

CENTER FOR HEALTH INFORMATION AND ANALYSIS

---

# MEDICAL EXPENDITURE TRENDS

---

DECEMBER 2016 EDITION

---





## About This Report

In 2015, CHIA began using payers' Massachusetts All-Payer Claims Database (MA APCD) submissions to report primary, medical health insurance enrollment trends in Massachusetts ([Enrollment Trends](#)). These counts and the programming logic behind them were developed in partnership with payers and Third Party Administrators to provide Massachusetts health care decision-makers insight into local health insurance market dynamics.

Medical Expenditure Trends builds on these verified populations, using payers' MA APCD submissions where possible, to monitor medical claims spending in Massachusetts over time. In this first edition, medical claims spending data is reported for unique Massachusetts residents with private, primary, medical health insurance in 12 of the Commonwealth's largest commercial payers. Member medical claims were aggregated for calendar year 2014 (CY 2014) dates of service with claims paid through June 2015 (see [technical appendix](#)). Data was sourced directly from the MA APCD for the two largest private commercial payers in Massachusetts (Blue Cross Blue Shield of Massachusetts and Harvard Pilgrim Health Care) and from direct non-APCD reporting for most others.<sup>1</sup> As with Enrollment Trends, CHIA will continue working with payers to expand the use of data from the MA APCD in future reports.

This report highlights aggregate medical claims spending trends by payer, funding type, and product type. Future reports may include additional detail such as spending by employer size or medical service category. Payer "expenditures" in this report include the amounts paid for non-capitated claims as well as fee-for-service equivalent amounts associated with capitated or global payment arrangements. These figures do not include adjustments or non-claims-based payments made between payers and providers at year-end, per individual performance contracts, and should be viewed as estimates. This report is accompanied by a [databook](#) and [technical appendix](#).

For questions on Medical Expenditure Trends, please contact Ashley Storms, Associate Analytic Reporting Manager, at (617) 701-8269 or at [Ashley.Storms@state.ma.us](mailto:Ashley.Storms@state.ma.us).

<sup>1</sup> CHIA collected supplemental data from all payers to assist in verifying medical claims estimates from the MA APCD. Where estimates aligned, payers were transitioned to MA APCD-based reporting. Blue Cross Blue Shield of Massachusetts, Harvard Pilgrim Health Care, and Minuteman Health were the first payers to meet this criteria for Medical Expenditure Trends. See [technical appendix](#).

## Payers Included in Medical Expenditure Trends

| Commercial Payer                                    | Data Sources <sup>1</sup>       |
|---|---------------------------------|
| Aetna   | Supplemental Payer Data (Supp.) |
| Anthem (incl. UniCare)                              | Supp.                           |
| Blue Cross Blue Shield of Massachusetts (BCBSMA)    | MA APCD <sup>2</sup>            |
| Boston Medical Center HealthNet Plan (BMCHP)        | Supp.                           |
| CeltiCare Health Plan of Massachusetts (CeltiCare)  | Supp.                           |
| Cigna   | Supp.                           |
| Fallon Health (Fallon)                              | Supp.                           |
| Harvard Pilgrim Health Care (HPHC)                  | MA APCD, Supp.                  |
| <i>Harvard Pilgrim Health Care [parent company]</i> | <i>MA APCD</i>                  |
| <i>Health Plans Inc.</i>                            | <i>Supp.</i>                    |
| Health New England (HNE)                            | Supp.                           |
| Minuteman Health (Minuteman)                        | MA APCD                         |
| Neighborhood Health Plan (NHP)                      | Supp.                           |
| Tufts Health Plan (Tufts)                           | Supp.                           |
| <i>Tufts Health Plan [parent company]</i>           | <i>Supp.</i>                    |
| <i>Tufts Health Public Plans</i>                    | <i>Supp.</i>                    |
| United Healthcare (United)                          | Not Included <sup>3</sup>       |

- 1 Private commercial insurance only; public programs such as MassHealth Managed Care Organization (MCO) plans, Medicare Advantage, Senior Care Options (SCO), and One Care are not included in this report.
- 2 BCBSMA data includes only those members reported to the MA APCD (approximately 1.3 million in CY2014). Financial data was unavailable for an additional 300,000 members—mainly host members (contracted through affiliate plans in other states) and federal employees—which were reported by BCBSMA in supplemental enrollment filings.
- 3 Supplemental data was provided by United but was not included due to data quality concerns.

