Presentation to the Health Policy Commission: CHIA's Annual Report

CENTER FOR HEALTH INFORMATION AND ANALYSIS

CHIA.

Agenda

- Overview
- Total Health Care Expenditures
- Public Insurance Programs
- Commercial Insurance
- Questions

Overview

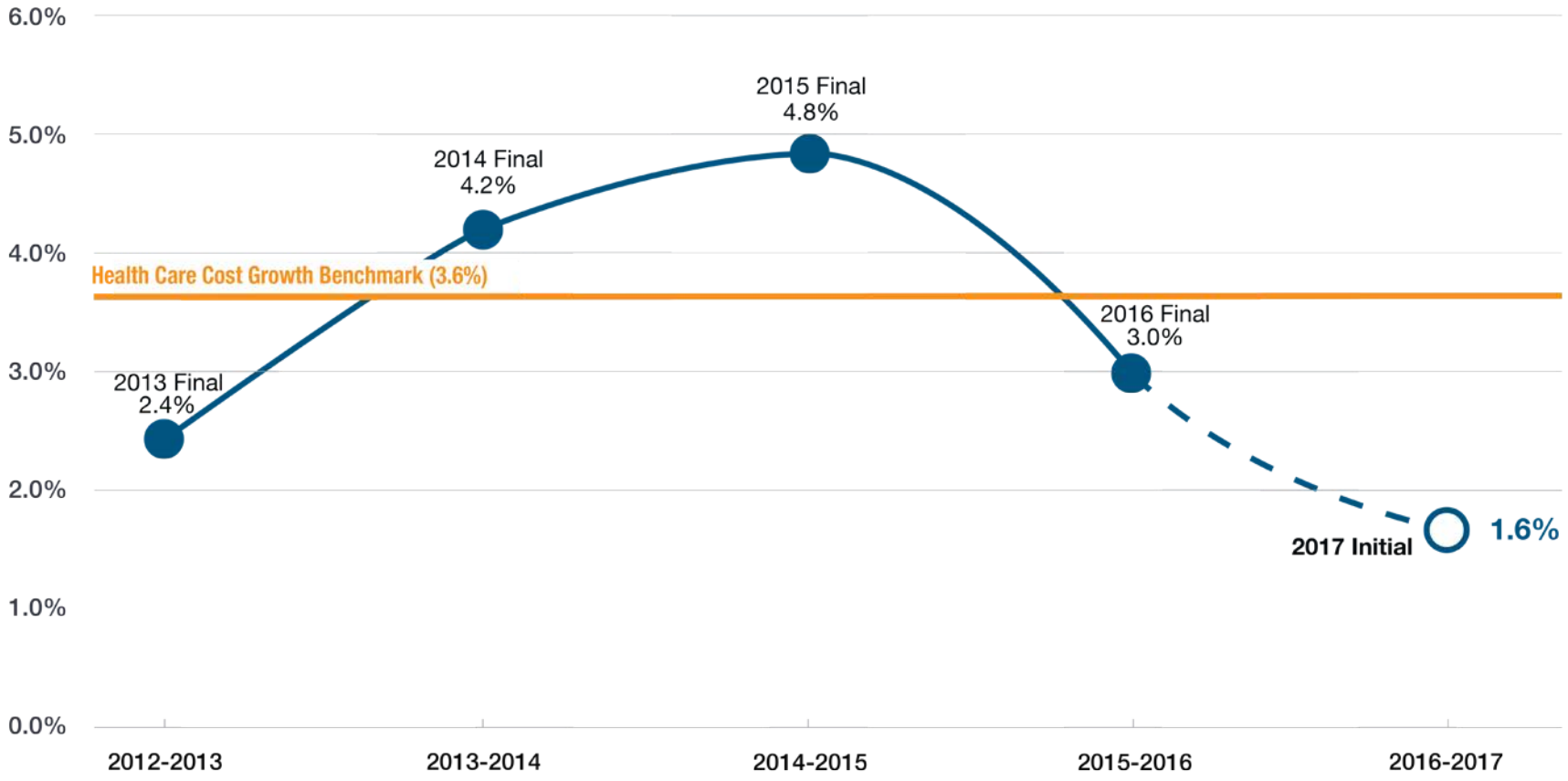
- CHIA's role in establishing the metrics to evaluate the performance of the Massachusetts health care system
- Annual Report publication materials
  - 100+ page report
  - Extensive databooks
  - Technical documentation
- Acknowledgments
  - Data submitters for their role in facilitating this report through supplemental filings
  - CHIA's staff & actuaries for their work producing the report

Total Health Care Expenditures (THCE)

$61.1B	**Total Health Care Expenditures**
$8,907	**THCE per capita**
1.6%	**Growth rate per capita**

Total Health Care Expenditures

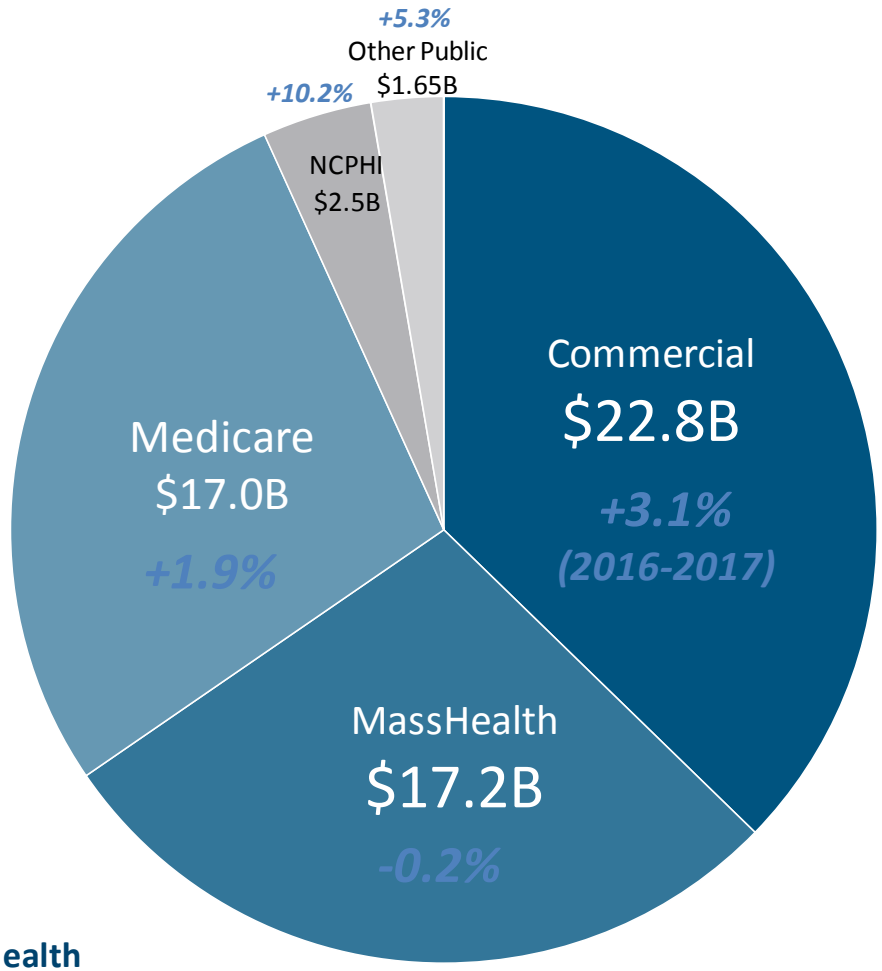
Growth Rates, 2012-2017



THE INITIAL ESTIMATE OF THCE PER CAPITA GROWTH IS 1.6% FOR 2017, THE SECOND CONSECUTIVE YEAR IT FELL BELOW THE HEALTH CARE COST GROWTH BENCHMARK.

