

# Reflections of a CO-OP as a New Market Entrant



Maine Community  
HEALTH OPTIONS

# Creation of Consumer Operated and Oriented Plans (CO-OPs)

CO-OP program created by ACA, s. 1322, to introduce greater competition and choice within Marketplaces

- Alternative to public payer
- Member-directed: Majority of Board Directors must be Members; all Directors elected by Members
- Enhanced competition and transparency within the health insurance marketplace (“exchanges”)
- 2/3 of all contracts must be in individual and small group markets
- ACA requires CO-OPs to offer silver and gold products on Exchange
- Currently 22 CO-OPs operating in 23 states
- Made possible through start-up and solvency the ACA (administered by CMS)

# Early Impact of CO-OPs

## Summary Results

- In several markets, e.g. Maine, CO-OPs provided the only other carrier choice in 2014
- In 23 states with CO-OPs, overall health insurance premiums are roughly 8% lower than in states without them
- In CO-OPs states, CO-OPs offer 37% of the lowest-priced plans
- CO-OP plans are the most likely of all insurers to be within 10 percent of the lowest-priced plan
- From 2014 to 2015, premiums for the second lowest cost silver plan dropped by 1.9%, but had risen by 1.5% in non-CO-OP states.
- Enrollment at end of 2014 topped half a million
- Expectation of significant gains through 2015 open

# Maine Community Health Options

## ***Mission***

*To partner locally with Members, businesses and health professionals to provide affordable, high quality benefits that promote health and well-being.*

## ***Vision***

*To be a leader in transforming and improving individual and community health and positively affecting local economies.*

# MCHO Purpose

To deliver meaningful health insurance benefits designed to improve consumer health and well-being by:

- Integrating and coordinating care
- Paying for what matters by engaging in market reform and payment incentives to improve efficiency and quality
- Working collaboratively with Providers and Members towards Triple Aim Achievement
  - Value Based Insurance Design
    - Chronic Illness Support Program
    - Behavioral Health Integration
    - PCMH Support & Care Mgmt Coordination w/ providers
  - Broad PPO Network – e.g., All Hospitals in both Maine and NH included, plus access to national network
- IFP Products: 10 total: Gold, Silver, Bronze, Catastrophic
- Small Group: 8 total: Platinum, Gold, Silver, Bronze

# Challenges

- New entrants lack comparative leverage given starting enrollment of zero, and therefore suffer on pricing
- Gaining brand name recognition, especially given that CO-OPs have been prohibited from using federal start-up loans for marketing
- Establishing consumer awareness of coverage opportunity through the Marketplace
- Balancing enrollment growth with solvency requirements and sufficiency of capital, especially in light of shifting parameters and timeframes
  - CO-OPs held to higher RBC standard (500% RBC)
  - CO-OP business model aligned closely with Marketplace, and therefore 3Rs and Cost Share Reductions

