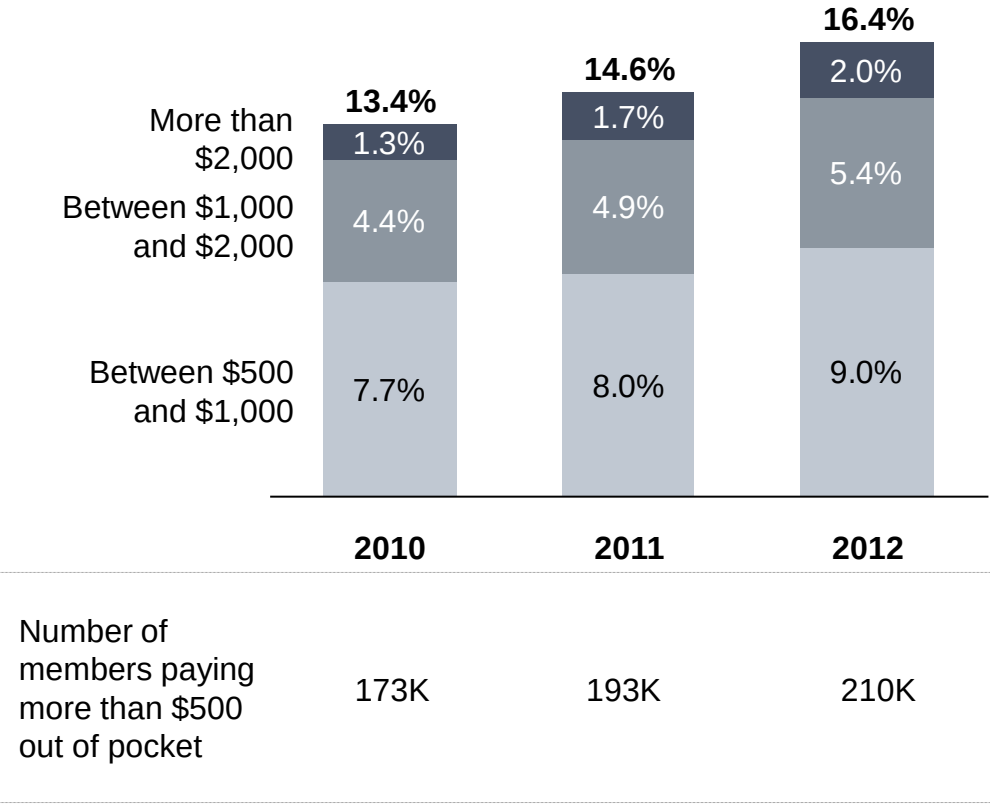
Members' out-of-pocket spending for medical claims increased as did the percentage and number of members with high out-of-pocket spending

Out-of-pocket

OUT-OF-POCKET SPENDING AS PROPORTION OF TOTAL MEDICAL CLAIMS SPENDING



PERCENTAGE OF MEMBERS BY OUT-OF-POCKET SPENDING FOR MEDICAL CLAIMS

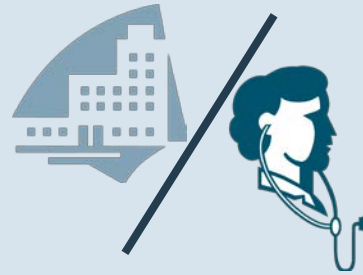


Note: Out-of-pocket spending is for medical claims only. Analyses include all members, including those with part-year enrollment.
Source: The Lewin Group analysis of medical claims data from the Massachusetts's All-Payer Claims Database, three major commercial carriers.
Databook Exhibits 1 and 3.

