

# AGE-SEX REPORT

Pool I

FY2006 – FY2010

Group Insurance Commission  
Commission Meeting

March 2, 2011

# FY2006 – FY2010 COMPARISON SUMMARY

- Municipalities and other entities joining the GIC have appreciably affected the enrollment and total cost data from FY2007 – forward
  - Springfield joined the GIC on January 1, 2007
  - The addition of nine municipalities on July 1, 2008 raised our FY2009 municipal enrollment to 12,300
  - 11 additional municipalities joined in FY2010, resulting in a FY2010 municipal enrollment of 29,300
  - 4,100 sheriff and MassDOT enrollees joined mid-2010
- Average cost per enrollee rose 5.9 percent per year on average from FY2006 to FY2010

# AGE-SEX REPORT DEFINITIONS

- **ENROLLEES:** Health insurance contract holders with the GIC. In most cases, enrollees are either employees, retirees, or survivors. However, people covered by a Medicare plan are considered enrollees, even if they never worked for the Commonwealth, a municipality, or another entity (e.g. the Medicare-enrolled spouse of a retiree is considered an “enrollee”).
- **LIVES:** Each person whose health insurance is provided by the GIC.

# AGE-SEX REPORT DEFINITIONS (continued)

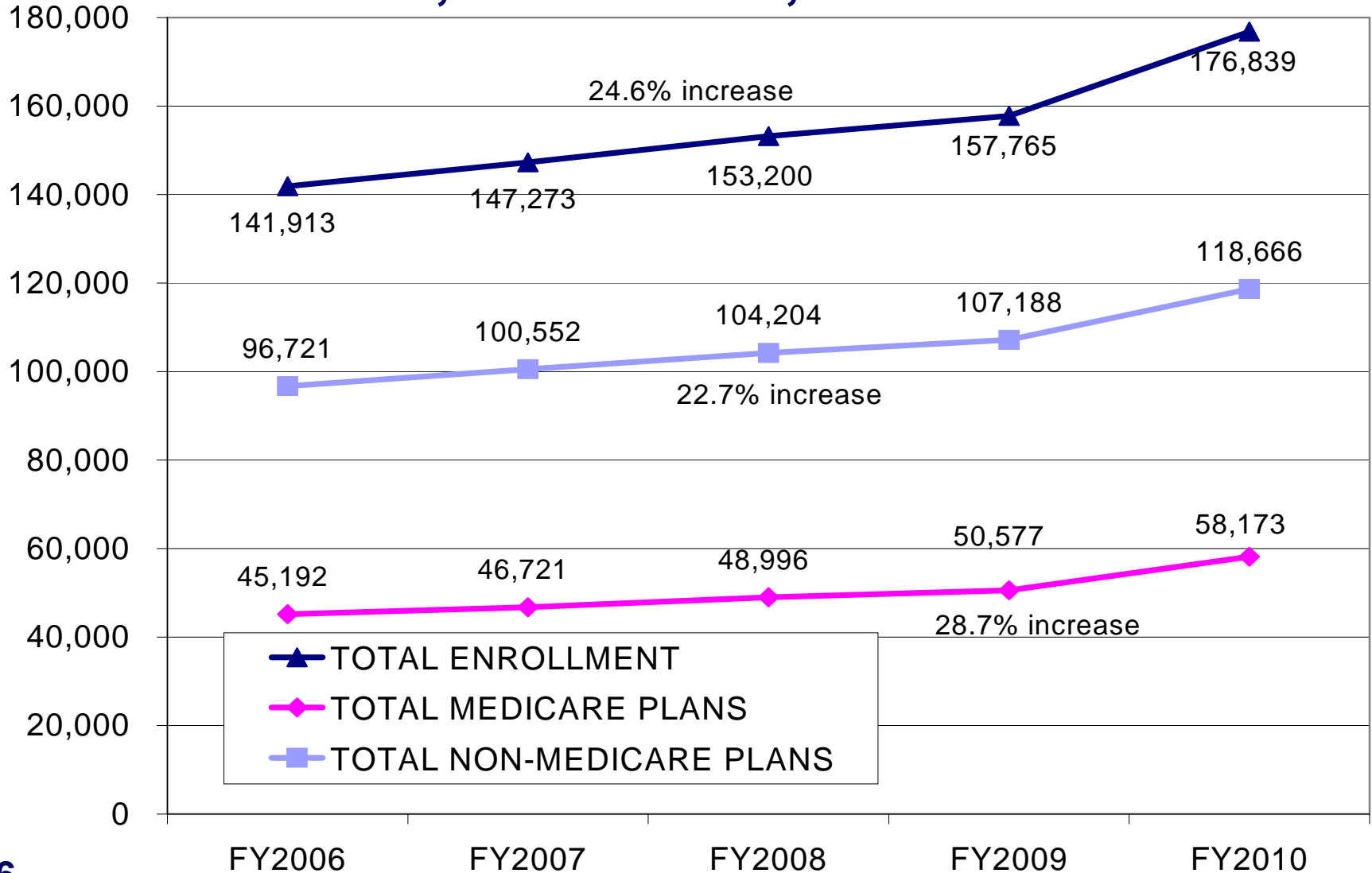
- **TOTAL COST OF HEALTH INSURANCE:** Premium cost for HMO plans, and actual expenditures (claims and administrative costs) for the self-insured plans (the Indemnity, PPO, and POS plans). It includes both appropriated funds and employees' and retirees' premium contributions.
- **TOTAL HEALTH EXPENDITURES =**  
Total Cost of Health Insurance + Copayments + Deductibles
- **RUN-IN:** When a person joins a self-insured health plan for the first time, at the beginning of the first plan year, the plan sponsor (GIC) incurs liabilities, but has not yet received provider bills to pay. This is called run-in; its result is to understate enrollees' year 1 cost.

# TOTAL ENROLLMENT GROWTH FY2006 – FY2010

- Total enrollment increased from 141,913 to 176,839 enrollees from FY2006 to FY2010 (24.6 percent)
- The growing number of municipalities participating in the GIC is responsible for the majority of the growth during these five fiscal years
- The GIC's enrollment grew in the PPO (34.8 percent), non-Medicare HMO (28.0 percent), and Medicare plans (28.7 percent)
- In FY2010, the GIC insured over 320,000 lives (up more than 65,000 since FY2006)

# GIC ENROLLMENT FY2006 – FY2010

## BASIC, MEDICARE, AND TOTAL



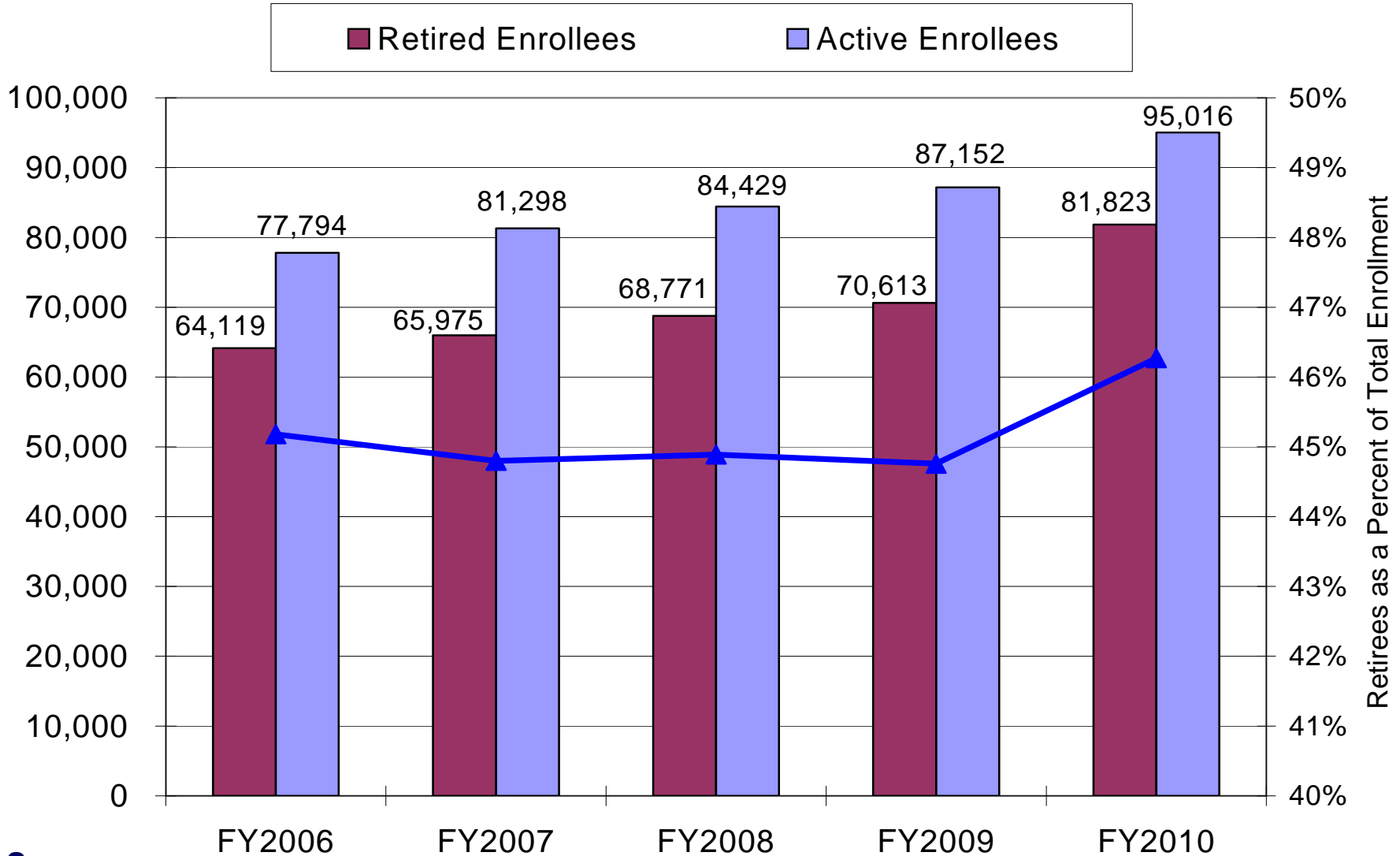
# ENROLLMENT FY2006 – FY2010

## Actives and Retirees

- Retiree enrollment grew by 17,700 contracts, and, despite a significant increase in the number of actives (17,200 contracts), increased as a percentage of the GIC population
- Three quarters of the retiree enrollment growth was in Medicare contracts (roughly maintaining the GIC's ratio of Medicare to non-Medicare retirees)
- Most of the GIC's enrollment growth in the past five years (29,300 out of 34,900 enrollees) occurred as a result of municipalities joining the GIC.
- The mid-year enrollment of 4,100 county sheriffs and MassDOT employees in FY2010 also significantly affected the results of this report.