# Results

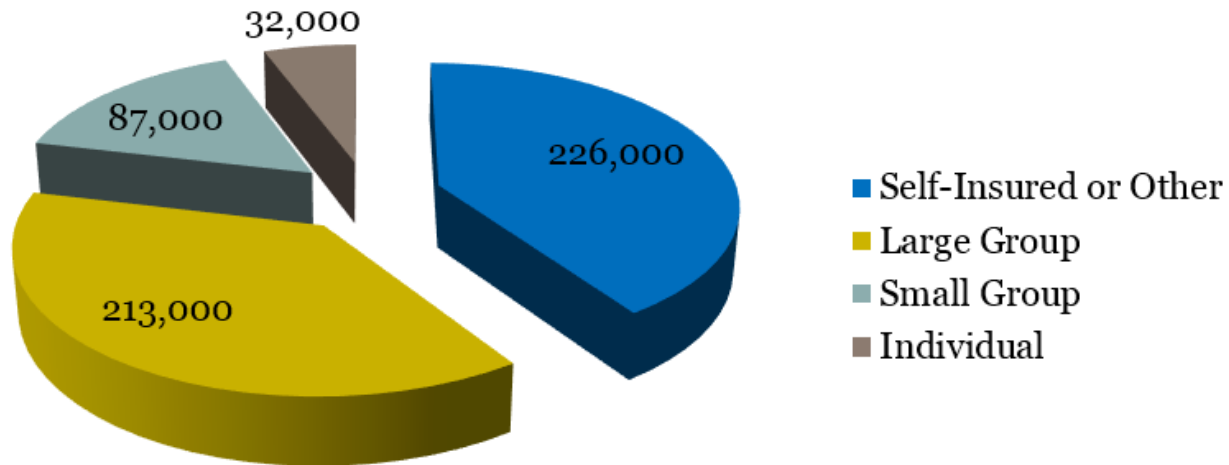
- Enrollment in 2014, two and a half times greater than enrollment projections, and 83% marketshare of Maine FFM
- At end of Open Enrollment 2.0, MCHO enrollment now stands at over 73,000 and 81% marketshare of Maine FFM
- From 2014 to 2015, MCHO decreased premium pricing
  - By 0.8% for IFP
  - By 10% for small group
- MCHO expanded to all of New Hampshire, all 10 counties, and all hospitals in network

# Coverage Profile on Eve of ACA's Open Enrollment

## MAINE'S 2013 HEALTH INSURANCE MARKET

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### Members



Source: 2013 Financial Results for Health Insurance Companies in Maine. Self-Insured estimated from most recent US Census Data.

Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

<http://www.maine.gov/pfr/insurance/>



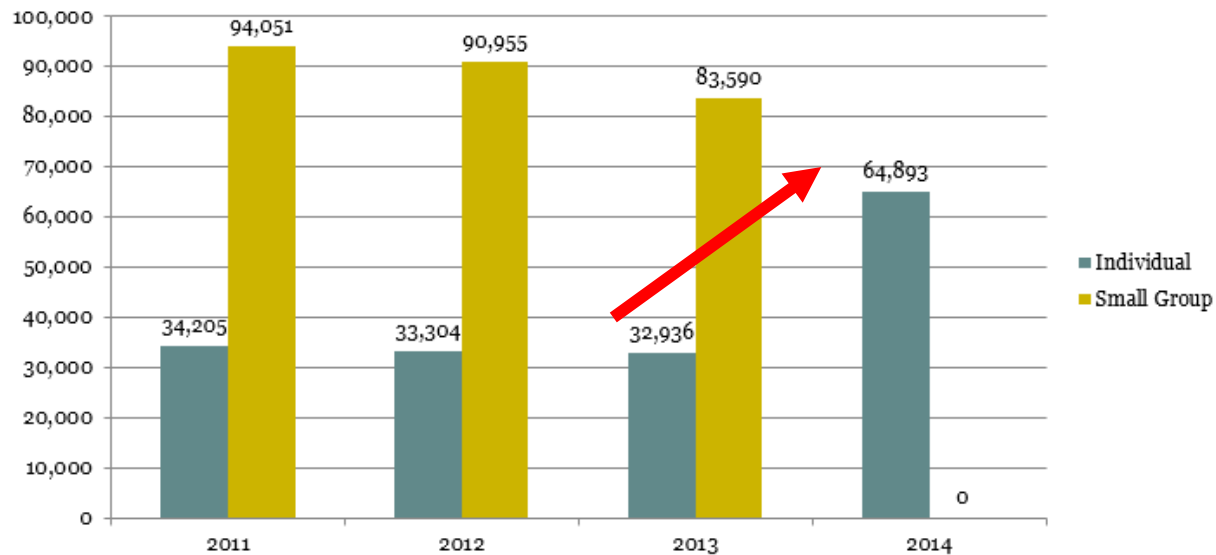
# Jump in Coverage via ACA

## Health Insurance Market Insured Lives

Small group enrollment for 2014 has not been reported yet.