## Table of Contents

|  |   |
|--|---|
| Members Included in Medical Expenditure Trends ..... | 1 |
| Medical Claims PMPM by Funding Type (CY 2014) .....  | 2 |
| Medical Claims PMPM by Product Type (CY 2014) .....  | 3 |
| Medical Claims PMPM by Payer (CY 2014) .....         | 4 |
| Glossary .....                                       | 5 |

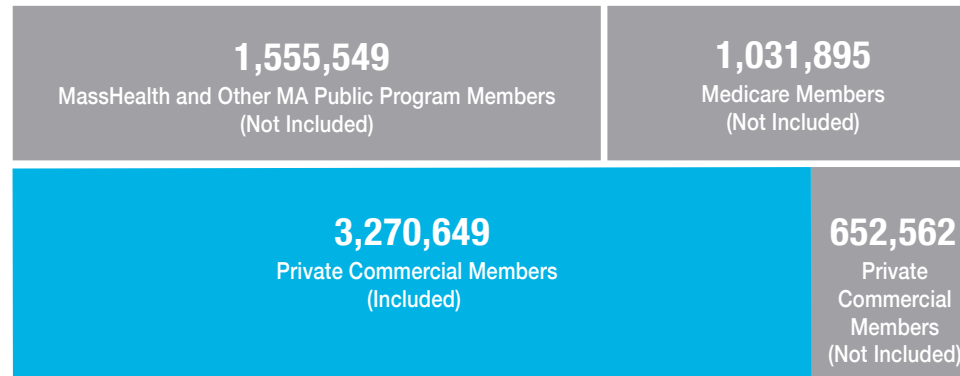


# PRIVATE COMMERCIAL

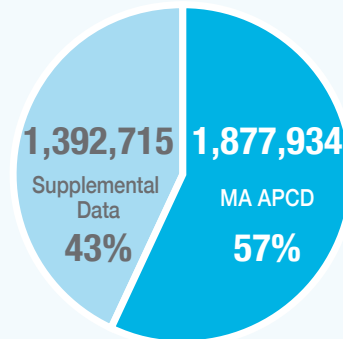
## Members Included in Medical Expenditure Trends

This edition of Medical Expenditure Trends focuses on medical claims costs for approximately 83% of Massachusetts private commercial members. Data for 57% of these members was sourced from the MA APCD after a thorough validation process undertaken jointly by CHIA and payers.

### Total Average Massachusetts Enrollment (CY 2014)



#### Data Sourcing



**Source:** MA APCD, supplemental payer data, Centers for Medicare and Medicaid Services (CMS)

**Notes:** Reported enrollment counts for “MassHealth and Other MA Public Program Members” and “Medicare Members” are averages of CY 2014 quarterly enrollment reported in CHIA’s July 2016 Enrollment Trends report. “MassHealth and Other MA Public Programs” includes enrollment in MassHealth Direct, MassHealth Temporary Coverage, Commonwealth Care, Medical Security Plan, Senior Care Options, One Care, and the Program of All-inclusive Care for the Elderly. “Medicare Members” include both Medicare Fee-for-Service (Parts A and B) and Medicare Advantage. Private commercial members excluded from this report include a portion of BCBSMA’s membership (mostly host members and federal employees) and all of United’s private commercial membership, as reported in CHIA’s July 2016 Enrollment Trends report, as well as approximately 19,000 members for whom behavioral health claims were unavailable. See [technical appendix](#) for details.

