CENTER FOR HEALTH INFORMATION AND ANALYSIS

MEDICAL EXPENDITURE TRENDS

TECHNICAL APPENDIX

DECEMBER 2016 EDITION

CHIA.

CHIA Medical Expenditures Trends (December 2016)

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Table of Contents

I. Introduction

Medical Expenditure Trends monitors medical claims spending in Massachusetts over time, using payers' Massachusetts All-Payer Claims Database (MA APCD) submissions where possible. Spending is reported for unique Massachusetts residents with private, primary medical health insurance in 12 of the Commonwealth's largest commercial payers. Members primarily covered by MassHealth (Medicaid) or Medicare are not included within the report.

II. Data Sources and Specifications

Data for Medical Expenditure Trends originates from the MA APCD or from supplemental data submitted by payers. All data was collected using consistent population specifications, regardless of data source. Payer enrollment counts include membership from all affiliated carriers, Health Maintenance Organizations, and Third Party Administrators for all fully- and self-insured private commercial products, including unsubsidized and subsidized Qualified Health Plans, Commonwealth Choice plans, Group Insurance Commission plans, and Student Health Insurance Plans, except where otherwise noted. Enrollment and claims data for Health Plans Inc. (a subsidiary of Harvard Pilgrim Health Care) and Tufts Health Public Plans (a subsidiary of Tufts Health Plan, formerly known as Network Health) are reported under their respective parent organizations.

In some cases, payers lack behavioral health claims for certain member subpopulations; this may occur, for instance, when a self-insured employer carves out its employees' behavioral health coverage to a specialized vendor that is distinct from the one managing physical health claims. Medical Expenditure Trends analysis was restricted to members with available behavioral health claims data. In the MA APCD, this included only members where Behavioral Health Benefit Flag (ME051) = 1, and payers were directed to apply the same restriction to their supplemental data submissions.

MA APCD totals were derived from payers' Member Eligibility and Medical Claims submissions. Calendar Year 2014 (CY2014) enrollment was generated from December 2014 Member Eligibility data. For each month of the year, a "snapshot" was captured of members enrolled on the 15th of the month; these members were included in CY2014 member month counts. Using the Carrier Specific Unique Member ID (ME107), medical claims with CY2014 dates of service were linked to the specified member population. Medical Expenditure Trends analysis incorporated claims run-out through June 2015. For more details, see MA APCD programming code.

CHIA worked closely with payers to ensure that enrollment and financial amounts sourced from the MA APCD aligned with payers' internal records. All payers submitted aggregate supplemental data to assist in verifying medical claims estimates from the MA APCD. Where MA APCD financial amounts were within 3% of supplemental data, payers were transitioned to MA APCD-based reporting. Blue Cross Blue Shield of Massachusetts (BCBSMA), Harvard Pilgrim Health Care (HPHC), and Minuteman Health were the first payers to meet this criteria for Medical Expenditure Trends. CHIA will continue to work with payers to source additional member populations from the MA APCD. A list of data sources by payer is provided in the table below:

COMMERCIAL PAYER	DATA SOURCES[1]
Aetna	Supplemental Payer Data (Supp.)[2]
Anthem (including UniCare)	Supp.
Blue Cross Blue Shield of Massachusetts (BCBSMA)	MA APCD[3]
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.
Harvard Pilgrim Health Care [parent company]	MA APCD
Health Plans Inc.	Supp.
Health New England (HNE)	Supp.
Minuteman Health (Minuteman)	MA APCD
Neighborhood Health Plan (NHP)	Supp.
Tufts Health Plan (Tufts)	Supp.
Tufts Health Plan [parent company]	Supp.[4]
Tufts Health Public Plans	Supp.
United Healthcare (United)	Not Included[5]

III. Reporting Definitions

a. Payer Paid Amount

This is the amount that payers pay directly for medical services, as described in the MA APCD Medical Claim File Data Submission Guide. This includes both payments made on a fee-for-service (FFS) basis (Paid Amount, MC063), as well as FFS equivalent amounts for claims paid under a capitation arrangement (Prepaid Amount, MC064). (FFS equivalents are estimates of how a claim would have been paid under a FFS arrangement and may differ from the negotiated capitation payments.) Where indicated by payers, provider quality/performance Withhold Amounts (MC116) were also included in the Payer Paid amount calculation. Reported Payer Paid amounts 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. Only the payer who is the primary insurer for a member is accounted for within Medical Expenditure Trends.

b. Patient Out-of-Pocket Amount

This is the members' cost-sharing responsibility for medical services not included in the Payer Paid amount, such as the Copay Amount (MC065), Coinsurance Amount (MC066), and Deductible Amount (MC067), as described in the MA APCD Medical Claim File Data Submission Guide. This amount does not include members' contributions to monthly premiums. The Patient Out-of-Pocket amounts together with Payer Paid amounts should approximately equal payers' allowed rates for medical services (Allowed Amount, MC098).

