

CENTER FOR HEALTH INFORMATION AND ANALYSIS

**PERFORMANCE OF THE
MASSACHUSETTS
HEALTH CARE SYSTEM**

ANNUAL REPORT
SEPTEMBER 2017

2016
THCE
Growth

Cost Drivers

**MAJOR
TOPICS**

APM Adoption

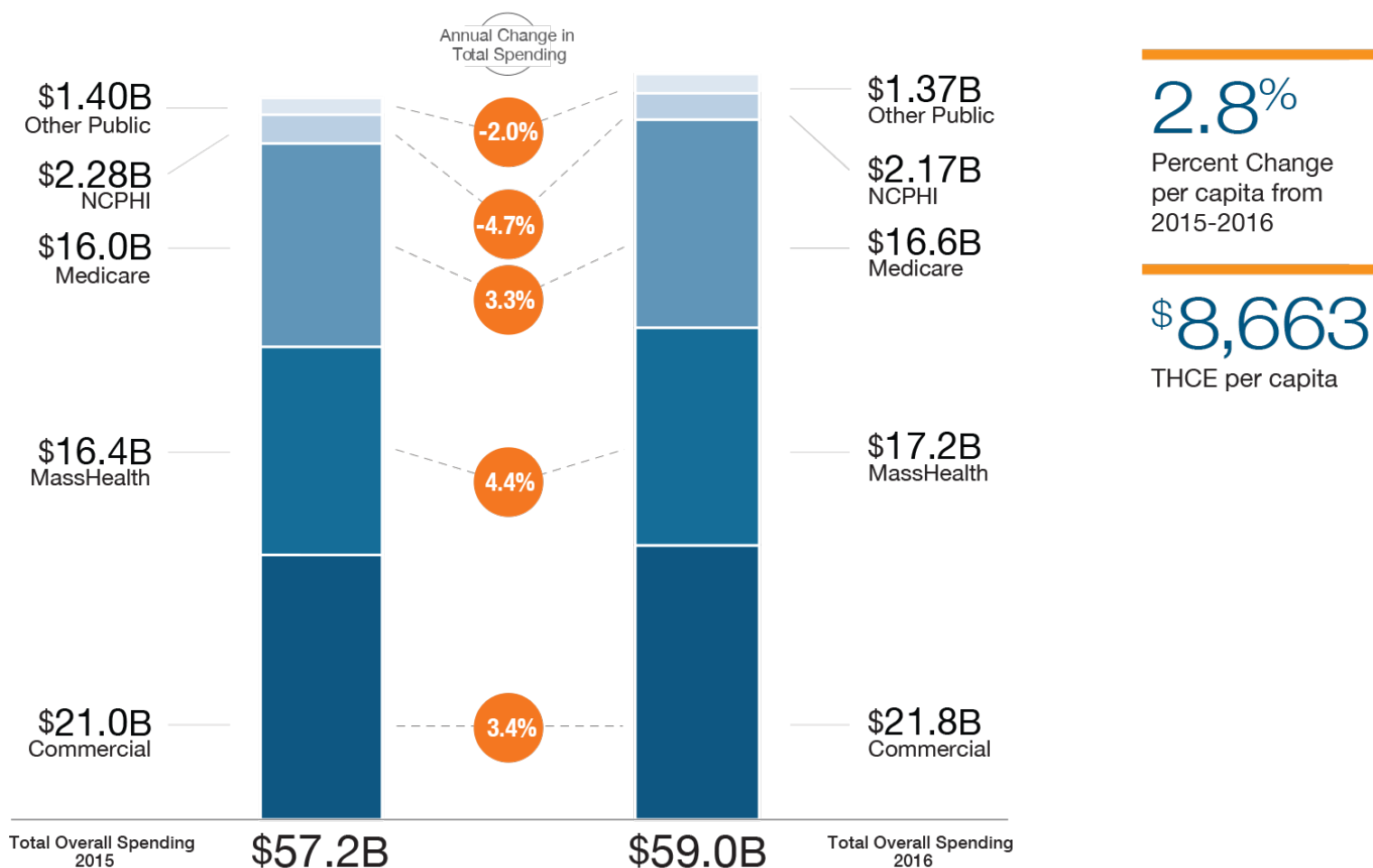
Cost of Coverage

Member
Cost-Sharing

Hospital
Readmits

Components of Total Health Care Expenditures by Insurance Category, 2015-2016

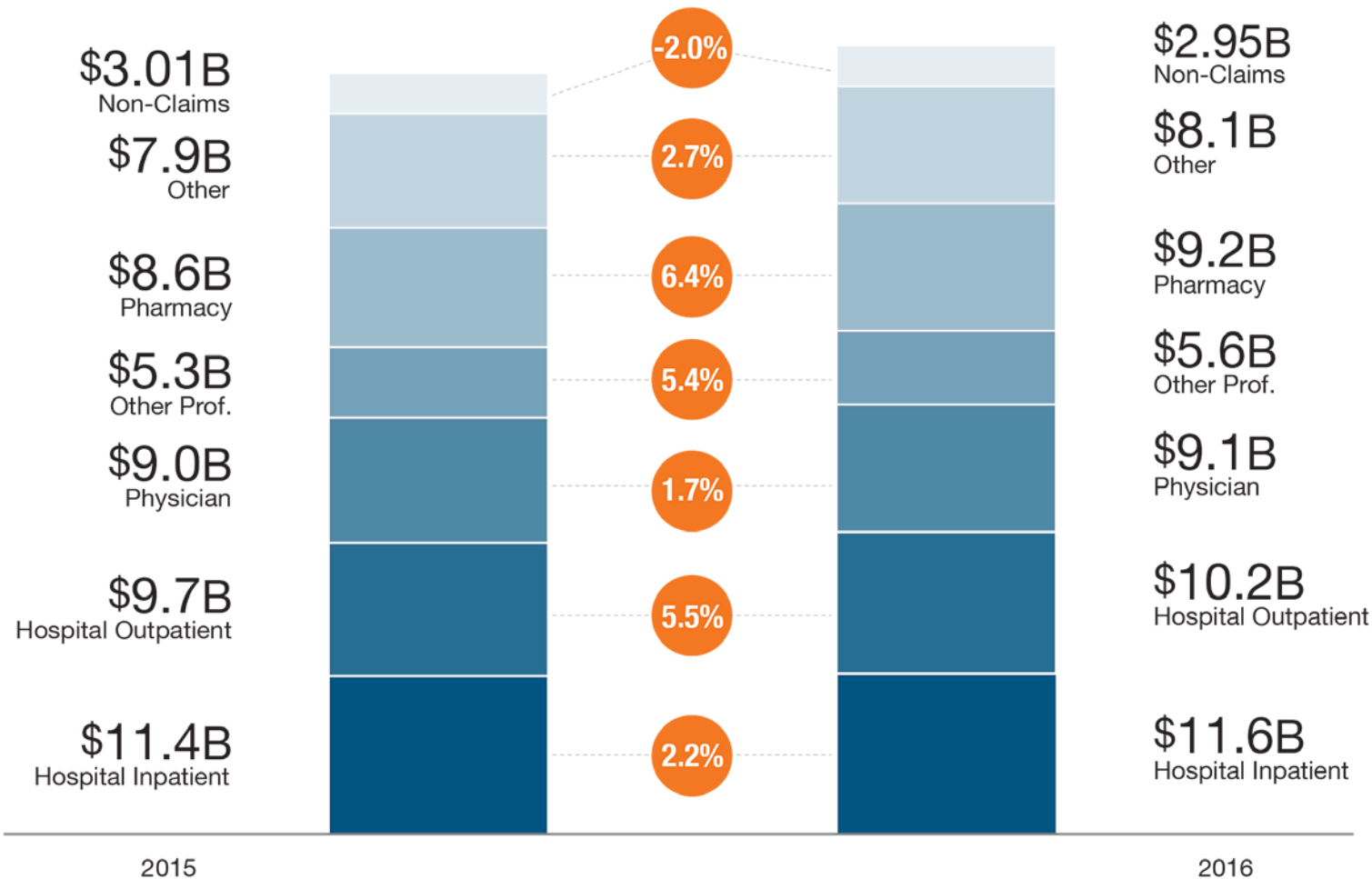
