

MEMORANDUM

To: Health Connector Board of Directors
From: Stephanie Chrobak, Aminata N’Diaye and Jennifer Flint
Date: September 10, 2012
Re: 2012 Open Enrollment for Commonwealth Care

The purpose of this memorandum is to provide an overview of the open enrollment results for the Commonwealth Care. Open enrollment refers to a particular time of year during which Commonwealth Care members can switch health plans for any reason. As of August 2012, there were 189,354 members (including 25,247 AWSS members) enrolled in Commonwealth Care.

COMMONWEALTH CARE FY2013 OPEN ENROLLMENT RESULTS

Health plans in the Commonwealth Care program are typically re-procured on an annual basis for benefits and services that will be effective for the following state fiscal year. The results of a Commonwealth Care procurement define the premiums, benefits and services available through each Commonwealth Care Managed Care Organization (MCO) beginning in July of that year.

Open enrollment for Commonwealth Care is a yearly process that occurs prior to the new state fiscal year and offers enrolled members the opportunity to change health plans for any reason. The Commonwealth Care open enrollment period typically lasts three weeks and is also the time of year that enrolled members will be informed of any premium or provider network changes reflecting that year’s procurement results. The FY2013 open enrollment occurred between June 1 and June 22, 2012. A total of 187,377 members had the opportunity to participate in this year’s open enrollment, including 22,868 newly reintegrated Aliens with Special Status (AWSS) members.

FY2013 Procurement Results

Summary

This year’s Commonwealth Care procurement resulted in aggressive bids by our five Commonwealth Care MCOs. All five MCOs’ individual capitation rates are now below FY2011 levels, and the projected composite capitation rate for FY2013 is 10% below FY2011 levels. Compared with last year, the difference in capitation rates between the highest and lowest cost MCOs narrowed, and as a result, enrollee premium spread among the MCOs narrowed as well.

	NHP	Fallon	CeltiCare	BMC	Network
Medical Capitation Rate FY13	\$ 387.45	\$ 387.50	\$ 349.50	\$ 318.80	\$ 326.97
Administrative Rate FY13	\$ 27.50	\$ 27.50	\$ 27.50	\$ 27.50	\$ 27.50
Total Capitation Rate FY13	\$ 414.95	\$ 415.00	\$ 377.00	\$ 346.30	\$ 354.47

Similar to FY2012, a subset of incoming plan type I members (those without coverage history in one of the higher cost MCOs within either Commonwealth Care or MassHealth in the preceding 180 days) will be subject to limited choice between the two lowest-cost MCOs. For FY2013, the two lowest cost plans in 35 of the 38 Commonwealth Care Service Areas are BMCHP and Network Health. In the Greenfield Service area where Network Health is not available, BMCHP and CeltiCare are the lowest-cost plan options. For the Oak Bluffs

and Nantucket Service areas where BMCHP is not available, Network Health and CeltiCare serve as the two lowest-cost plan options.

Active Open Enrollment

As a result of the bids that the Health Connector received for this year’s procurement, an active open enrollment for plan type I members was not triggered. An active open enrollment would have meant that plan type I members that did not affirmatively elect to stay in their health plan or switch to a different health plan during the annual open enrollment would have defaulted into the lowest cost health plan in their Service Area. Because more than two statewide MCOs bid a medical capitation rate below \$380.00 PMPM, an active open enrollment did not occur.

FY2013 Enrollee Premium

As a reminder, plan type I members are not subject to enrollee premiums regardless of the MCO in which they are enrolled. Plan type IIA members owe no enrollee premium if they choose the lowest cost plan but pay premiums for all other plans. Plan type IIB, IIIA and IIIB members must pay enrollee premiums whatever MCO they choose. The premiums associated with the MCOs are determined by the order of their bids.

For FY2013, base enrollee premiums (for choosing the lowest cost MCO) increased by 1.5% to reflect changes to the 2012 Affordability Schedule for all plan types except for plan type I and plan type IIA members.

