Selection in Massachusetts’s Commonwealth Care Program: Lessons for State Basic Health Plans

June 12, 2011

Presentation to the 2011 AcademyHealth Annual Research Meeting
Deborah Chollet • Allison Barrett • Amy Lischko
Acknowledgements

- This work was funded by the Robert Wood Johnson Foundation SHARE program
- The authors gratefully acknowledge helpful review and comments from the SHARE national program office
Background: Commonwealth Care Program

- CommCare is part of Massachusetts’ 2006 health reform

- Individuals must purchase coverage through CommCare to obtain subsidies
  - Adults age 18-64, below 300% FPL, with no access to public programs or employer-based plans
  - Full premium subsidies available up to 150% FPL, and partial subsidies to 300% FPL

- By end of 2008, enrollment in CommCare was twice as large as the individual commercial market
Was CommCare successful in enrolling healthy, low-risk individuals?
  – Adverse selection raises program cost and can make the program unsustainable
  – Did subsidies help to attract low risk enrollees?

Did CommCare enroll individuals who were similar to individuals buying commercial coverage?
  – What role did CommCare play in assisting Massachusetts’s commercial insurance reforms?
Methods and Data

- Compare demographic characteristics, spending, and service use of enrollees with full, partial, or mixed subsidy status
  - CommCare eligibility and claims data from October 2006 through December 2008

- Compare demographic characteristics of CommCare eligibles
  - Massachusetts sample of the 2008 ACS

- Compare spending and service use in individual commercial market
  - Massachusetts’ 2007-2009 Cost Trends report
CommCare Enrollees Were Older

- By 2008, enrollees were disproportionately older adults, especially partial subsidy group

Age Distribution of Eligibles and Enrollees, 2008

<table>
<thead>
<tr>
<th></th>
<th>CommCare Eligibles</th>
<th></th>
<th>CommCare Enrollees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>All</td>
<td>Full subsidy</td>
<td>Partial subsidy</td>
<td>All</td>
</tr>
<tr>
<td>Total (thousands)</td>
<td>264.0</td>
<td>134.2</td>
<td>129.7</td>
<td>162.3</td>
</tr>
<tr>
<td>Age 18-24</td>
<td>26%</td>
<td>32%</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>Age 25-44</td>
<td>44%</td>
<td>40%</td>
<td>47%</td>
<td>38%</td>
</tr>
<tr>
<td>Age 45-64</td>
<td>31%</td>
<td>28%</td>
<td>33%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Average Monthly Costs Declined

- Average medical costs declined over time, particularly for partial subsidy group

Source: Mathematica Policy Research.
Full Subsidies and Auto Enrollment Brought In Low Risk

Average monthly spending for enrollees 100-150% FPL

- **Low-cost enrollees (under $250)**
- **No-cost enrollees**

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Low-cost Enrollees</th>
<th>No-cost Enrollees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Jun 2007</td>
<td>52%</td>
<td>13%</td>
</tr>
<tr>
<td>July-Sept 2007</td>
<td>53%</td>
<td>22%</td>
</tr>
<tr>
<td>Oct-Dec 2007</td>
<td>42%</td>
<td>42%</td>
</tr>
<tr>
<td>Jan-Dec 2008</td>
<td>47%</td>
<td>27%</td>
</tr>
</tbody>
</table>

- **Partial subsidy, no auto-enroll**
- **Full subsidy, no auto-enroll**
- **Full subsidy, auto-enroll**
CommCare vs. Commercially Insured Adults

- **Full subsidy enrollees**
  - much younger than commercially insured
  - rate of inpatient hospitalization 34% higher
  - cost 35% less than the commercially insured in 2008 ($475 vs. $307 per month), due to lower prices paid by CommCare carriers

- **Partial subsidy enrollees**
  - similar in age to commercially insured
  - rate of inpatient hospitalization 9% lower
  - cost 35% less than commercially insured ($310 per month)
Conclusions

- Selection improved over time, especially for the partial subsidy population
- The fully subsidized population was adversely selected compared to commercially insured individuals
- Service use among partial subsidy enrollees was roughly equal to adults in the commercial market
Lessons for Other States

- Massachusetts created a separate risk pool for uninsured low-income adults, an option for other states under the ACA

- Basic Health Plans are state-run, and cover individuals between 133-200% FPL outside the Exchange

- This population in CommCare was similar to commercially insured adults (though it included adults at 200-300% FPL)

- Enrollees were served more cheaply by Medicaid MCOs
More Lessons

- States considering a Basic Health Plan should think about:
  - The effect of diverting a large number of new potential enrollees from the Exchange
  - The effect on providers of a major expansion of coverage relying on low payment rates
  - The value of auto-enrollment to balance risk
For More Information

- Please contact:
  - Deborah Chollet
    - DChollet@mathematica-mpr.com
  - Allison Barrett
    - ABarrett@mathematica-mpr.com
  - Amy Lischko
    - Amy.Lischko@tufts.edu