# GIC ENROLLMENT FY2006 – FY2010

## ACTIVE AND RETIRED ENROLLEES





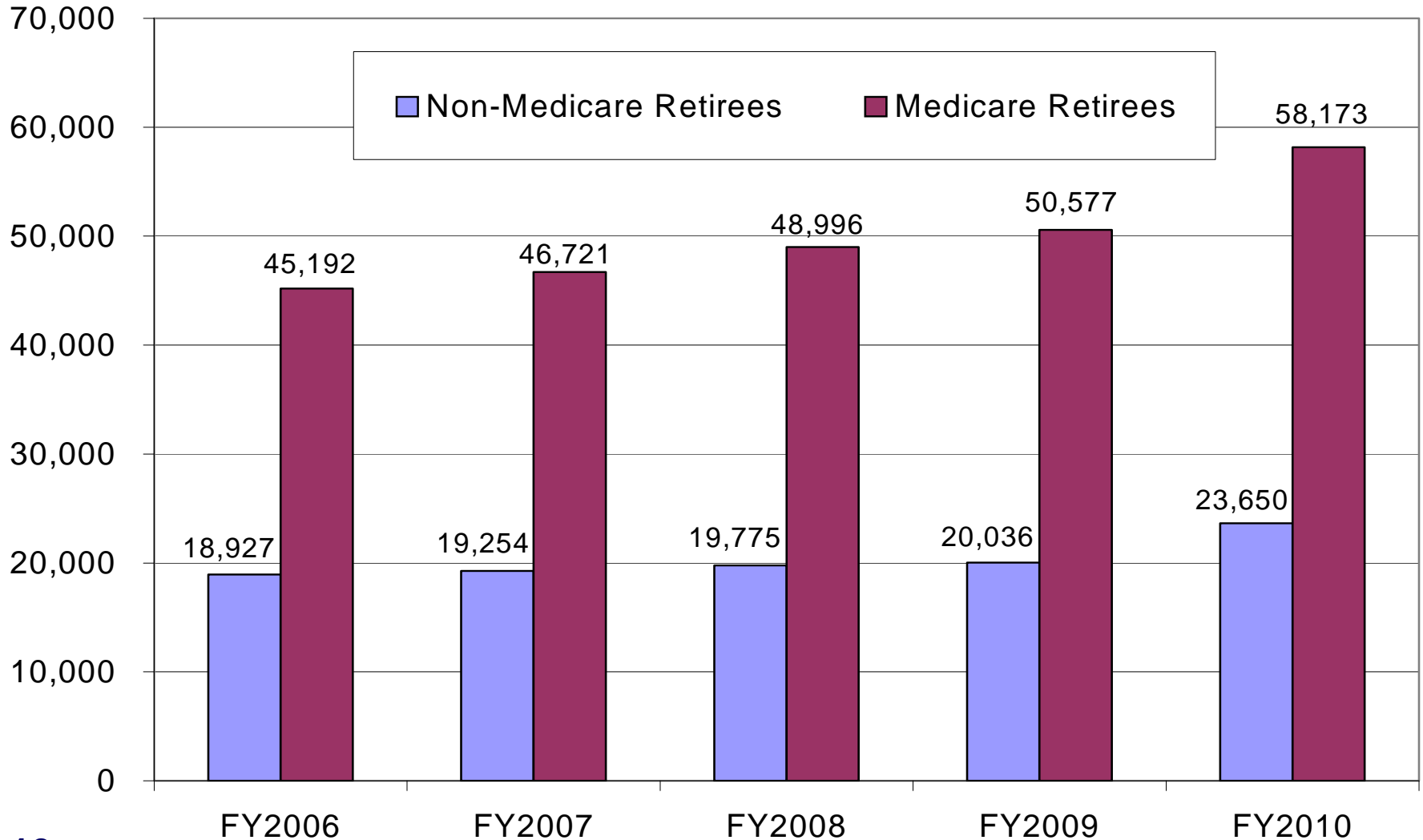
# ENROLLMENT FY2006 – FY2010

## Retirees

- The non-Medicare retiree population grew 25.0 percent from FY2006 – FY2010, mostly due to an 18.8 percent increase from FY2009 – FY2010
- The number of Medicare retirees increased by 13,000 enrollees (28.7 percent) over five years, also with a substantial FY2009 – FY2010 increase (15.0 percent)
- Non-Medicare retirees have declined as a proportion of the total retiree population since 2004, when they were 30.0 percent of the total, but they are still a much larger percentage of the retiree population (28.9 percent) than they were before the 2002-2003 early retirement incentive (when they were less than 24 percent of the retiree population)

# GIC ENROLLMENT FY2006 – FY2010

## MEDICARE AND NON-MEDICARE RETIREES

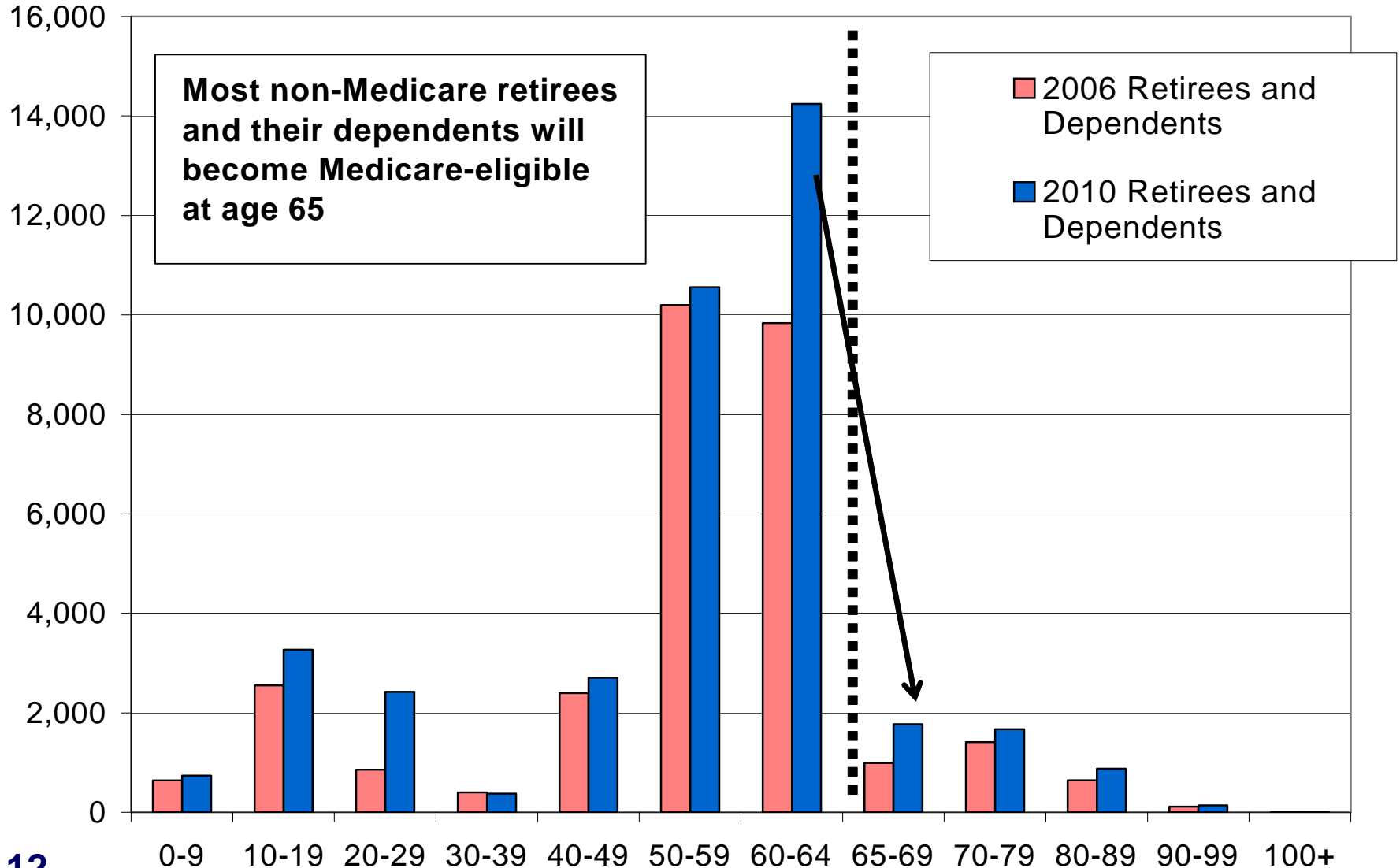


# ENROLLMENT FY2006 – FY2010

## Retirees (continued)

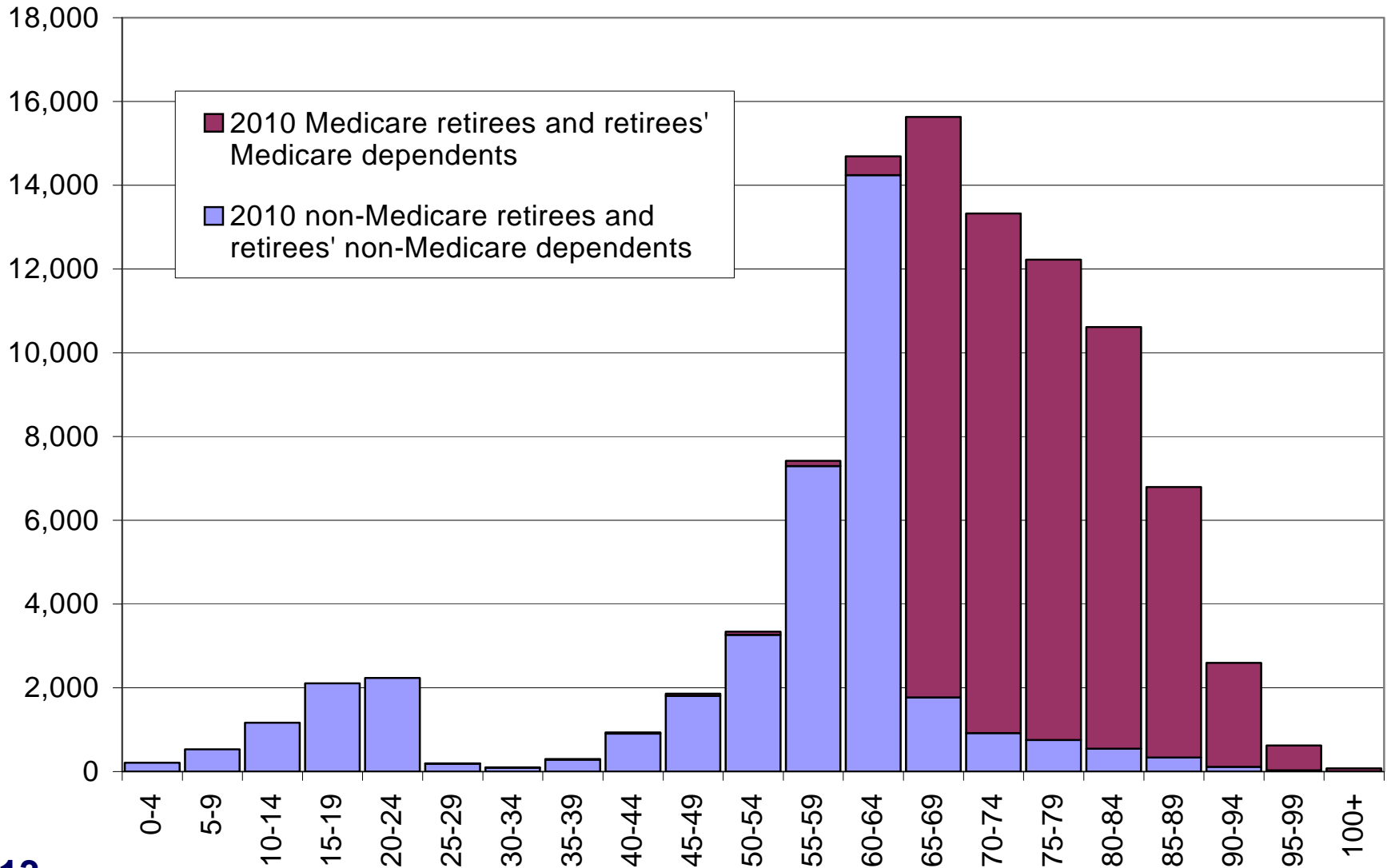
- Non-Medicare retirees remain a significant population in terms of GIC costs. Per capita, non-Medicare retirees are close to twice as expensive to insure as the next most costly group (actives). Medicare retirees are the least costly members for the GIC to insure
- A large and growing proportion (36.7 percent in FY2010) of the non-Medicare retiree population are retirees, survivors and their dependents age 60-64
- Almost none of the retirees in the 60-64 age group are on Medicare. However, most of them will become Medicare-eligible and join a Medicare plan in the next five years

