

**Testimony of Audrey Morse Gasteier
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**Hearing on “Strengthening Our Health Care System: Legislation to Lower Consumer Costs
and Expand Access”**

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Good morning, Chairwoman Eshoo and Ranking Member Burgess, and members of the Health Subcommittee of the Committee on Energy and Commerce, and thank you for the opportunity to testify today.

My name is Audrey Morse Gasteier and I serve as Chief of Policy and Strategy at the Massachusetts Health Connector. I appreciate the opportunity to share perspectives from Massachusetts as they relate to policy proposals designed to expand health coverage and lower costs. Massachusetts believes strongly in health care coverage for all of its residents, and has a unique history of bipartisan, innovative health insurance expansion efforts spanning several decades.

The advantage of time (and the lessons that come with an extended runway and the opportunity to iterate) has given us some perspectives on what health reform and local insurance markets and state marketplaces can look like when: (1) given time and stable regulatory environments in which to mature and thrive and (2) equipped with a strong set of tools to promote affordability and enrollment in strong and comprehensive health coverage. This historical view may be useful as the Subcommittee builds upon the initial years of Affordable Care Act (ACA) implementation.

Background

In 2006, Massachusetts enacted health reform legislation that has since resulted in the highest rate of health coverage in the nation – currently over 97 percent. The Massachusetts approach to health reform and coverage expansion embodied a bipartisan spirit of shared responsibility for coverage, with a broad coalition of consumers, employers, insurers, providers, state policymakers, and federal partners working together to achieve near-universal coverage. This initiative leveraged both public and commercial coverage options, and ensured that our residents’ health and financial stability would be protected by a strong health coverage system.

Our health reform effort included an array of policy and programmatic components, many of which later went on to be incorporated into the ACA.

Our guiding principles for reform include: (1) promoting coverage of a strong set of benefits and services; (2) building on commercial carrier coverage; (3) ensuring fair competition among insurance carriers; (4) providing affordability supports for coverage, particularly for low- and moderate income residents; and (5) instituting mechanisms to protect consumers.

Specifically, our reform law created a state-based marketplace, the Health Connector, a competitive marketplace for individuals and small businesses to shop for high-quality health coverage. The Health Connector has been a programmatic and policy-making cornerstone of our 13-year reform history. Since its inception, the Health Connector has administered a unique state-designed program that provides subsidies for low- and moderate-income individuals to help them afford coverage—in a program originally called Commonwealth Care, later renamed ConnectorCare after the implementation of the ACA. Further, the Health Connector operates a curated, competitive marketplace platform for unsubsidized individuals and small businesses to shop for commercial coverage. The Health Connector also governs the Commonwealth’s state-level requirement that adult residents carry coverage that meets minimum standards.

A few years after these reforms took effect, Massachusetts implemented the additional reforms of the ACA, and has also since enacted legislation to promote health care quality and cost-containment.

Today, the Commonwealth enjoys a strong health insurance market and the Health Connector is a stable, high-functioning, and competitive ACA-compliant marketplace, with nine carriers selling 57 plans to individuals and 70 plans to small businesses for plan year 2019. Competition among carriers is strong and the Health Connector’s 280,000 enrollees have access to meaningful choice. The vast majority of our membership reports satisfaction with their experience with the Health Connector and, since its creation in 2006, the Health Connector has worked to steadily grow its membership. Its nongroup enrollment now comprises roughly 80 percent of the entire Massachusetts nongroup market.

While every state’s health insurance market and needs are unique, we hope to offer perspectives and experiences that might help inform the Subcommittee about evidence-based ways to allow health insurance markets and marketplaces to thrive and to ensure even stronger access to high-value coverage in stable markets. Our 13-year experience of market-based health reform and running a state-based marketplace offers some indications about what works and what is possible, all while recognizing we are still learning and the work of ensuring access to affordable coverage must continue.

Three Building Blocks of Our Successful Coverage Expansion and Market Environment

There are three key building blocks that have been particularly critical to our market’s success on affordability, access, and stability.

