

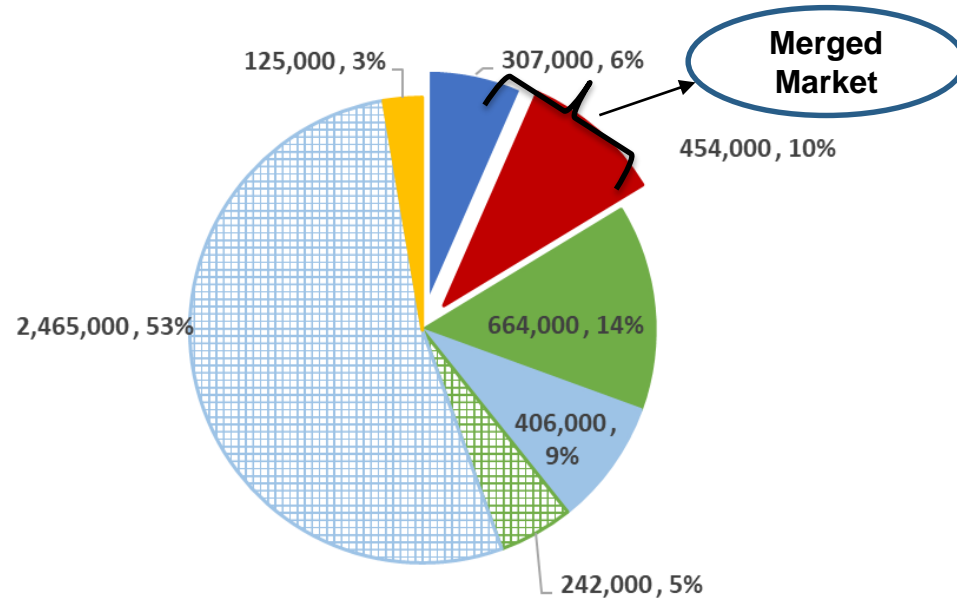


Massachusetts Health Coverage & Market Share

Companies Offering Health Coverage in MA

Aetna	<i>(Aetna Health Inc., Aetna Health Insurance Company, Aetna Life Insurance Company)</i>
AllWays	<i>(AllWays Health Partners, Inc. and AllWays Health Insurance Company)</i>
BMC	<i>(Boston Medical Center Health Plan, Inc.)</i>
Blue Cross	<i>(Blue Cross and Blue Shield of MA, Inc. and Blue Cross and Blue Shield of MA, HMO Blue, Inc.)</i>
CIGNA	<i>(CIGNA Health and Life Insurance Company and Connecticut General)</i>
ConnectiCare	<i>(ConnectiCare of Massachusetts, Inc.)</i>
Fallon	<i>(Fallon Community Health Plan, Inc. and Fallon Health and Life Assurance Company)</i>
HNE	<i>(Health New England, Inc. and Health New England Insurance Company)</i>
HPHC	<i>(Harvard Pilgrim Health Care, Inc. and HPHC Insurance Company, Inc. and Health Plans Inc.)</i>
Tufts	<i>(Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company.)</i>
Tufts Direct	<i>(Tufts Health Public Plans, Inc.)</i>
United	<i>(United HealthCare Insurance Company)</i>