Total Health Care Expenditures

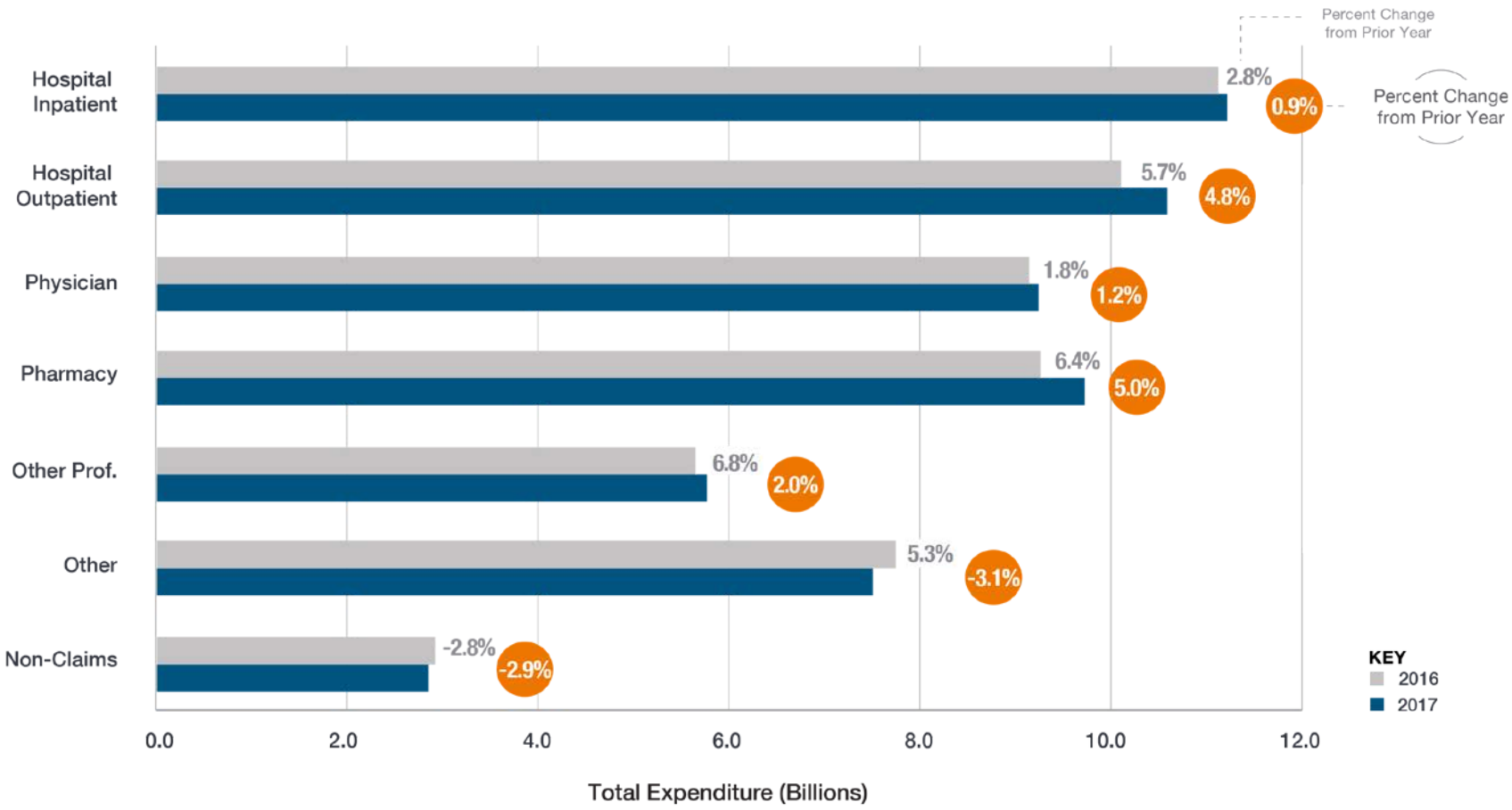
Insurance Categories, 2017



$61.1B **Total Health Care Expenditures**

Total Health Care Expenditures

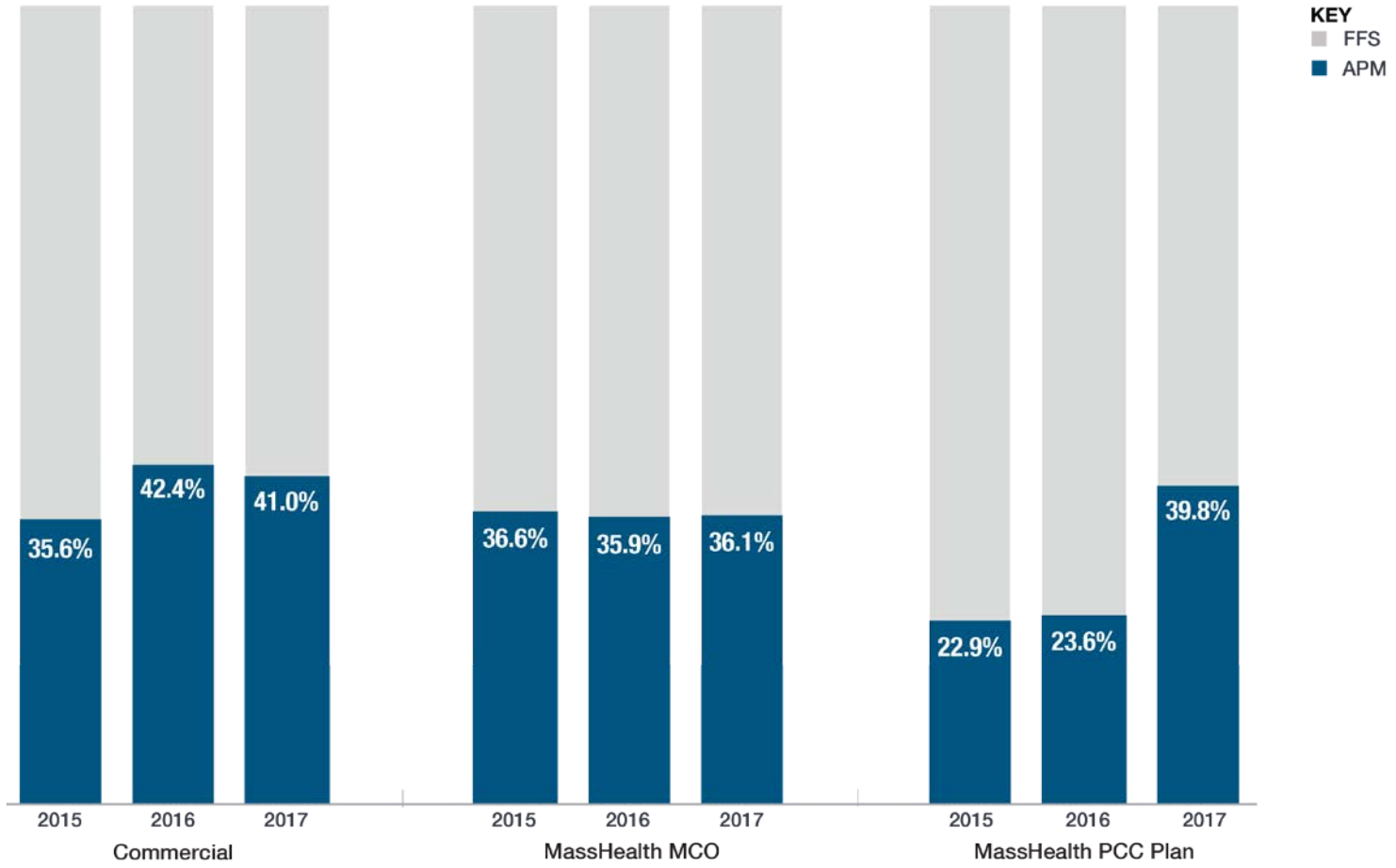
Service Categories, 2016-2017



HEALTH CARE SPENDING DECELERATED ACROSS ALL SERVICE CATEGORIES, WITH THE HIGHEST GROWTH IN PHARMACY AND OUTPATIENT SPENDING.

Alternative Payment Methods

Insurance Categories, 2015-2017



IN 2017, THE LARGEST INCREASE IN APM ADOPTION RATES WAS IN THE MASSHEALTH PCC PLAN.

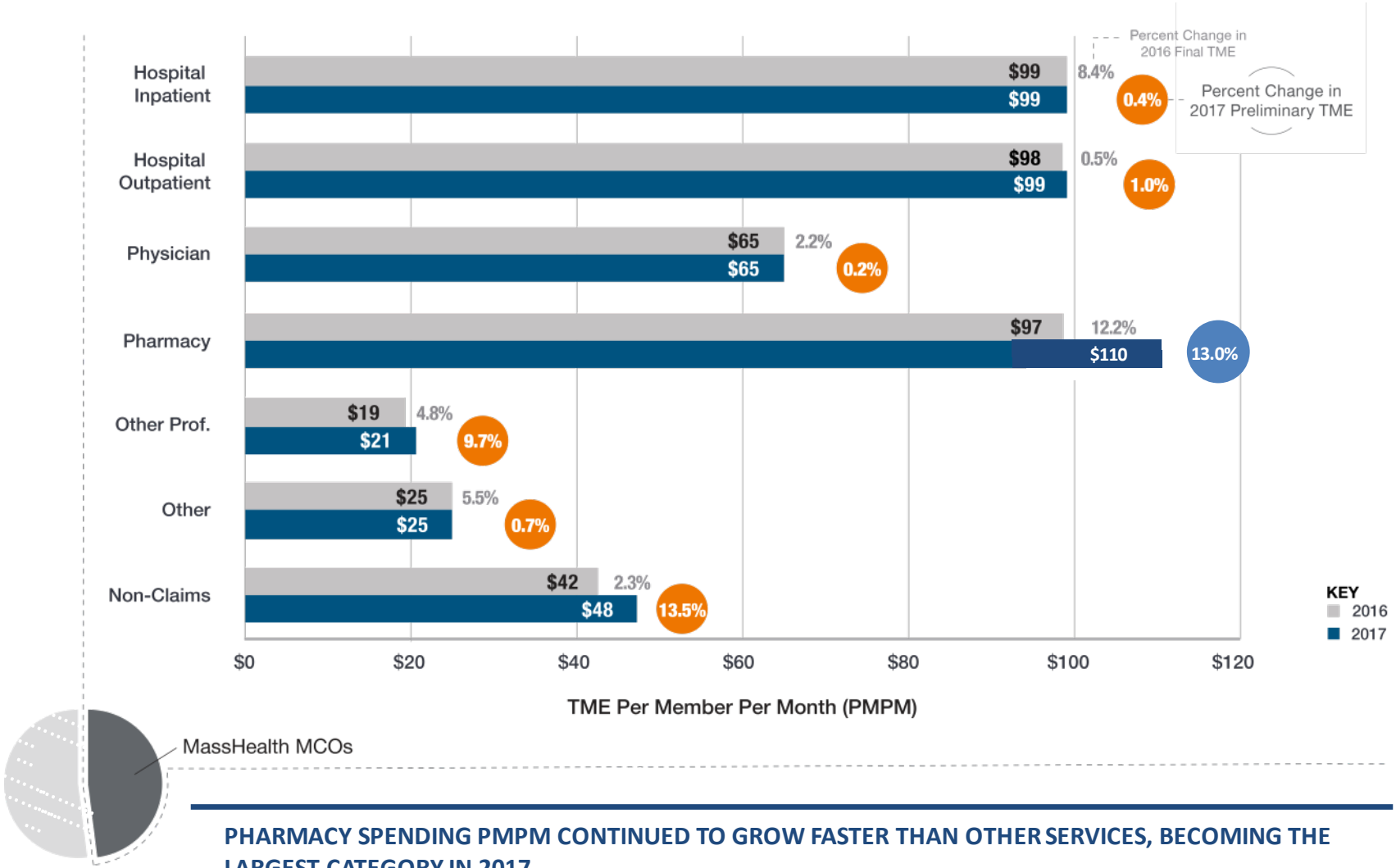
Public Insurance Programs

MassHealth

$17.2B	**MassHealth Expenditures, 2017**
-0.2%	**Expenditure Trend, 2016-2017**
-2.4%	**Member Months, 2016-2017**

Public Insurance Programs

MassHealth MCO Service Categories, 2016-2017



PHARMACY SPENDING PMPM CONTINUED TO GROW FASTER THAN OTHER SERVICES, BECOMING THE LARGEST CATEGORY IN 2017.

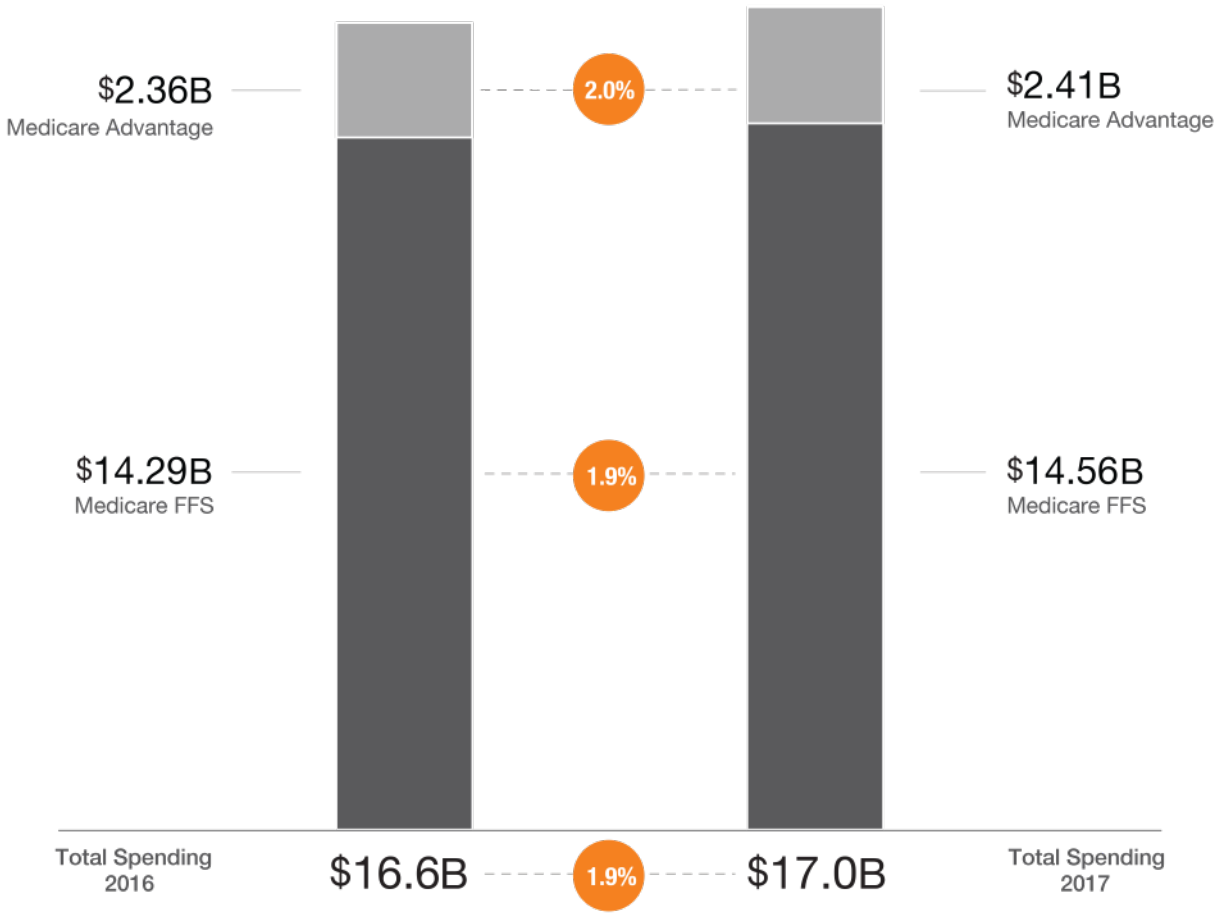
Public Insurance Programs

Medicare

$17.0B	**Medicare Expenditures, 2017**
1.9%	**Expenditure Trend, 2016-2017**
2.4%	**Beneficiaries, 2016-2017**