(1) Flexible State Investments to Make Coverage More Affordable and Accessible to Low- and Moderate-Income Households

One of the Massachusetts Health Connector’s most unique and effective tools for promoting access and affordability is its ConnectorCare program for individuals with income up to 300 percent of the Federal Poverty Level (FPL), sometimes referred to as a “state wrap” program. ConnectorCare provides additional state subsidies to individuals enrolling in lower-cost Silver tier plans by providing both premium and cost-sharing subsidies in addition to ACA subsidies.¹ Depending on income, enrollees have access to zero- or low-dollar premium plans, zero- or low-dollar co-pays, and no deductibles or co-insurance. This program currently covers approximately 200,000 individuals, or about three-quarters of total nongroup enrollment in the Health Connector. Our experience is that this level of affordability assistance is critical to residents at these income levels, who do not have access to employer-sponsored insurance and are earning low wages that have not kept pace with health care costs, and helps draw and retain widespread enrollment among a population that would otherwise be at higher risk of uninsurance.

In addition to directly assisting Massachusetts residents who would otherwise struggle to afford health coverage, the program also benefits the broader commercial market for unsubsidized individuals and small groups. The Health Connector has designed the ConnectorCare program to foster competition among participating carriers, which compete to be the lowest cost plan and thereby enroll a larger share of the program’s enrollment. These competitive dynamics pull down the pre-subsidy base cost of premiums, which are then available to unsubsidized enrollees and even small businesses, which are situated in the same commercial market risk pool as our nongroup market.

(2) State-Based Approaches to Keeping Markets and Risk Pools Healthy and Stable

Massachusetts has long taken a proactive approach to ensuring the health and stability of its health insurance market and risk pool. It has accomplished this through an array of carefully calibrated regulatory approaches that respond to local market conditions and policy objectives, ensuring a stable insurance landscape and promoting core consumer protections.

To promote a fair and competitive health coverage market, Massachusetts has taken a number of steps over the years to strengthen its market and protect against consumer risks, including:

- Prohibiting insurance carriers from denying coverage to residents with pre-existing health conditions;

¹ As an example, a 42 year old living in Worcester, Massachusetts who is earning \$20,000 per year (168.35% FPL) would have access to coverage based on a \$288 “full cost” silver plan, with an APTC subsidy of \$192 bringing their premium down to \$96 per month. ConnectorCare, however, adds an additional state premium wrap subsidy of \$53, further lowering this individual’s monthly contribution to \$43.

- Requiring guaranteed issue, guaranteed renewability, and community rating;
- Setting rigorous standards for health plan minimum medical loss ratios (MLR) that are higher than those required by the ACA; and
- Merging the nongroup and small-group markets; and further expanding the insurance risk pools by adding the population of residents with subsidized coverage purchased through the Health Connector to our commercial “merged market.”

Further, an array of state laws and regulations around market behavior and comprehensive coverage standards have resulted in little room for non-compliant plans, keeping our market’s risk pool stable and broad, and our residents in coverage that is there for them when they need it.

In addition, since 2007, the Commonwealth has had its own “individual mandate,” requiring individuals to maintain coverage that meets minimum creditable coverage standards; this ensures that people do not buy health insurance only when they expect to need it and then later drop out of coverage, driving up premiums for everyone else. Our individual mandate has helped foster a market environment where consumers, issuers, and providers are protected.

These localized approaches to stewarding our state insurance market – through policy-making, regulation, and market engagement – have been driven at the state level, which allows for us to continue to react to local market conditions and needs.

(3) Robust In-Person Outreach and Education for Enrollment in Health Coverage

Since our earliest coverage expansion efforts, the Health Connector has seen first-hand the powerful role of outreach and consumer assistance for drawing residents into health coverage through the marketplace. Outreach is an integral part of successful coverage expansion and is also an essential component of keeping risk pools stable, by drawing often healthier risk into the marketplace, improving market stability and affordability for all. The Health Connector runs a robust Navigator program partnering with 16 organizations composed of a mix of community-based nonprofits, public health organizations, fishing industry organizations, and community health centers. To be responsive to the nature of the populations in need of the most assistance to join and stay in coverage, the Health Connector’s Navigator grantees offer assistance in 21 languages. Approximately one-third of Massachusetts residents who have been assisted by Navigators speak a language other than English; about 12 percent speak a language other than English or Spanish.