Commercial Medical Care Spending 2010-2012

Out-of-pocket
spending

**By category of
service**

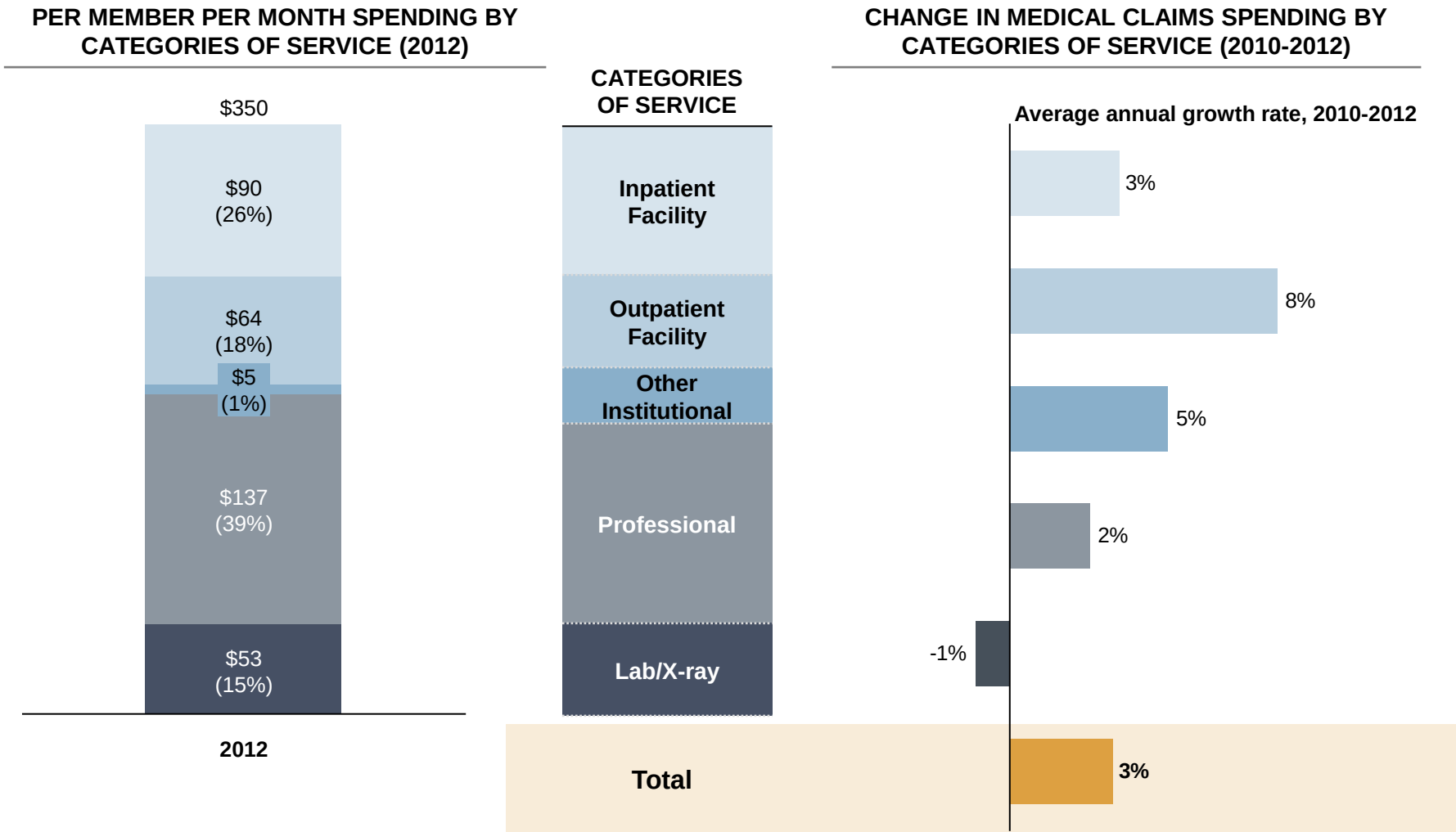


By type of
episode

By region

The fastest growing category of service was outpatient claims, which grew at an average of 8% per year and made up 18% of spending in 2012

Categories of service



Commercial Medical Care Spending 2010-2012

Out-of-pocket
spending

By category
of service

By type of
episode



By region

Spending growth was concentrated, with 10 types of episodes making up 44% of growth in PMPM spending between 2010 and 2012

Episodes of care

KEY FINDINGS ABOUT EPISODES WITH HIGHEST GROWTH IN PMPM SPENDING BETWEEN 2010 and 2012

- **44% of PMPM growth** between 2010 and 2012 was concentrated in just **10 types of episodes** and the top **20 types of episodes** by growth of PMPM accounted for **61% of PMPM growth**
- **Joint degeneration, pregnancy with delivery, and routine exam** were the episode types with the largest contribution to growth in PMPM spending, as well as the highest PMPM spending levels (data not shown)
- Among the 10 episodes by growth of PMPM, PMPM spending for **autism and child psychosis, routine inoculation, and opioid / barbiturate dependence** grew at the highest percentage rates, although the *levels* of PMPM spending were lower

DETAILS ON THE 10 EPISODES WITH HIGHEST PMPM SPENDING GROWTH BETWEEN 2010 AND 2012

	PMPM 2010	PMPM 2012	Average annual growth rate 2010-2012	Percent of total PMPM growth between 2010 and 2012
Joint degeneration	\$18.23	\$20.09	5%	9%
Routine exam	\$11.07	\$12.51	6%	7%
Pregnancy with delivery	\$14.20	\$15.29	4%	6%
Autism & child psychoses	\$0.48	\$1.18	57%	4%
Mood disorder, depressed	\$7.31	\$8.00	5%	4%
Routine inoculation	\$1.15	\$1.83	27%	4%
Non malignant neoplasm of small intestine & abdomen	\$3.37	\$3.98	9%	3%
Septicemia	\$1.63	\$2.21	17%	3%
Opioid/barbiturate dependence	\$0.63	\$1.15	35%	3%
Anxiety disorder/ phobia	\$1.49	\$1.89	13%	2%
Subtotal for top 10 episodes	\$59.54	\$68.14	7%	44%
Subtotal for top 20 episodes	\$83.73	\$95.81	7%	61%
Total (348 episodes)	\$329.96	\$349.64	2.9%	100%

What is an episode of care?