2016 THCE
Growth



OVERALL SPENDING INCREASED ACROSS ALL MAJOR INSURANCE CATEGORIES, BUT DECLINED FOR THE NET COST OF PRIVATE HEALTH INSURANCE.

Health Care Expenditures by Service Category, 2015-2016

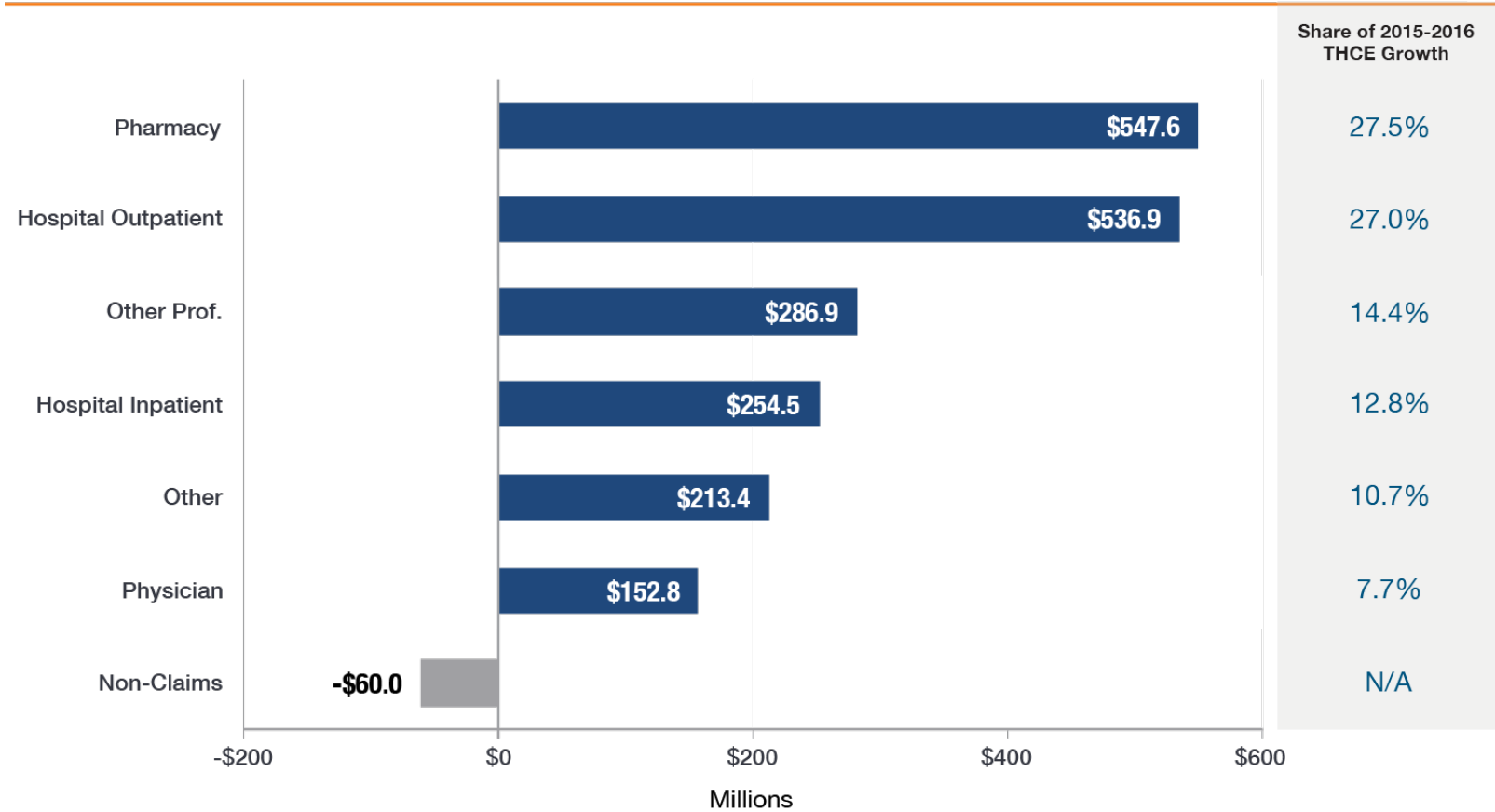
2016 THCE
Growth



HEALTH CARE SPENDING INCREASED IN ALL CLAIMS-BASED SERVICE CATEGORIES, WITH PHARMACY BEING THE LARGEST AT 6.4%.