Coverage Sources: Private Coverage MA Average 2018 Membership: Situs



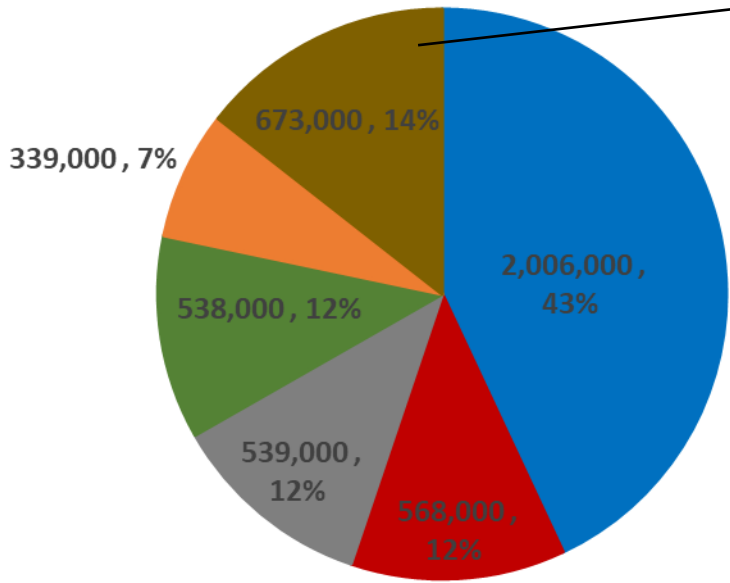
■ Individual FI
 ■ Small Group FI
 ■ Large Group FI
 ■ Jumbo Group FI
■ Large Group SI
■ Jumbo Group SI
■ Other

- Approx. 4.7M members have health benefits through the private market
- Chart excludes ~1.2M people covered through MassHealth and ~1.1M covered through Medicare
- 16% of this population are in the Merged Market.
- 58% of this population are enrolled in the self-insured market

Self-Insured vs. Fully Insured

- Self-insured arrangement, the employer assumes the risk of health care claims of its members.
- Fully insured arrangement, the insurer assumes the risk of health care claims and charges a risk premium for this benefit.
- Employer weighs the pros & cons of self-insurance arrangement – questions that an employer may ask itself:
 - Is the employer large enough to absorb the volatility in health care expenditures?
 - Does the employer have enough in reserves to pay unexpected high-cost claims?
 - Should the employer purchase reinsurance to cover high-cost claims?
 - Will the savings the employer expects under a self-insured arrangement be enough to take on the added risks?

Massachusetts Market Share Insured Private Market



All Other	
Aetna	3.5%
UniCare	2.4%
AllWays	2.3%
HNE	2.3%
Fallon	2.1%
BMCHP	1.9%

- BCBSMA has 43% of the market
- HPHC (includes HPI), Tufts (includes THPP) and United have equal share of the market (12% each)

■ BCBSMA ■ HPHC ■ United ■ Tufts (includes THPP) ■ CIGNA ■ All Other

Special Features of Merged Market

The background features a light blue gradient at the top and bottom. A large, dark blue arrow-shaped graphic points from the left towards the right, containing the main text. Below this, a horizontal orange bar with a 3D effect extends across the width of the slide.

Features of Merged Market

Special M.G.L. c. 176J coverage protections for:

- Eligible individuals who reside in Massachusetts
- Eligible small employers that are located in Massachusetts:
 - with up to 50 eligible employees
 - with at least 50% of employees working in Massachusetts
 - with at least 75% of eligible employees choosing coverage
(count excludes those with coverage through spouse but includes special count of part-time/seasonal/temp employees)

The following slides describe the consumer protections available for individuals and small employers through fully-insured health plans sold under c. 176J and related federal law.

No special protections for groups with 51+ eligible employees – meaning carriers can vary premiums for groups based on health status, or demographic characteristics of groups' employees.

Features of Merged Market

If any carrier wants to offer coverage in the merged market, it agrees to follow certain rules:

- Guarantee issue/renew to all eligible individuals/employers.
- No pre-existing condition limitations.
- Products must meet certain benefit standards.
- Premiums charged may only vary by allowed criteria.

Any carrier leaving merged market is locked out of offering coverage for five (5) years.

Guarantee Issue / Guarantee Renewability

- **Guarantee Issue** laws require health carriers to issue a health plan to any applicant – an eligible individual or group – regardless of the applicant's health status or other factors.
- **Guarantee Renewability** refers to a requirement that a health carrier renew coverage in a health plan, unless the carrier is discontinuing the health plan for all individuals and small groups.

Features of Merged Market

The statute requires that products be “made available” rather than offered.

- In a recently filed Governor’s bill, the term “make available” has been replaced with “offered” and there is a requirement that each product be displayed on a carrier’s website.