Public Insurance Programs

Medicare Program Spending, 2016-2017

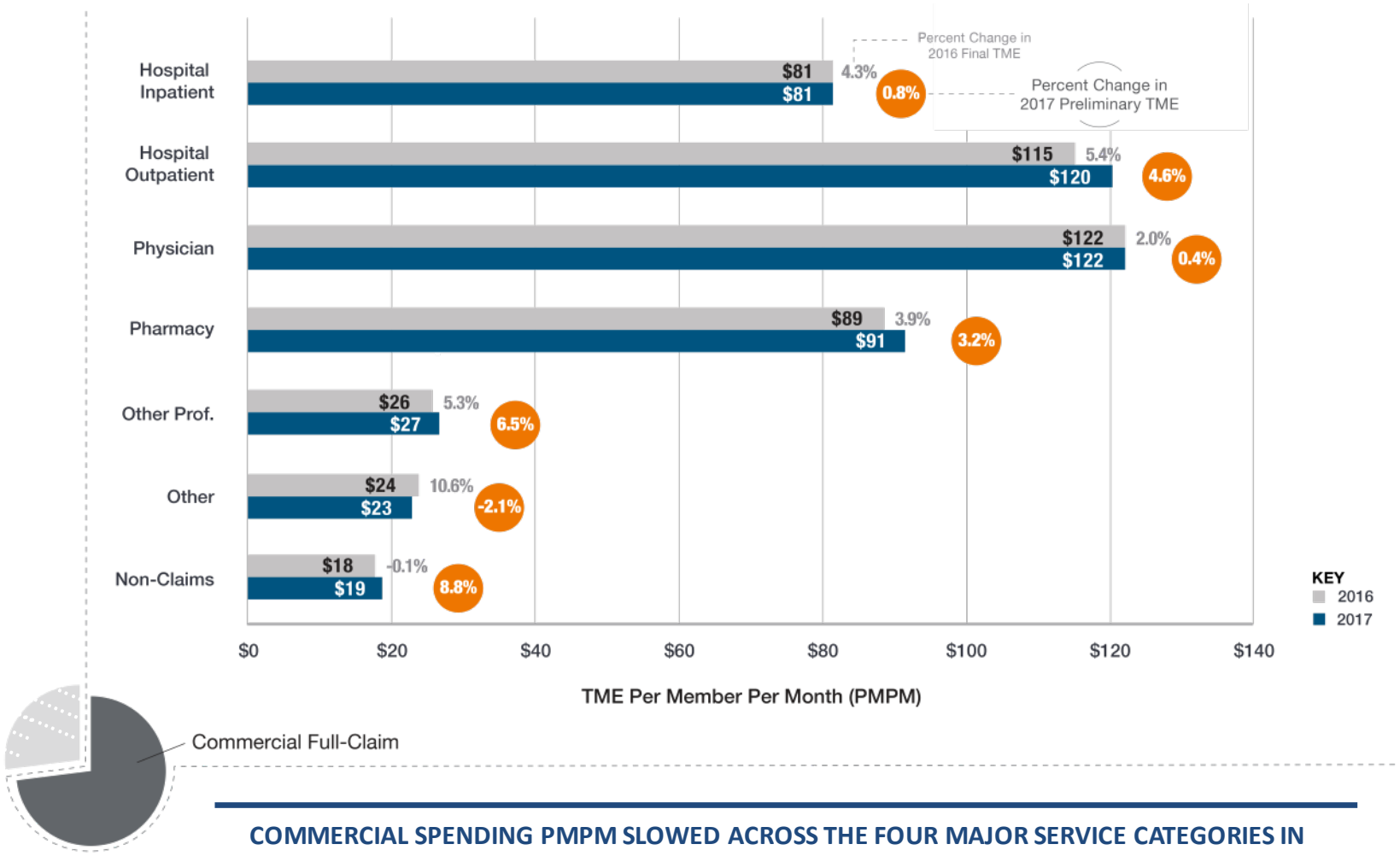


MEDICARE EXPENDITURES GREW AT SIMILAR RATES FOR BENEFICIARIES COVERED UNDER TRADITIONAL AND MEDICARE ADVANTAGE.

Commercial Insurance

$22.8B	**Commercial Expenditures, 2017**
3.1%	**Expenditure Trend, 2016-2017**
0.4%	**Member Months, 2016-2017**

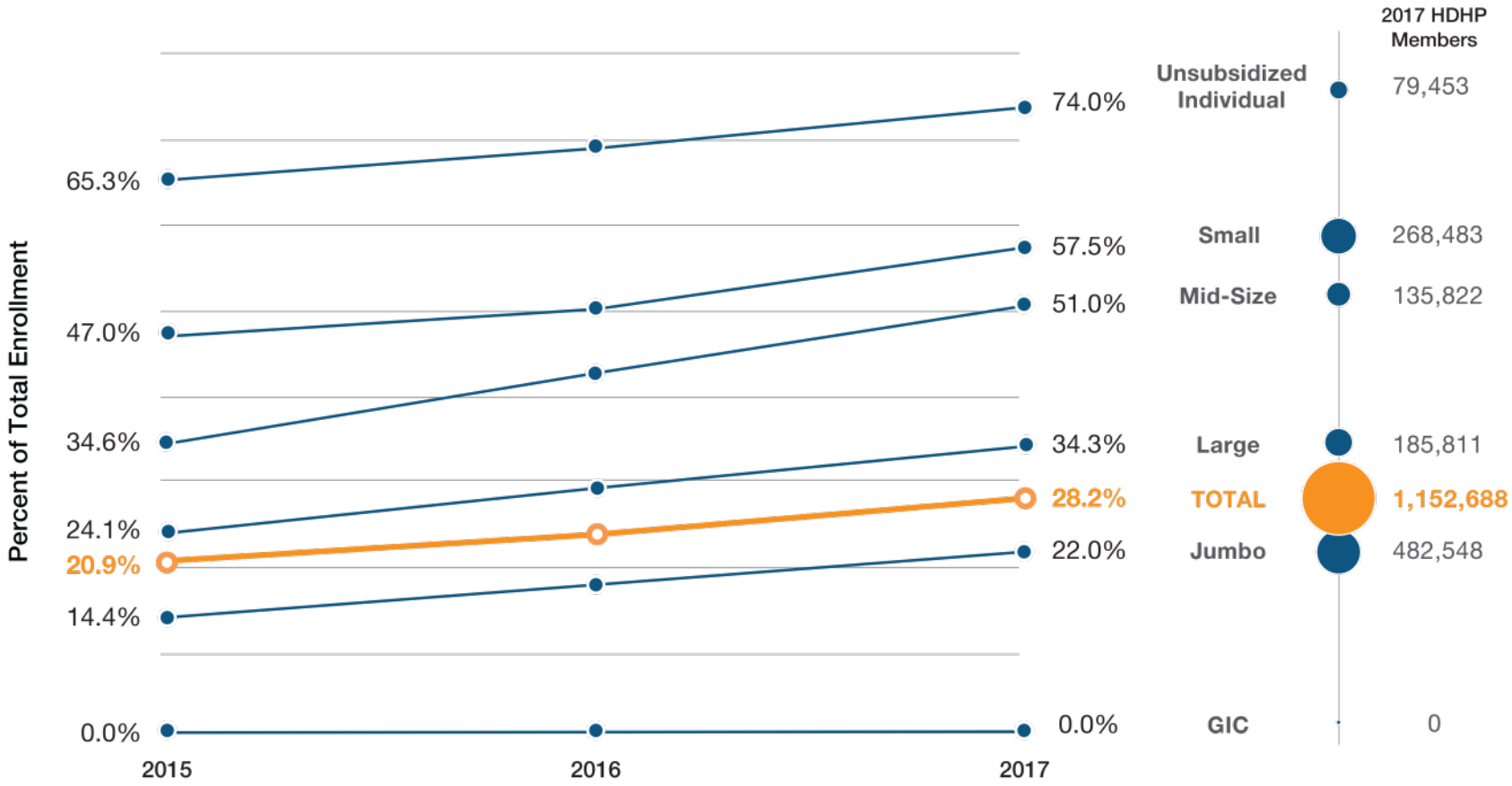
Commercial Insurance
Service Categories, 2016-2017



COMMERCIAL SPENDING PMPM SLOWED ACROSS THE FOUR MAJOR SERVICE CATEGORIES IN 2017.

Commercial Insurance

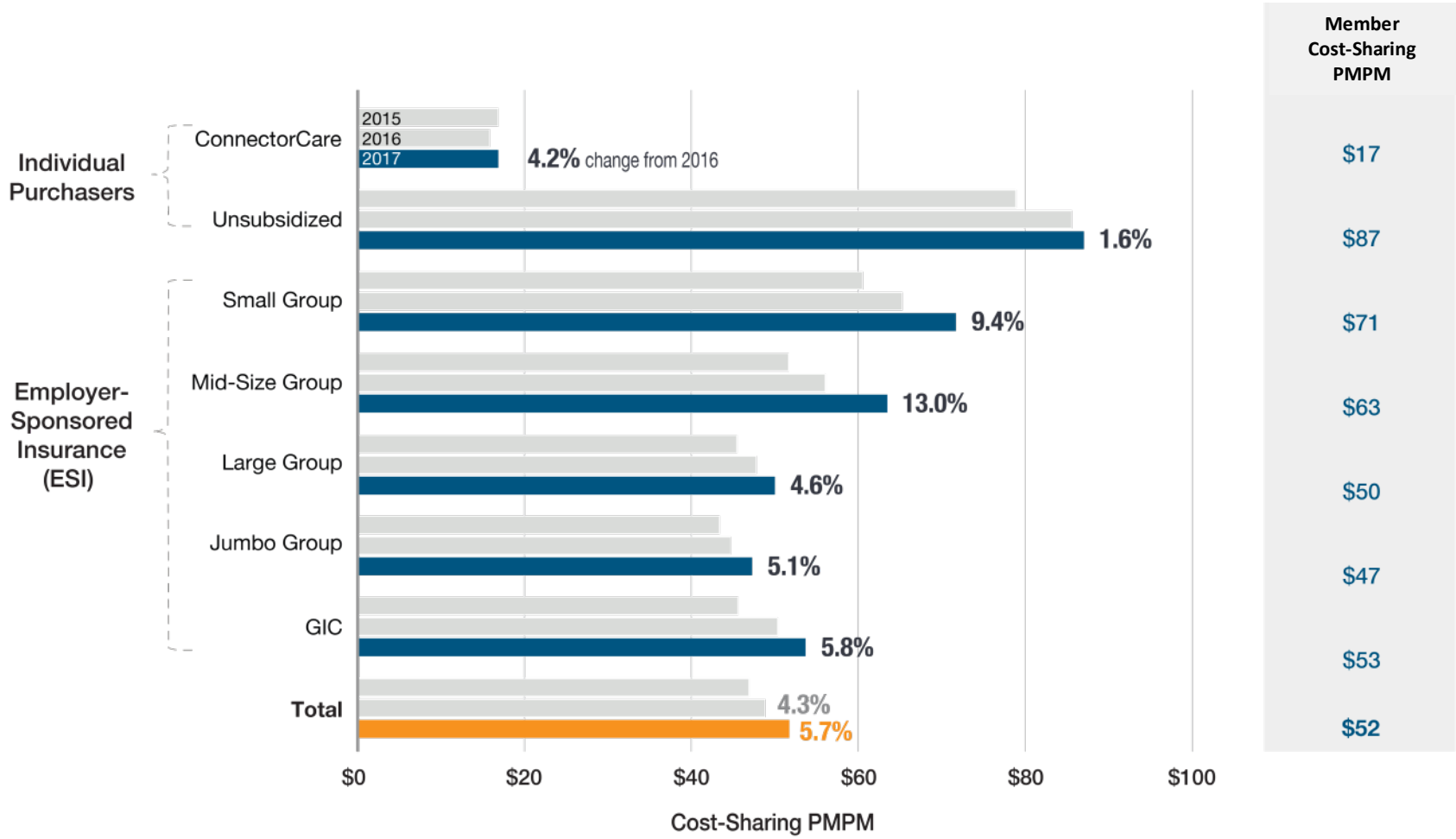
High Deductible Health Plans by Market Sector, 2015-2017



IN 2017, MORE THAN ONE IN FOUR (28.2%) MASSACHUSETTS CONTRACT MEMBERS WERE ENROLLED IN AN HDHP. THESE PLANS WERE MORE COMMON AMONG SMALLER EMPLOYER GROUP PURCHASERS.