Change in Health Care Expenditures by Service Category, 2015-2016

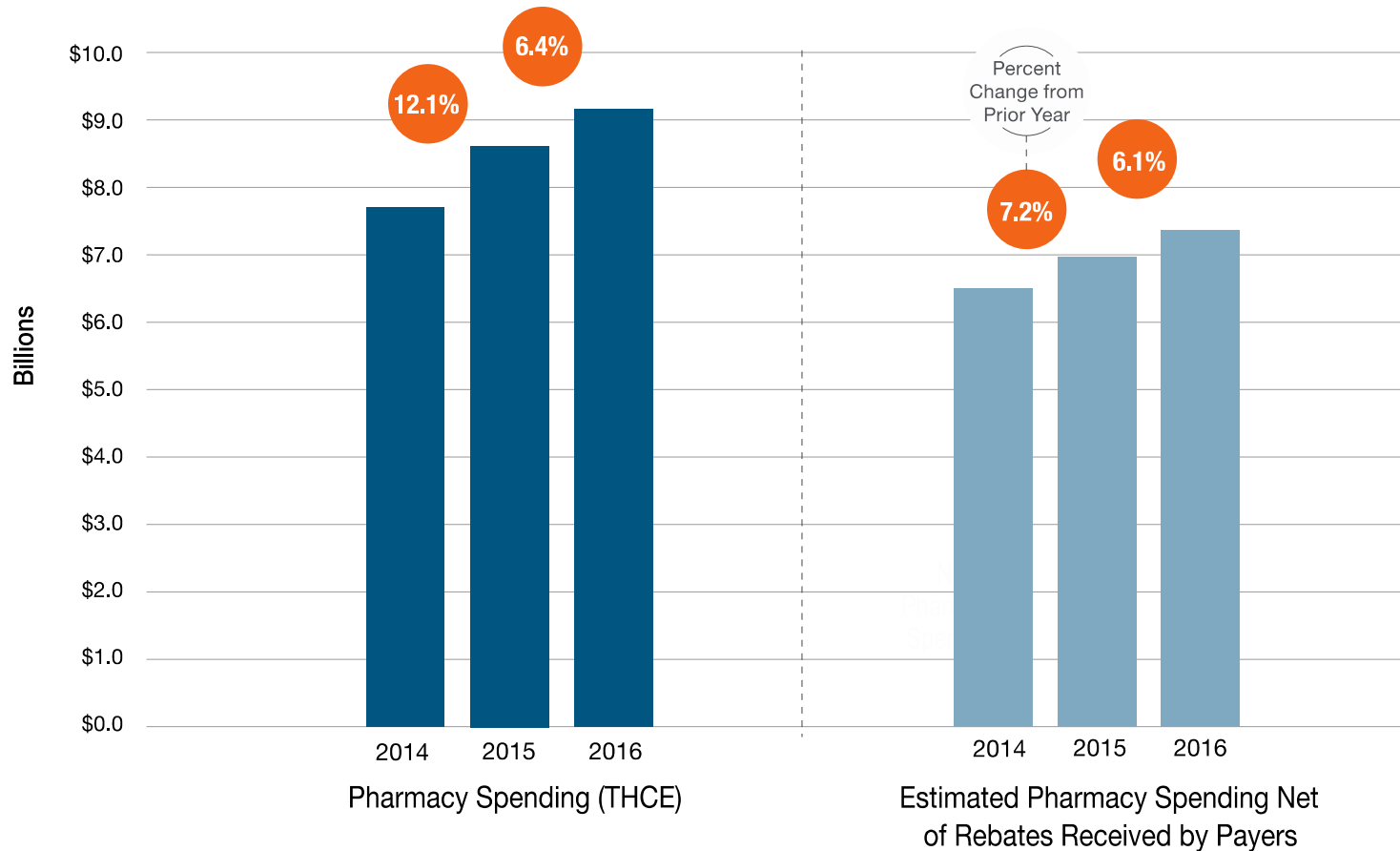
Cost Drivers



INCREASES IN PHARMACY AND HOSPITAL OUTPATIENT SPENDING WERE THE LARGEST DRIVERS OF THCE GROWTH BETWEEN 2015 AND 2016.