Exception under existing law/regulation, HMOs are permitted to restrict eligible small employers with between 1 and 5 eligible employees to obtain coverage from intermediaries. Since intermediaries do not offer all available products, groups with between 1 and 5 eligible employees are only able to obtain those HMO products that are being offered by an intermediary.

- In a recently filed Governor’s bill, there is a provision that would remove this HMO provision that existed prior to the internet and other technical provisions that have occurred since the early 1990s.

No Pre-Existing Condition Limitations

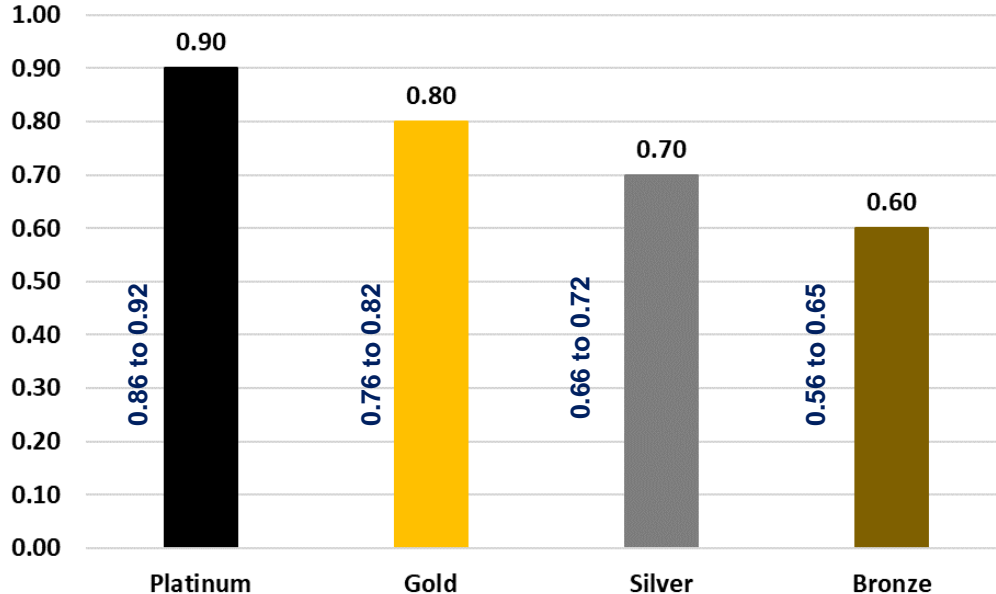
- All plan benefits are available to all covered persons from the first day covered until the last day covered.
- Covered persons do not need to pay more nor have any lower benefits because they have a history of, or projected use of, any health services.

Product Standards

- Fully insured plans must cover all state and federal mandated benefits.
- Plans cover certain federal standard “essential health benefits” and have limits to plan deductibles, copayments, and/or coinsurance, and maximum out-of-pocket spending.
- Plans must meet certain actuarial values and are marketed according to the metallic tier (platinum, gold, silver, bronze) of the benefits in the product.

Plan Designs in the Merged Market

**Benefit Richness
Actuarial Value**



- The ACA requires insurers to offer a suite of plan offerings.
- Actuarial Value measures the benefit richness of the plan offerings
- Platinum plans have lower member cost-sharing (low deductibles and very little copays) but higher premiums, while bronze plans have higher cost-sharing but lower premiums.

Premium Standards

- Each carrier develops standard rates for each product offered based on projected claim costs of all eligible individuals/small employers.
- Premiums are standardized with variability based on:
 - Age of individual/family members or persons covered by employer.
 - Geography where the individual or employer is located in MA.
 - Transitional factors (2020): size of employer group and participation in group purchasing cooperative.