An episode of care is a unit of analysis consisting of the set of services used to treat one occurrence of one condition for one patient. For example, one episode of “pregnancy with delivery” would include office visits for checkups, lab tests and inpatient admission for one pregnancy for one patient.

Note: Episodes were produced using version 82 of the Episode Treatment Group (ETG) software. Episodes shown in this analysis are based on the 4-digit ETGs. Episodes for pharmacy only, invalid codes, and orphan records were excluded.

Source: The Lewin Group analysis of medical claims data from the Massachusetts’s All-Payer Claims Database, three major commercial carriers. Databook Exhibit 9.

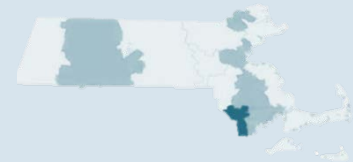
Commercial Medical Care Spending 2010-2012

Out-of-pocket
spending

By category
of service

By type of
episode

By region

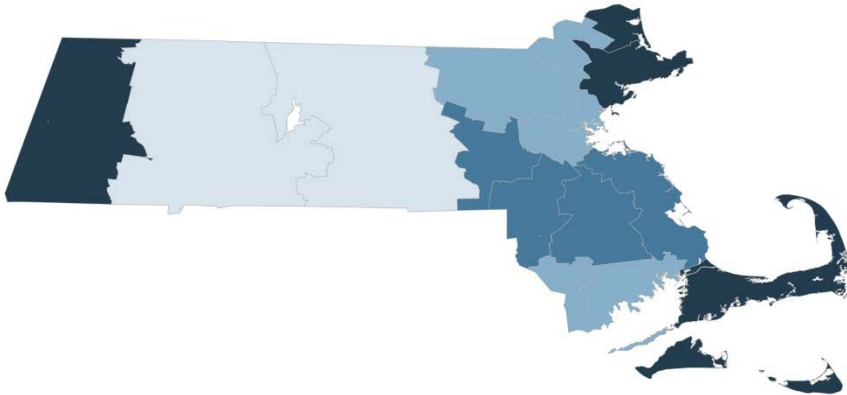


The Cape and the Islands had the highest per member per month spending and the highest risk score.

By region

PER MEMBER PER MONTH (PMPM) SPENDING COMPARED TO STATE AVERAGE

- At least 5% below (less expensive than) state average
- Between 5% below state average and exactly state average
- Between state average and 5% above (more expensive than) state average
- More than 5% above (more expensive than) state average



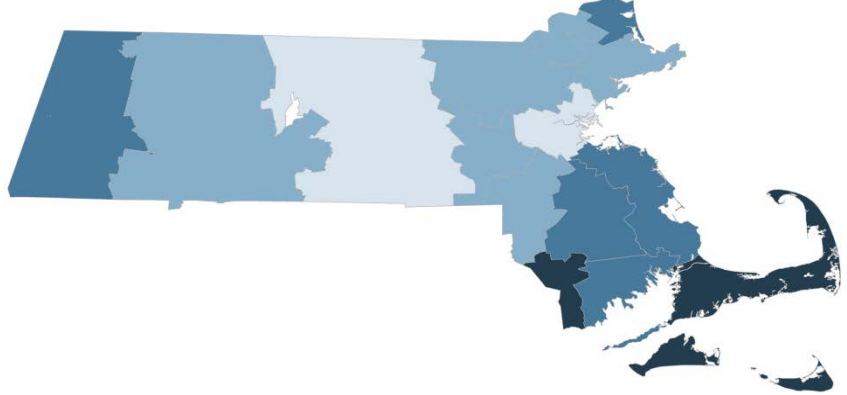
State Average PMPM \$350

Lowest PMPM Pioneer Valley/Franklin
\$306 – 12% lower than state average

Highest PMPM Cape and Islands
\$429 – 23% higher than state average

RISK SCORE COMPARED TO STATE AVERAGE

- Between 2% and 6% below state average
- Between 2% below and 2% above state average
- Between 2 % and 6% above state average
- More than 6% above state average



Lowest risk score tie

Central Massachusetts and Metro Boston
4% better than state average

Highest risk score

Cape and Islands
11% worse than state average

Note: Risk scores measure expected health care spending, based on a population's age, sex, and burden of illness, as observed in claims data. Risk scores were calculated using the Symmetry Episode Risk Group software and are limited to members with six months of enrollment in one year. Divisions of categories for the maps were made at points with more than 2% difference between regional values and also at state average for PMPM.

Source: The Lewin Group analysis of medical claims data from the Massachusetts's All-Payer Claims Database, three major commercial carriers. Databook Exhibit 8.

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