Estimated Impact of Rebates on Pharmacy Spending and Growth, 2014-2016

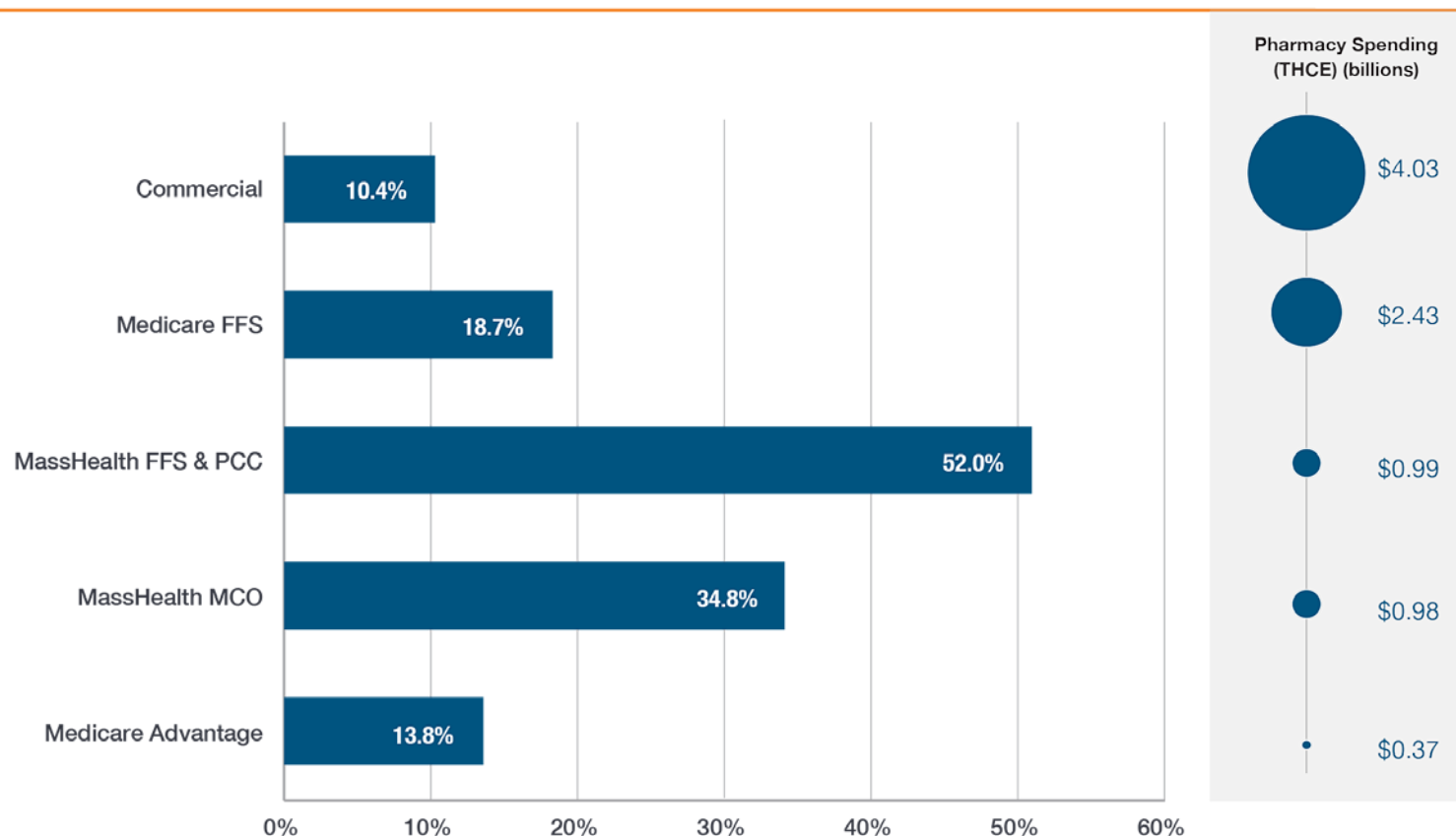
Cost Drivers



FROM 2015 TO 2016, PAYER PAYMENTS FOR PRESCRIPTION DRUGS GREW BY 6.4% IN THCE. ESTIMATED REBATES TO PAYERS WOULD REDUCE THIS RATE TO 6.1%.

Estimated Drug Rebate Proportion of Pharmacy Spending by Insurance Category, 2016

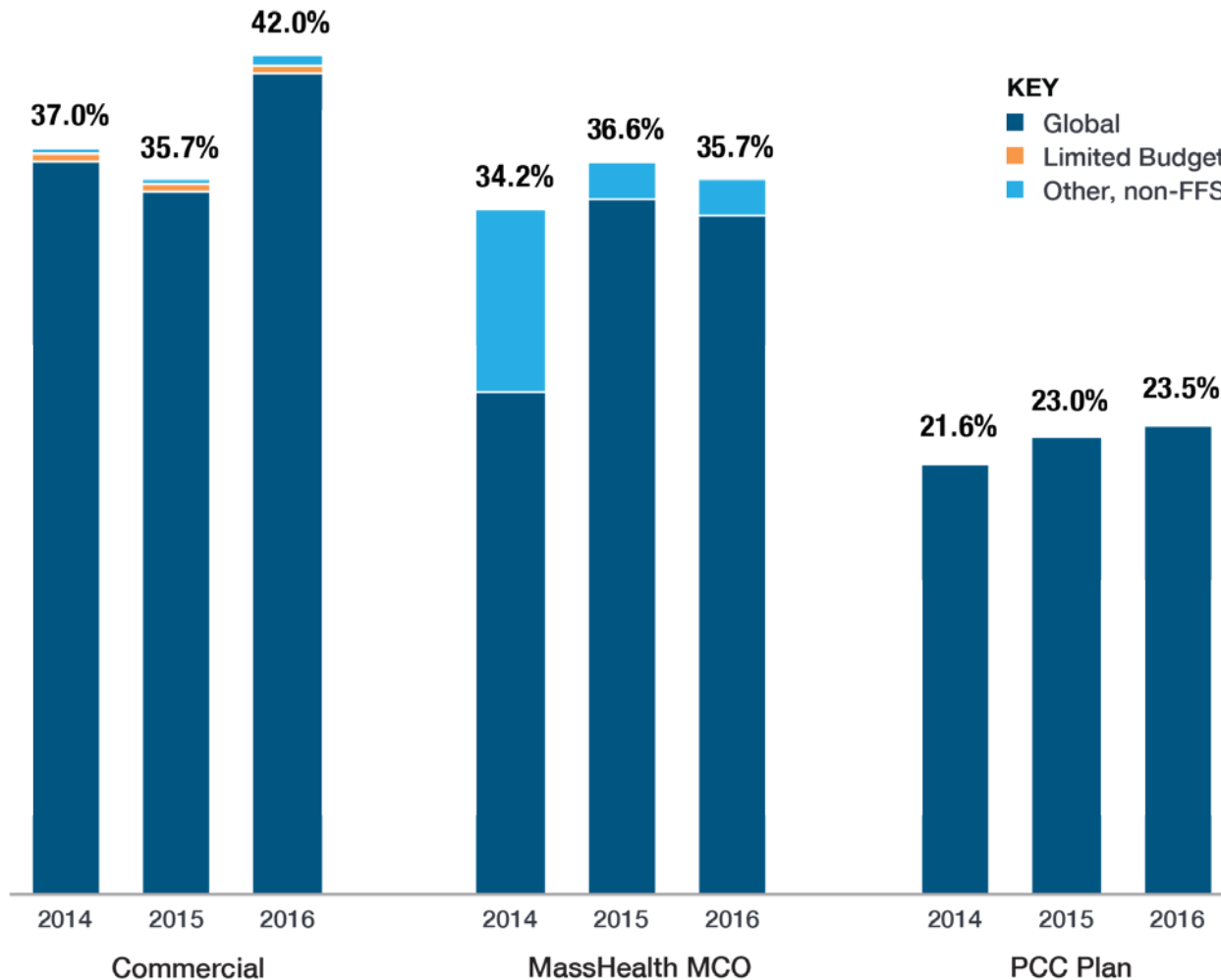
Cost Drivers



PHARMACY REBATES VARIED ACROSS INSURANCE CATEGORIES, FROM 10.4% IN THE COMMERCIAL MARKET TO 52.0% IN MEDICAID FFS AND PCC.