Massachusetts Merged Market Carriers and Plans Offered

2020 Merged Market Carriers in MA

Aetna	<i>(Aetna Health Inc., Aetna Health Insurance Company, Aetna Life Insurance Company)</i>
AllWays	<i>(AllWays Health Partners, Inc. and AllWays Health Insurance Company)</i>
BMC	<i>(Boston Medical Center Health Plan, Inc.)</i>
Blue Cross	<i>(Blue Cross and Blue Shield of MA, Inc. and Blue Cross and Blue Shield of MA, HMO Blue, Inc.)</i>
CIGNA	<i>(CIGNA Health and Life Insurance Company and Connecticut General)</i>
ConnectiCare	<i>(ConnectiCare of Massachusetts, Inc.)</i>
Fallon	<i>(Fallon Community Health Plan, Inc. and Fallon Health and Life Assurance Company)</i>
HNE	<i>(Health New England, Inc. and Health New England Insurance Company)</i>
HPHC	<i>(Harvard Pilgrim Health Care, Inc. and HPHC Insurance Company, Inc. and Health Plans Inc.)</i>
Tufts	<i>(Tufts Associated Health Maintenance Organization, Inc. and Tufts Insurance Company.)</i>
Tufts Direct	<i>(Tufts Health Public Plans, Inc.)</i>
United	<i>(United HealthCare Insurance Company)</i>

Merged Market Plans

Insurers	Merged Market Plans
AllWays	56
BMCHP	7
BCBSMA	41
ConnectiCare	5
Fallon*	21
Health NE	30
HPHC	34
Tufts Public Plans	8
Tufts HMO	42
United HealthCare	12
Total	256

* Fallon products are available with different networks

How to Get Coverage



Obtaining Coverage

Eligible small employers may obtain coverage by

- directly contacting a carrier – by phone or through the internet
 - (some carriers use an intermediary to coordinate enrollment for smallest groups)
- contacting a producer (agent) representing a carrier
- enrolling with an intermediary offering carrier products
- enrolling through Health Connector for Business
- enrolling through Group Purchasing Cooperative

Eligible individuals may obtain coverage by

- directly contacting a carrier – by phone or through the internet
 - (some carriers use an intermediary to coordinate enrollment)
- contacting a producer (agent) representing a carrier
 - (though producers typically do not collect a commission for individual sales)
- enrolling with an intermediary offering carrier products
- enrolling through the Health Connector

Obtaining Coverage Through Health Carrier or Affiliated Producers

- Carriers make coverage available either through
 - Telephone sales
 - Internet-based platforms
 - Sales face-to-face, telephone, or online through producers (agents/brokers) who are under contract with a carrier

Obtaining Coverage Through Intermediaries

- Intermediary recognized under M.G.L. c. 176J

A chamber of commerce, trade association, or other organization, formed for purposes other than obtaining insurance, and which offers its members the option of purchasing a Health Benefit Plan.

Contracts with individual carriers to offer health plans to small employers.

May only offer coverage to members and may charge a processing fee to enroll members in health plans.

Obtaining Coverage Through Health Connector

- The Health Connector is Massachusetts' state-based marketplace. It is a quasi-public state agency created by M.G.L. c. 176Q and later designated as ACA-compliant Marketplace.
 - Serves as an internet-based marketplace for individual and small group health and dental coverage that meets state and federal requirements and meets the Health Connector's standards for value.
 - Offers individuals and small business a “one stop shop” through which to comparison shop among the market's carriers and enroll in coverage.
 - Serves as the only coverage source for eligible individuals to qualify for federal and state subsidies (e.g., premium tax credits, ConnectorCare, etc.) or small businesses to qualify for federal small business tax credits and ConnectWell rebates for small groups.
 - Makes in-person assistance available to individuals (via Navigators) and works with brokers to support small businesses shopping for coverage.

How Does Merged Market Purchase Insurance?