Consistent with FY2012, the FY2013 enrollee premium differentials are progressive (increasing with higher income status) and incorporate a moderate premium subsidy to make coverage more affordable for members. The table below shows MCO-specific premiums by plan type for both FY2012 and FY2013. As illustrated, enrollee premiums decreased for BMCHP, while the premiums for the other MCOs increased in the range of \$1 to \$31 depending on the particular MCO and plan type. Because the difference between the highest and lowest MCO capitation rates was narrower in FY2013 than in FY2012, the spread between the highest and lowest enrollee premiums per MCO at all income levels likewise narrowed in FY2013.

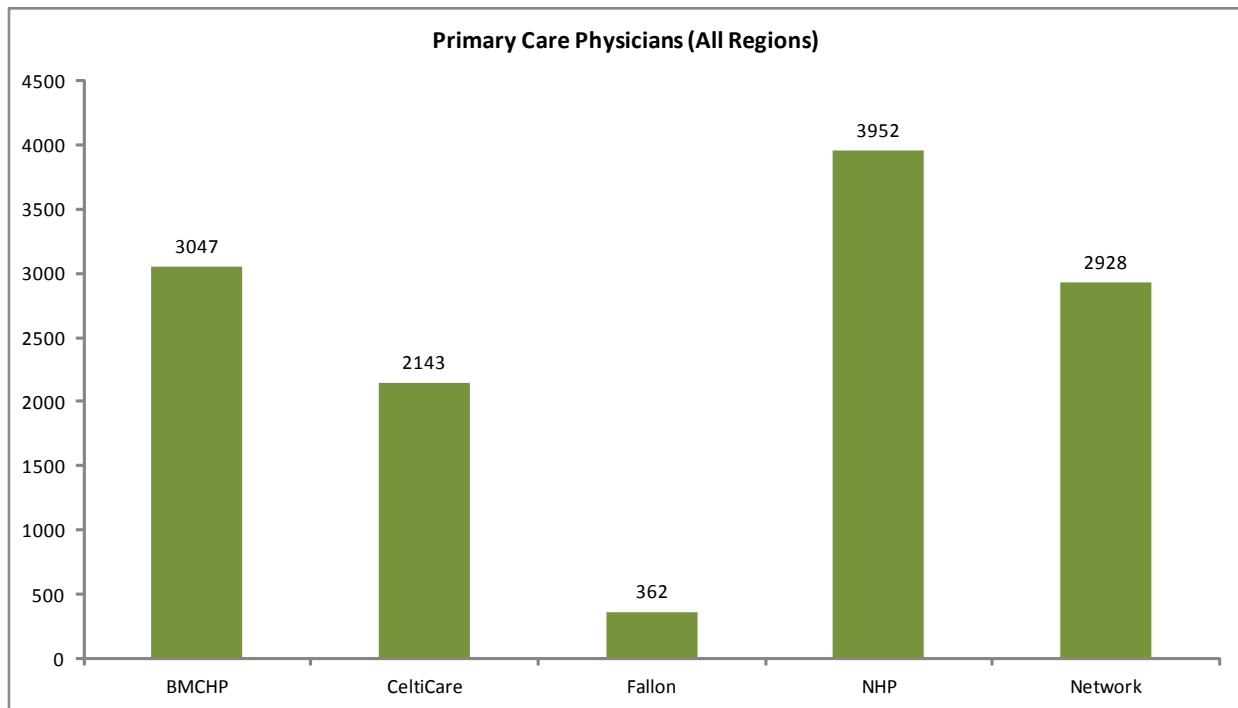
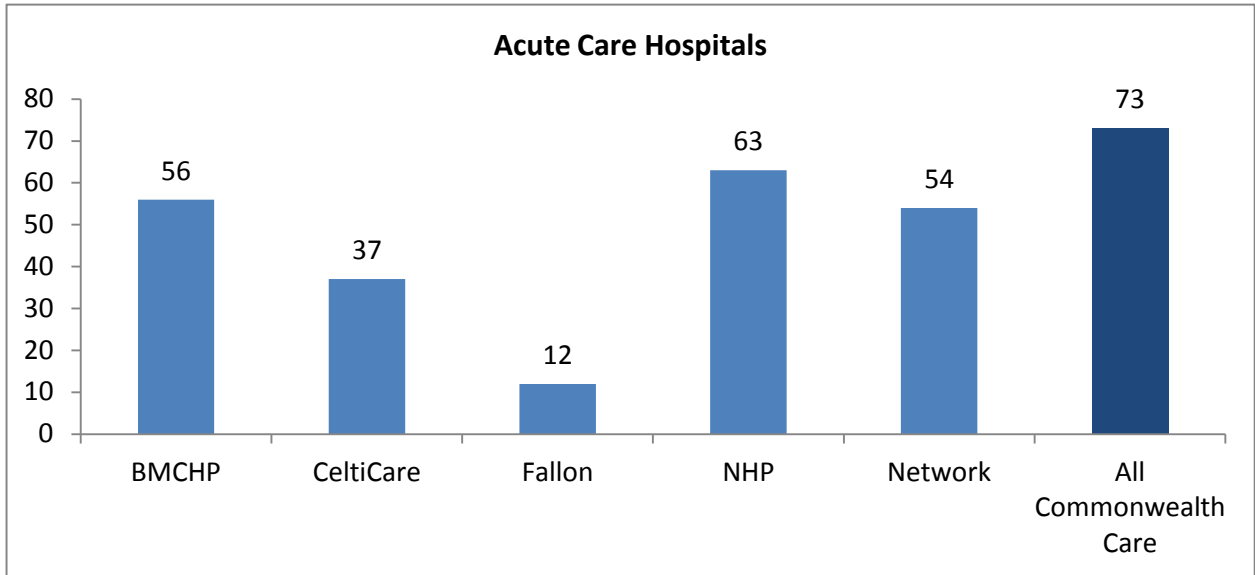
		Base Enrollee Premium	BMCHP	Network	NHP	Fallon	CeltiCare
FY12	PT IIA	\$0	\$34	\$0	\$21	\$27	\$0
	PT IIB	\$39	\$91	\$39	\$72	\$80	\$39
	PT IIIA	\$77	\$152	\$77	\$125	\$137	\$77
	PT IIIB	\$116	\$197	\$116	\$167	\$181	\$116
FY13	PT IIA	\$0	\$0	\$3	\$28	\$28	\$12
	PT IIB	\$40	\$40	\$45	\$81	\$81	\$58
	PT IIIA	\$78	\$78	\$85	\$138	\$138	\$105
	PT IIIB	\$118	\$118	\$126	\$182	\$182	\$147
Change (from FY12 to FY13)	PT IIA	\$0	(\$34)	\$3	\$7	\$1	\$12
	PT IIB	\$1	(\$51)	\$6	\$9	\$1	\$19
	PT IIIA	\$1	(\$74)	\$8	\$13	\$1	\$28
	PT IIIB	\$2	(\$79)	\$10	\$15	\$1	\$31