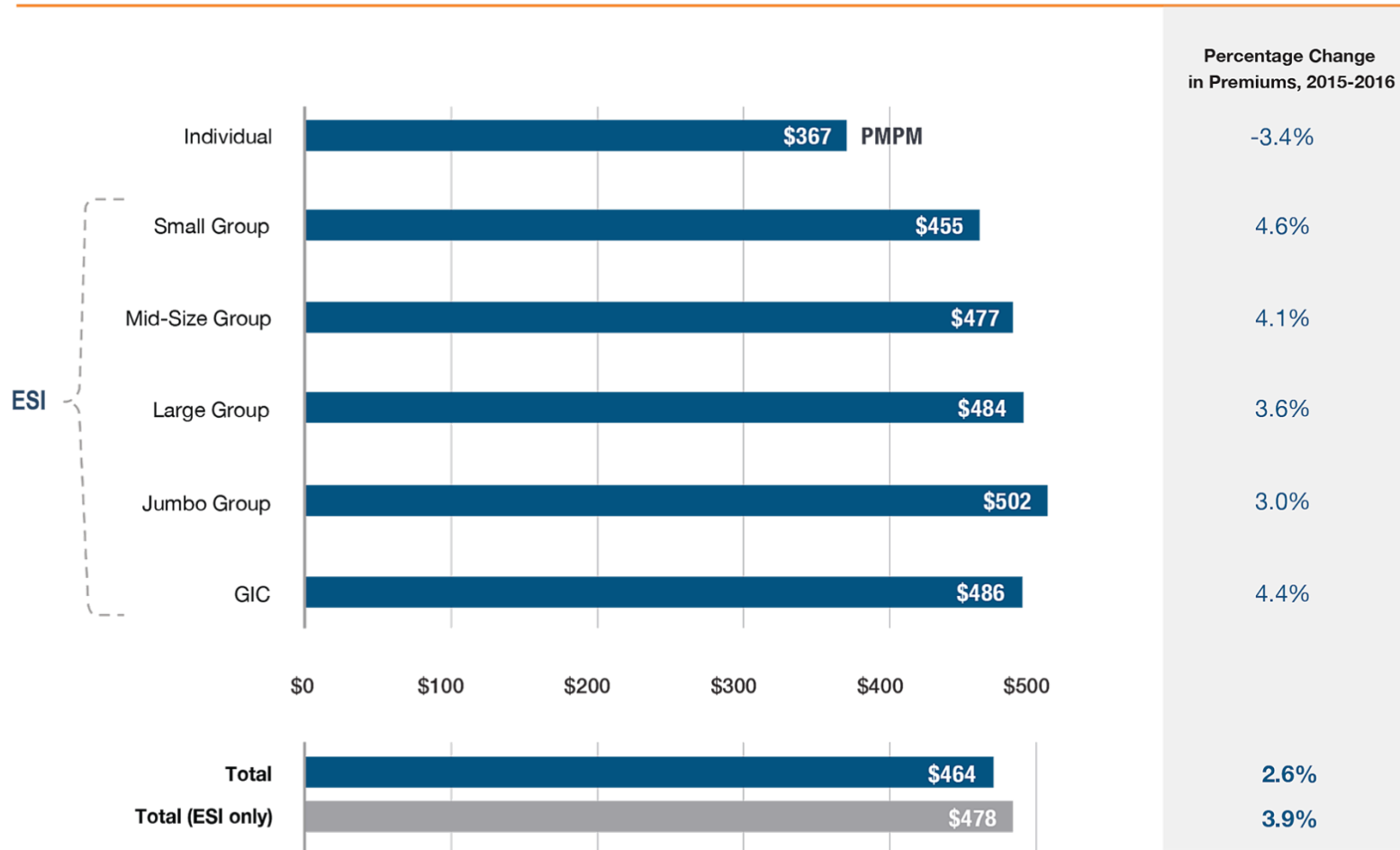
Adoption of Alternative Payment Methods by Insurance Category, 2014-2016

APM
Adoption



ADOPTION OF APMS INCREASED BY 6.3 PERCENTAGE POINTS IN THE COMMERCIAL MARKET IN 2016.