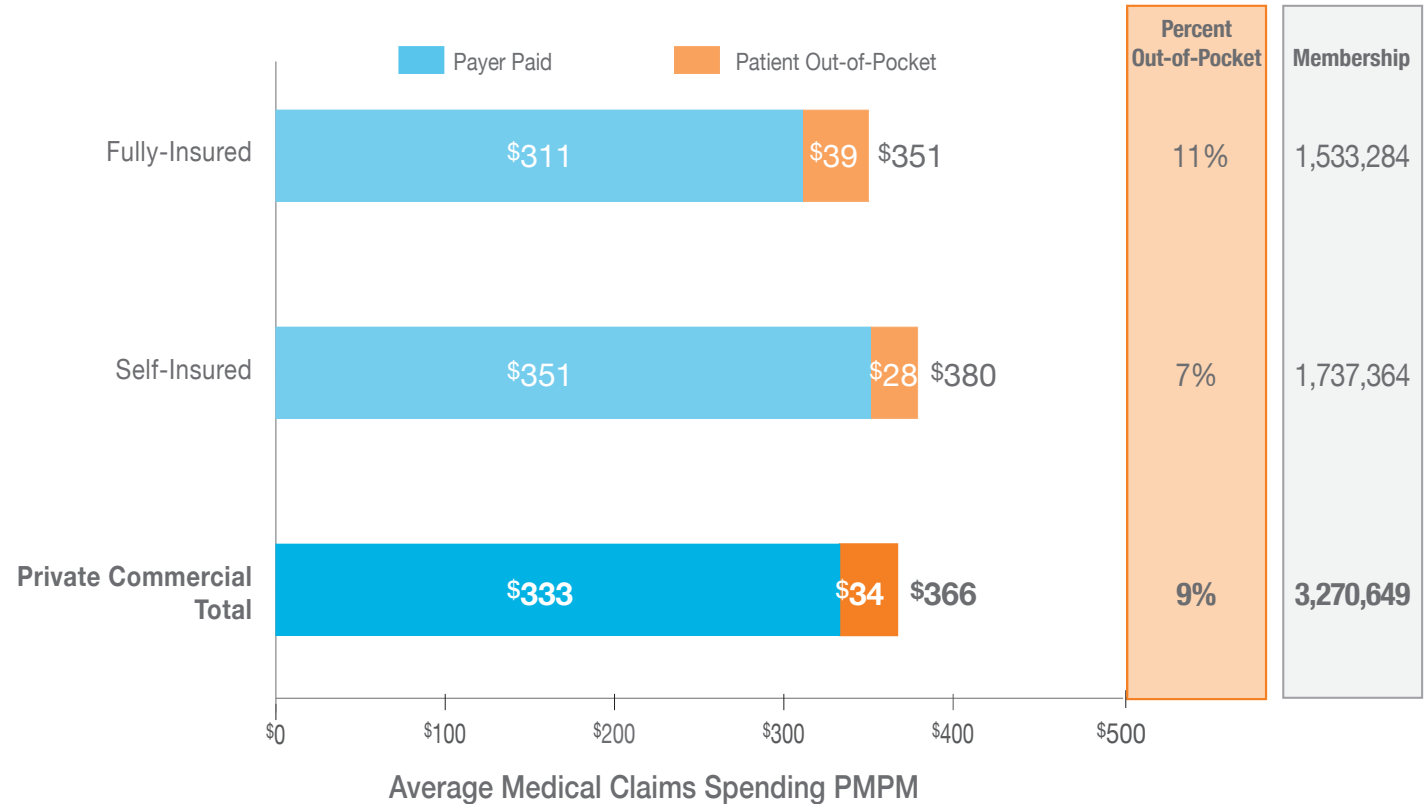
# PRIVATE COMMERCIAL

## Medical Claims PMPM by Funding Type

CY 2014

In Massachusetts, average private commercial member medical claims totaled an estimated \$366 per member per month (PMPM) in 2014. Payers paid for approximately 91% of that cost (\$333 PMPM); patients covered the remainder through deductibles, copays, and coinsurance (\$34 PMPM).

In 2014, self-insured private commercial members had higher total medical claims costs (\$380 PMPM) compared to those under fully-insured arrangements (\$351 PMPM). Despite incurring lower medical costs overall, fully-insured members paid 38% more out-of-pocket than self-insured members paid (\$39 PMPM vs. \$28 PMPM).



### Funding Types

**Fully-Insured:** A fully-insured employer contracts with a payer to cover pre-specified medical costs for its employees and employee-dependents.

**Self-Insured:** A self-insured employer takes on the financial responsibility and risk for its employees and employee-dependents' medical costs, paying payers or third party administrators to administer their claims.