Commercial Insurance

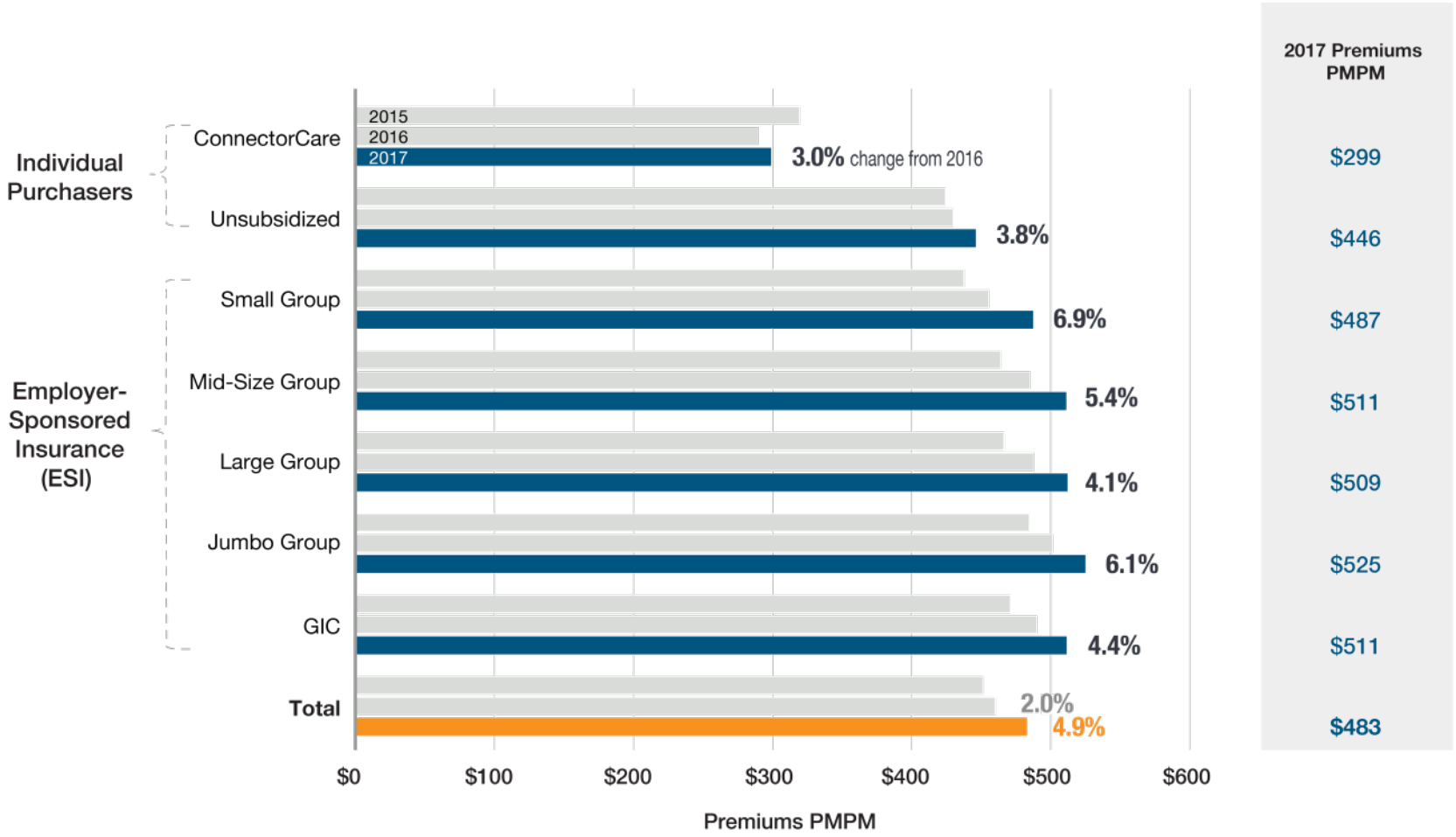
Cost-Sharing by Market Sector, 2015-2017



MEMBER COST-SHARING CONTINUED TO BE HIGHER, AND GREW FASTER, AMONG SMALLER EMPLOYER GROUPS.

Commercial Insurance

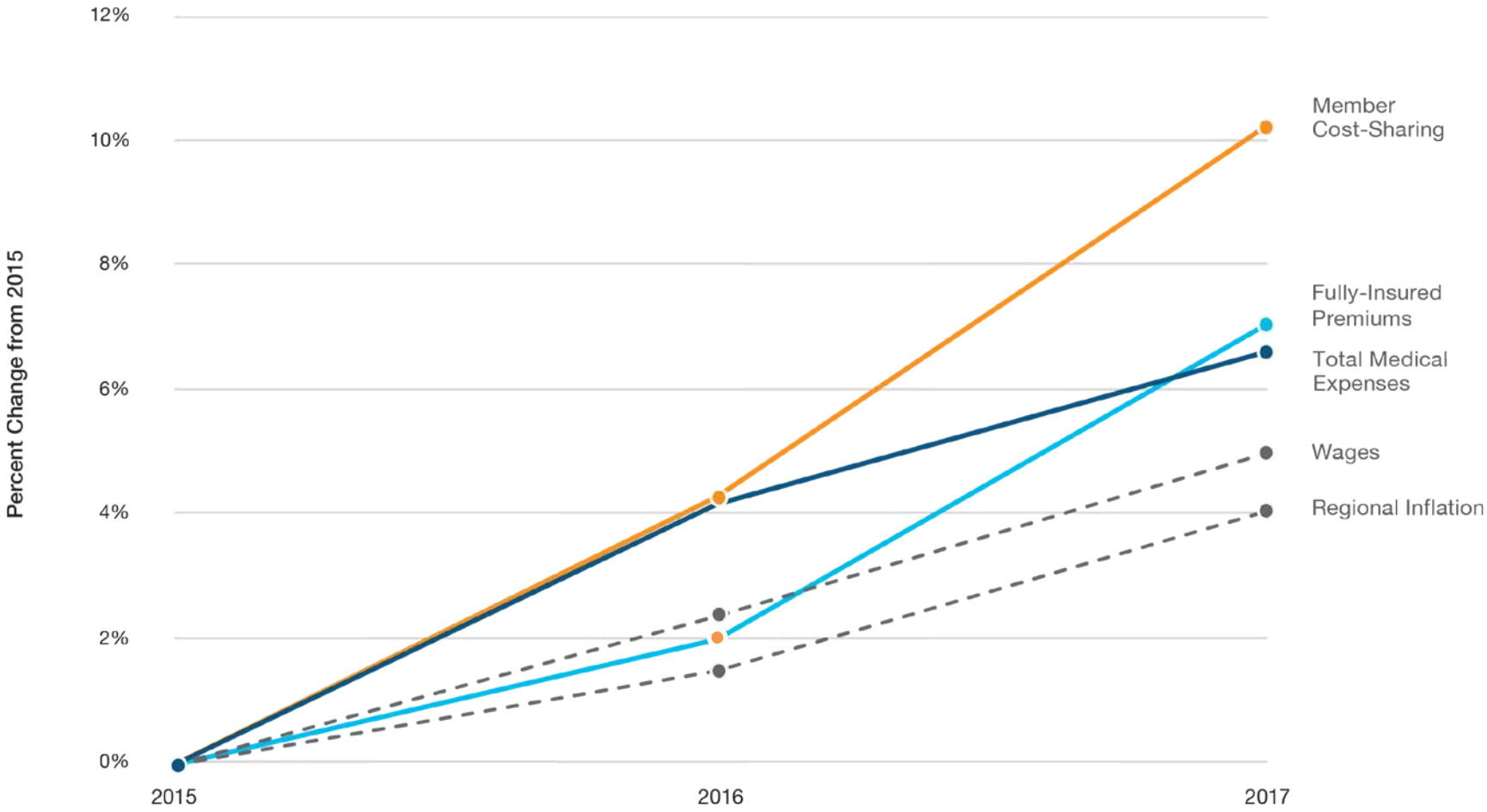
Fully-Insured Premiums by Market Sector, 2015-2017



FULLY-INSURED PREMIUMS INCREASED BY 4.9% FROM 2016 TO 2017. SMALL GROUP MEMBERS EXPERIENCED THE LARGEST PERCENTAGE INCREASE (+6.9%).

Commercial Insurance

Expense Trends, 2015-2017



MEMBER COST-SHARING AND FULLY-INSURED PREMIUMS GREW FASTER THAN WAGES AND INFLATION IN 2017.

Note: Total Medical Expenses reflects commercial full-claim only.

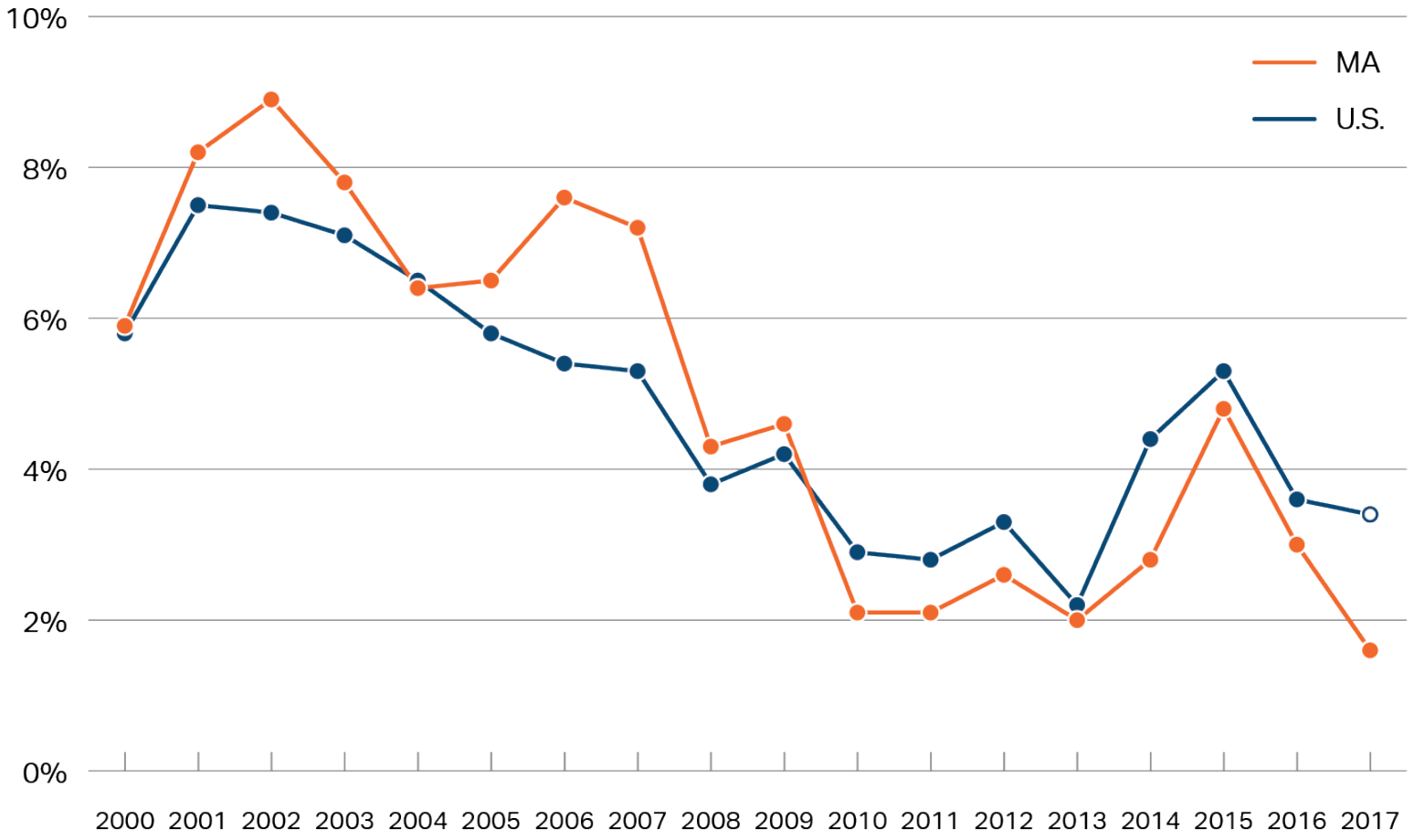
State Perspective on Health Care Cost Trends

Dr. David Auerbach
Director of Research and Cost Trends, Massachusetts Health Policy Commission

MASSACHUSETTS
HEALTH POLICY COMMISSION

In 2017, total healthcare spending growth in Massachusetts was well below the national rate, continuing a multi-year trend

