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Report Urges Reforms to Massachusetts Connector

Pioneer Institute lays out seven steps to correct the Connector's overreliance on revenue generated from subsidized insurance products, and aid the small business community.

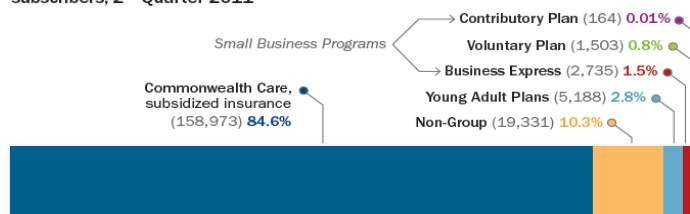
Boston, MA – A Pioneer Institute report finds that the Connector has failed to attract small business purchasers to its Commonwealth Choice plan, despite spending millions of dollars in marketing. The report, *Fixing the Massachusetts Health Exchange*, urges state officials to adopt seven steps to deliver on one of the original promises of reform - to assist small employers in buying affordable coverage.

Governor Patrick's recently filed payment reform bill attempts to launch "Phase II" of health reform, but in a new study released today Pioneer Institute recommends state policymakers revisit the effectiveness of the 2006 reform to ensure that the goals of reform are being met, before moving to phase II implementation. The report recommends seven steps to improve the Commonwealth Health Insurance Connector Authority (Connector) and strengthen its long-term sustainability as it faces the challenges presented in the federal Affordable Care Act.

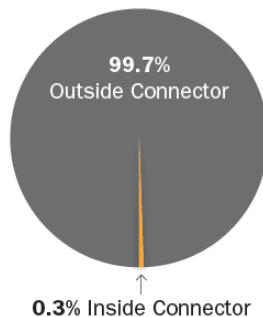
"A lot has happened since the passage of the Massachusetts health reform. We now have good data to evaluate the Connector's strengths and weaknesses and determine where it can make changes to better offer the high quality and affordable coverage that was promised," says Pioneer Institute's Director of Health Care, Josh Archambault.

The report's author, Dr. Amy Lischko, writes that, "the Connector has been successful in providing free or near-free care to 158,973 of the under 65 population in Massachusetts...[However] the Connector has been less successful at enrolling non-subsidized individuals and businesses...employees of small employers make up only 1.5% of the total Connector membership and 0.3% of the total health insurance market for small companies in the state."

Distribution of Connector (Exchange) subscribers, 2nd Quarter 2011



Approximate Small Group Percentage
Purchasing Health Insurance
In and Out of Connector (Exchange)



Many states are grappling with implementation of the 2010 federal law, which requires them to establish exchanges similar to the Connector for individuals and small group purchasers by 2014. Those from both the right and left are looking to Massachusetts for lessons when setting up exchanges.

“The Connector will face significant challenges in implementing the federal law as roughly 60% of its subsidized insurance business will be transferred into Medicaid, resulting in a loss of nearly \$11 million in revenue. This is no small matter when 86% of their revenue comes from this population,” says Archambault.

Fixing the Massachusetts Health Exchange recommends seven concrete steps to improve the Commonwealth Health Insurance Connector Authority (Connector) and strengthen its long-term sustainability:

1. Increase the customer base for enrollees that are not receiving a public subsidy;
2. Reinstate the choice model to attract small employers with fewer restrictions on product choice, and participation;
3. Adopt innovative programs and services such as those used in private exchanges;
4. Promote wellness programs for insurance sold through the Connector;
5. Increase portability and continuity for a smoother transition from subsidized to non-subsidized coverage;
6. Streamline operations and benefits for state health care programs by consolidating back-office functions;
7. Reconstitute the Connector Board to de-politicize it and ensure representation for consumers and small businesses.

Pioneer Institute’s research for the past several years has not delivered a thumb-up or down judgment on the state’s 2006 health care experiment. Instead the Institute has sought to inform the health policy debate, both locally and nationally with data driven analysis of what is happening on the ground. Over the past two years, Pioneer Institute has released a series of interim report cards that measured progress in increasing access, equitable and sustainable financing, administrative efficiency, and cost-effective quality. Pioneer’s goal is to identify the areas in which the reform has worked, and where gaps exist, providing policy recommendations when possible. This research can both improve state reform and also offer lessons to other states as they implement exchanges.

[Pioneer Institute](#) is an independent, non-partisan, privately funded research organization that seeks to improve the quality of life in Massachusetts through civil discourse and intellectually rigorous, data-driven public policy solutions based on free market principles, individual liberty and responsibility, and the ideal of effective, limited and accountable government.

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