

CENTER FOR HEALTH INFORMATION AND ANALYSIS

**PERFORMANCE OF THE
MASSACHUSETTS
HEALTH CARE SYSTEM**

ANNUAL REPORT
SEPTEMBER 2016

PRESENTATION TO THE
HEALTH POLICY COMMISSION



2015
THCE
Growth

Factors
Underlying
Growth in THCE

KEY FINDINGS

Changes in the
Merged Market

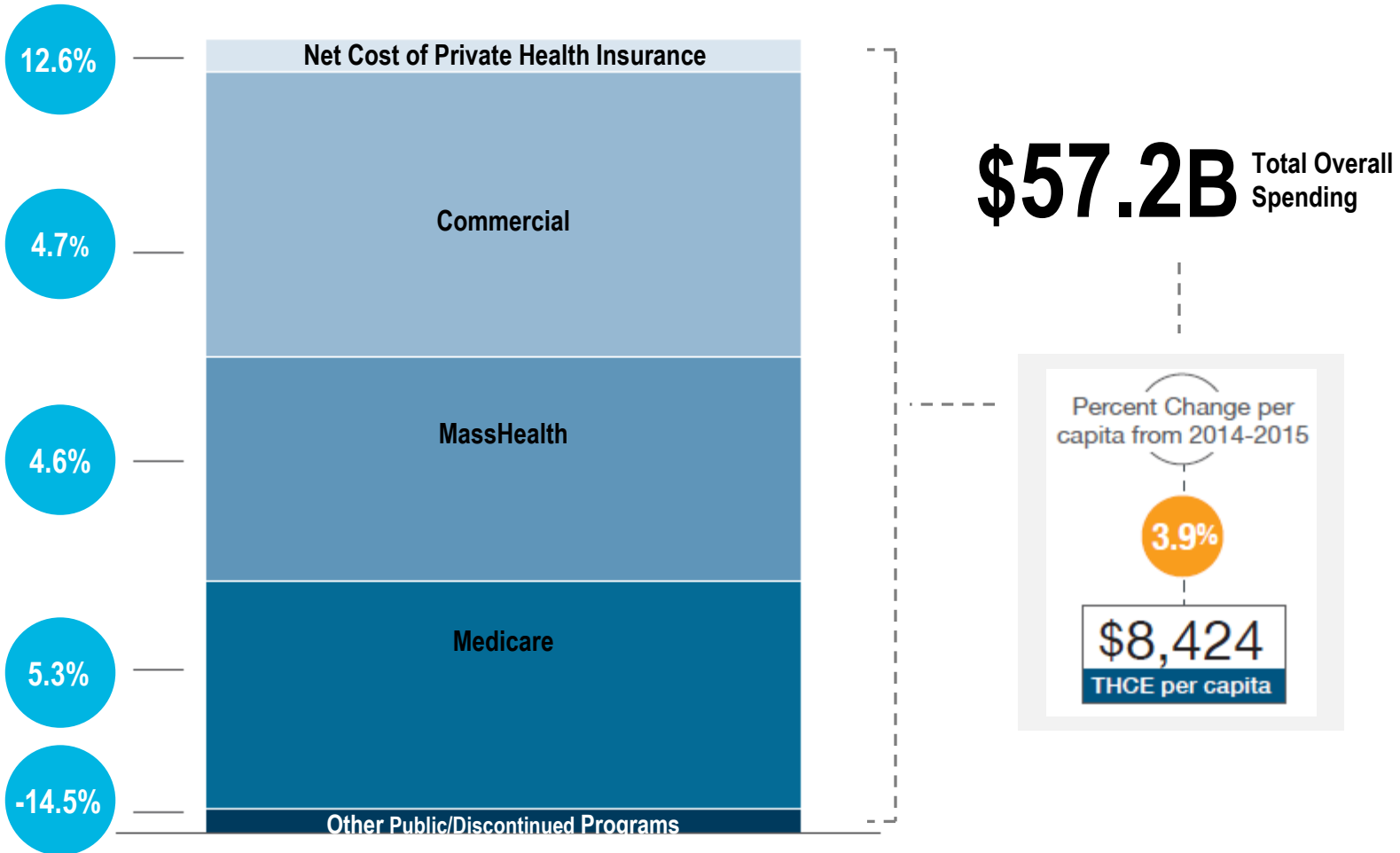
Member
Cost-Sharing

APM
Adoption

Total Health Care Expenditures grew by 3.9%, exceeding the 3.6% cost growth benchmark set by the Health Policy Commission.