Individual Market

Connector

Direct to the Insurer

Intermediaries

Small Group
Market - Groups
of 1 to 5

Intermediaries

Direct to the Insurer

Brokers

Connector

Group
Purchasing
Cooperative

Small Group
Market - Groups
of 6 to 50

Brokers
(>90%)

Direct to the Insurer

Connector

Group
Purchasing
Cooperative

Intermediaries (SBSB & HSA) offer products from the following carriers:
Tufts, HPHC, Fallon, BMCHP, THPP, AllWays, HNE

Distribution & Plan Offerings

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Merged Market Diversity Distribution Channels & Plans

Small Group Market

Connector

Insurer	# of Plans Connector
AllWays	7
BMCHP	7
BCBSMA	7
ConnectiCare	
Fallon	15
Health NE	7
HPHC	7
Tufts Public Plans	7
Tufts HMO	6
United HealthCare	6
Total	69

Intermediaries

Insurer	# of Plans Intermediary (1 to 5 EE)
AllWays	20
BMCHP	2
BCBSMA	
ConnectiCare	
Fallon*	14
Health NE	30
HPHC	19
Tufts Public Plans	8
Tufts HMO	13
United HealthCare	
Total	106

Direct to Insurer/Broker

Insurer	# of Plans Direct/From Broker
AllWays	56
BMCHP	2
BCBSMA	41
ConnectiCare	5
Fallon*	21
Health NE	30
HPHC	34
Tufts Public Plans	8
Tufts HMO	42
United HealthCare	12
Total	251

Merged Market Diversity

Distribution Channels & Plan offerings

Individual Market

Connector

Insurer	# of Plans Connector Care	# of Plans Subsidized & UnSubsidized
AllWays	1	5
BMCHP	1	5
BCBSMA		6
ConnectiCare		
Fallon	1	13
Health NE	1	5
HPHC		5
Tufts Public Plans	1	7
Tufts HMO		5
United HealthCare		5
Total	5	56

Intermediaries

Insurer	# of Plans Intermediary
AllWays	4
BMCHP	2
BCBSMA	
ConnectiCare	
Fallon	14
Health NE	30
HPHC	5
Tufts Public Plans	9
Tufts HMO	4
United HealthCare	
Total	68

Direct to Insurer/Broker

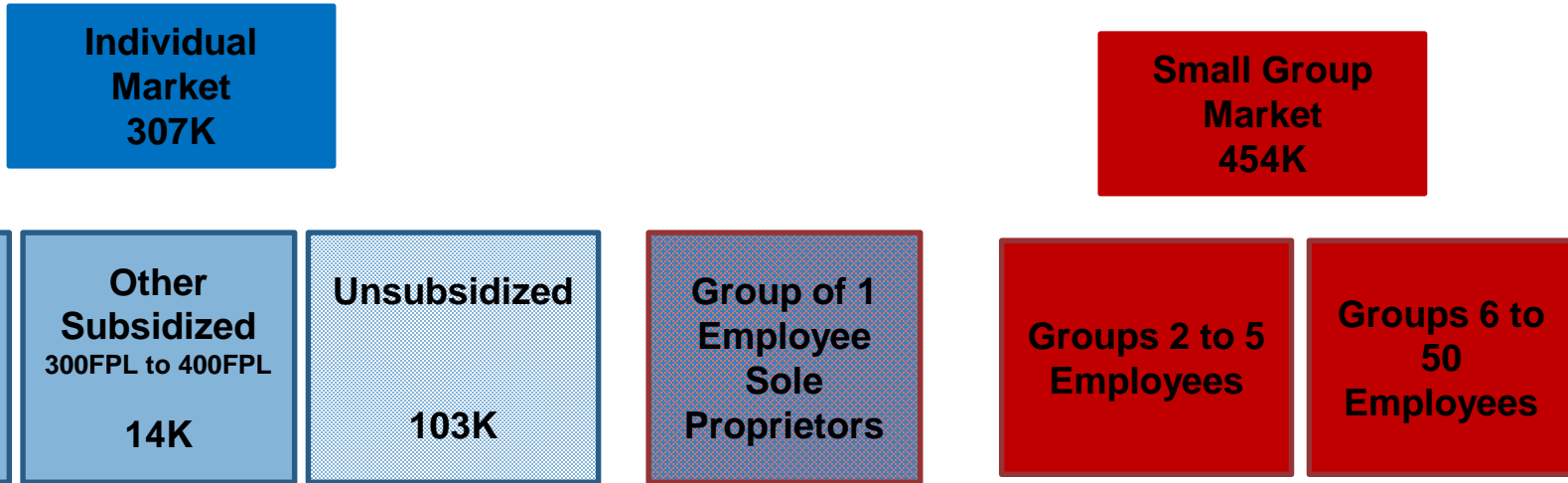
Insurer	# of Plans Direct from Insurer/Broker
AllWays	4
BMCHP	2
BCBSMA	5
ConnectiCare	5
Fallon	14
Health NE	30
HPHC	34
Tufts Public Plans	9
Tufts HMO	4
United HealthCare	5
Total	112



