

# Statement of Jon Kingsdale, Ph.D.

Executive Director, Commonwealth Health Insurance  
Connector Authority

Before the

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My name is Jon Kingsdale. I am Executive Director of the Commonwealth Health Insurance Connector Authority. This is one of the principal agencies of healthcare reform in the Commonwealth of Massachusetts. Thank you for this opportunity to share with the Subcommittee some of the lessons we have learned while developing the Connector.

97.4% of Massachusetts' residents now enjoy the security of health insurance coverage. This is by far the highest insurance level in the United States—which, sadly, is below 85% nationally, and dropping even as we speak. Two years after beginning implementation, we reached the principal goal of Massachusetts' Chapter 58 of the Acts of 2006--near-universal coverage.

As a result, financial barriers to obtaining care have fallen markedly. An Urban Institute survey, conducted midway through implementation, found that just one year after reform, financial barriers to care had fallen markedly. In 2007, the first full year of reform, Massachusetts rates of deferring needed care because of

financial barriers were between one-half and one-third of the national average. And it is reasonable to expect that financial barriers continued to decline in the second year of reform, as the number of newly enrolled continued to grow.

Importantly, Massachusetts has been able to achieve near-universal coverage without a surge in medical inflation. In Commonwealth Care, a new program run by the Health Connector for lower-income adults without access to employer-sponsored or other public coverage programs, annual premium increases average under 5%. Last week, we completed bidding and plan selection for the fiscal year starting this July, as a result of which:

(a) choice of health plans and access to new primary care physicians will increase; and

(b) both government's spending per enrollee and what our 165,000 enrollees contribute toward premiums will decrease.

In the Connectors' second program, Commonwealth Choice, unsubsidized enrollees enjoy a broad array of commercial health plans. They can compare the 37 private options that we offer, confident that these plans have received the Commonwealth's Seal of Approval for quality and value. On the day we initiated Commonwealth Choice, July 1, 2007, purchasers of non-group plans experienced a huge gain: their choice of plans suddenly increased, average premiums dropped, and shopping for a plan became much easier.

The result has been a resuscitation of the non-group market in Massachusetts. In 2006, before reform began, non-group enrollment was falling and premiums rising; by 2008, the number of Massachusetts residents buying insurance directly on their own had doubled and the premiums for standard coverage in the largest non-group plans had declined by more than 25%. Although we

offer only 37 of the 180 non-group policies available in Massachusetts and although our 37 policies are priced the same, in or outside the Connector, half the total growth in non-group insurance has come through the Connector. And this value has held, with modest premium increases, since CommChoice began.

At roughly 5% average annual trend for both Commonwealth Care and Choice, the rate of health insurance premium inflation is well below the broader experience in Massachusetts and the nation.

Health care reform in Massachusetts is a shared responsibility and goes far beyond these two programs. One-third of some 440,000 newly insured residents of the Commonwealth are in employer-sponsored plans. Near-universal coverage is the product of shared responsibility among employers, taxpayers, and those directly involved in providing and reimbursing medical care. Governor Deval Patrick and our legislative leaders are committed to maintaining coverage and to sustaining access by controlling costs.

The two connector programs that I briefly described do differ substantially. But they share some common advantages, which suggest the role that connectors might play in national healthcare reform.

The Connector organizes a market to provide meaningful choice. Like any retailer, we ask our customers what they want. They want quality, meaning insurance options they can trust. They want value, meaning that we compare and showcase those plans which offer the best benefits for the prices charged. And they want to be able to compare and shop online, as opposed to calling each carrier to compare offerings.

In both Commonwealth Care and Choice, we set standards for covered benefits. We rigorously evaluate the products before offering them. And we organize the choice of plans so that

members can readily compare them. At enrollment and afterwards, we work with members and health plans to resolve member issues.

With Commonwealth Care, since we are spending public monies for coverage, the Connector specifies a set of plan benefits and conducts highly competitive bidding, but enrollees choose the plan, the provider network, and (for those with incomes above the federal poverty level) they pay any extra for choosing a more costly plan.

With Commonwealth Choice, our members are making a major buying decision with their own money--anywhere from \$1,500 to over \$15,000 a year, depending on their age, family size and plan preference. The Connector sets four very different levels of benefits from which customers can choose, and offers at least six different health plans on each of these four benefit tiers. Our customers can shop by entering just three pieces of information: the subscriber's age, household size and zip code. We do offer telephone customer service, but 80% of buying is done online, typically in just 20-30 minutes. Whichever plan the individual picks, enrollment is guaranteed, as is next year's renewal, regardless of any change in the member's medical conditions.

And our members consistently thank us, even though we all recognize that the cost of health care in America is a serious financial drain. Frankly, this is the most consumer-friendly, consumer-driven offering that I have encountered in my nearly three decades of professional experience with commercial insurance.

Thank you for your time and interest. I will do my best to answer your questions.