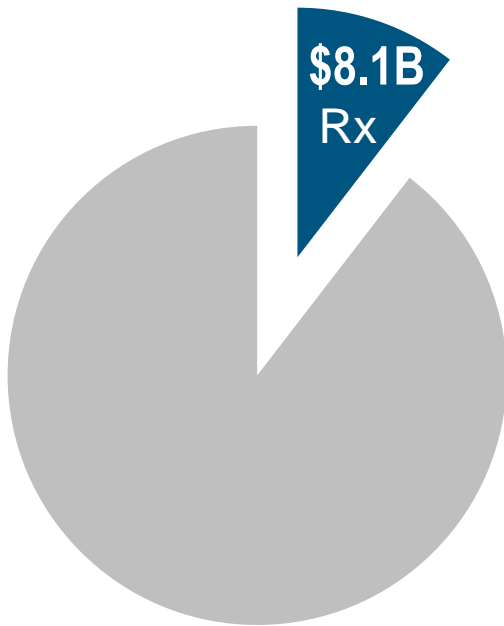
2015 THCE
Growth

Annual Change in
Total Spending



Payers reported prescription drug spending of \$8.1 billion, representing 14% of THCE. Pharmacy spending accounted for 35% of the growth in THCE.

Factors
Underlying
Growth



2015 THCE
(\$57.2B)

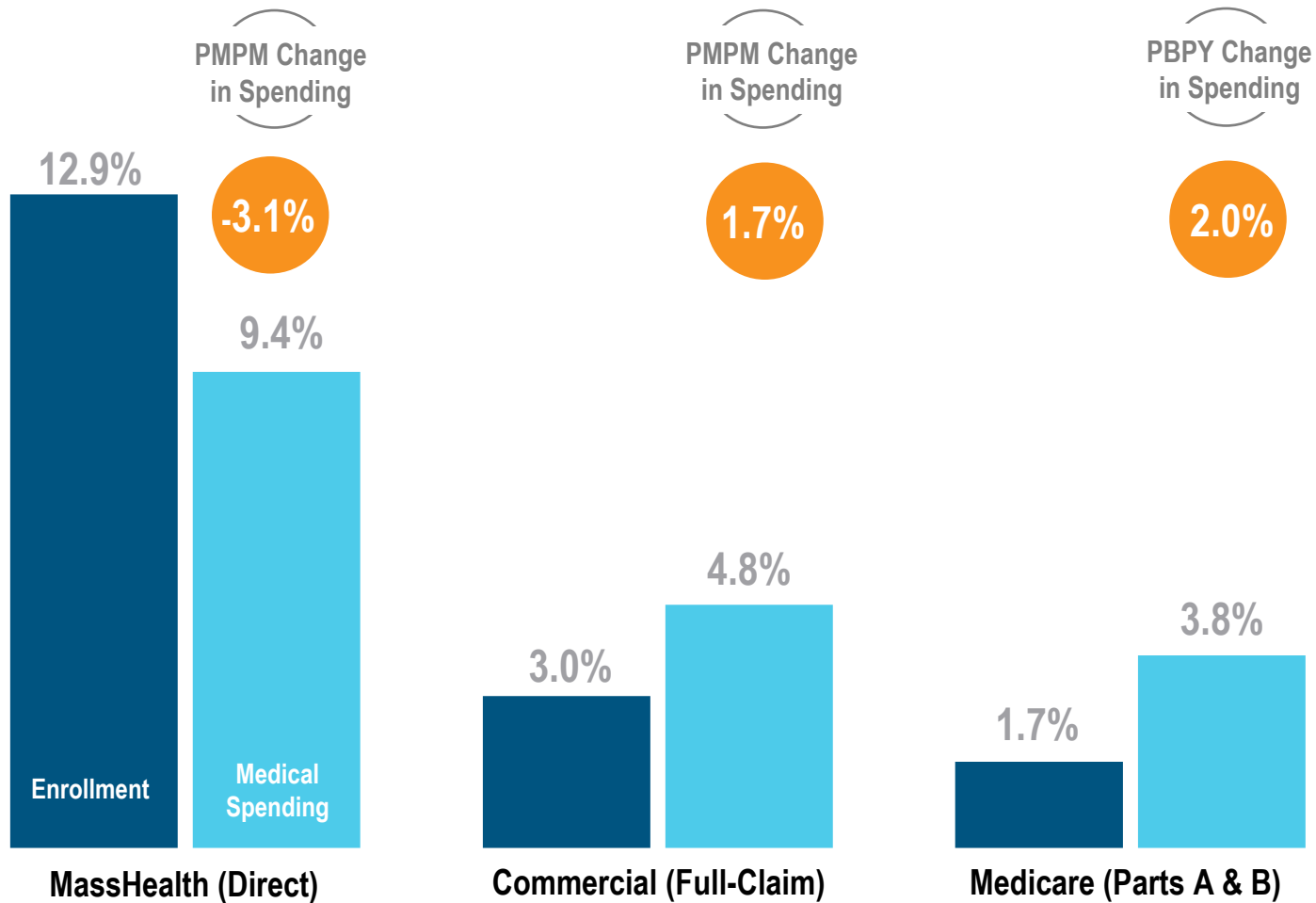


THCE GROWTH
(\$2.1B)

Note: Pharmacy data shown above excludes insurance categories for which pharmacy spending data is unavailable (e.g., HSN, VA, MSP).

Shifts in coverage contributed to an uptick in enrollment that drove growth in THCE. Comparing enrollment against medical spending reveals PMPM spending either declined or grew moderately for major coverage categories.

Factors
Contributing
to Growth



Individual enrollment in the commercial market more than doubled as new forms of subsidized and unsubsidized coverage became available. These members were associated with lower premiums, impacting the market as a whole.