# NON-MEDICARE RETIREES' AGES FY2006 - FY2010



# RETIREES' AGES - FY2010

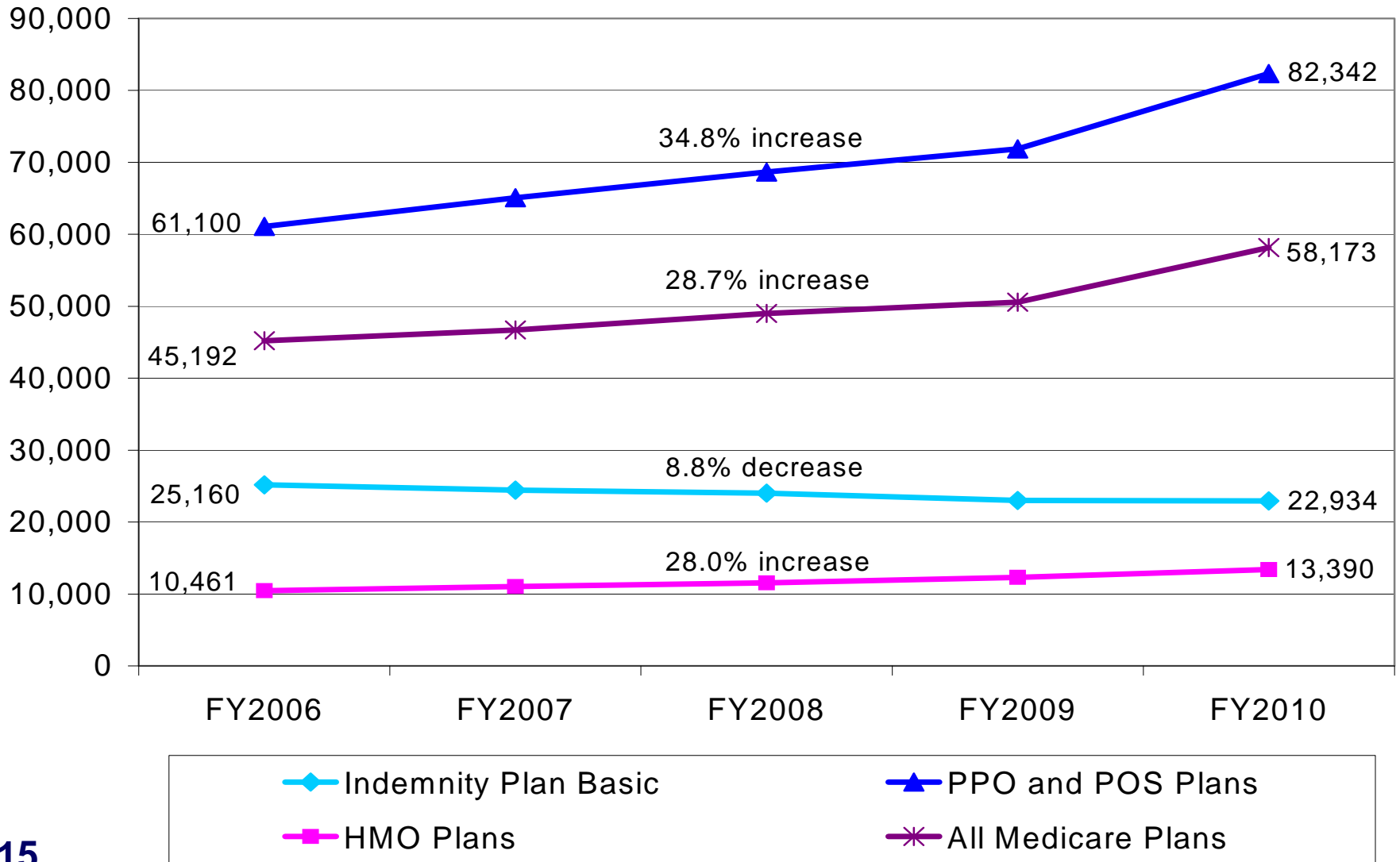
## MEDICARE AND NON-MEDICARE RETIREEES



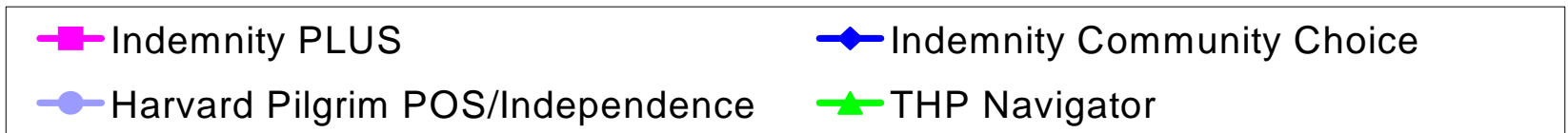
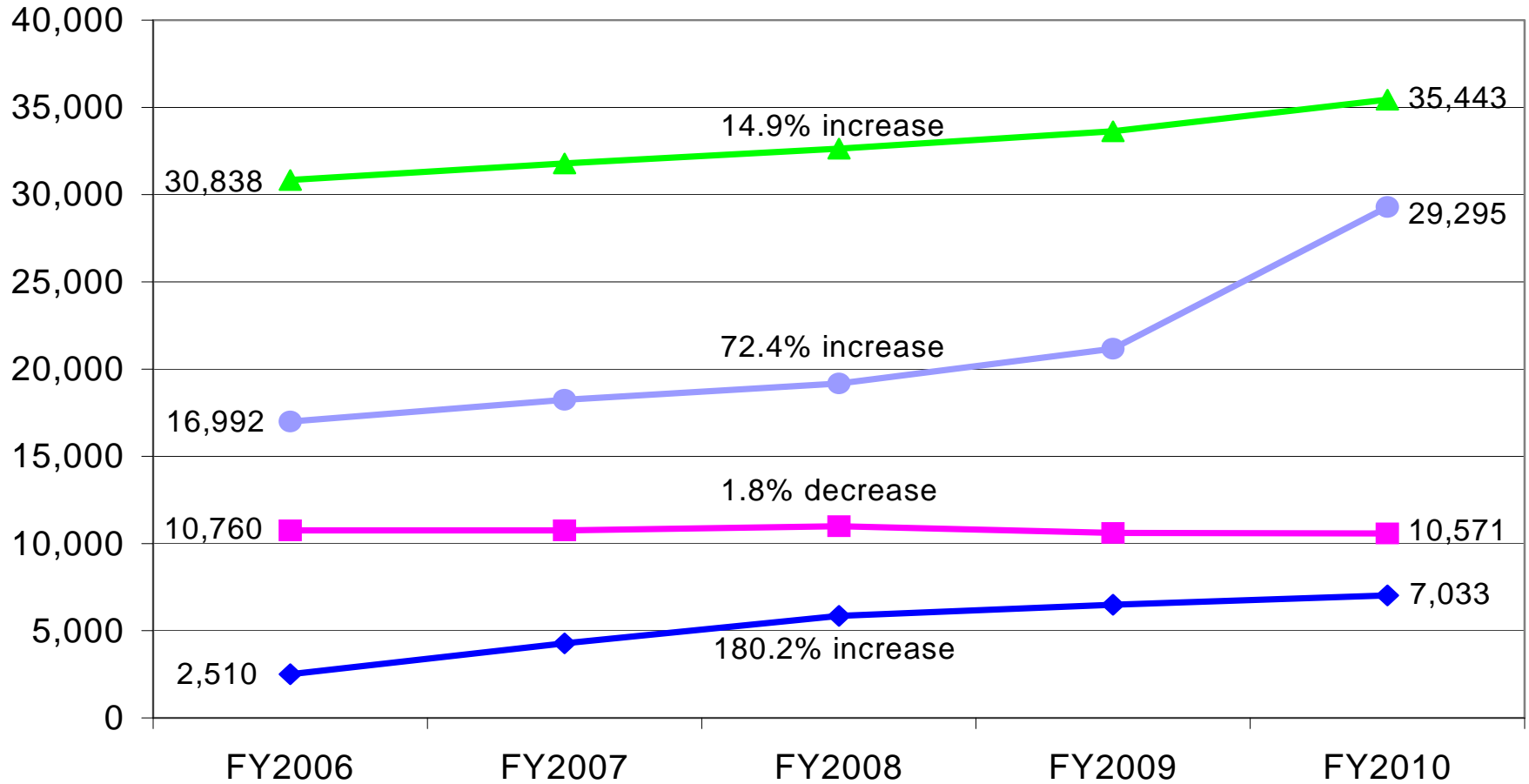
# ENROLLMENT FY2006 – FY2010 BY PLAN TYPE

- The PPO-type plans, the non-Medicare HMOs, and the Medicare HMOs each grew more than 25 percent over the five years (by 21,200 (34.8 percent), 2,900 (28.0 percent), and 2,000 (50.1 percent) enrollees, respectively)
- Results varied widely among the PPO-type plans – from a modest decrease in enrollment (200 enrollees) to a 12,300 contract enrollment increase
- Despite the addition of 34,900 enrollees during this time period, the Basic Indemnity Plan continues to lose enrollment (down 8.8 percent from FY2006 to FY2010)