Through deep local community ties, Navigators help bring new people into the ranks of the insured because they can assist people where they live, work, and go to school. During the Open Enrollment period for 2019 coverage, Navigators held over 400 informational events to educate Massachusetts residents about their health care coverage options. Navigators also help keep people in coverage. During 2018, Navigators fielded nearly 30,000 renewal questions, over one-third of which came in during 2019 Open Enrollment.

Although Massachusetts has had a coverage rate near 97 percent for the last several years, maintaining and improving this high level of coverage requires ongoing and consistent work to educate individuals about coverage. Because the nature and purpose of marketplaces is to provide coverage to people who may be coming and going between other types of coverage, the population that needs assistance is always churning. As such, outreach will always be an ongoing component of a healthy, high-functioning marketplace.

In addition to broad-based marketplace awareness initiatives, the Health Connector analyzes data from the U.S. Census Bureau and other national data sources, as well as state-based sources of data on insurance trends, demographics, economic trends, and other population data to develop maximally effective outreach interventions. The Health Connector and our Navigator partners then craft and execute data-driven strategies in “target communities”: cities and towns with the highest percentages of uninsured residents, such as Springfield, Lawrence, and Lowell. We conduct marketing and advertising in seven languages and a variety of print, radio, and television formats, as well as digital advertising and in-person events, with particular intensity in these target communities. The results of this on-the-ground, data-driven work are clear: During the 2019 Open Enrollment period that just concluded, 46 percent of new members came from these identified target communities, compared to 35 percent during 2018 Open Enrollment, when we hadn’t yet begun intensive targeted outreach.

Results

The building blocks of reform I have detailed above have resulted in a number of successes for the Commonwealth’s health coverage landscape and residents, including:

1. The lowest average marketplace premiums in the nation. In 2018, the Massachusetts Health Connector had the lowest average premiums of any marketplace in the country, at \$385 per month (before any subsidy was applied). These premiums are likely the result of a high degree of competition fostered by the design of the ConnectorCare program, the power of comparison-shopping when price sensitive consumers can compare standardized benefits in an apples-to-apples fashion, a high number of carriers (most of whom are local non-profits), state-based insurance market stability policies, and assertive outreach and assistance to consumers. These low premiums benefit not only the Massachusetts residents enrolled with the Health Connector, but the broader commercial market as well.

We note for the Subcommittee that these lowest-in-the-nation marketplace premiums are situated within a state market that has very robust and protective benefit requirements and cost sharing limits, clarifying that cost savings and affordability need not come at the expense of consumer protections. Further, we note that Massachusetts’s overall health care system is one with relatively high medical costs, illuminating that the marketplace model has the potential of bending the curve

for consumers even while the state and nation still have work to do in bringing down the underlying health care costs that drive premiums.

2. The highest rate of insurance coverage in the nation. Massachusetts has achieved nearly universal coverage, with over 97 percent of its residents in health coverage. The Health Connector continues to use data to better understand and reach individuals without coverage and communities at relatively greater risk of uninsurance, and we see recent evidence of further inroads in the remaining uninsured. The Health Connector serves 280,000 individuals and has one of the highest enrollments as a share of a state population of any marketplace.

3. This Open Enrollment, the Health Connector had the highest year-over-year marketplace enrollment growth in the nation. Over 60,000 new individuals signed up for 2019 Health Connector coverage this Open Enrollment, which ran from November 1st to January 23rd, longer than the federal Open Enrollment period and consistent with the state's Open Enrollment dates in recent years. This extra time, combined with affordable premiums and data-driven community-level outreach initiatives, helped Massachusetts lead the nation in marketplace enrollment this Open Enrollment.