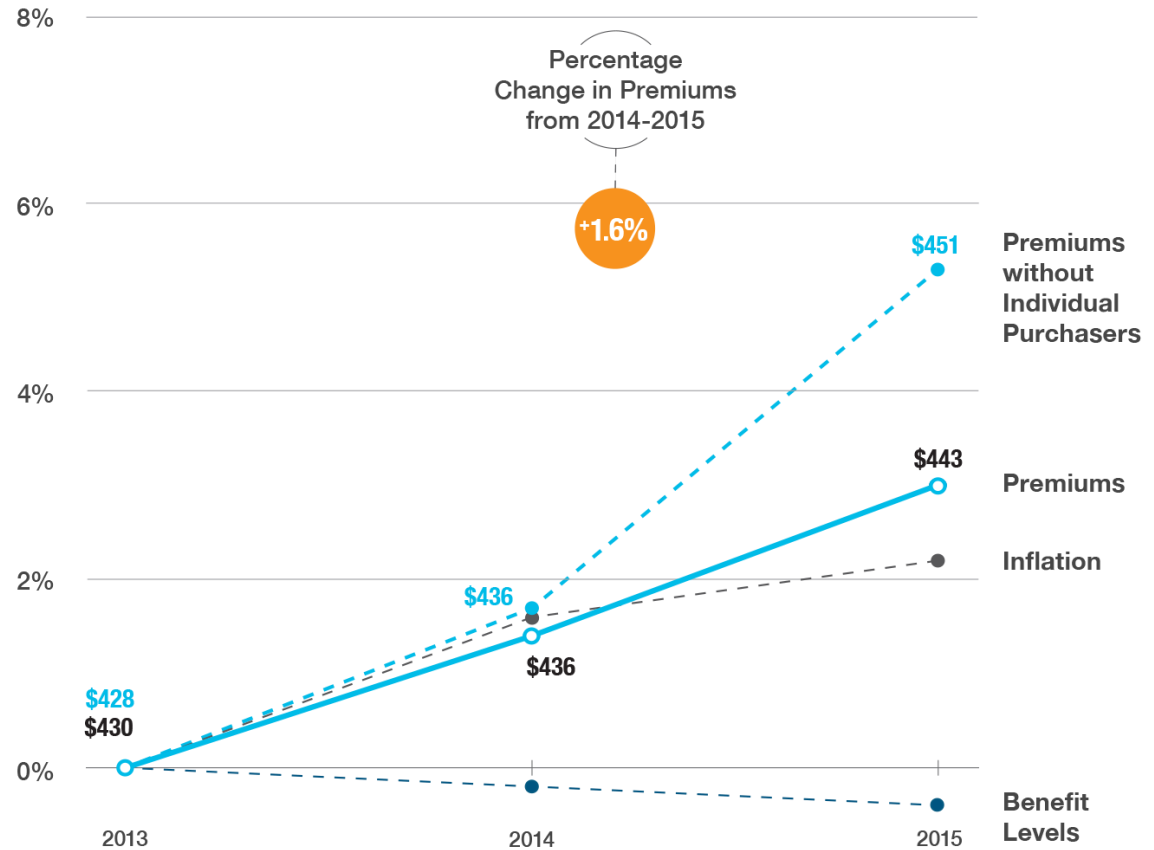
Changes
in the
Merged
Market

+90,000



New Individual
Purchasers

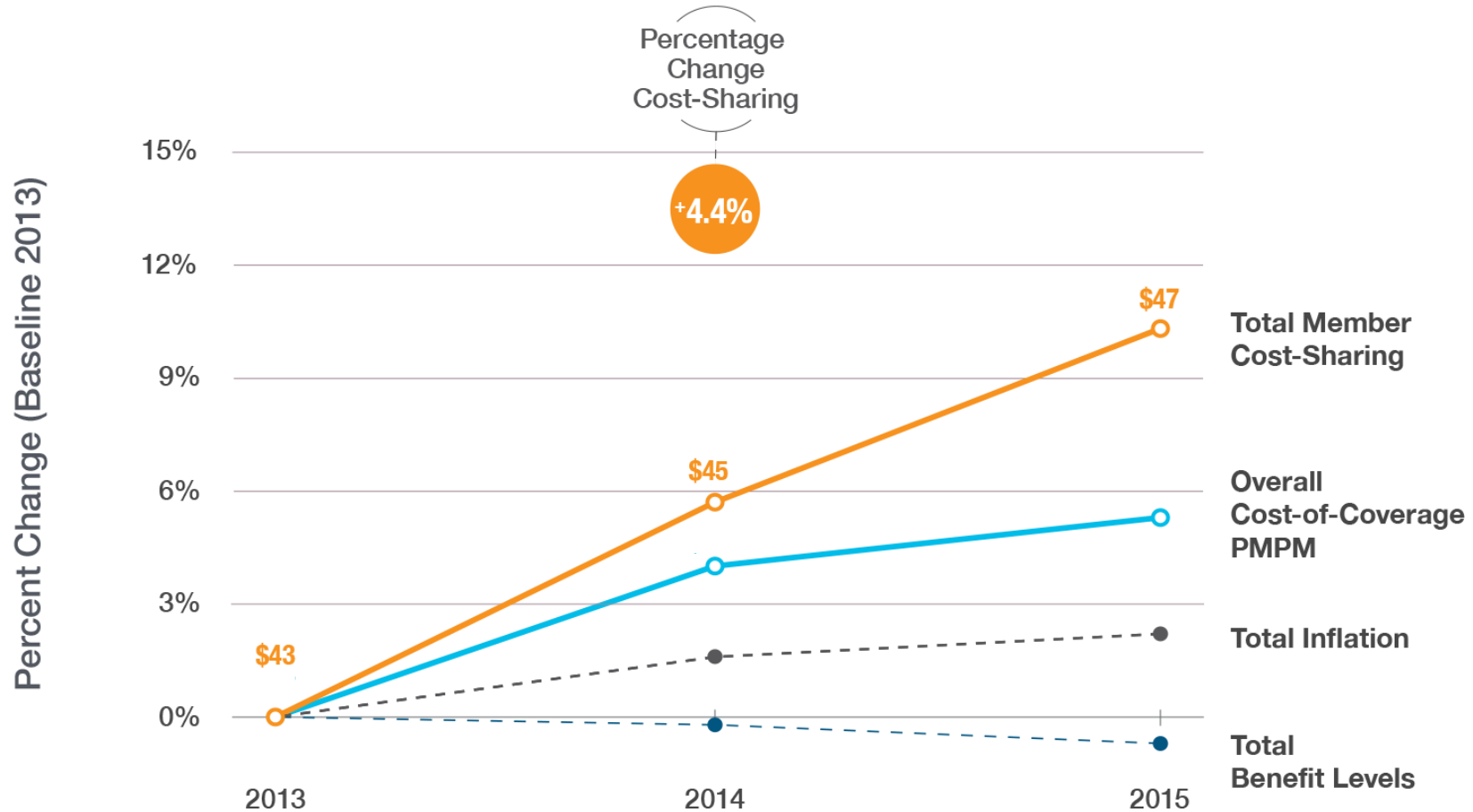
Percent Change (Baseline 2013)



Private commercial member cost-sharing continues to increase faster than inflation, wage growth, and overall cost of insurance coverage.