# GIC ENROLLMENT BY PLAN TYPE FY2006 – FY2010



# PPO-TYPE PLANS' ENROLLMENT FY2006 – FY2010



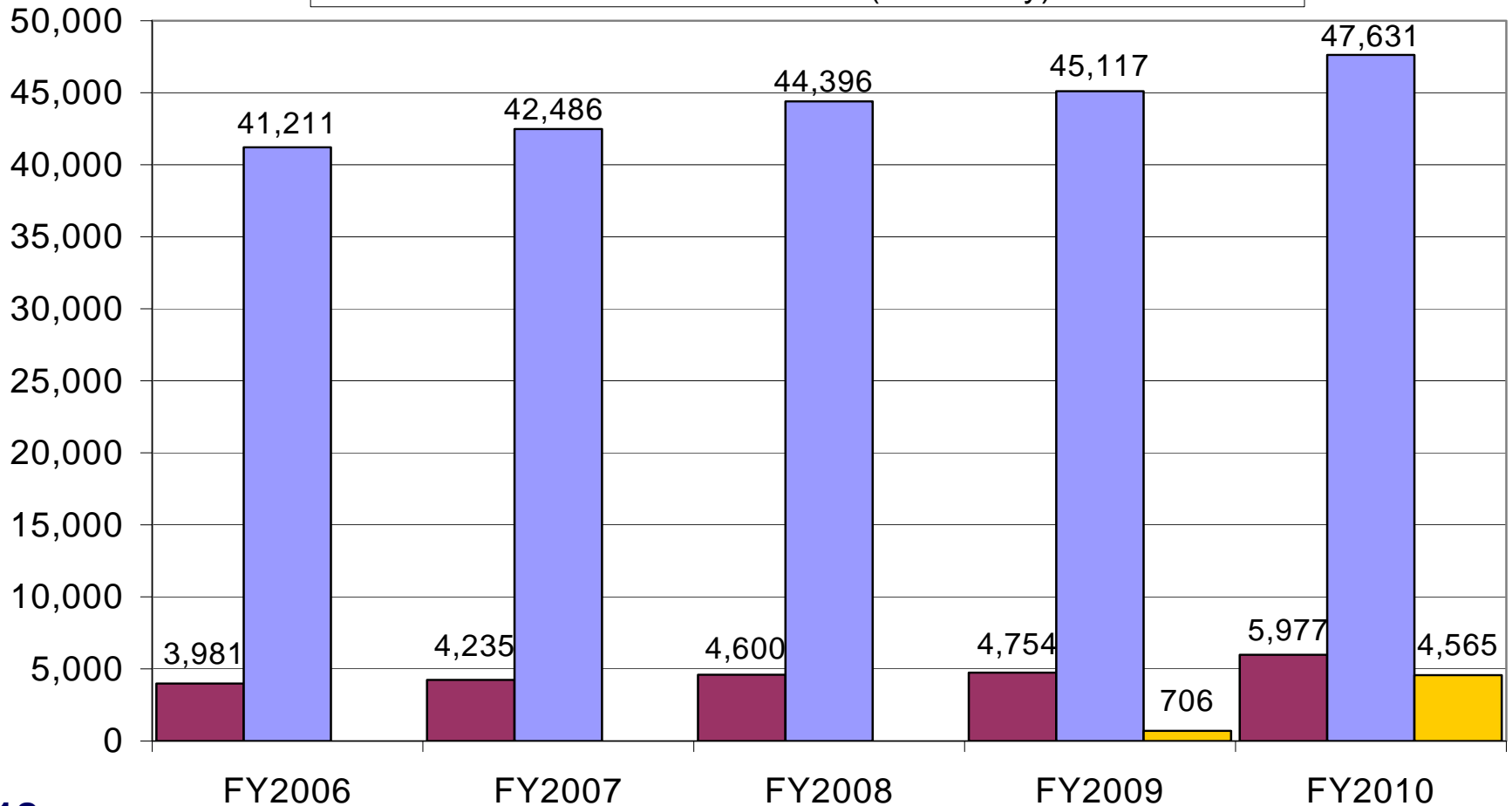
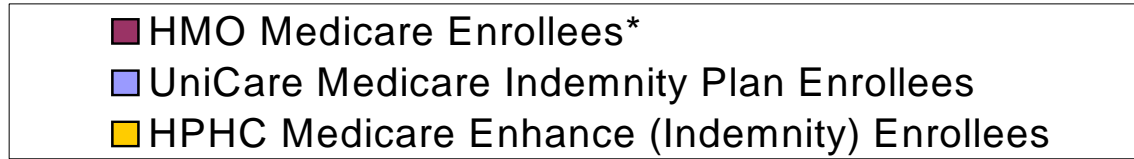


# ENROLLMENT FY2006 – FY2010

## Medicare Plans

- The GIC now has two Indemnity-style Medicare plans, one offered by UniCare, the other by Harvard Pilgrim
- The number of enrollees in Indemnity Medicare plans has grown by 11,000 (from 41,200 enrollees in FY2006 to 52,200 in FY2010)
- Despite losing a Medicare HMO (the former Harvard Pilgrim Medicare plan), the GIC's Medicare HMO enrollment increased by 2,000 enrollees, or 50.1 percent over the five years

# GIC MEDICARE PLAN ENROLLMENT FY2006 – FY2010



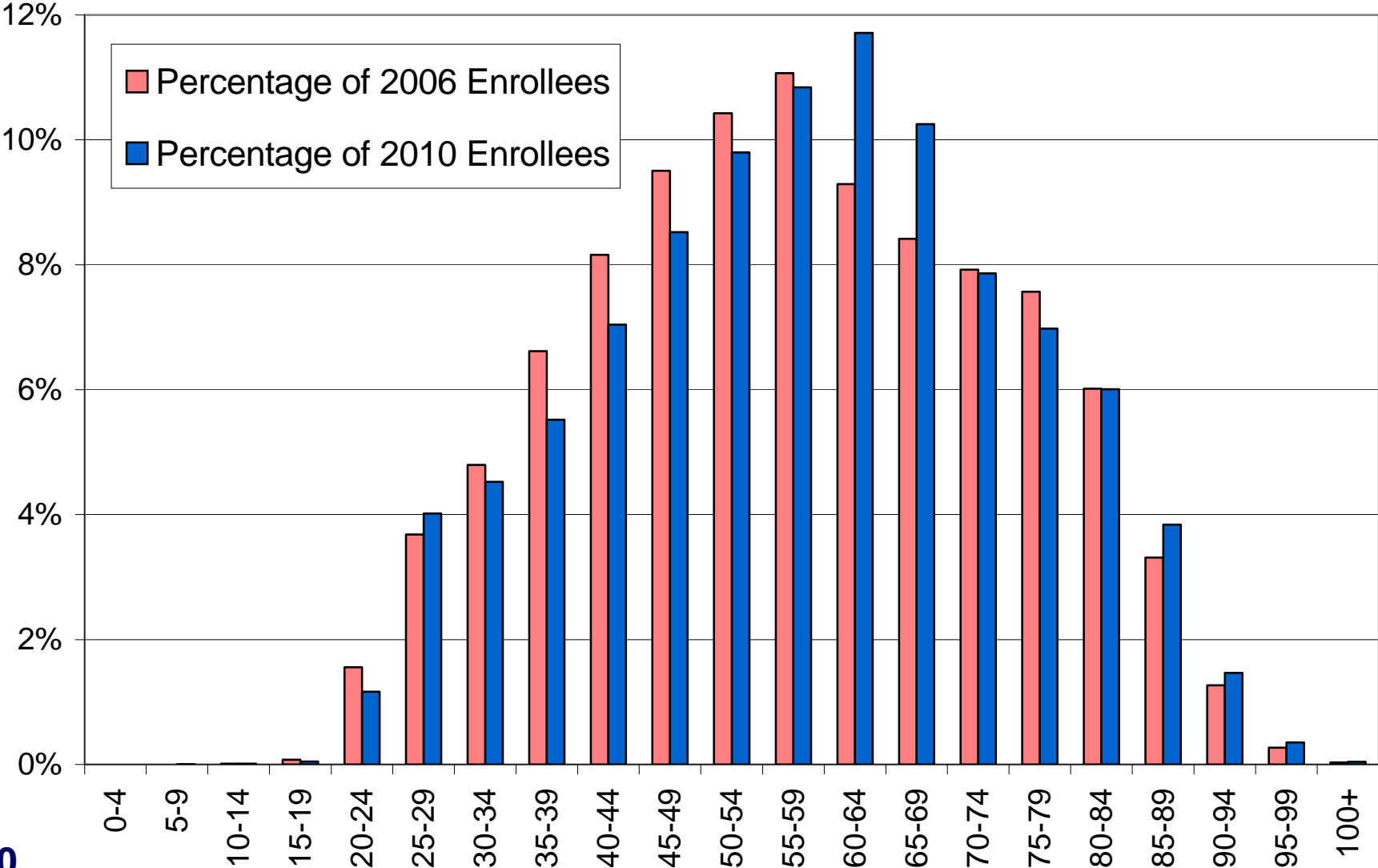
\* Includes HPHC Medicare HMO in FY2006 - FY2008. In FY2009, the GIC stopped offering HPHC's Medicare HMO.