Fully-Insured Premiums by Employer Size, 2016

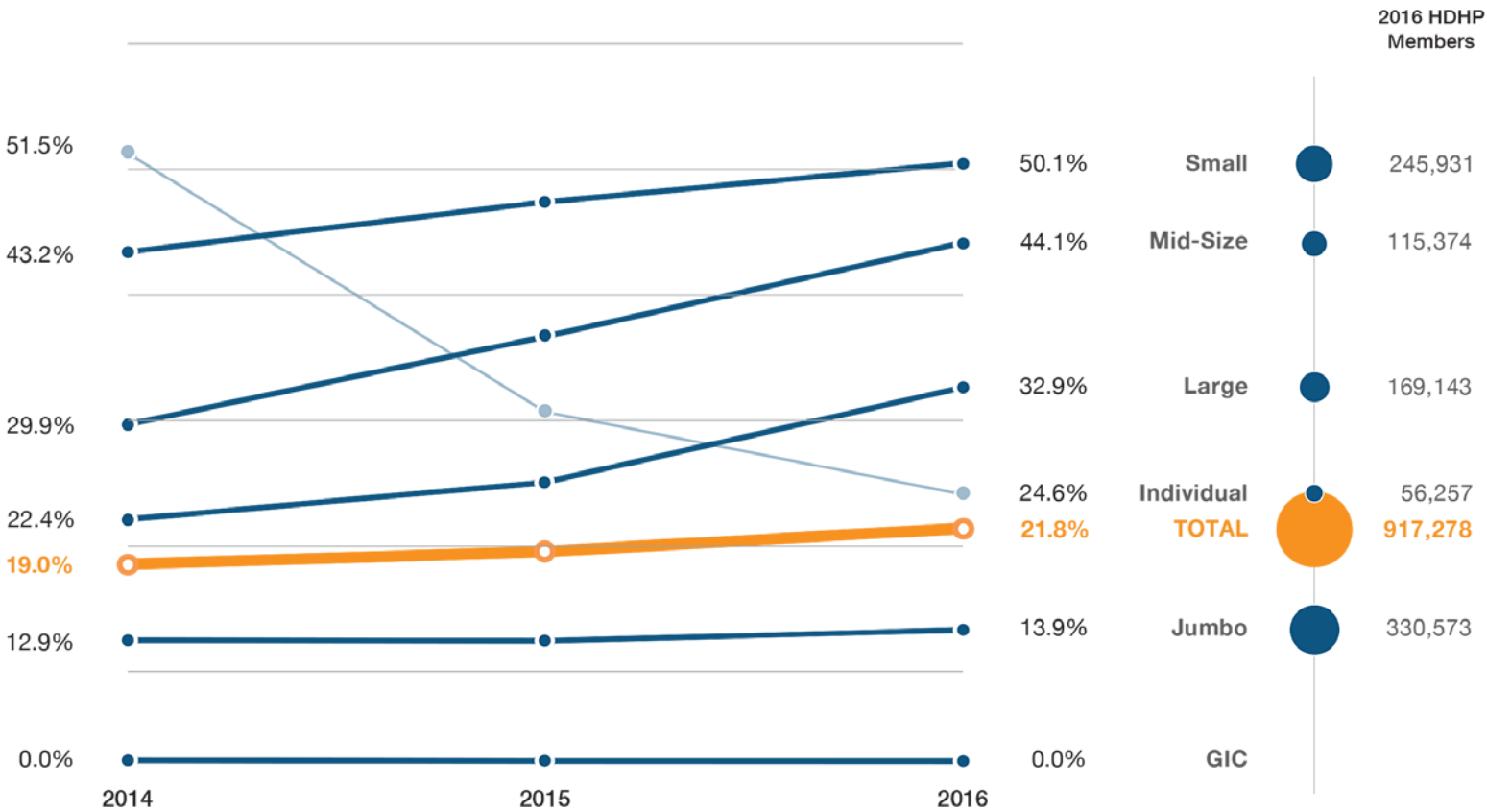


Cost of Coverage

INDIVIDUAL PURCHASERS WERE THE ONLY GROUP TO SEE THEIR PREMIUMS DECLINE IN 2016, DUE LARGELY TO MEMBERSHIP SHIFTS TOWARD CONNECTORCARE PLANS.

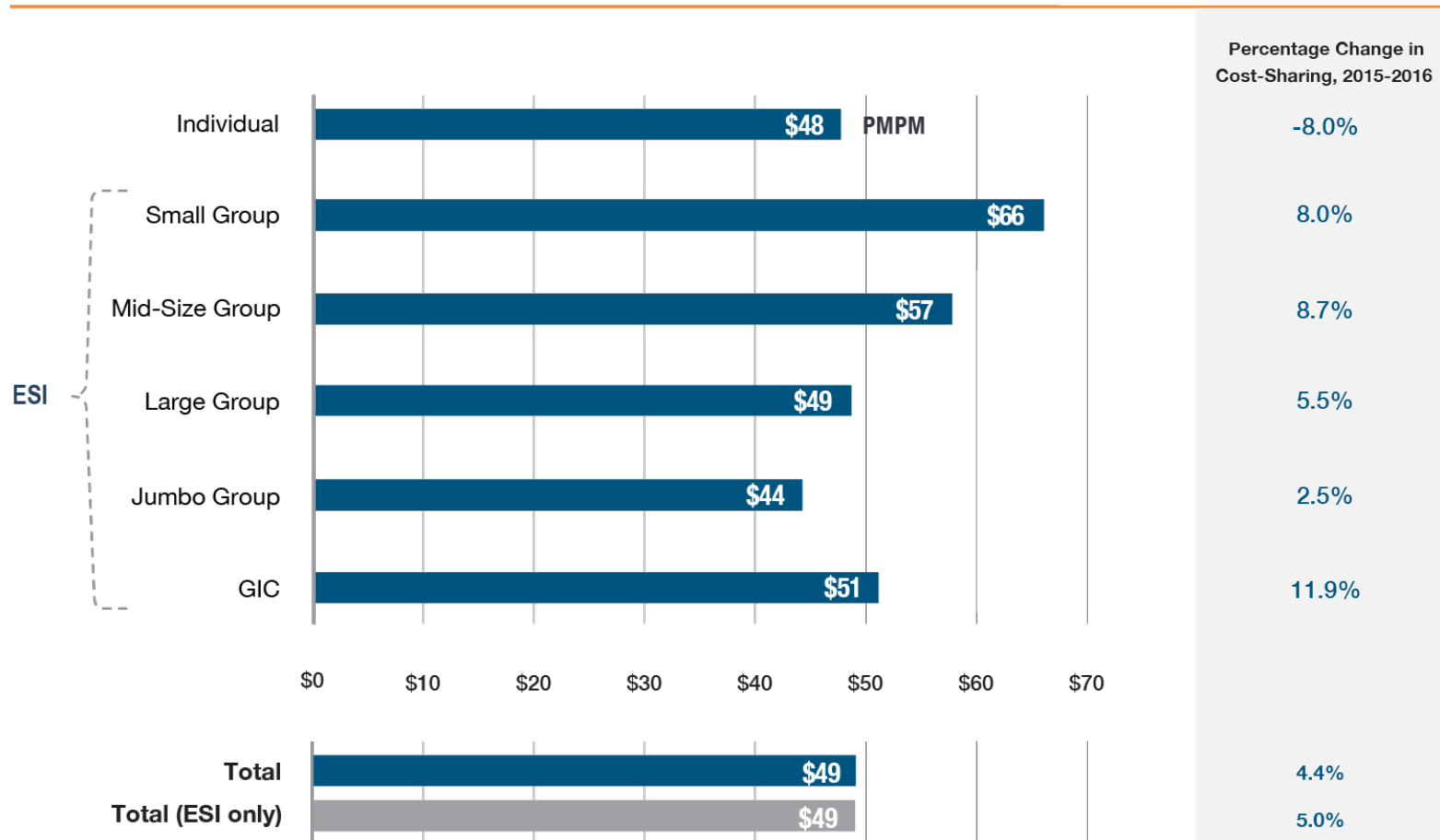
High Deductible Health Plan Prevalence by Employer Size, 2014-2016

Cost of Coverage



HIGH DEDUCTIBLE PLANS WERE MOST PREVALENT AMONG SMALL AND MID-SIZE EMPLOYERS, IN TERMS OF BOTH THE ABSOLUTE NUMBER AND PERCENTAGE OF MEMBERS.

Cost-Sharing by Employer Size, 2016



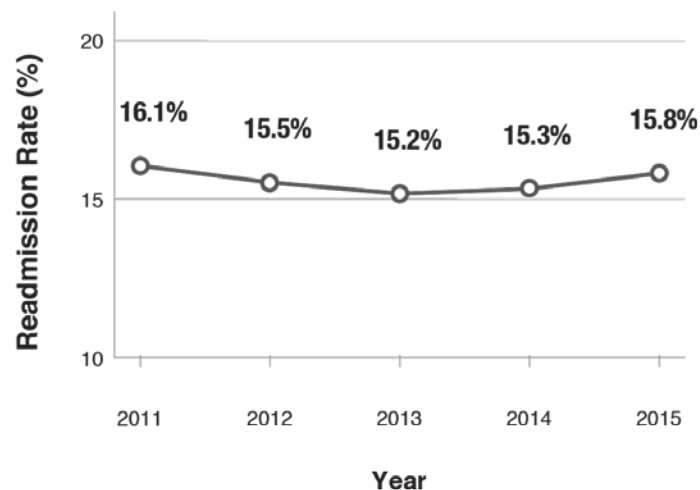
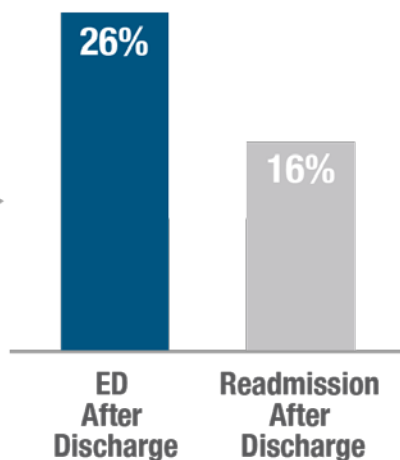
Cost of Coverage

MEMBER COST-SHARING CONTINUED TO BE HIGHER AMONG SMALLER EMPLOYERS IN 2016. SUBSIDIES HELPED DECREASE COST-SHARING FOR INDIVIDUAL PURCHASERS.