**Source:** MA APCD, supplemental payer data

**Notes:** Payer Paid amounts include amounts paid for non-capitated claims as well as fee-for-service equivalent amounts (estimates) associated with capitated or global payment arrangements; non-claims-based payments between payers and providers are not included. Reported member counts reflect average membership across the year. Data reflects 83% of Massachusetts private commercial membership; financial data was unavailable for United and a portion of BCBSMA (mostly federal employees and host members). Payers were transitioned to MA APCD-based reporting where APCD financial amounts were within 3% of supplemental data. See [technical appendix](#) for more information.



# PRIVATE COMMERCIAL

## Medical Claims PMPM by Product Type

CY 2014

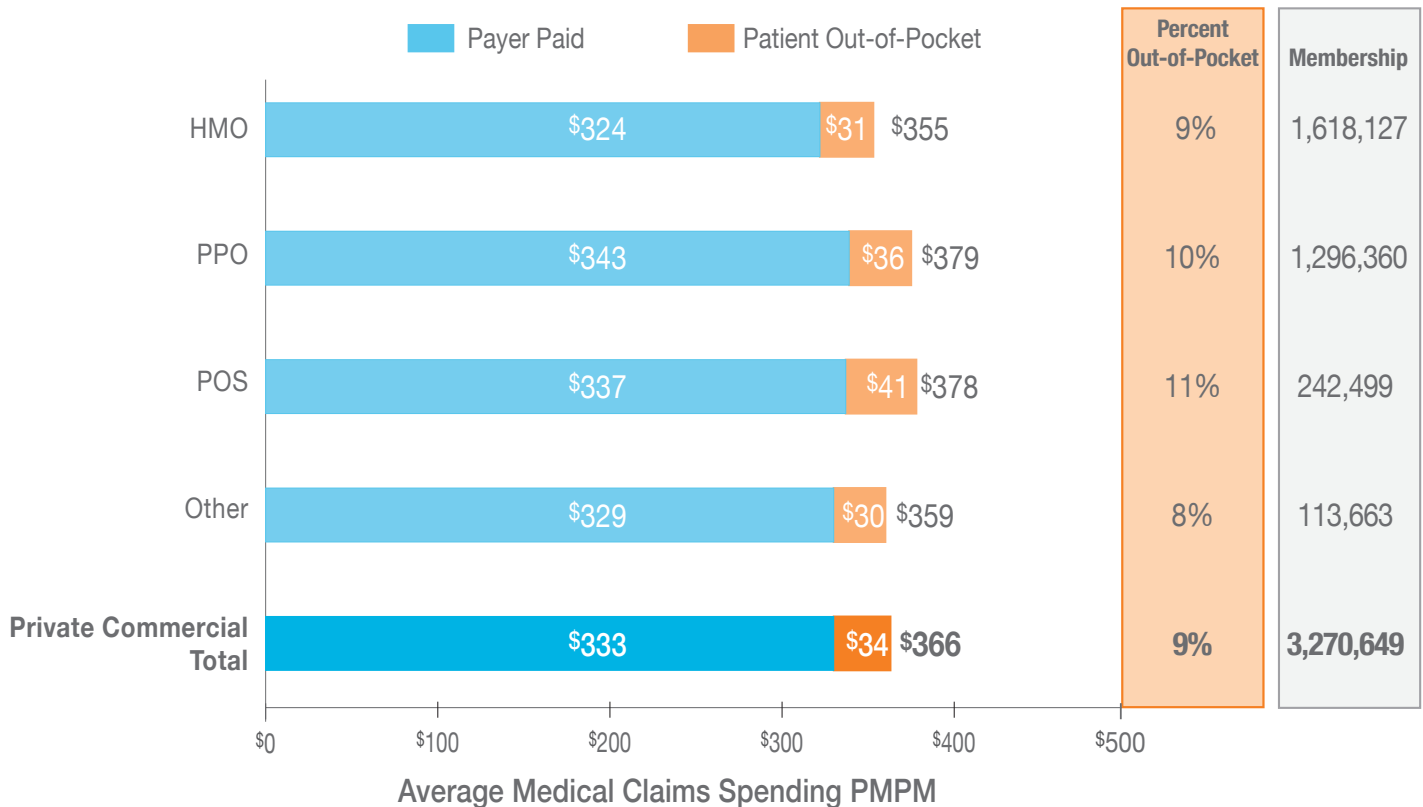
The majority (89%) of Massachusetts private commercial members were covered under HMO- or PPO-type plans in 2014. PPO members, who have access to a broader network of providers and are generally not required to have a referral from a primary care provider (PCP) to access specialist care, incurred medical claims costs approximately 7% higher than HMO members (\$379 PMPM vs. \$355 PMPM). Out-of-pocket amounts represented a similar proportion of overall medical spending for members of both HMO and PPO plans (9% and 10% of total medical claims, respectively).