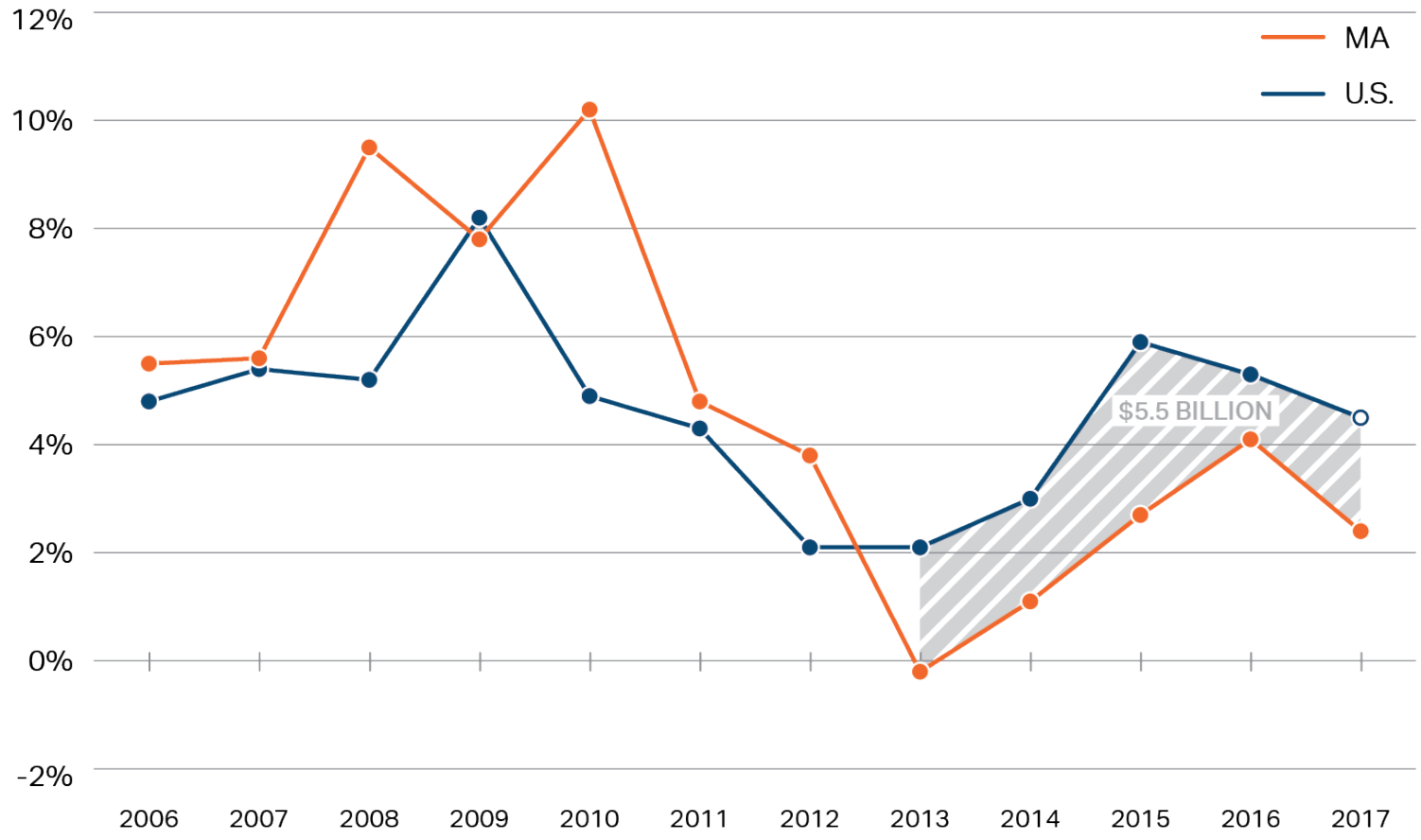
Annual growth in per-capita healthcare spending, MA and the U.S., 2000 – 2017



Notes: US data include MA. US and MA figures for 2017 are preliminary.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures Data (U.S. 2014-2017) and State Healthcare Expenditure Accounts (U.S. 2000-2014 and MA 2000-2014); Center for Health Information and Analysis Annual Report THCE Databooks (MA 2014-2017).

Commercial spending growth in Massachusetts has been below the national rate since 2013, generating billions in avoided spending

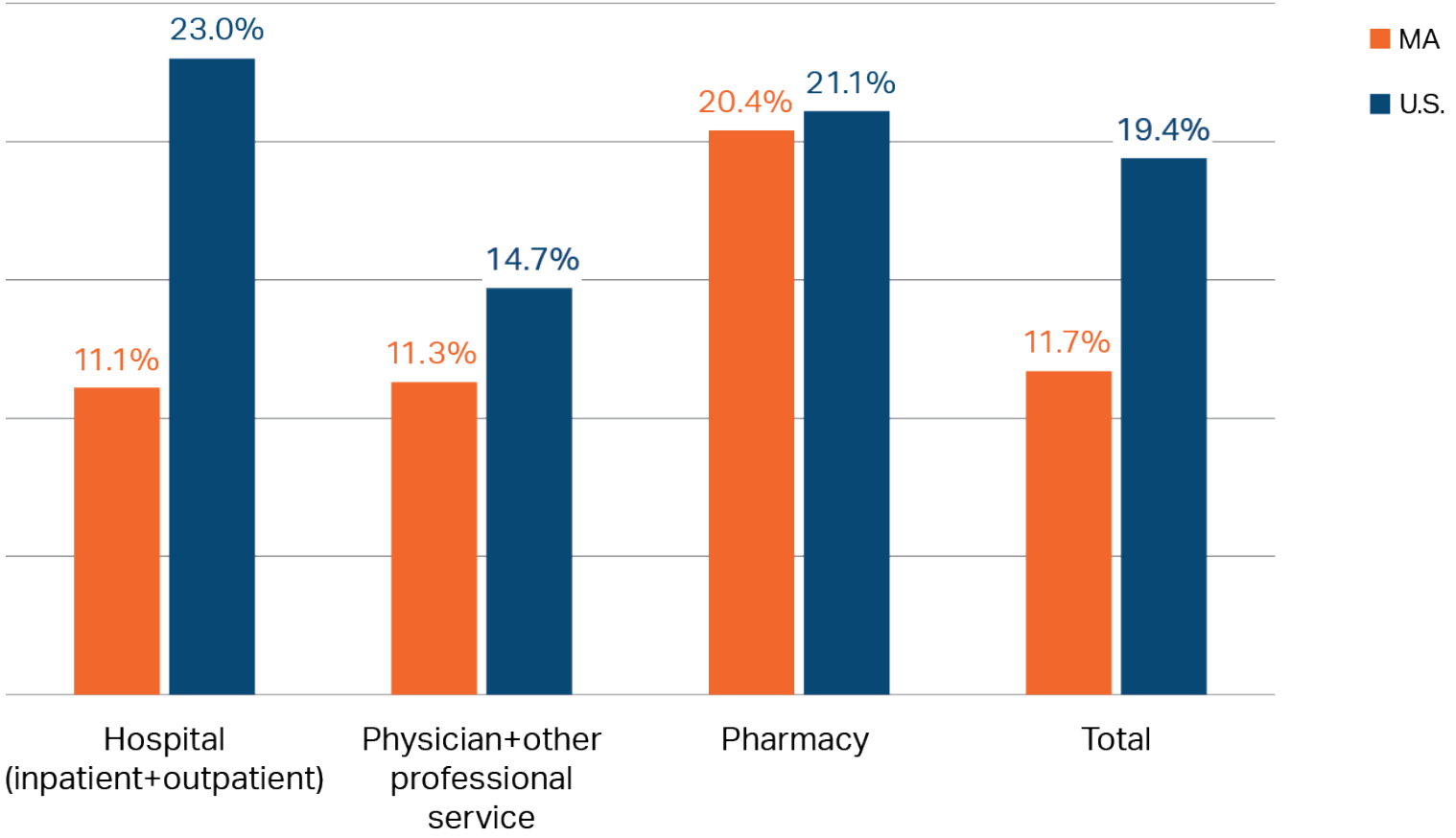
Annual growth in commercial spending per enrollee, MA and the U.S., 2006-2017



Notes: US data includes Massachusetts. US and MA figures for 2017 are preliminary.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures Data (U.S. 2014-2017) and State Healthcare Expenditure Accounts (U.S. 2000-2014 and MA 2000-2014); Center for Health Information and Analysis Annual Report TME Databooks (MA 2014-2017).

Since 2013, total hospital spending growth (inpatient and outpatient) in Massachusetts has been far below national growth rates

2013 – 2017 cumulative growth in commercial spending by service category, MA and U.S.

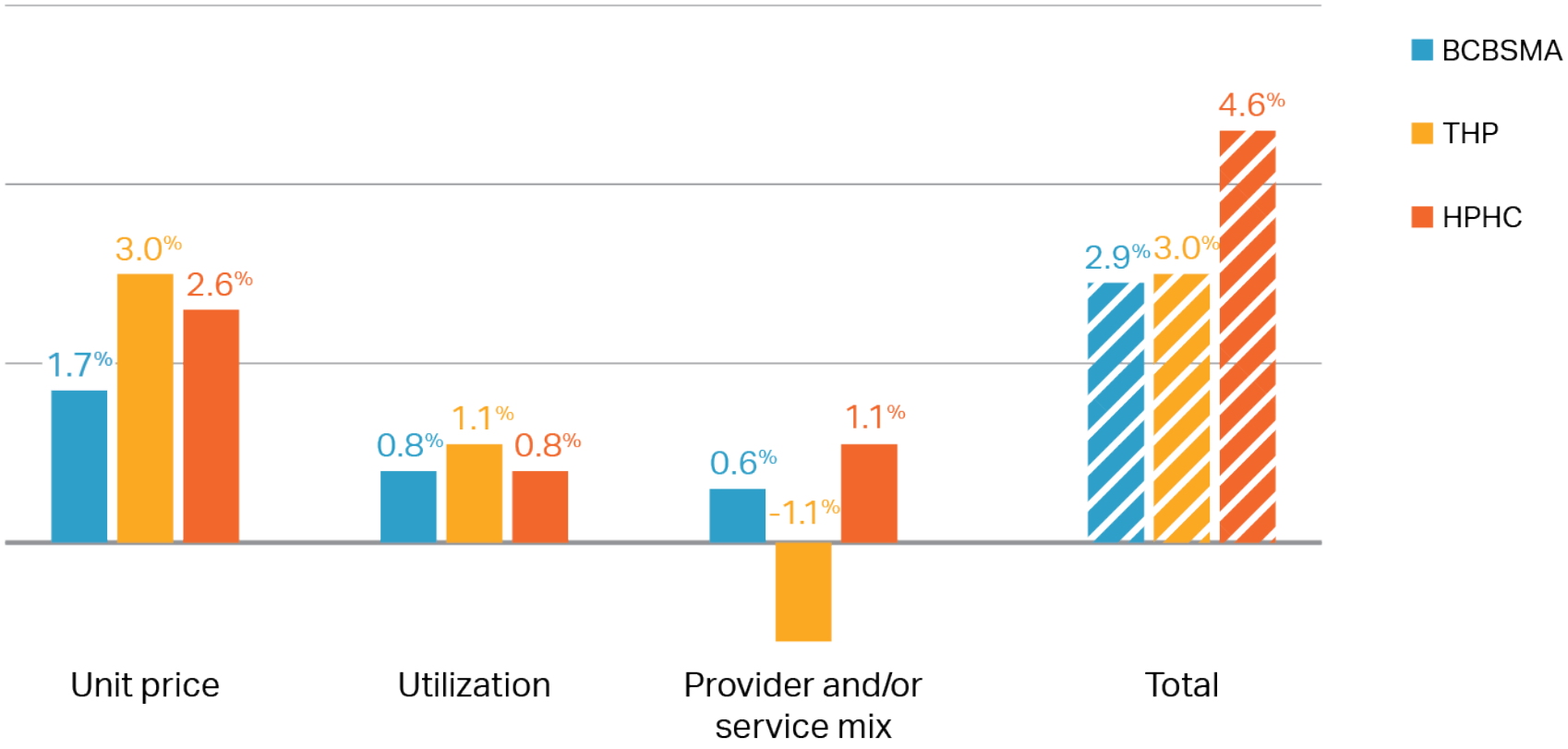


If Massachusetts commercial spending grew at the national rate from 2013-2017, residents would have spent $1.7B more in 2017 alone ($367 per person)

Notes: US data include Massachusetts. Pharmacy spending is net of rebates.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts, Private Health Insurance Expenditures and Enrollment Data (U.S. 2013-2017); Center for Health Information and Analysis Annual Reports (MA 2013-2017).