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Doubling of Non-group coverage from 2013 to 2014 (Increase by 31,957)



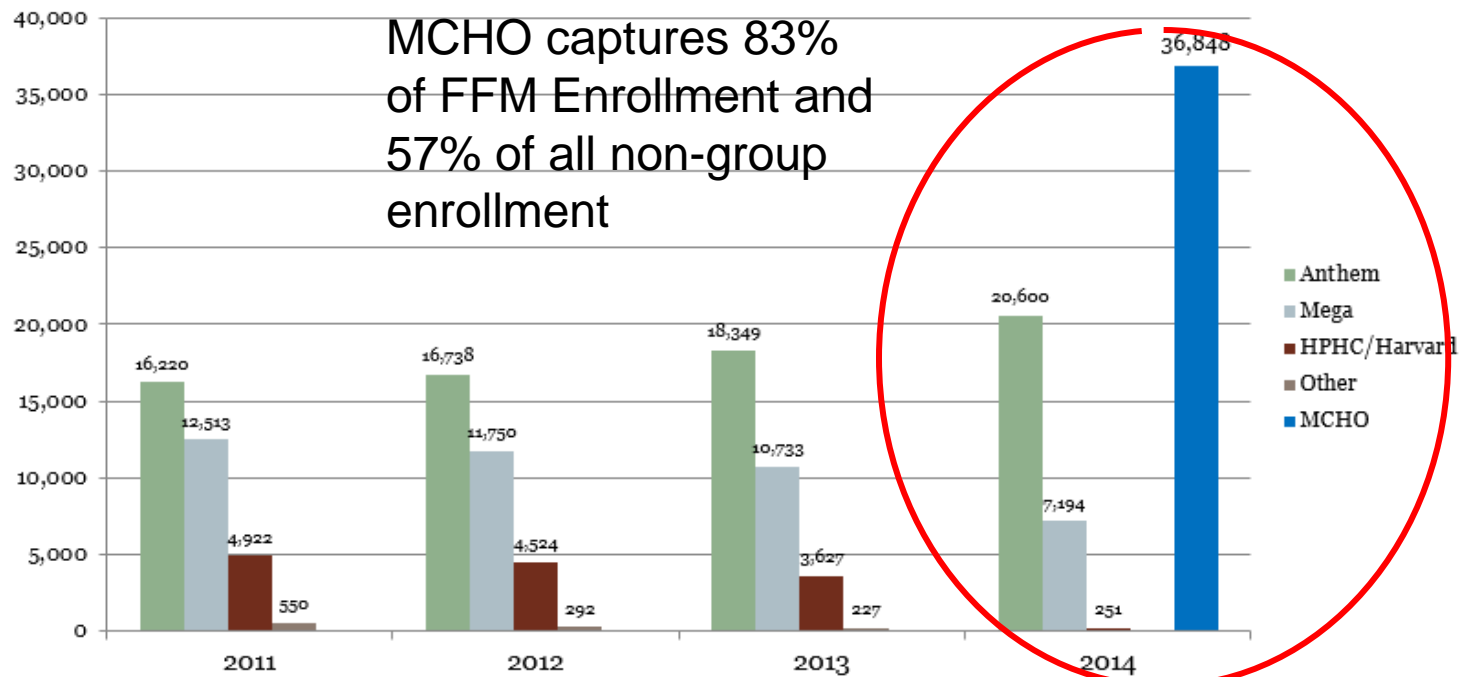
Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

<http://www.maine.gov/pfr/insurance/>

# MCHO Gains Strong I&FP Enrollment

## Individual Market by Insurer with 2014 enrollment as of 4/14

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Source: [Bureau PowerPoint Presentation on ACA and Maine](#);

<http://www.maine.gov/pfr/insurance/>

# Future Goals

- Payment reform
  - ACO work
- Ongoing consumer & provider engagement
  - Enhanced portals
    - Improved prior auth process (including self-service)
    - Easier use of accumulators and evidence based guidelines
  - Appropriate data sharing to enhance improved utilization and delivery of care

# Questions?



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