4. Better physical, mental, and financial health for state residents. In 2017, the Urban Institute found Massachusetts ranked fourth among states for the lowest share of residents with past due medical debt, and Becker's Hospital Review named Massachusetts the second-healthiest state for the last two years. Along with strong insurance coverage, Massachusetts' healthy designation is driven by low obesity rates, the lowest teen birth rate in the country, low infant mortality rates and high percentages of well-baby checks and vaccinations.

Conclusion and Suggestions for the Subcommittee

Based on the experience of Massachusetts, the combination of state-level control and flexibility, outreach, and funds to support enhanced affordability are the key building blocks that have led to historic gains in health coverage and a vibrant, competitive, and stable health insurance market that promotes health care access and protects people from financial ruin. We support this Subcommittee's interest in looking at evidence of what works in state insurance markets and marketplaces and its interest in ensuring that states have resources and tools to foster stable health insurance markets, make coverage more affordable through reinsurance or state wrap programs as they see fit to best address their local market conditions, and ensure that consumers have ready access to reliable in-person outreach and assistance.

With respect to the proposal to make funds available to states to stand up a federally or state-administered reinsurance program or reduce cost sharing burdens, we support the combination of resources devoted to state options for further advancing affordability for consumers— whether they are low- and moderate-income and affordability would be achieved through a state-wrap program

designed by the state to meet local needs, or a reinsurance program that could lower premiums across the commercial market, helping unsubsidized enrollees as well. Each state's affordability challenges are likely to be unique, and it is important for states to have the flexibility to address the needs of their populations and market conditions. Although Massachusetts has the lowest average premiums of any marketplace in the country, unsubsidized individuals and small businesses continue to see challenges with affordability, and we support serious consideration of options for reinsurance programs, which are proven, powerful tools to promote affordability in those market segments. We need to identify opportunities to address small business affordability in our state, ranging from new initiatives through the Health Connector's small business platform to working on flexibility to preserve certain historical market approaches to small groups that are unique to Massachusetts's particular merged market structure.

With respect to the Navigator proposal, the Health Connector's experience suggests that a robust Navigator program is a vital component of ensuring access to coverage for the populations that need the most help getting into the ranks of the insured, and that the work they do contributes to the overall stability of the commercial market risk pool. In our program, we believe it is vital to work with organizations that are based in their communities, operate as non-profits, are expert in high-need populations, and are prepared to educate individuals about Qualified Health Plans and the importance of comprehensive coverage, as well as adapt to locally-identified emerging needs, like educating consumers about being on guard against scam health insurance products.

Lastly, the Health Connector recognizes the Subcommittee's interest in supporting states that are interested in establishing new state-based marketplaces to address local population and market needs. The successes and lessons described above from the Massachusetts experience would simply not be possible without a state-based marketplace. A state-based marketplace, reacting to local policy and market needs, working side-by-side, day-in-and-day-out with market participants, can successfully bring the promises of health reform and coverage expansion to life. Our effective outreach apparatus, a state-wrap program, an approach to proactively ensuring market conditions that promote fair, stable, comprehensive coverage for all – through an individual mandate and market oversight – are strongly rooted in the ability for the state to run a state-based marketplace geared to Massachusetts-specific market needs.

The Health Connector deeply values the working relationship it has with its 12 peer state-based marketplaces, learning from and leaning on each other in ways big and small, on everything from reacting to federal rule-making to considerations for managing call centers to best practices for working with local broker communities. Although our states' markets, stakeholders, political environments, and sizes may vary, we share a common commitment to being there for the residents of our states who need high-quality coverage and to using the marketplace model, which holds much promise for individuals and small businesses alike, to make health insurance markets work better. The state-based marketplaces' performance this Open Enrollment, including Massachusetts's

success, underscores the difference that is possible with state flexibility made possible through the state-based marketplace model.

Thank you for the opportunity to speak with you today and your interest in hearing about our experiences expanding and improving health coverage in Massachusetts. I look forward to working with you and welcome any questions you may have.