Unit price was the largest spending driver for the top three commercial health plans in Massachusetts between 2015 and 2017

Average annual growth in spending by component for top 3 payers, 2015 – 2017

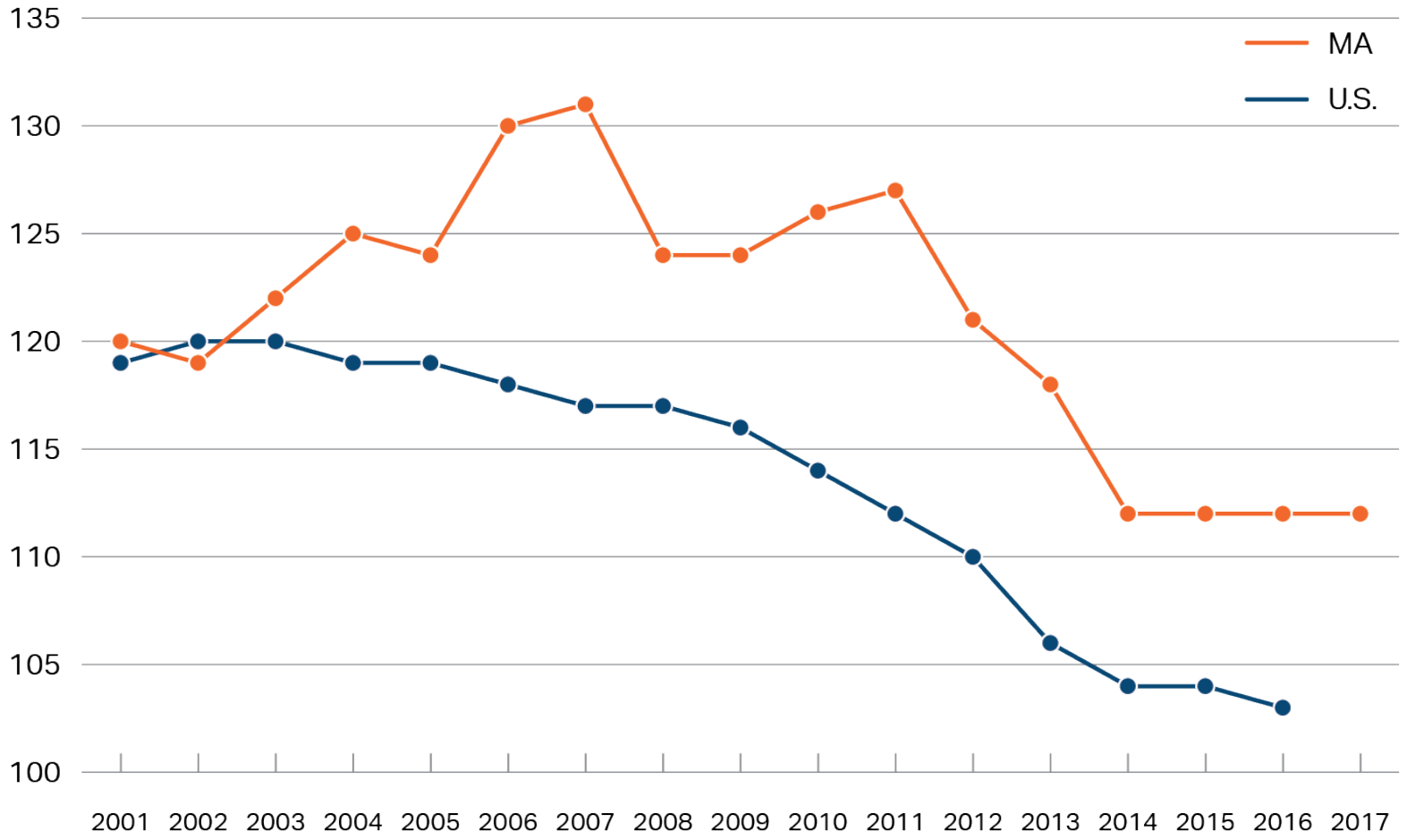


Notes: Average of medical expenditure trend by year 2015-2017. BCBSMA = Blue Cross Blue Shield of Massachusetts; THP = Tufts Health Plan; HPHC = Harvard Pilgrim Health Care.

Source: HPC analysis of Pre-Filed Testimony Pursuant to the 2018 Annual Cost Trends Hearing

Massachusetts inpatient hospital admission rates show little change since 2014 and continue to exceed the U.S. average

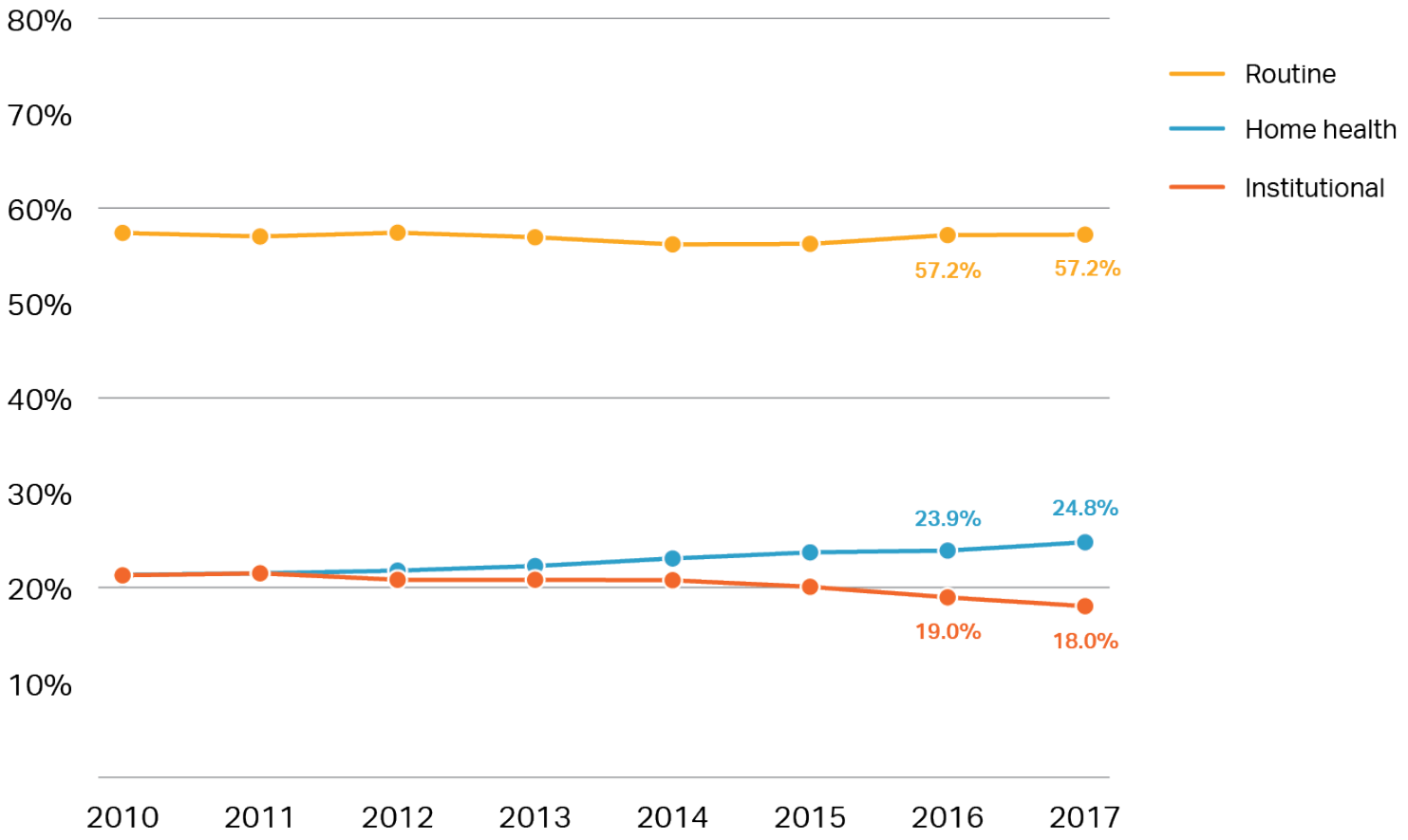
Inpatient hospital admission rate per 1,000 residents, MA and the U.S., 2001-2017



Notes: US data include Massachusetts.
Sources: Kaiser Family Foundation analysis of American Hospital Association data (U.S., 2001-2016), HPC analysis of Center for Health Information and Analysis Hospital Inpatient Database (MA 2017).

Across all inpatient discharges, the rate of discharge to institutional post-acute care continued to decline in 2017

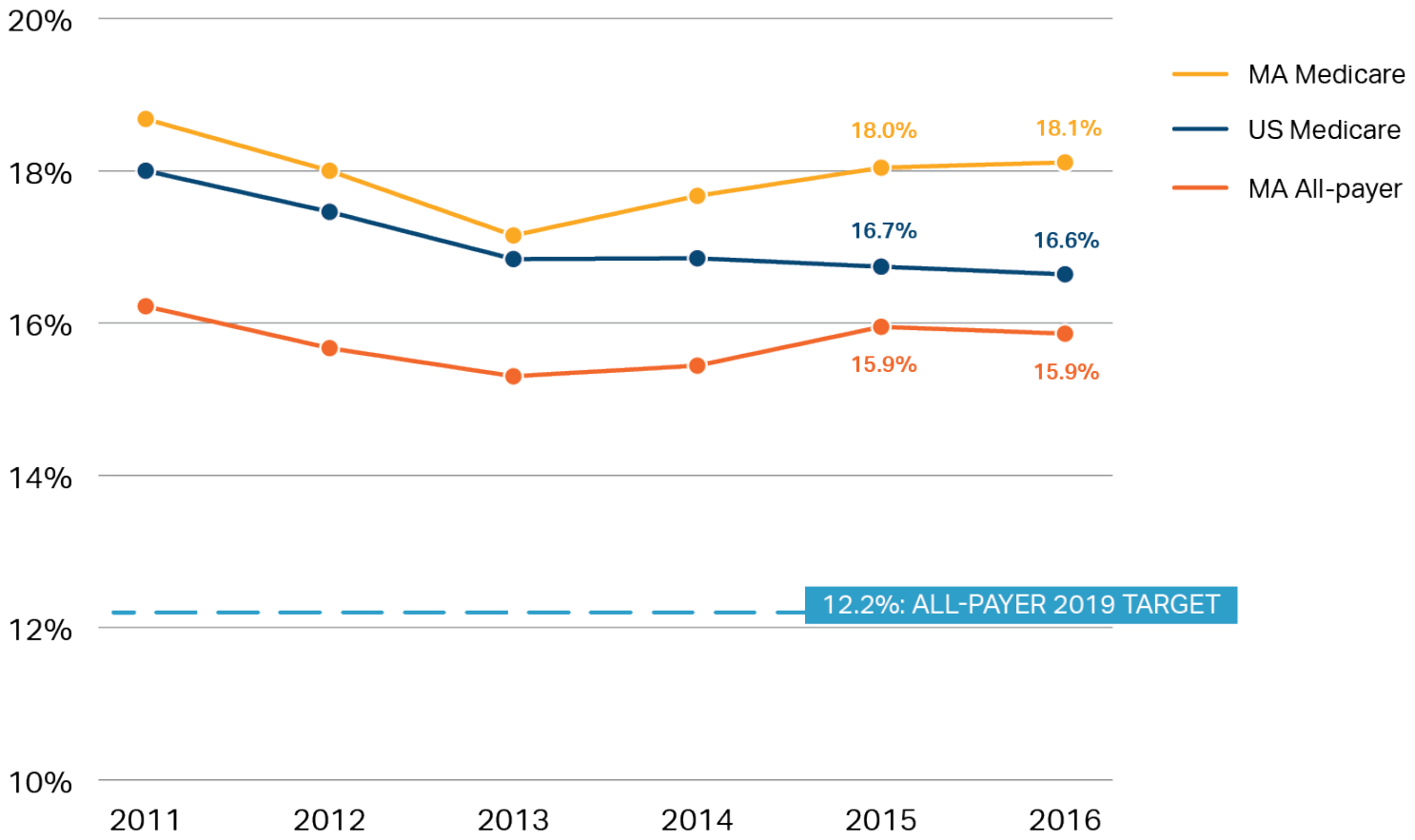
MA rates of discharge to post-acute care settings following an inpatient admission, 2010-2017



Note: Out-of-state residents are excluded. Rates adjusted for age, sex, and changes in DRG mix. Several hospitals were excluded (UMass, Clinton, Cape Cod, Falmouth, Marlborough) due to coding irregularities in the database.
Sources: HPC analysis of Center for Health Information and Analysis Hospital Inpatient Discharge Database (2010-2017).