# ENROLLMENT FY2006 – FY2010

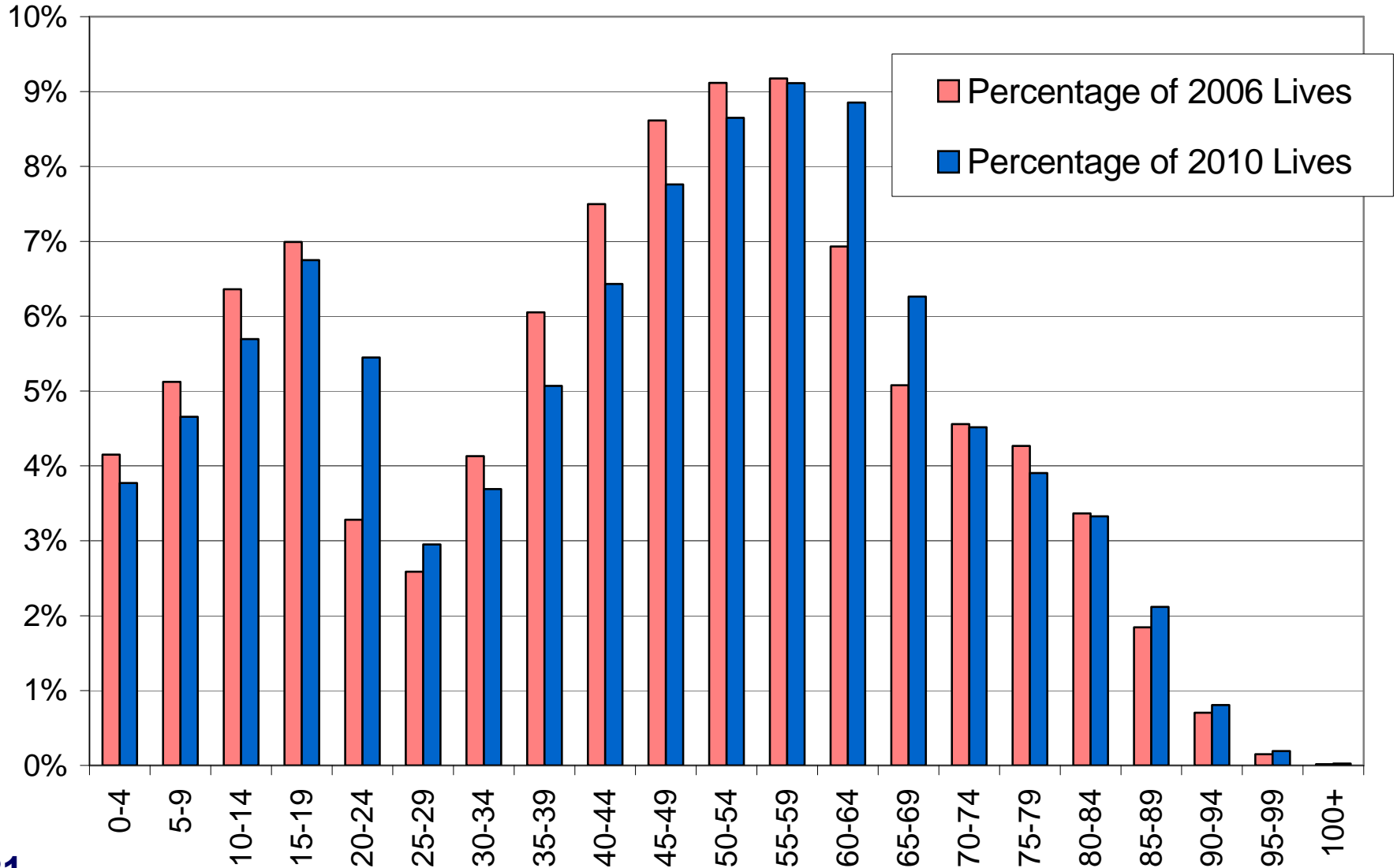
## Demographics - Age

- At 58.2 years old, the average GIC enrollee in FY2010 is slightly more than one year older than the average enrollee was in 2006 (57.2 years old)
- The GIC's aging population is reflected in the decrease in the share of enrollees who are in their 30s and 40s (from 29.1 percent of the population to 25.6 percent) and in the growing proportion of enrollees in their 60s (from 17.7 percent to 22.0 percent of the GIC population)
- There was a big jump in the number of dependents ages 20 to 24, from 8,400 to 17,500; likely attributable to the Massachusetts Health Care Reform
- The average covered life was not quite a year older, at 44.8 years in FY2010 (up from 44.0 in FY2006)

# ENROLLEE AGE DISTRIBUTION COMPARISON FY2006 AND FY2010



# MEMBER AGE DISTRIBUTION COMPARISON FY2006 AND FY2010



# MEMBERS FY2006 – FY2010

## Age and Family Size

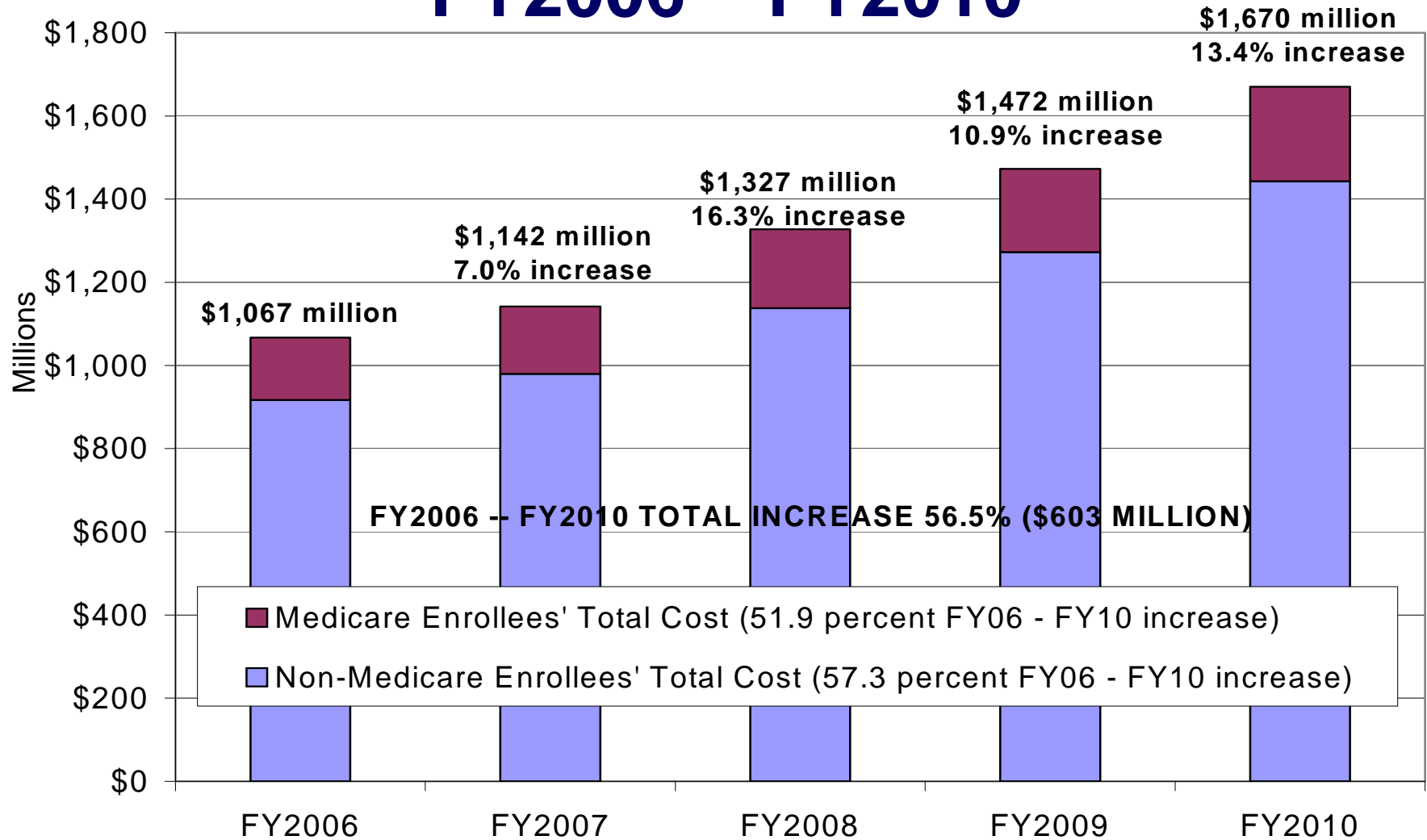
PLAN	AVERAGE AGE FY10 (FY06)	FAMILY SIZE FY10 (FY06)
Indemnity Plan (basic)	47.7 (46.1)	2.82 (2.78)
IP PLUS	38.5 (35.8)	3.10 (3.08)
IP Community Choice	34.3 (32.2)	3.16 (3.18)
HPHC POS	36.8 (35.8)	3.18 (3.16)
THP Navigator	35.3 (33.7)	3.24 (3.20)
HMO Plans (basic)	35.1 (34.5)	3.13 (3.10)
<b>BASIC PLANS AVERAGE</b>	<b>37.9 (37.1)</b>	<b>3.13 (3.07)</b>
Indemnity Plan (Medicare)	76.6 (76.3)	not applicable
HMO Plans (Medicare)*	73.6 (72.9)	not applicable
<b>ALL-GIC AVERAGE</b>	<b>44.8 (44.0)</b>	<b>3.13 (3.07)</b>

\* In this chart, HPHC Medicare Enhance is included with the HMO Medicare Plans

# TOTAL COST OF HEALTH INSURANCE FY2006 – FY2010

- GIC total cost of health insurance increased \$603 million dollars (or 56.5 percent), to \$1.670 billion in FY2010. Since the GIC experienced 24.6 percent enrollment growth during the same time period; the average per enrollee costs increased at a slower rate (25.6 percent)
- Copayment and deductible increases in February 2010 partially offset the FY2010 growth of the total cost of GIC enrollees' health insurance
- The FY2010 costs as they appear in this report are affected by the run-in from the new municipal enrollees and mid-year enrollment of the county sheriffs and MassDOT employees

# TOTAL COST OF HEALTH INSURANCE\* FY2006 – FY2010



Notes: 1) A portion of the costs that would have been incurred and paid in FY2005 were instead paid in FY2006, due to the major enrollment shift from insured plans to self-insured plans in FY2005.

2) A portion of the costs that would have been incurred and paid in FY2007 were instead paid in FY2008, due to an accounting change and the mid-year addition of a large number of enrollees, many of whom joined self-insured plans.