Note: This summary reflects the premium schedule for 35 service areas. Modifications apply to three service areas.

Provider Networks

All MCOs offered either the same or expanded provider networks in FY2013 compared to FY2012. Network Health expanded its FY2013 provider network to include Signature Healthcare, Sturdy Memorial Hospital and

Boston Medical Center (effective July 1, 2012). The tables below show the number of acute care hospitals and PCPs by MCO.

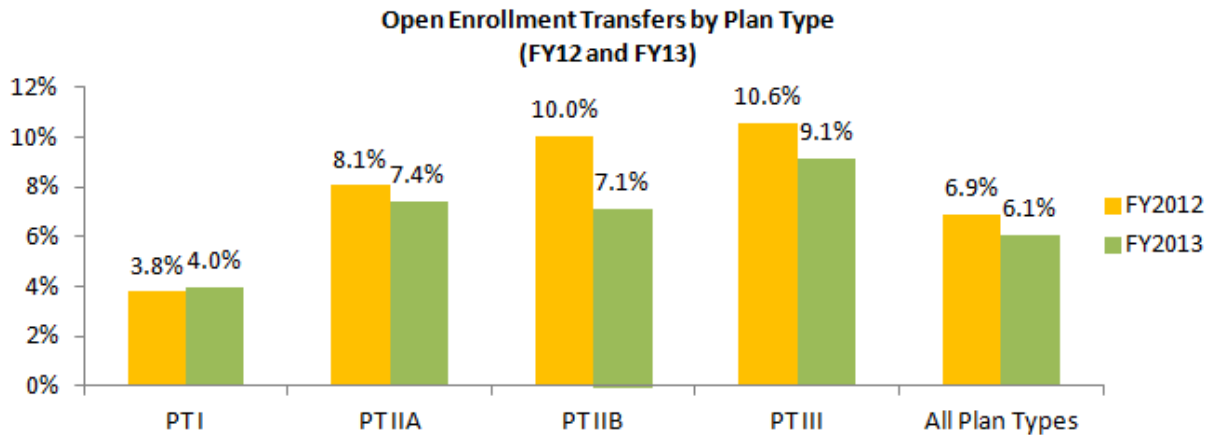


FY2013 Open Enrollment Results

Summary

A total of 11,336 Commonwealth Care members switched health plans during the FY2013 open enrollment. This represents 6.1% of the Commonwealth Care membership, compared with 6.9% in FY2012. Similar to prior years, the percentage of members that switched plans varied by plan type. A higher percentage of plan type II and III members switched plans than plan type I members, likely driven by changes to the MCOs’

monthly enrollee premiums. (Please note, the data illustrated below shows non-AWSS members only for FY2012 and both AWSS and non-AWSS members for FY2013).



As shown below, a higher percentage of AWSS members (10.1%) changed plans during open enrollment compared to non-AWSS members (5.5%). This behavior is likely attributable to the fact that a greater percentage of total AWSS members experienced limited choice in FY2012 compared with the non-AWSS population. A greater percentage of AWSS members are plan type I members compared with the non-AWSS population. Because plan type I members have limited choice if they do not have prior experience with a non-low cost plan in the prior six months, and because the AWSS population by definition was either enrolled in one of the low cost plans for FY2012 through the Bridge program (CeltiCare) or was not enrolled in either Commonwealth Care or MassHealth because of state and federal law, respectively, most plan type I AWSS members were subjected to limited choice when enrolling during FY2012.

Category	Members (enrolled as of June 1, 2012)	Members that Changed MCO during O/E	%
Non-AWSS Members	164,509	9,020	5.48%
AWSS - Fmr Bridge Members	11,745	1,254	10.68%
AWSS - Fmr Waitlisted Members	9,258	897	9.69%
AWSS - New	1,865	165	8.85%
TOTAL	187,377	11,336	6.05%

“AWSS – New” refers to members of the AWSS population that applied for coverage after the waitlist was no longer in use (i.e., members of the AWSS population were no longer placed on a waiting list for enrollment, they were just eligible to enroll if otherwise eligible for the program).

As reflected in the table below, 3.8% of non-AWSS members who were enrolled in June 2012 and had faced limited choice when they enrolled changed MCOs during open enrollment.

NON AWSS PT1 Restricted choice members	Switch to					Total Switch	Did not switch	% Switch
	BMCHP	CeltiCare	FCHP	Network	NHP	New MCO	Same MCO	
MCO as of June 2012								
CeltiCare	157	N/A	29	73	224	483	8,364	5.5%
Network	189	28	30	N/A	389	636	19,634	3.1%
Total PT1 Restricted Choice Members	346	28	59	73	613	1,119	27,998	3.8%

In comparison, roughly 9% of newly eligible and waitlisted AWSS members and 8% of AWSS members that were formerly in the Bridge program and had faced a restricted choice changed MCOs during open enrollment.

AWSS (new & waitlisted) PT1 Restricted choice members	Switch to					Total Switch	Did not switch	
	BMCHP	CeltiCare	FCHP	Network	NHP	New MCO	Same MCO	% Switch
MCO as of June 2012								
CeltiCare	178	N/A	2	27	142	349	2,343	13.0%
Network	133	10	2	N/A	191	336	4,663	6.7%
Total PT1 Restricted Choice Members	311	10	4	27	333	685	7,006	8.9%

Incoming plan type I AWSS members that were either formerly waitlisted or newly eligible did not have prior experience with any Commonwealth Care MCO within the prior 180 days therefore they had restricted choice between the two lowest-cost plans in FY2012 (CeltiCare and Network Health).

