

COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION



TECHNICAL APPENDIX B9
DEMAND-SIDE INCENTIVES

ADDENDUM TO 2016 COST TRENDS REPORT

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1 Summary

This appendix describes the Health Policy Commission’s (HPC) approach to the analyses contained in **Chapter 9: “Demand-side Incentives”** of the 2016 Cost Trends Report.

2 Comparing premiums by market segment

2.1 Data

The analysis was based on the underlying data reported in the Center for Health Information and Analysis’ (CHIA) 2016 Annual Report on the Performance of the Massachusetts Health Care System. To better compare premiums across group sizes, this data was further adjusted by Oliver Wyman by applying common risk adjustment factors (for age, gender, and actuarial value) for all insurers in the data – this data was provided to HPC upon special request.

2.2 Definitions

CHIA uses the following group size definitions: the small group market includes firms with 50 or fewer employees, the mid-size market includes firms with 51-100 employees, the large group market includes firms with 101-499 employees and the jumbo group market includes firms with 500 or more employees.

Additional detail is available in CHIA’s Technical Appendix accompanying the premium data.¹

2.3 Analysis

Premiums are expressed relative to the average reported premium amounts (scaled premiums, net of MLR rebates) for the small group market in 2013 as reported in the data book associated with the 2016 annual report (see tab 9).

3 HPC survey of Massachusetts employers

3.1 Data

The HPC contracted with Associated Industries of Massachusetts (AIM) to design a survey that was emailed to 3,756 employers of various sizes throughout Massachusetts. The HPC received 188 responses—92 small firms, 38 mid-size firms, 46 large firms, and 11 jumbo firms. The HPC also convened a focus group of ten employers to follow-up on certain survey questions and to obtain more in-depth information on challenges and opportunities surrounding offering and management of health insurance benefits.

¹ Center for Health Information and Analysis. 2016 Annual Report Technical Appendix: Enrollment Cost of Coverage and Payer Use of Funds. 2016. Available at <http://www.chiamass.gov/annual-report>.

3.2 Definitions

For analyses of the survey data, the HPC used the same definitions for group size as the CHIA definitions previously listed.

3.3 Analysis

Data were analyzed unweighted as the sample was not large enough or conducted in a manner to achieve representativeness of all employers in Massachusetts.

4 CHIA survey of Massachusetts employers

4.1 Data

Additional data for this chapter was obtained via the underlying records obtained from CHIA's 2014 Massachusetts Employer Survey.²

4.2 Definitions

For analyses of the survey data, the HPC used the same definitions for group size as the CHIA definitions previously listed.

4.3 Analysis

For the purposes of analysis of the data, we sought to express results as representing employees in Massachusetts (by employer size) and not of employers, per se. We re-weighted employer-level responses using CHIA's survey weights associated with each employer multiplied by the number of employees in each firm as reported by the firm.

² Center for Health Information and Analysis. Massachusetts Health Employer Survey. 2014. Available at <http://www.chiamass.gov/massachusetts-employer-health-insurance-survey/>.

4| Technical Appendix Demand-side Incentives