Diversity of Membership Across Sales Channels

Merged Market Diversity

Avg 2018 Membership

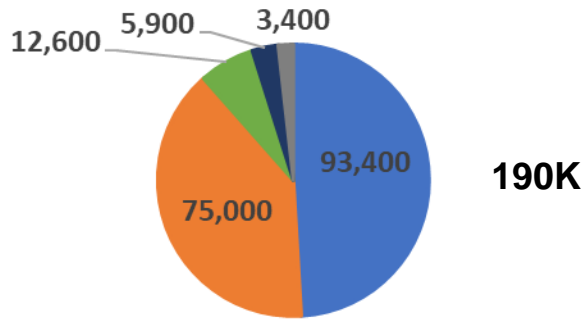


Source: CHIA 2019 Annual Report
Connecticare excluded
FPL is the Federal Poverty Level

Merged Market Diversity

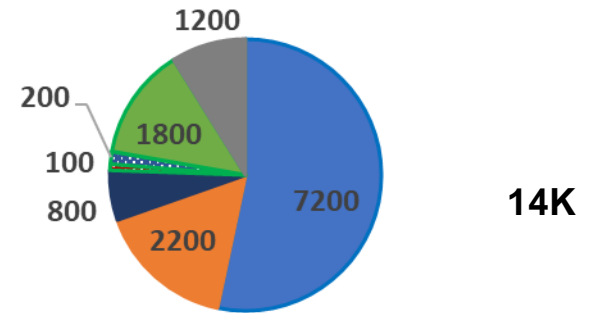
Subsidized Individual Market Insurer Market Share

2018 Connector Care (<300FPL) Market Share



■ THPP ■ BMCHP ■ AllWays ■ Fallon ■ HNE

2018 Other Subsidized 300FPL to 400FPL Market Share



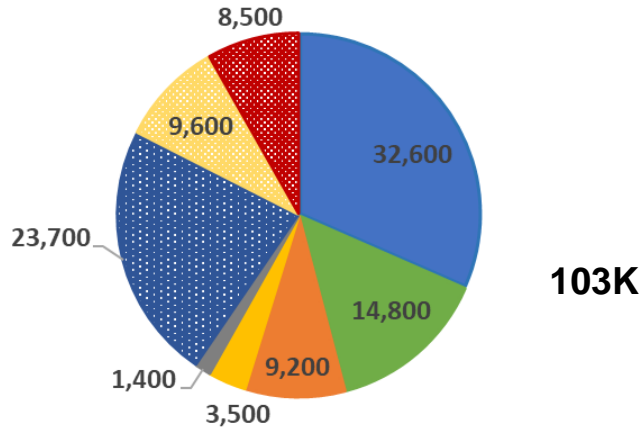
■ THPP ■ BMCHP ■ Fallon ■ HPCH ■ BCBSMA ■ AllWays ■ HNE