All-payer 30-day Revisits and Readmissions, SFY15

Hospital
Readmits

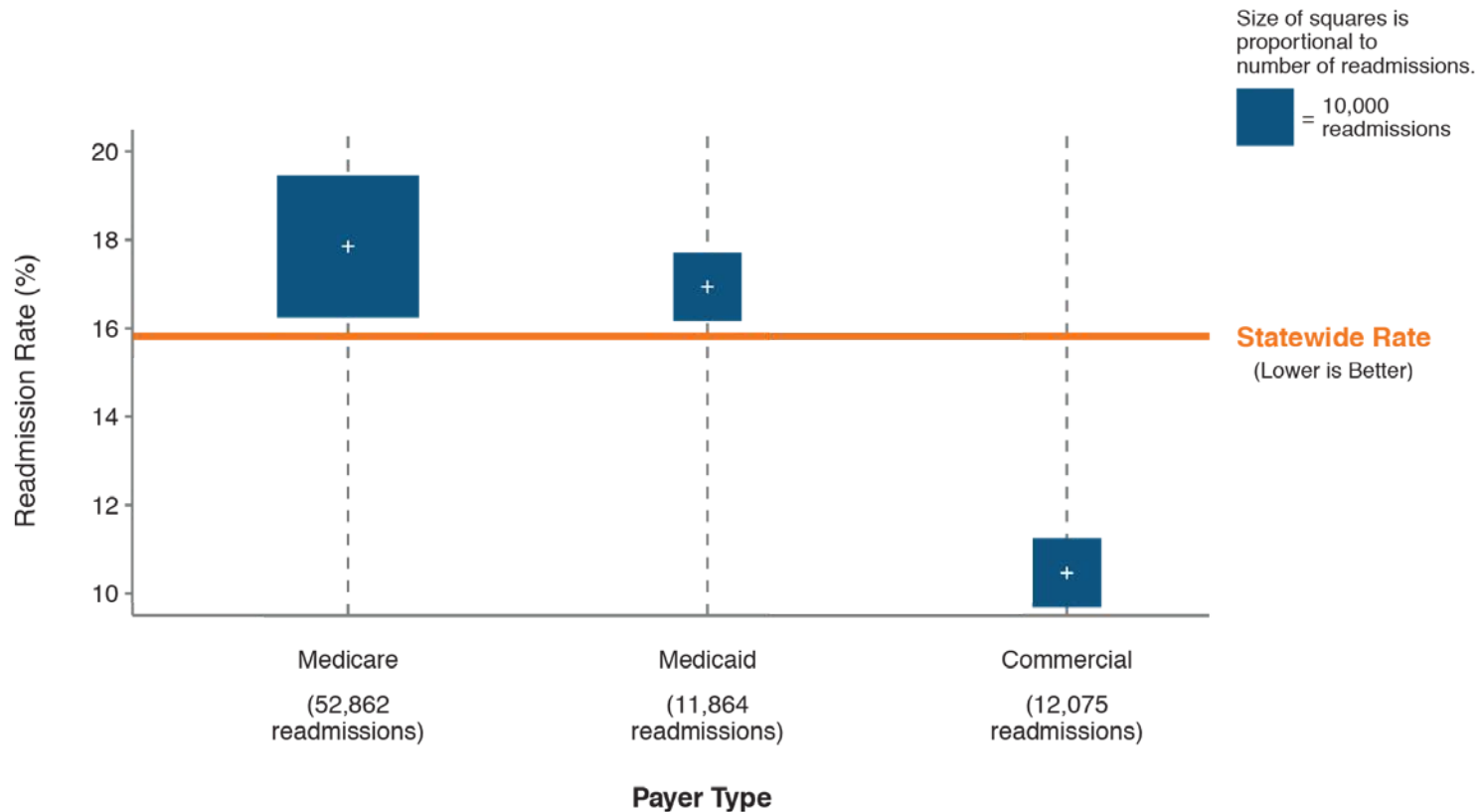
525K
DISCHARGES



IN SFY15, 26% OF DISCHARGES ENDED UP BACK IN THE ED WITHIN 30 DAYS. 16% WERE READMITTED TO THE HOSPITAL; AN INCREASE AFTER SEVERAL YEARS OF DECLINES.

