

May 1, 2017

Massachusetts insurers ask state to suspend key Obamacare program

By Jessica Bartlett

Massachusetts insurers are petitioning the governor to get rid of a controversial Obamacare program, saying they have “serious concerns” about the effect the program will have on next year’s premiums.

Board members of [Massachusetts Association of Health Plans](#), which counts 17 of the state’s insurers as members, voted 11-3 last week to support suspension of the risk adjustment program in Massachusetts, with three members of the industry group abstaining.

In a letter sent last week, the group called on Gov. [Charlie Baker](#) to ask for a federal waiver from the program.

“We continue to have serious concerns about the impact of risk adjustment on the marketplace and the upward pressure it is putting on premium rates for consumers and employers,” the letter states. “We believe that federal rules and recent actions contemplate state flexibility...we believe we have the opportunity to examine local approaches.”

Risk adjustment, which is intended to redirect revenue from insurers with relatively healthy members to insurers with sicker and costlier members, was meant to prevent insurers from only catering to healthy people.

But several Massachusetts insurers have criticized the formula used to determine the health of members and the way in which payments are calculated, saying it has forced them to give millions of dollars to their competitors and raise insurance premiums.

Last year alone, a staggering \$101.7 million changed hands between insurers, with Blue Cross Blue Shield of Massachusetts netting \$81.4 million from its competitors. The only other insurers to receive money from risk adjustment were Neighborhood Health Plan, which received \$5.3 million, and Fallon Health, which received \$1.5 million.

[Tom Policelli](#), CEO of [Minuteman Health](#) and a long-time opponent to risk adjustment, said without suspending the program, insurers will be forced to raise premiums for 2018 to account for the unknown of risk adjustment.

“We should expect premium volatility in 2018, leading to higher prices,” Policelli said. “The numbers are too big and the uncertainty is even bigger. That’s what we’re all going to have to do. We’re trying to highlight it and say stop.”

In 2016, Minuteman paid out \$6.4 million to its competitors. For 2017, Policelli said Minuteman had reserved a third of its collected premium dollars to pay out in risk adjustment, and said it would have to raise premiums 15-30 percent in the future should the program stay in place.

The idea that risk adjustment might be stripped from the Massachusetts market is concerning to Blue Cross Blue Shield of Massachusetts, which said that the program was an essential underpinning of federal health reform.

“Risk adjustment helps to ensure a level playing field and ensures that health plans compete on the basis of price and quality, and not based on who is able to attract the healthiest members,” the insurer said in a statement. “More than a quarter million Massachusetts residents have benefited from the risk adjustment program through lower premium increases.”

Policelli noted that Massachusetts health reform existed without risk adjustment, and said there are state laws that would already prohibit insurers from trying to capitalize off healthy people, such as caps on what insurers can earn in profit.

Other states have already sought to get rid of or significantly augment federal risk adjustment programs, including Alaska and New York. Eric Linzer, a spokesman for [Massachusetts Association of Health Plans](#), said insurers hope Massachusetts will take similar steps.

“In Massachusetts, this would be one where we hope would be an opportunity for the state to work with folks at the federal level to suspend our risk adjustment program and give us time to work on ways to improve functioning of it,” Linzer said. “With rates due to be filed beginning of July, there is a sense of urgency to provide greater stability and predictability on what risk adjustment may look like.”

A Baker spokeswoman could not immediately be reached for comment.

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