c. Product Type

To each MA APCD Member Eligibility file record, payers assigned an Insurance Type Code/Product (ME003), as described in the MA APCD Member Eligibility File Data Submission Guide. Within this report, payer-assigned product codes were aggregated into four product types: Health Maintenance Organization (HMO) plans; Preferred Provider Organization (PPO) plans; Point of Service (POS) plans; and "Other" plans. The "Other" product type designation included Exclusive Provider Organization (EPO) plans, Indemnity plans, and membership coded by payers under any other private commercial product type.

d. Funding Type

To each MA APCD Member Eligibility file record, payers assigned a Coverage Type (ME029), as described in the MA APCD Member Eligibility File Data Submission Guide. Within this report, payer-assigned codes were aggregated into two main funding types: fully-insured and self-insured. Fully-insured employers contract with payers to cover pre-specified medical costs for employees and their dependents. Self-insured employers, on the other hand, take on the risk and responsibility of these medical costs, and pay either payers or third parties to administer their employees' claims.

IV. Comparisons to Other CHIA Metrics

a. Total Medical Expenses (TME)

Since 2012, CHIA has reported TME, a measure representing the full amount paid to providers for health care services delivered to a payer's member population; CHIA is statutorily mandated to collect and report TME data from private and public health care payers operating in the Massachusetts health care market.[6]

There are similarities between TME and Medical Expenditure Trends: both metrics measure health care costs for Massachusetts residents, rely on payer-submitted data, and report spending at the per member per month level for members with primary coverage through each payer.

However, there are also important methodological differences between these measures. TME, for instance, includes pharmacy costs and non-claims payments to providers, which are not accounted for by Medical Expenditure Trends. There are also differing amounts of claims run-out. For calendar year 2014, Medical Expenditure Trends includes claims paid through June 2015 (six months run-out); final TME includes claims paid through April 2016 (16 months run-out). Some of these differences stem from the different data sources used in each report.[7] More information on TME can be found in CHIA's Total Medical Expenses Methodology Paper.

b. Annual Premiums Data Request

CHIA collects contract-membership, commercial premiums, consumer cost sharing, and benefit level data from payers via the Annual Premiums Data Request.[8] Under this Request, payers report aggregate Allowed Claims and Incurred Claims amounts for defined member populations; this information is also used to calculate Member Cost Sharing. When reported on a per member per month basis, Incurred Claims and Member Cost Sharing amounts in Annual Premiums data are conceptually similar to the Payer Paid and Patient Out of Pocket amounts reported in Medical Expenditure Trends.

Unlike both Medical Expenditure Trends and TME, the population for the Annual Premiums Data Request is defined as members with health insurance contracts issued in Massachusetts, regardless of where members live. While there is substantial overlap between Massachusetts residents and Massachusetts contract-members, these populations are not identical. As with TME, claims data collected through the Annual Premiums Data Request includes pharmacy costs and non-claims payments to providers, which are not accounted for by Medical Expenditure Trends. For more information on the Annual Premiums Data Request, including full data specifications and relevant regulations, please refer to the Annual Premiums data submitters' page on CHIA's website.

For questions about Medical Expenditure Trends, please contact Ashley Storms, Associate Analytic Reporting Manager, at (617) 701-8269 or at ashley.storms@state.ma.us.

[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] The totals provided by Aetna for this report could not be reconciled with data submitted by the payer for previous CHIA reporting.
[3] 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.
[4] Supplemental data for Tufts Health Plan includes some members whose behavioral health coverage was carved out to another payer. This would be expected to result in a slight undercount of medical costs if certain behavioral health claims were missing from analysis.
[5] Supplemental data was provided by United but was not included due to quality concerns.
[6]CHIA is required by M.G.L. c. 12C to promulgate regulations for the uniform calculation and reporting by payers of health status adjusted TME and to publicly report that data. 957 CMR 2.00 governs the methodology and filing requirements for health care payers to calculate and report Health Status Adjusted Total Medical Expenses.
[7] Commercial TME is sourced from payer-submitted data collected specifically for TME analysis, while 57% of Medical Expenditure Trends data (by membership) was sourced from the MA APCD in this first edition.
[8] 957 CMR 10.00 governs the methodology and filing requirements for health care payers to report premiums and claims data.

For more information, please contact:

CENTER FOR HEALTH INFORMATION AND ANALYSIS

501 Boylston Street
Boston, MA 02116

www.chiamass.gov
@Mass_CHIA

(617) 701-8100

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