All-Payer Readmissions by Payer Type, SFY15

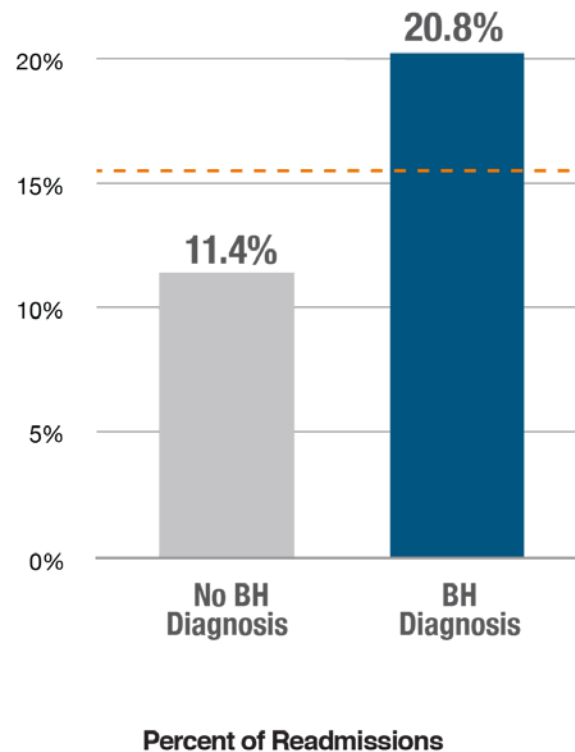
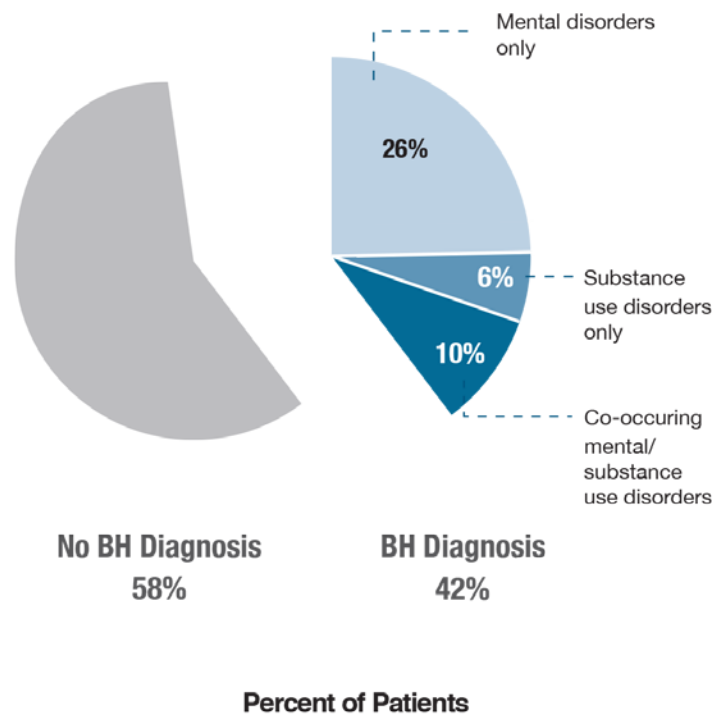
Hospital
Readmits



READMISSION RATES FOR MEDICARE (18%) AND MEDICAID (17%) WERE SUBSTANTIALLY HIGHER THAN FOR COMMERCIAL PAYERS (11%).

Behavioral Health Comorbidities and Readmissions, SFY15

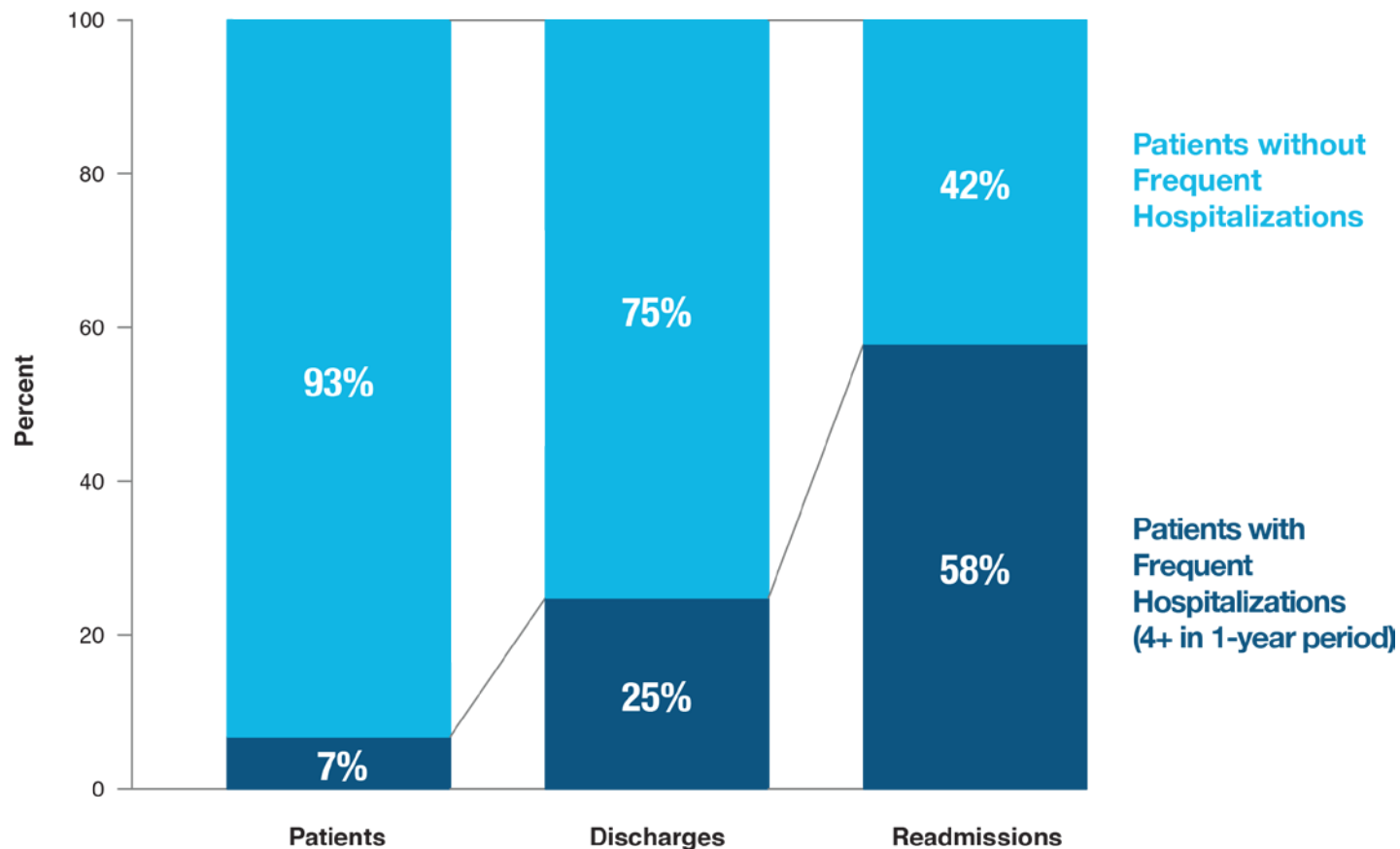
Hospital
Readmits



THE 42% OF PATIENTS WITH A BEHAVIORAL HEALTH COMORBIDITY HAD A READMISSION RATE OF 20.8%, ALMOST TWICE THAT OF THOSE WITHOUT A BEHAVIORAL HEALTH DIAGNOSIS.

All-Payer Readmissions among Frequently Hospitalized Patients, SFY 2013-2015

Hospital
Readmits



THE 7% OF PATIENTS WITH FREQUENT HOSPITALIZATIONS ACCOUNTED FOR 25% OF DISCHARGES AND 58% OF READMISSIONS.