### Product Types

**Health Maintenance Organization (HMO):** Plans with a closed network of providers, outside of which non-emergency coverage is not provided; generally require members to coordinate care through a PCP.

**Preferred Provider Organization (PPO):** Plans with a network of “preferred providers,” although members may obtain coverage outside the network at higher levels of cost-sharing; generally do not require members to select a PCP.

**Point of Service (POS):** Plans that require members to coordinate care through a PCP and use in-network providers for the lowest cost-sharing. As with PPO plans, out-of-network providers are covered at a higher cost to the member.



**Source:** MA APCD, supplemental payer data

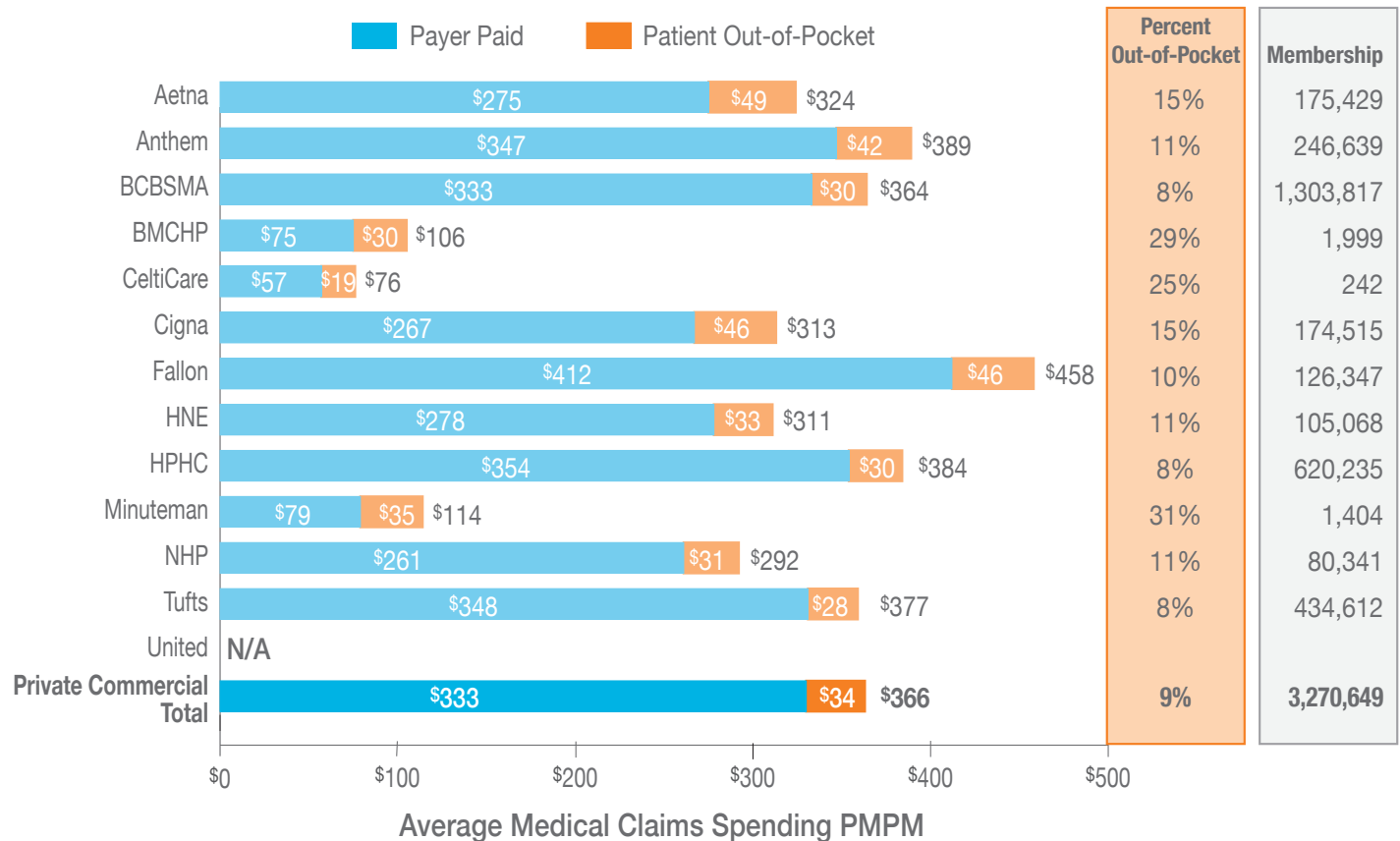
**Notes:** “Other” includes products identified by payers as Exclusive Provider Organization plans, Indemnity plans, and Commonwealth Choice. Payer Paid amounts include amounts paid for non-capitated claims as well as fee-for-service equivalent amounts (estimates) associated with capitated or global payment arrangements; non-claims-based payments between payers and providers are not included. Reported member counts reflect average membership across the year. Data reflects 83% of Massachusetts private commercial membership; financial data was unavailable for United and a portion of BCBSMA (mostly federal employees and host members). Payers were transitioned to MA APCD-based reporting where APCD financial amounts were within 3% of supplemental data. See [technical appendix](#) for more information.