Source: CHIA 2019 Annual Report
Connecticare excluded

Merged Market Diversity

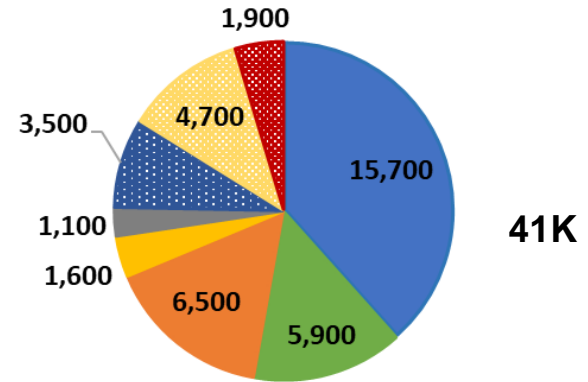
Unsubsidized & Small Group Market Share

2018 Unsubsidized Individual Market Share



■ THPP ■ AllWays ■ BMCHP ■ Fallon ■ HNE ■ BCBSMA ■ Tufts ■ HPHC

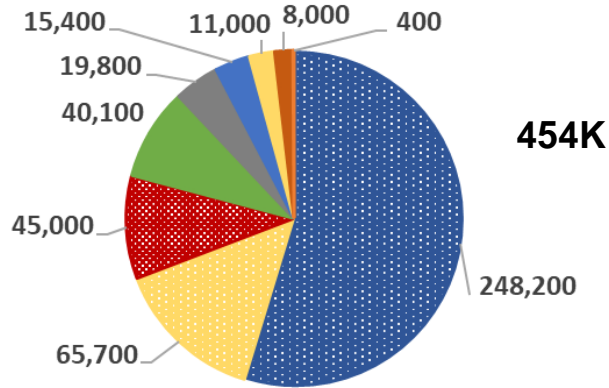
June 2018 Unsubsidized Individual On Exchange Market Share



■ THPP ■ AllWays ■ BMCHP ■ Fallon ■ HNE ■ BCBSMA ■ Tufts ■ HPHC

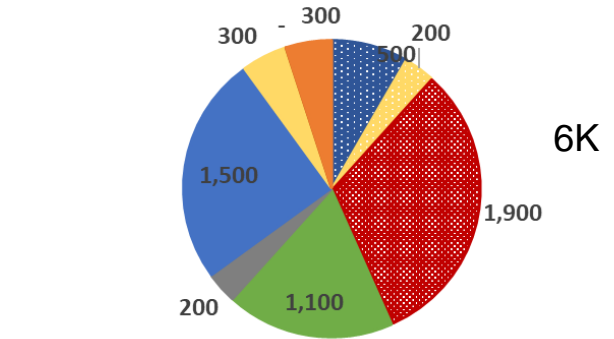
On Exchange Enrollment

2018 Small Group Market Share



- BCBSMA
- Tufts
- HPHC
- AllWays
- HNE
- THPP
- Fallon
- United
- BMCHP

June 2018 Small Group On Exchange



- BCBSMA
- Tufts
- HPHC
- AllWays
- HNE
- THPP
- Fallon
- United
- BMCHP

Source: CHIA Enrollment Reports

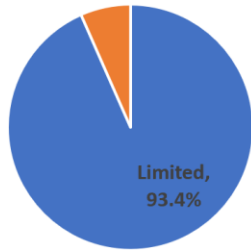


Diversity of Health Plan Networks Across Sales Channels

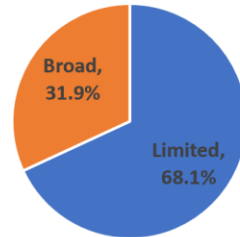
Merged Market Diversity Limited vs. Broad Network

Connector Care

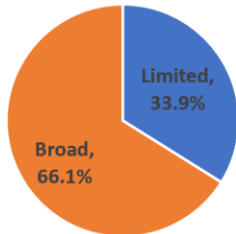
Broad, 6.6%



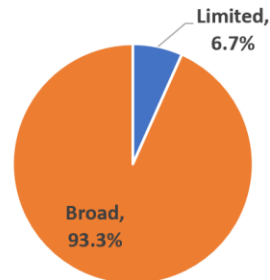
Connector (300%+ of FPL)



Unsubsidized Individual Market
Off Connector



Small Group Market



- Carriers offering limited network plans include BMC Health Net Plan, Fallon Direct and Fallon Community Care, and Tufts Health Public Plans.
- BMC and Fallon exclude Boston Children's, Brigham & Women's, Dana-Farber, and Mass General from their networks.
- Tufts Public Plans includes Boston Children's but excludes Brigham & Women's, Dana-Farber, and Mass General.
- HNE's network also excludes these hospitals, but is not available in eastern MA and is considered a broad network for this analysis.