Massachusetts readmission rates did not show any improvement in 2016

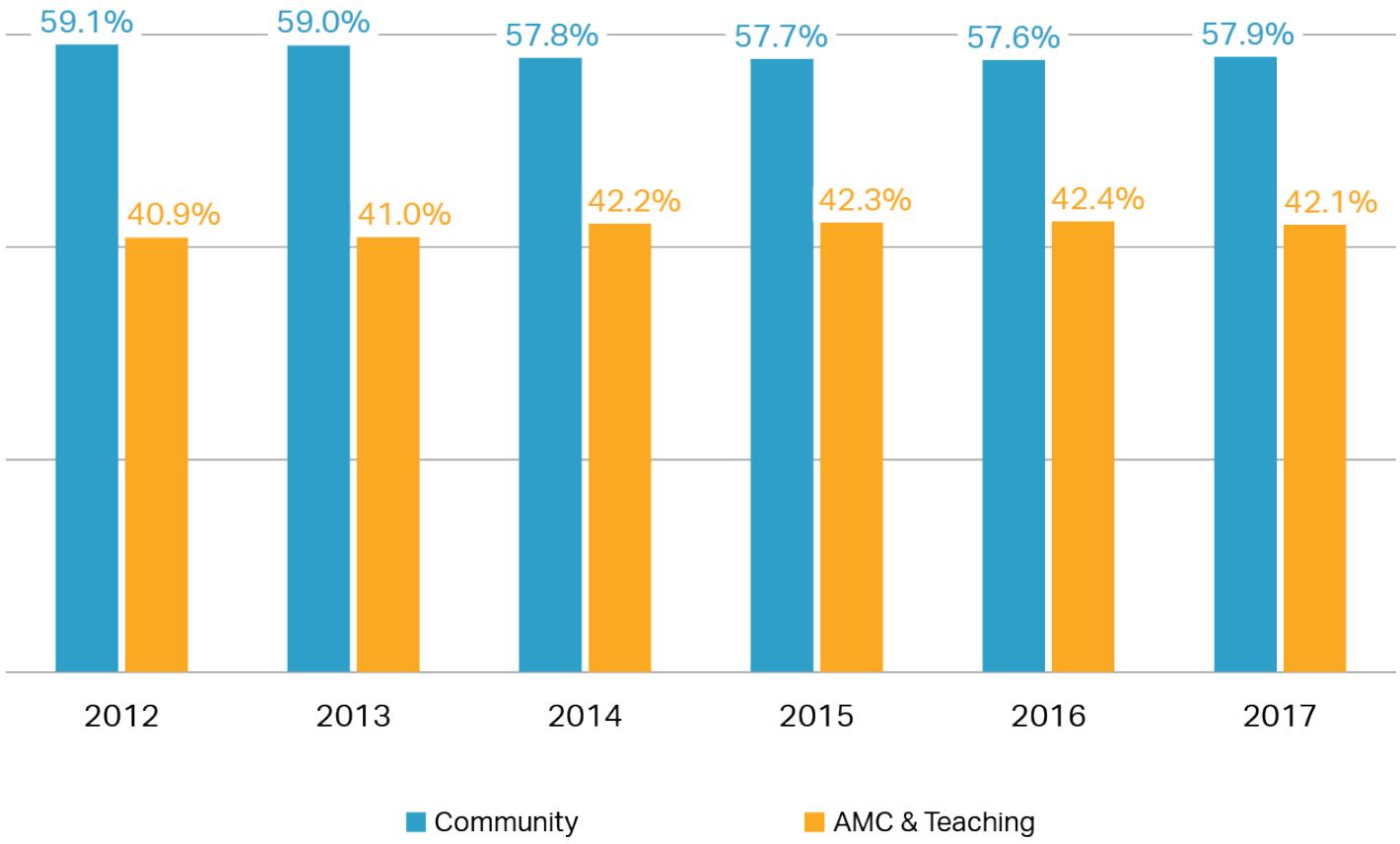
Thirty-day readmission rates, MA and the U.S., 2011-2016



Sources: Centers for Medicare and Medicaid Services (U.S. and MA Medicare 2011-2016); Center for Health Information and Analysis (MA All-payer 2011-2016).

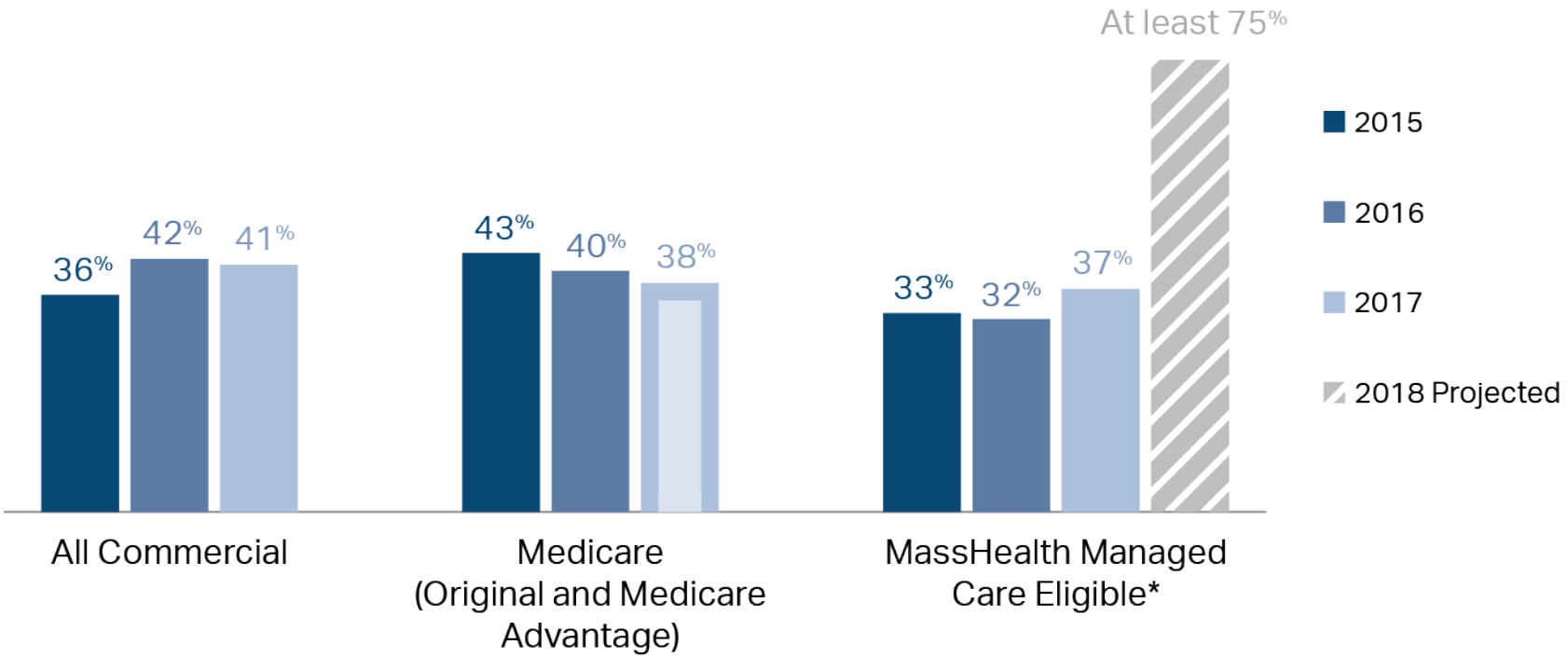
2017 was the first year with a small increase in community hospitals' share of community-appropriate discharges since 2012

MA share of community appropriate discharges by hospital type, 2012-2017



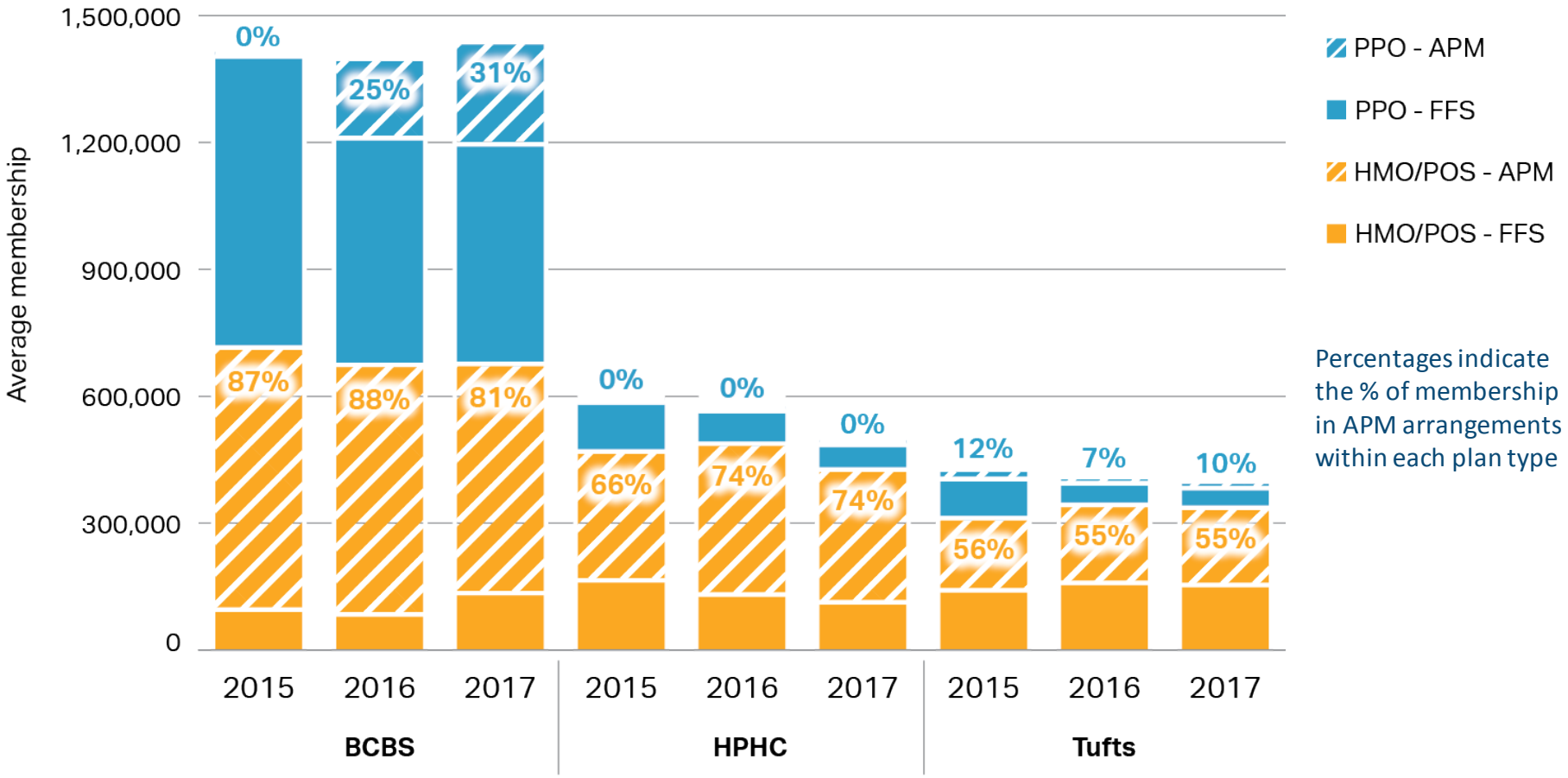
Notes: Discharges that could be appropriately treated in community hospitals were determined based on expert clinician assessment of the acuity of care provided, as reflected by the cases' diagnosis-related groups (DRGs). The Center for Health Information and Analysis defines community hospitals as general acute care hospitals that do not support large teaching and research programs.
Sources: HPC analysis of Center for Health Information and Analysis Hospitals Inpatient Discharge Database (2012-2017).