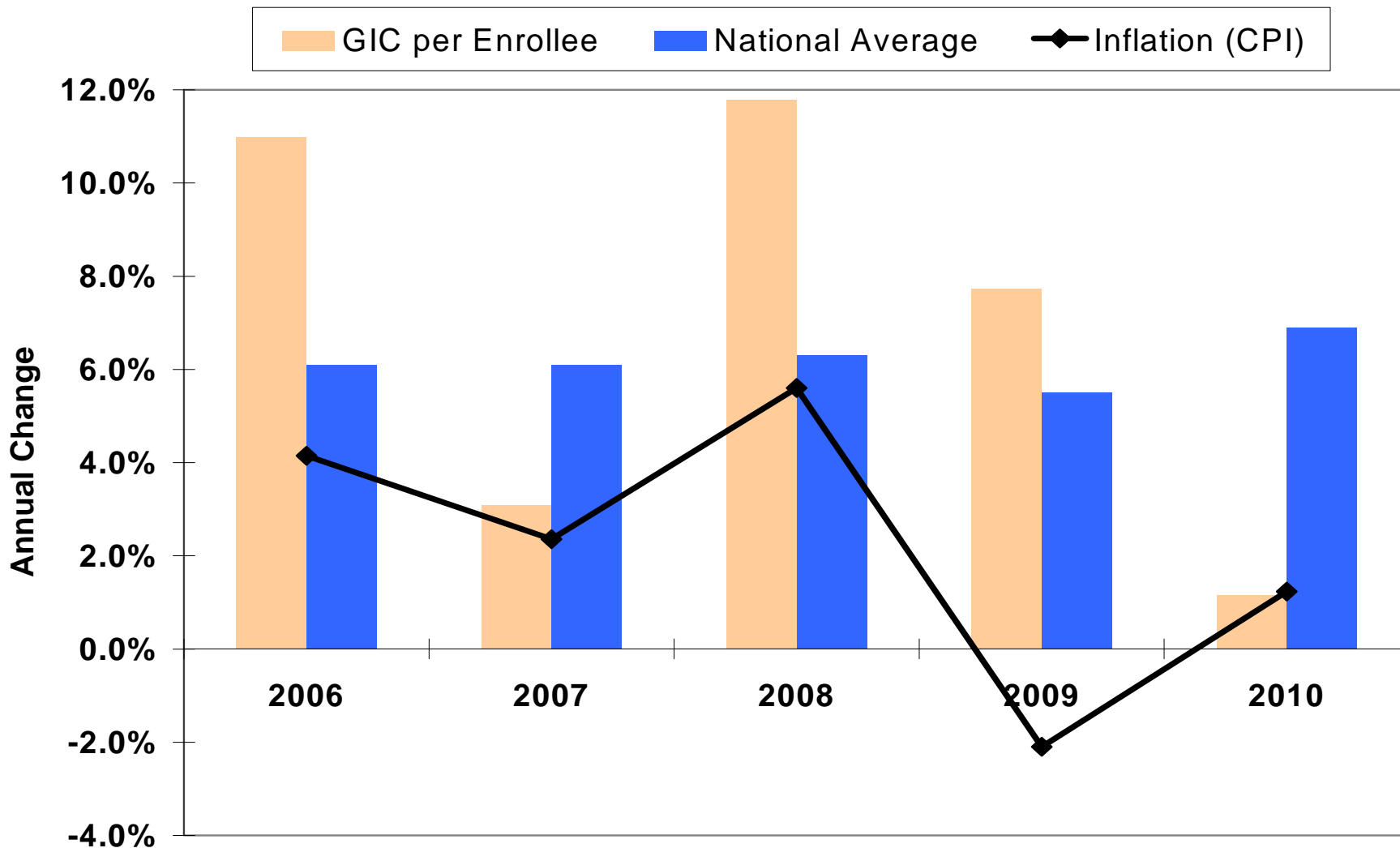
\* Claims and administrative costs for self-insured plans and premiums for insured plans (see Definitions on page 4)



# COSTS FY2006 – FY2010 Comparisons

- The GIC's average annual per enrollee cost increase for these five years was 6.9 percent
- At 39.4 percent, the GIC's average per enrollee cost increase from FY2006 – FY2010 was higher than the increase (35.0 percent) reported by Mercer Human Resource Consulting in its national employer survey. However, it is now the national norm for employer-based PPO plans to feature a \$1,000 calendar year deductible for individual coverage (a plan design the GIC has not adopted)

# AVERAGE COST OF HEALTH INSURANCE ANNUAL PERCENTAGE CHANGE FY2006 – FY2010



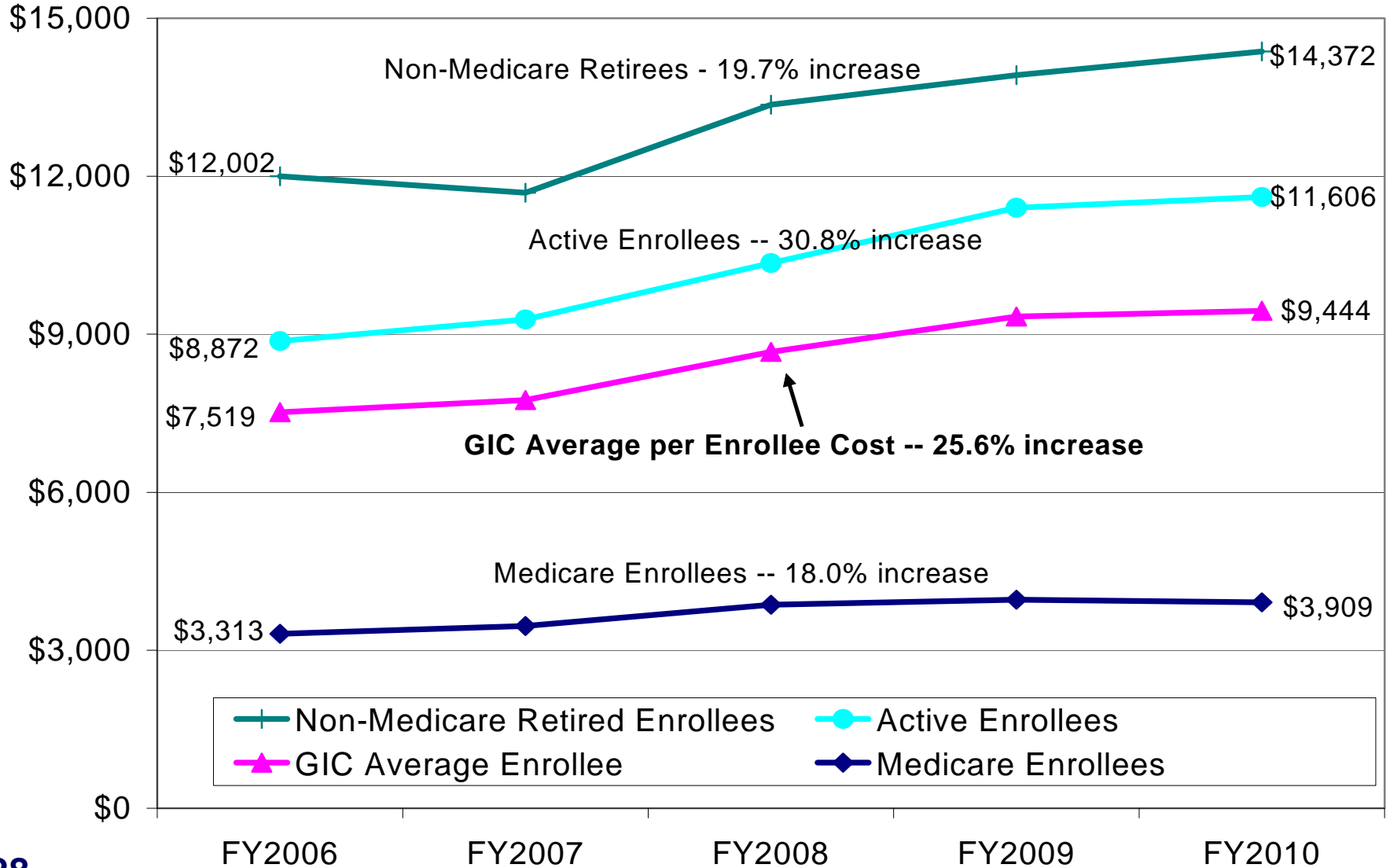
Sources: National Survey of Employer-Sponsored Health Plans, Mercer Human Resource Consulting, 2010 Survey Report and the U.S. Bureau of Labor Statistics <http://data.bls.gov/PDQ/servlet/SurveyOutputServlet>

# **COSTS FY2006 – FY2010**

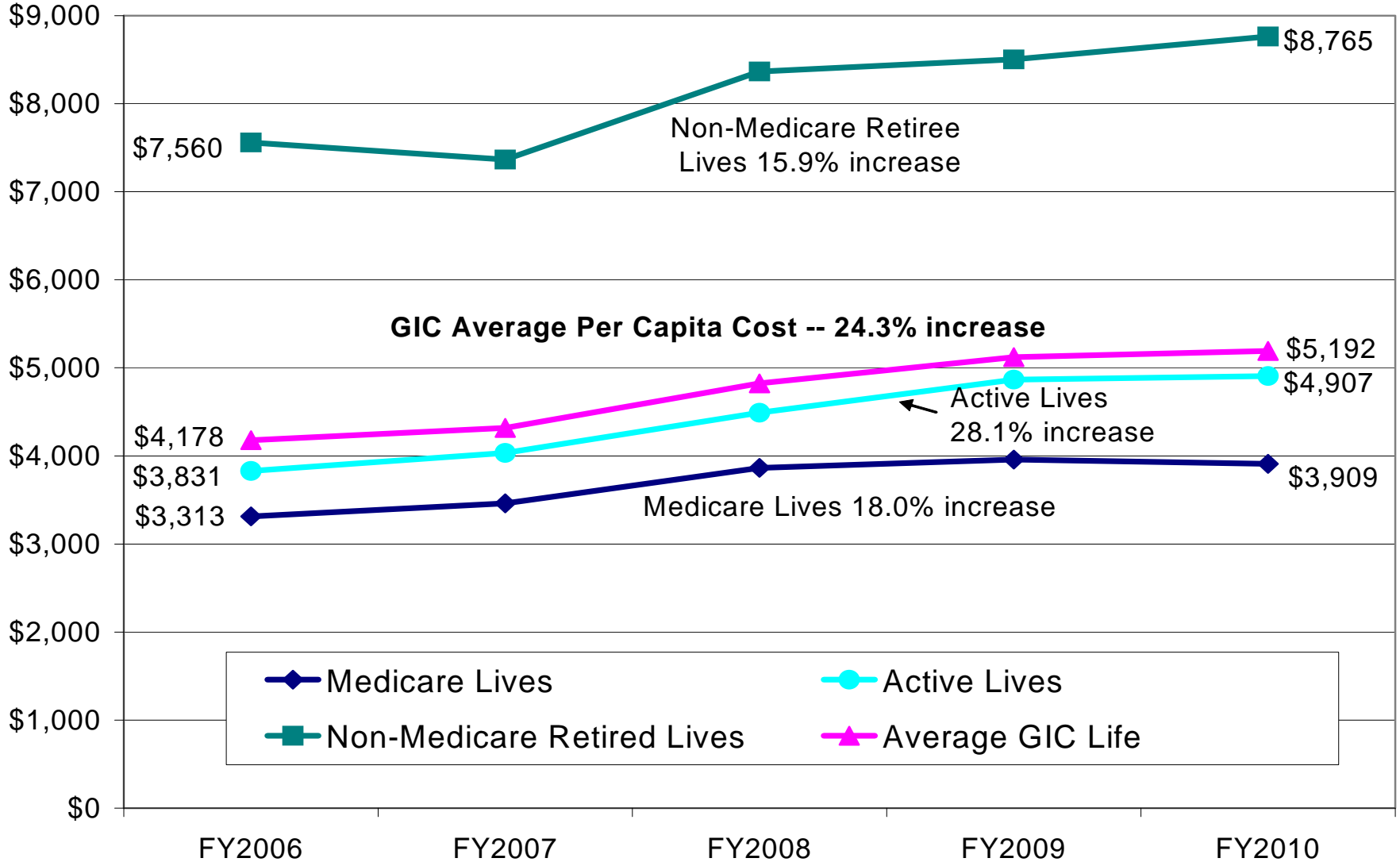
## **By Enrollee Category**

- Medicare enrollees cost the GIC the least to insure (\$3,900 in FY2010 -- Medicare is the primary payer), and their average cost per enrollee increased at the slowest rate over the last five years (18.0 percent)
- Per capita, active enrollees cost \$1,000 more than Medicare enrollees. However, actives' per enrollee costs are much higher than Medicare enrollees' costs because the average contract covers 2.36 lives (each Medicare enrollment covers one life)
- Non-Medicare retirees costs are the highest – roughly double the per capita cost of actives and Medicare retirees. Despite a smaller average family size, their costs per enrollee are also more than \$2,800 higher than actives.