AWSS- Former Bridge PT1 Restricted choice members	Switch to					Total Switch	Did not switch	
	BMCHP	CeltiCare	FCHP	Network	NHP	New MCO	Same MCO	% Switch
MCO as of June 2012								
CeltiCare	174	N/A	5	122	303	604	6,713	8.3%
Network	6	3	0	N/A	36	45	840	5.1%
Total PT1 Restricted Choice Members	180	3	5	122	339	649	7,553	7.9%

Incoming plan type I AWSS members that were formerly in the Bridge program and enrolled in CeltiCare had restricted choice between the two lowest-cost plans in FY2012 (CeltiCare and Network Health) when they were reintegrated into the Commonwealth program in FY 2012.

Member Movement by MCO

Membership gains and losses by MCO are shown in the table below. BMCHP, the lowest cost plan for FY2013, experienced the highest net membership gain (7,231), compared with CeltiCare, the third lowest cost plan for FY2013, which experienced the highest net membership loss (5,579) and had the highest relative enrollee premium increase from FY2012 to FY2013 compared with the other MCOs. NHP experienced a modest net growth in membership (3.6%), attracting members predominantly from CeltiCare and Network Health during open enrollment.

Membership Gain/Loss by MCO During Open Enrollment						
		BMCHP	CeltiCare	FCHP	Network Health	NHP
Membership change	Gain	7,453	201	161	1,072	2,449
	Loss	(222)	(5,780)	(120)	(3,968)	(1,246)
	Net	7,231	(5,579)	41	(2,896)	1,203
June Enrollment		33,039	39,810	4,472	76,950	33,093
% Change	Gain	22.6%	0.5%	3.6%	1.4%	7.4%
	Loss	-0.7%	-14.5%	-2.7%	-5.2%	-3.8%
	Net	21.9%	-14.0%	0.9%	-3.8%	3.6%

The tables below show the breakdown of member movement by non-AWSS and AWSS members.

NON AWSS Membership Gain/Loss by MCO During Open Enrollment						
		BMCHP	CeltiCare	FCHP	Network Health	NHP
Membership change	Gain	6,156	184	148	802	1,730
	Loss	(219)	(4,123)	(119)	(3,359)	(1,200)
	Net	5,937	(3,939)	29	(2,557)	530
June Enrollment		32,842	26,201	4,448	68,837	32,582
% Change	Gain	18.7%	0.7%	3.3%	1.2%	5.3%
	Loss	-0.7%	-15.7%	-2.7%	-4.9%	-3.7%
	Net	18.1%	-15.0%	0.7%	-3.7%	1.6%

AWSS ONLY Membership Gain/Loss by MCO During Open Enrollment						
		BMCHP	CeltiCare	FCHP	Network Health	NHP
Membership change	Gain	1,297	17	13	270	719
	Loss	(3)	(1,657)	(1)	(609)	(46)
	Net	1,294	(1,640)	12	(339)	673
June Enrollment		197	13,609	24	8,113	511
% Change	Gain	658.4%	0.1%	54.2%	3.3%	140.7%
	Loss	-1.5%	-12.2%	-4.2%	-7.5%	-9.0%
	Net	656.9%	-12.1%	50.0%	-4.2%	131.7%

Post-Open Enrollment (July and August)

For July and August 2012, there were 12,337 and 12,446 incoming members, respectively. The tables below show the MCO distribution among incoming members.

Distribution of Incoming Members by MCO, July 2012								
	PT I Limited	PT I unlimited	Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
BMCHP	55%	12%	51%	66%	45%	46%	45%	52%
CeltiCare		16%	2%	4%	7%	6%	6%	4%
FCHP		4%	0%	1%	2%	2%	1%	1%
Network Health	45%	8%	41%	15%	31%	32%	31%	33%
NHP		59%	6%	14%	14%	14%	17%	10%

Distribution of Incoming Members by MCO, August 2012								
	PT I Limited	PT I unlimited	Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
BMCHP	55%	13%	51%	59%	47%	50%	51%	52%
CeltiCare		14%	1%	5%	8%	4%	7%	4%
FCHP		9%	1%	1%	2%	2%	2%	1%
Network Health	45%	8%	41%	18%	30%	28%	26%	33%
NHP		56%	5%	16%	14%	16%	14%	10%

Note: 90.4% of incoming plan type I members in July and 90.5% of incoming plan type I members in August had limited choice between BMCHP and Network Health.