Overall APM adoption was relatively unchanged in 2017, but by 2018 MassHealth's ACO program should drive statewide APM coverage toward 50%



Notes: Original Medicare data for 2017 is a preliminary estimate.
Source: Centers for Medicare and Medicaid Services (Original Medicare 2015-2017); HPC analysis of Center for Health Information and Analysis Annual Report APM Databooks (Commercial 2015-2017); additional data supplied by MassHealth (MassHealth 2018).
* Managed care eligible includes MCO and PCC Plans, including new ACO options in 2018

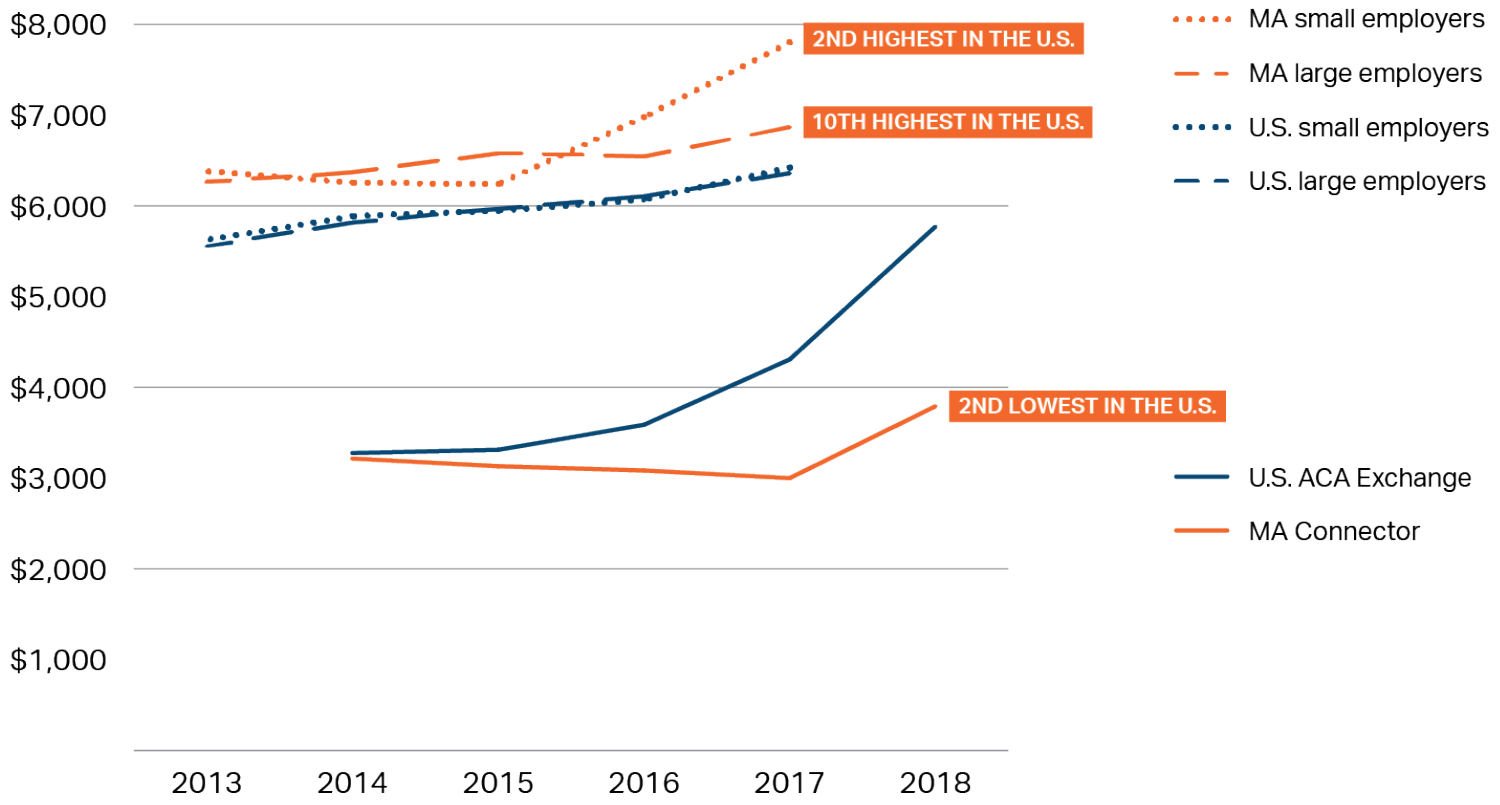
In 2017, Blue Cross Blue Shield of Massachusetts continued to lead the commercial market in APM adoption for PPO members



Source: HPC analysis of Center for Health Information and Analysis Annual Report APM Databooks (2015-2017).

While Massachusetts has among the highest premiums in employer markets, particularly for small employers, Connector premiums continue to rank among the lowest in state exchanges in 2018

Annual premiums for single coverage in the employer market and average annual unsubsidized benchmark premium for a 40-year-old in the ACA Exchanges, MA and the U.S., 2013-2018

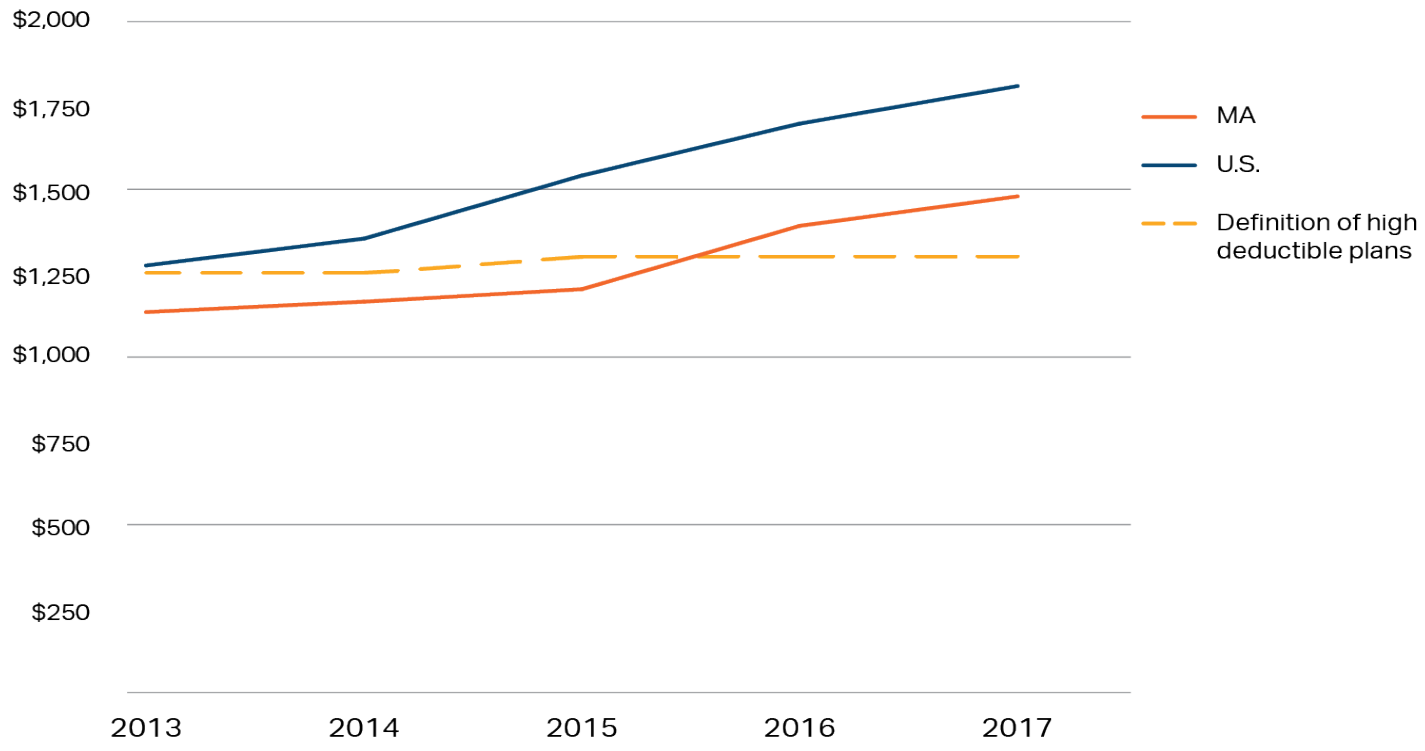


Notes: US data include Massachusetts. Employer premiums are based on the average premium according to a large sample of employers within each state. Small employers are those with less than 50 employees; large employers are those with 50 or more employees. Exchange data represent the weighted average annual premium for the second-lowest silver (Benchmark) plan based on county level data in each state. These plans have an actuarial value of 70%, compared to 85%-90% for a typical employer plan, and are thus not directly comparable to the employer plans.

Sources: Kaiser Family Foundation analysis of premium data from healthcare.gov (marketplace premiums 2014-2018); US Agency for Healthcare Quality, Medical Expenditure Panel Survey (commercial premiums 2013-2017).

Massachusetts continues to have lower deductibles than the US, although the average deductible exceeds the IRS definition for high deductible plans

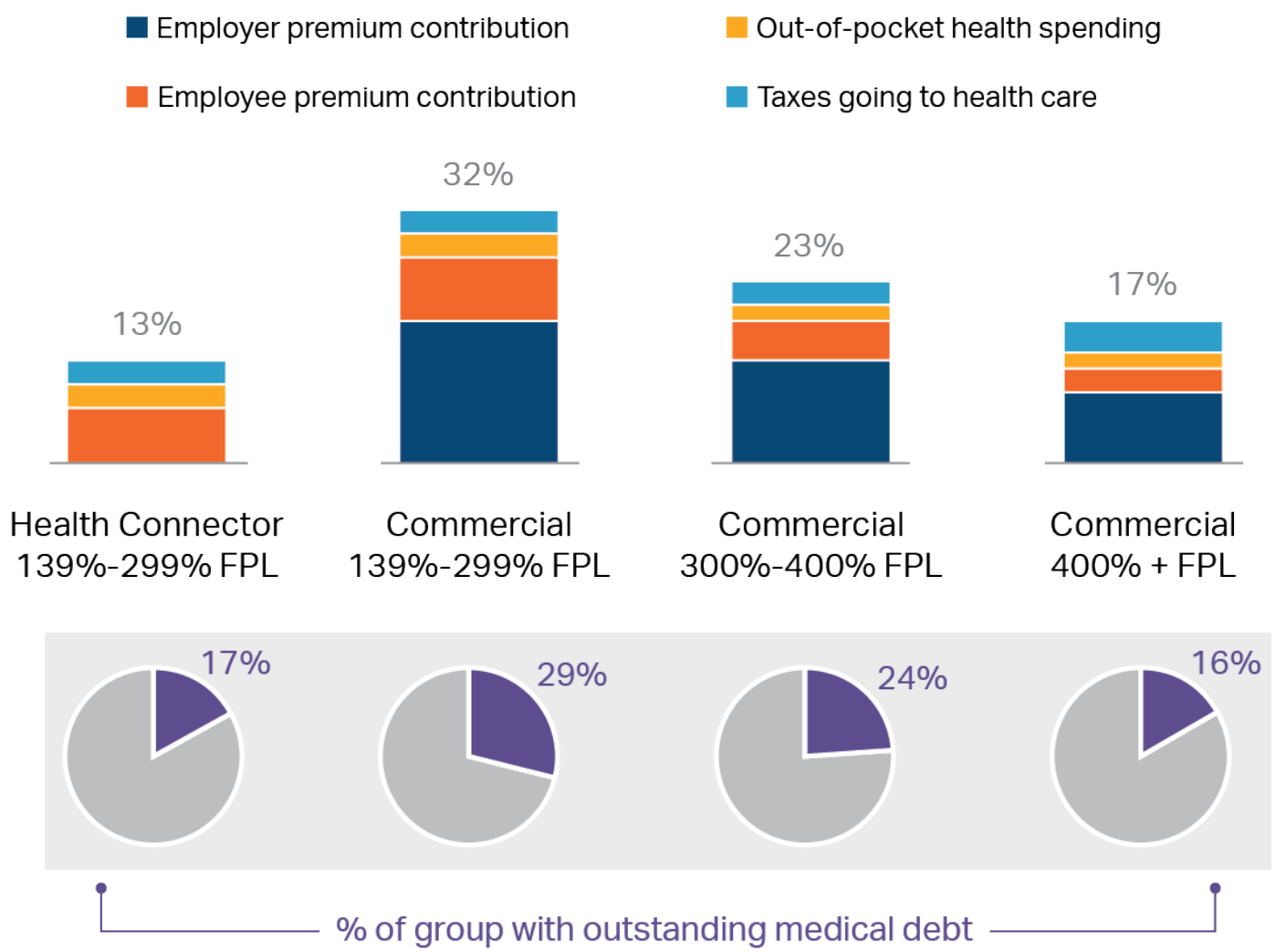
Average deductible for single coverage in the employer market, MA and the U.S., 2013-2017



The increase in high deductible plans in Massachusetts may have lowered overall commercial spending growth in 2017 by roughly 0.2 percentage points*

Notes: US data include Massachusetts. Employer deductibles are based on the average deductible according to a large sample of employers within each state. Employer plans that do not have a deductible aren't included in the average deductible calculation.
Sources: US Agency for Healthcare Quality, Medical Expenditure Panel Survey (commercial premiums 2013-2017); Internal Revenue Service (for definition of high deductible plans 2013-2017).
* Calculation based on increase in proportion of plans that are high deductible plans in Massachusetts in 2017 and Baicker, Katherine, William H. Dow, and Jonathan Wolfson. "Health savings accounts: Implications for health spending." *National Tax Journal* (2006): 463-475.

Nearly a third of total income for lower-income, commercially insured residents is consumed by health care costs, leading to higher rates of outstanding medical debt



Note: Figures rounded to nearest whole number. Total income represents total family income and includes employer payments, if any, toward health insurance premiums. One-person families and families with children and two adults are included in the analysis. Data are combined using survey weights which represent the population of Massachusetts. Insurance status is self-reported in the survey. "Commercial" represents insurance received through work or a union; "Health Connector" represents all private, non-group plans available through the Health Connector.

Sources: Massachusetts Health Interview Survey (CHIA), data from 2017 on 1,633 respondents from family- and single-headed households with employer-sponsored and private health insurance, representing roughly 2.9 million state residents. Other data sources include the US Agency for Healthcare Research and Quality US and state government tax and budget data.