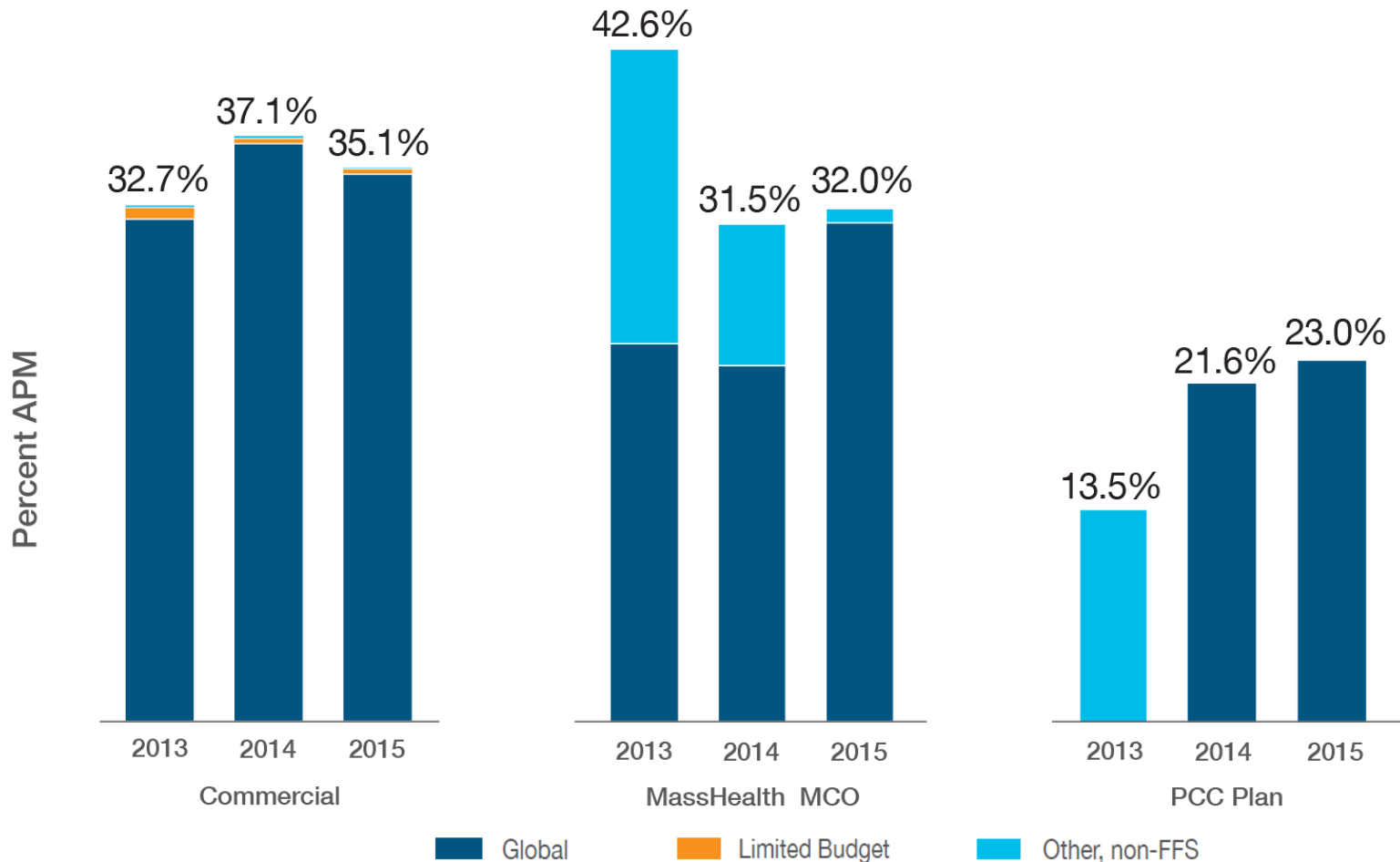
Member
Cost-Sharing

One in five commercial members were enrolled in a high deductible health plan.



After several years of gains, the proportion of commercial members whose care was paid for through an alternative payment method fell by approximately two percentage points, to 35% of the market.

APM
Adoption



THCE grew 3.9%,
exceeding the
benchmark (3.6%)

Pharmacy accounted
for 35% of the
growth in THCE

Shifts in enrollment
increased overall
spending, but
PMPM spending only
rose moderately

CONCLUSION

An influx of individual
purchasers entered
the private market into
lower-premium plans,
deflating overall
market trends

Member cost-sharing
outpaced the overall
cost of insurance

One in five
commercial members
were enrolled in an
HDHP

The proportion of
commercial members
whose care was paid
for using APMs
fell approximately
2 percentage points,
to 35% of the market