Post open enrollment activity for the months of July and August has differed somewhat significantly for FY2013 relative to FY2012:

- On average, 85% of all incoming members – across all plan types – enrolled with either BMCHP or Network Health, the two lowest cost plans for FY2013 (compared to 67% of all incoming members that enrolled in either Network Health or CeltiCare, the two lowest cost plans for FY2012 post open enrollment for FY2012)
- 92% of all incoming plan type I members (versus 75% post open enrollment in FY2012) and 78% of all incoming plan type II and plan type III members enrolled in one of the two lowest cost plans (versus 60% post open enrollment in FY2012)
- 10% of new members enrolled in NHP (compared with 17% last year)
- A lower share of incoming members enrolled in CeltiCare and Fallon (4% and 1% of all incoming members respectively)
- On average, 90% of plan type I members are subject to limited choice in FY2013 compared with roughly 80% in FY2012, which is likely due to the fact that both lowest cost plans for FY2013 are available in MassHealth as well as Commonwealth Care (whereas for FY2012, only one of the lowest cost plans was also available in MassHealth)
 - For plan type I members with limited choice, 55% chose BMCHP and 45% chose Network Health
 - The majority (56%) of plan type I members with unlimited choice enrolled in NHP (these are plan type I members who were recently enrolled in CeltiCare, NHP or Fallon within either the MassHealth or Commonwealth Care programs)

As reflected in the tables below, in the months following open enrollment, ~93% of incoming AWSS members enrolled in one of the two low cost plans compared with ~83% of incoming non-AWSS members. Note that this is because the majority (71%) of incoming AWSS members are plan type I members, compared with incoming non-AWSS members (of which 42% are plan type I members). Of those AWSS members that are plan type I members, nearly all are subject to limited choice (98.3%). This is likely because the majority of the AWSS population was ineligible for Commonwealth Care between FY2010 and FY2012.

	PT I	PT I	Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
	Limited ¹⁾	unlimited						
BMCHP	54%	13%	49%	64%	45%	46%	45%	51%
CeltiCare		16%	2%	4%	7%	6%	6%	4%
FCHP		4%	1%	2%	2%	3%	1%	1%
Network Health	46%	7%	40%	15%	30%	32%	31%	32%
NHP		60%	8%	14%	15%	14%	17%	12%

	PT I	PT I	Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
	Limited ²⁾	unlimited						
BMCHP	56%	8%	55%	70%	45%	46%	48%	56%
CeltiCare		24%	0%	3%	11%	5%	7%	2%
FCHP		3%	0%	1%	0%	0%	0%	0%
Network Health	44%	8%	44%	12%	37%	36%	38%	37%
NHP		58%	1%	13%	7%	13%	7%	4%

¹⁾ Note that 86.8% of the incoming plan type I non-AWSS members had limited choice

