

CONNECTOR UPDATE

In mid-November I announced that the Connector had qualified some 20,000 uninsured adults, earning 100% or less of the federal poverty level (“FPL”), most of whom we hoped to enroll by December 1st. We came close, actually enrolling 18,222 as of December 1, 2006, in the four Commonwealth Care health plans. As of January 1, 2007, we have qualified over 47,000 and enrolled almost 29,000.

We also began January 1, 2007, on schedule, qualifying folks from 100% to 300% of FPL for subsidized Commonwealth Care. By July 1, 2007, we hope to enroll a total of close to 70,000 adults in Commonwealth Care.

My previous update noted that “some of us have also been developing” Commonwealth Choice and were out talking to folks about how it should function. (Commonwealth Choice is the unsubsidized offering of a broad range of private health plans, primarily to non-group and small-group purchasers.) The pace has accelerated since then, and we are now immersed in its start-up.

As the recent experience with Medicare Part D suggests, offering a broad choice of health plans to individuals is complicated, in terms of communications, administration and underwriting. The Connector is building an infrastructure to handle this challenge. Over the past 45 days, we have issued requests for help with a marketing strategy and campaign, website and other IT development, health plan proposals, and outsourcing administration to a “Sub-Connector.” The IT consultant has already started; the marketing consultant has been selected and, pending Board approval, will soon start; the Sub-Connector bids are due back in a week, and the health plan proposals in two weeks. In fact, we are (virtually simultaneously) planning, initiating, and managing 17 major projects designed to implement open enrollment for Commonwealth Choice on May 1, 2007, four months from now.

We have hired 20 employees, half-way to full staffing (more or less) by April 1st. Having signed a lease 6 weeks ago, we will be moving next week to permanent quarters. Our new address is 100 City Hall Plaza, Boston, MA. 02108. (Stay tuned for an open-house invitation.)

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Part of the design of Commonwealth Choice entails identifying the kinds of benefits and levels of plan coverage that the Connector will offer. Minimum creditable coverage (“MCC”) is one of the plan designs that the Connector will offer, and the Board is in the process of defining it in regulations. MCC is the lowest level of coverage that individuals must have in order to satisfy the new requirement that, effective July 1, 2007, adults in Massachusetts have health insurance. This is a floor for the individual mandate, not necessarily a recommended level of coverage. Draft regulations on MCC should be released before the end of January.

The attached report sets forth recommendations from the Policy Committee of the Board to the full Board of Directors on how to define MCC. At its November 30th meeting, the Board voted to accept the Policy Committee's recommendations with two caveats: (1) that the Connector would not make a determination of MCC then, but would hold off until early 2007, when regulations are to be issued; and (2) in the meantime, the Connector should solicit information in its RFR to health plans on the price impact of excluding (versus including) drug coverage from MCC, and what could be offered by carriers at a price point of \$320 per individual per month.

Key design decisions for Commonwealth Choice include: (1) how many health plans to offer; (2) how to structure plan choice for maximum value and market appeal, while minimizing confusion; (3) how to prevent risk selection and consequent premium increases within the Connector; and (4) how to avoid unintended disruption of the small group market. These and other issues underlay the recommendations made by staff to the Connector's board on November 30th, and captured in Bob Carey's presentation (attached).

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Communication remains an ongoing challenge. In December, Melissa Boudreault, Director of Commonwealth Care, completed seven half-day training sessions around the state for in-take workers on phase II of the Commonwealth Care program. I presented at five educational sessions for brokers and agents on Commonwealth Choice. Joan Fallon is working with a group of business leaders to organize 12 educational sessions for small business in January and February. We continue to add to our web site, and will soon be initiating a Public Information Unit to coordinate communications about health reform.

At the close of 2006, I note with mixed emotions the positive press and national interest that Massachusetts health reform continues to receive. (Attached are the latest examples from the Boston Globe.) Of course, positive press is satisfying and we are excited about our early successes, but expectations are running very high. And this is, after all, an experiment. Both the Board and staff see this as a "learning organization": we will make mistakes and we expect our fair share of public criticism. We can only promise to listen, keep minds open, and try to learn from our mistakes.

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Finally, I would like thank three people who were so instrumental in launching the Connector and who are now leaving state service. Beth Waldman, as Director of MassHealth and a board member, was unstinting in her support of this endeavor; HHS Secretary Tim Murphy not only conceived much of Mass. health reform and coordinated its implementation, he also championed the Connector and generously shared his insights with us; and Secretary Tom Trimarco, as the founding Chairman of the Connector,

welded a diverse group of strong individuals into a very effective board of directors. The rest of the board and I thank them. Of course, we look forward to welcoming and working with their successors.

I thank you for your continued interest in the Connector and wish you a happy & healthy New Year,

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