# AVERAGE COST PER ENROLLEE FY2006 – FY2010



# AVERAGE COST PER CAPITA FY2006 – FY2010

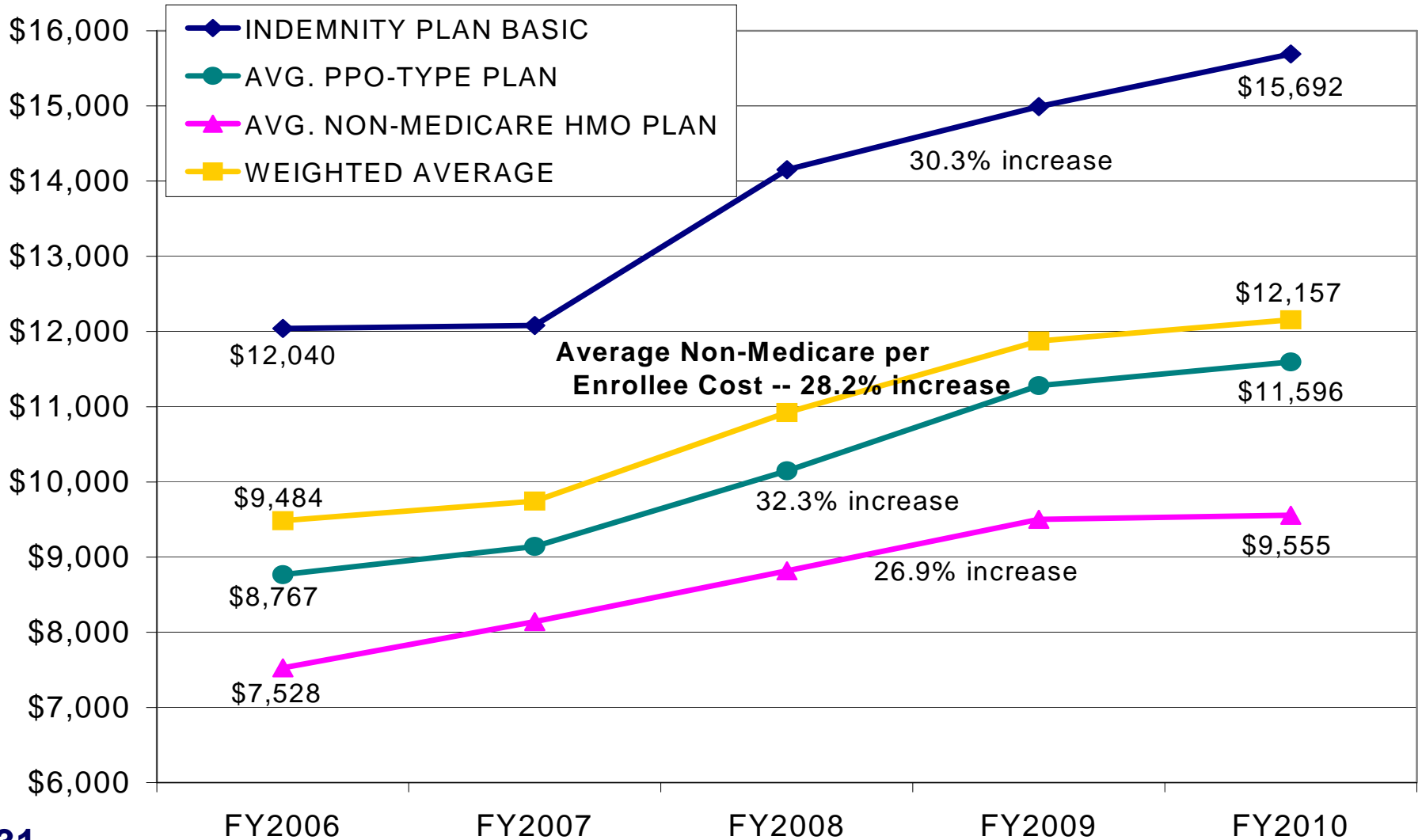


# **COSTS FY2006 – FY2010**

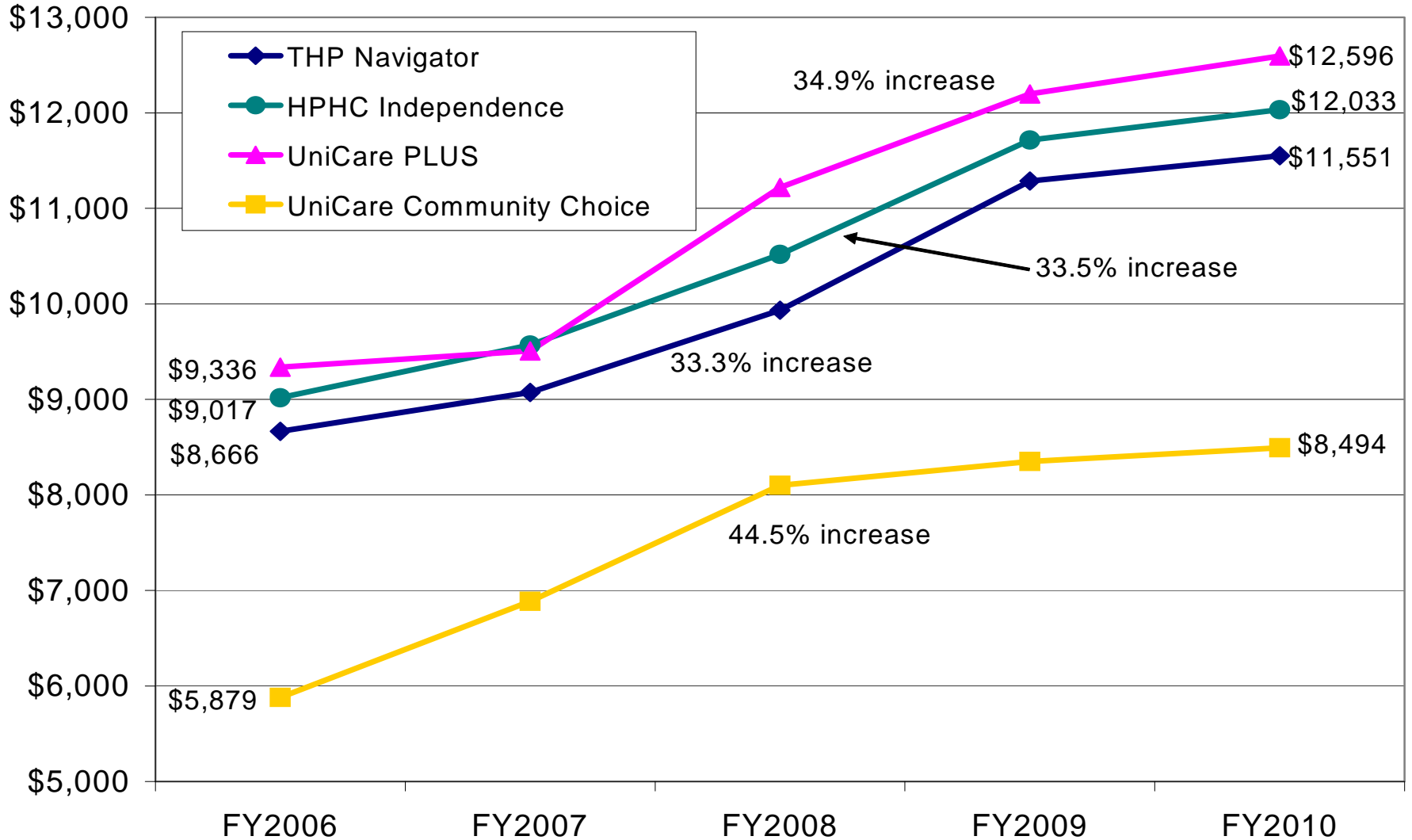
## **Basic (non-Medicare) Plans**

- Cost per enrollee and cost per capita increased across all basic plans (\$2,700 and \$1,100, respectively)
- The cost of the three plan types went up between \$2,000 and \$3,700 per enrollee, increasing the most in the Indemnity Plan and the least in the HMO plans
- Wide cost variation exists within the group of PPO-style health plans (FY2010 per enrollee costs range between \$8,500 and \$12,600)