# PRIVATE COMMERCIAL

## Medical Claims PMPM by Payer

CY 2014

Medical claims spending varied significantly by payer for private commercial members in 2014. Those payers with concentrated Qualified Health Plan memberships (BMCHP, CeliCare, Minuteman, Tufts Health Public Plans) had lower average medical claims costs ranging from \$76 PMPM (CeliCare) to \$123 PMPM (Tufts Health Public Plans)—included within Tufts). The Commonwealth’s larger commercial payers had higher average medical claim costs, spanning from Western Massachusetts-focused Baystate’s Health New England at \$311 PMPM to Worcester-based Fallon Health at \$458 PMPM.



### Payment Type

**Payer Paid:** The amount paid directly by payers for health care services, not including any member cost-sharing amounts.

**Patient Out-of-Pocket:** The amount paid by members for health care services, including copayments, coinsurance, and deductible amounts.

**Source:** MA APCD, supplemental payer data

**Notes:** HPHC data includes Health Plans Inc. Tufts data includes Tufts Health Public Plans. Payer Paid amounts include amounts paid for non-capitated claims as well as fee-for-service equivalent amounts (estimates) associated with capitated or global payment arrangements; non-claims-based payments between payers and providers are not included. Reported member counts reflect average membership across the year. Data reflects 83% of Massachusetts private commercial membership; financial data was unavailable for United and a portion of BCBSMA (mostly federal employees and host members). Payers were transitioned to MA APCD-based reporting where APCD financial amounts were within 3% of supplemental data. See [technical appendix](#) for more information.

# Glossary

## Funding Types

**Fully-Insured:** A fully-insured employer contracts with a payer to cover pre-specified medical costs for its employees and employee-dependents.

**Self-Insured:** A self-insured employer takes on the financial responsibility and risk for its employees and employee-dependents' medical costs, paying payers or third party administrators to administer their claims.

## Product Types

**Health Maintenance Organization (HMO):** Plans with a closed network of providers, outside of which non-emergency coverage is not provided; generally require members to coordinate care through a PCP.

**Point of Service (POS):** Plans that require members to coordinate care through a PCP and use in-network providers for the lowest cost-sharing. As with PPO plans, out-of-network providers are covered at a higher cost to the member.

**Preferred Provider Organization (PPO):** Plans with a network of "preferred providers," although members may obtain coverage outside the network at higher levels of cost-sharing; generally do not require members to select a PCP.

## Payment Types

**Patient Out-of-Pocket:** The amount paid by members for health care services, including copayments, coinsurance, and deductible amounts.

**Payer Paid:** The amount paid directly by payers for health care services, not including any member cost-sharing amounts.



*For more information, please contact:*

**CENTER FOR HEALTH INFORMATION AND ANALYSIS**

501 Boylston Street  
Boston, MA 02116

[www.chiamass.gov](http://www.chiamass.gov)  
[@Mass\\_chia](https://twitter.com/Mass_chia)

617.701.8100

*Publication Number: 16-348-CHIA-01*