²⁾ Note that 98.3% of the incoming plan type I AWSS members had limited choice

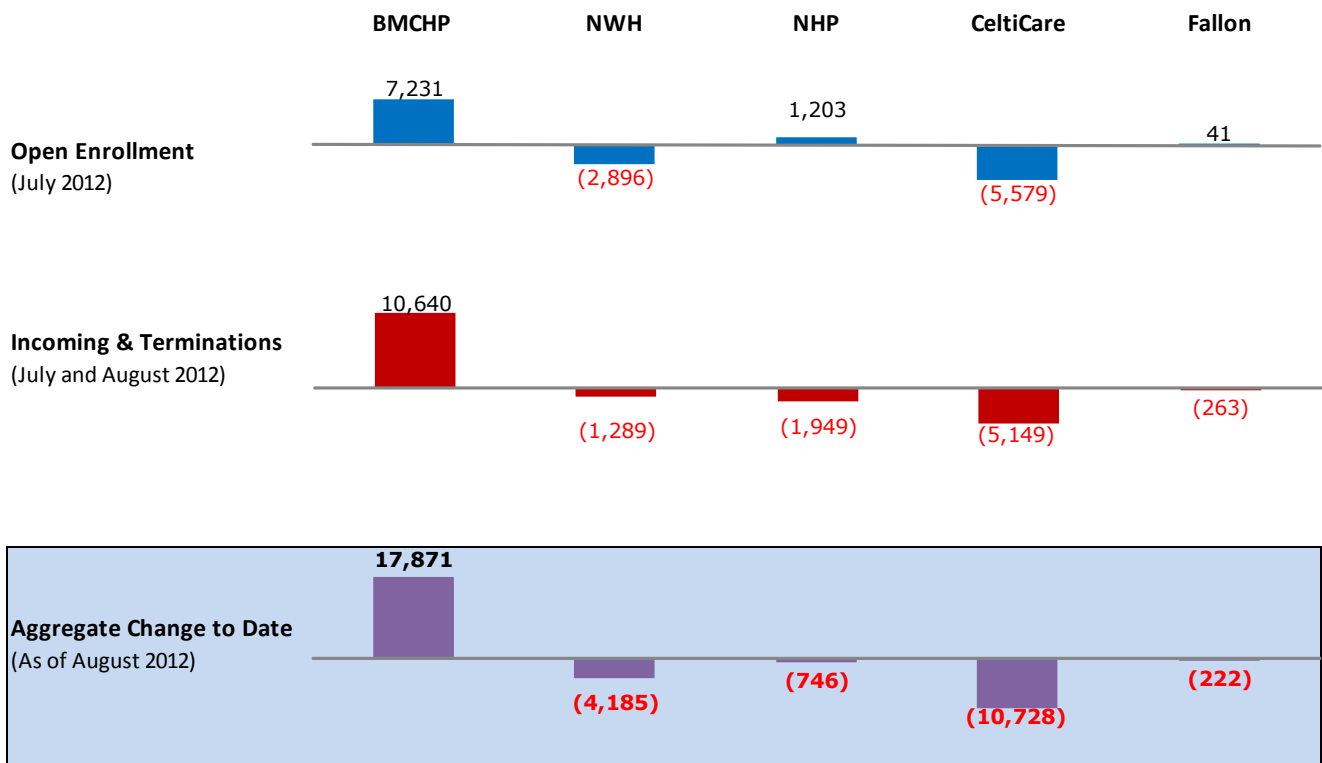
	PT I		Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
	Limited ¹⁾	unlimited						
BMCHP	54%	14%	48%	58%	46%	49%	50%	50%
CeltiCare	13%	2%	5%	7%	4%	7%	4%	4%
FCHP		9%	1%	1%	2%	2%	3%	2%
Network Health	46%	8%	41%	18%	30%	28%	26%	32%
NHP		56%	7%	18%	14%	17%	14%	12%

	PT I		Total PT I	PT IIA	PT IIB	PT IIIA	PT IIIB	Total
	Limited ²⁾	unlimited						
BMCHP	58%	8%	57%	67%	59%	56%	64%	58%
CeltiCare	24%	0%	4%	12%	8%	7%	2%	2%
FCHP		3%	0%	1%	0%	0%	0%	0%
Network Health	42%	8%	42%	18%	23%	25%	29%	36%
NHP		58%	1%	9%	7%	10%	0%	3%

¹⁾ Note that 86.9% of the incoming plan type I non-AWSS members had limited choice

²⁾ Note that 98.1% of the incoming plan type I AWSS members had limited choice

The final chart below shows the overall membership change by MCO taking into account both open enrollment and the initial two months of FY2013.



Customer Service Statistics

Customer service performance continued to be strong for this year's open enrollment. The Commonwealth Care member service center received 50,122 calls during the month of June 2012, a 16% decrease compared with June 2011. Web usage increased slightly this year, with 31% of open enrollment changes made online, compared with 28% in 2011. The table below highlights other significant call center metrics:

MONTH	MEMBERSHIP	CALLS	CALL ABANDONMENT RATE %	CALL LENGTH	WAIT TIME
Jun-11	177,323	58,359	2.50%	5.10	34
Jun-12	187,418	50,122	2.20%	5.90	26