# AVERAGE NON-MEDICARE PLAN COST PER ENROLLEE FY2006 – FY2010



# PPO-TYPE PLANS AVERAGE COST PER ENROLLEE FY2006 – FY2010



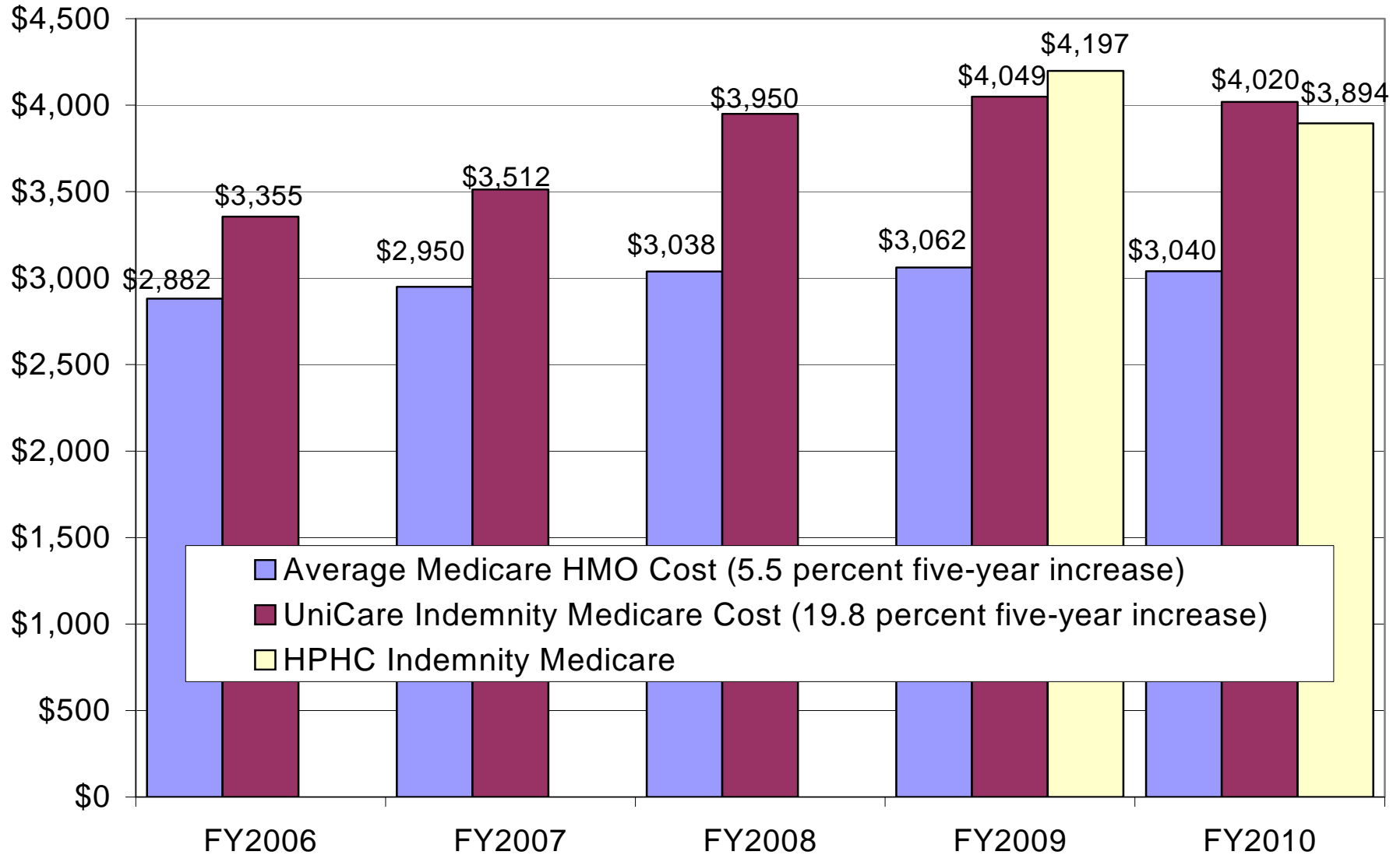


# COSTS FY2006 – FY2010

## Medicare Plans

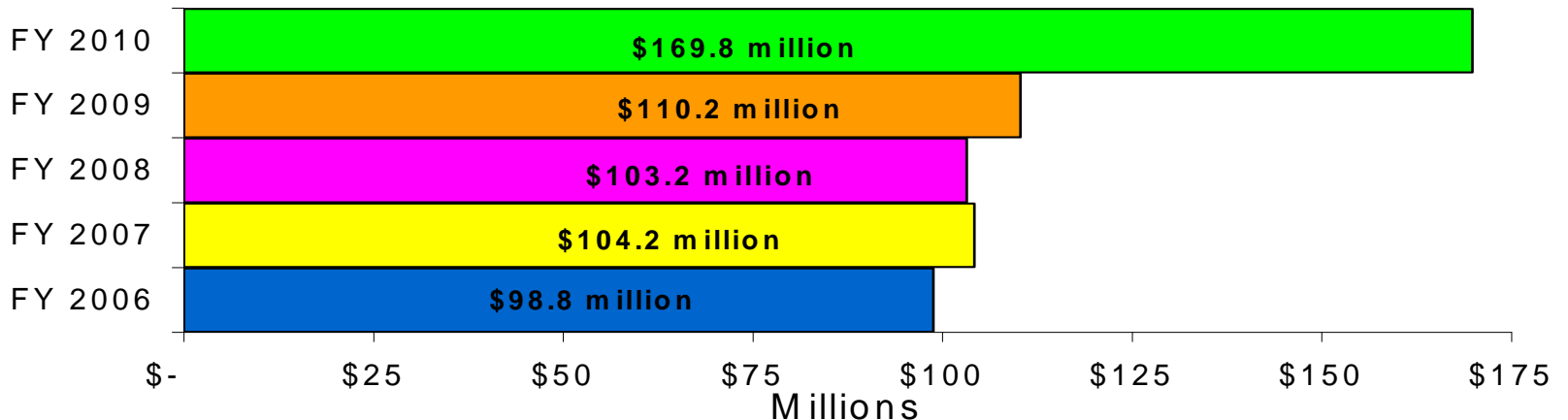
- The Indemnity Medicare plans average cost increased from \$3,400 per year in FY2006 to \$4,000 in FY2010 (a \$700 increase, or 19.5 percent)
- Medicare HMO plans' cost increased from \$2,900 to \$3,000 over the same time period (a \$200 increase, or 5.5 percent)
- Medicare enrollees' costs are paid for by the enrollee, the GIC and the federal government. Over the years the federal government's share of the payments has fluctuated, sometimes contributing to and other times moderating the state's and the enrollees' cost increases
- The HPHC Indemnity Medicare, new in FY2009, has costs that resemble the UniCare Indemnity Medicare plan

# AVERAGE MEDICARE PLAN COSTS FY2006 – FY2010



# OUT-OF-POCKET EXPENSES FY2006 – FY2010

- The overall FY2006 – FY2010 increase in out-of-pocket expenses was 71.9 percent (\$71.0 million)
- The 24.6 percent enrollment increase accounts for some of the increased out-of-pocket costs, however, the average out-of-pocket expense per enrollee increased \$300, to \$1,020, in FY2010

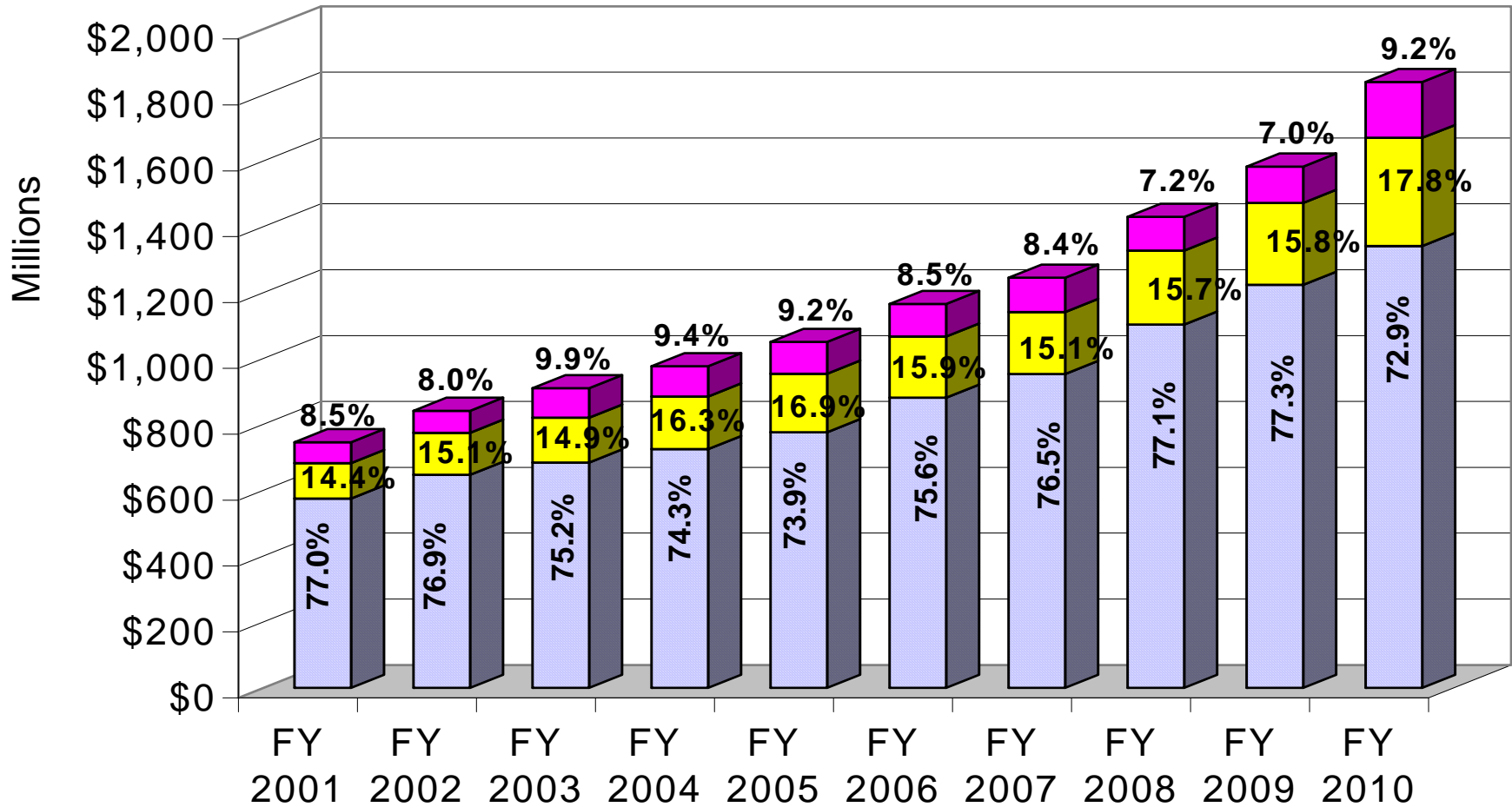


# OUT-OF-POCKET EXPENSES

- In FY2010, out-of-pocket expenses remain less than 10 percent of total health expenditures
- Out-of-pocket expenses added \$1,020 to the average cost of insurance per enrollee in FY2010. This is an increase of \$300, or 42.6 percent from FY2006

Note: the per family costs on the chart on slide 38 differ slightly from per enrollee costs, since a small number of families are insured on multiple contracts (and thus are counted as more than one enrollee)

# SHARE OF COSTS: GIC AND ENROLLEES FY2001 – FY2010



■ State Share of Premium    
 ■ Enrollee Share of Premium    
 ■ Out-of-Pocket Expenses

# TOTAL HEALTH EXPENDITURES

- GIC enrollees' *total health expenditures* (the state's and the enrollees' insurance costs and enrollees' out-of-pocket expenses), rose \$674 million, from \$1,166 million in FY2006 to \$1,840 million in FY2010 – an increase of 57.8 percent
- This is slightly higher than the 56.5 percent increase in the *total cost of health insurance*, which rose \$602 million, from \$1,067 million in FY2006 to \$1,670 million in FY2010
- Note that the increases in both the total health expenditures and the total cost of health insurance are partially driven by substantial GIC enrollment growth from FY2007 - on

# TOTAL HEALTH EXPENDITURES (continued)

- Note that the GIC does not have data on out-of-pocket expenses for the 10,500 Medicare enrollees who are not enrolled in the UniCare State Medicare Indemnity plan (the out-of-pocket expense figures exclude these enrollees' out-of-pocket costs)
- We also do not have, nor do we know of a way to collect, information on the cost of balance bills for the few enrollees who may be subject to balance billing (providers bill the enrollee for amounts in excess of the health plan's allowed amount)

# MEDICAL EXPENDITURES BY THE GIC AND ENROLLEES FY2006 – FY2010

