



Commonwealth
of Massachusetts

Center for Health
Information and Analysis

Áron Boros
Executive Director

Employers Who Had Fifty or More Employees Using MassHealth, Commonwealth Care, or the Health Safety Net in State Fiscal Year 2010

February 2013

*This report was developed by the Division of Health Care Finance and Policy
and published by the Center for Health Information and Analysis.*

**Center for Health
Information and Analysis**

Table of Contents

Executive Summary	1
Key Findings	2
Background and Introduction	3
Methodological Summary	5
Findings and Analysis	6

Appendices

Appendix 1: About Massachusetts Public Health Care Programs	9
Appendix 2: Top 50 Massachusetts Employers with Fifty or More Employees Using Public Health Programs in FY 2010, by Number of Employees and Employer Size	10
Appendix 3: Technical Notes on Methodology	12
Appendix 4: Glossary of Terms	17

Executive Summary

As part of the effort to provide information on health care access in the Commonwealth, the Division of Health Care Finance and Policy (the Division) produces a report identifying employers in the Commonwealth with fifty or more employees receiving health services through one or more of the state's publicly subsidized health care programs (MassHealth, Commonwealth Care (CommCare), and the Health Safety Net (HSN)). The Division releases this report, referred to as the Fifty-Plus Report, in response to Section 304 of Chapter 149 of the Acts of 2004.

This report presents findings from the Division's analyses on employers in the Commonwealth who had fifty or more of their employees use public health care programs during the 2010 State Fiscal Year (SFY), which covered the period July 1, 2009 through June 30, 2010. In addition to the number of employees and dependents who accessed a public health care program during the period, the report also estimates cost to the state as a result of these individuals and their family members accessing MassHealth, CommCare, or the HSN.

Three main methodological notes must be made regarding the 2010 Fifty-Plus Report and how it differs from previous reports.¹ First, the 2010 report does not present data and findings from previous years. For 2010, the Division applied a methodology for determining membership in publicly subsidized health care programs that differs from methods applied to analyses in previous years. This improved methodology produces more refined statistics, which are presented and explained in the Findings and Analysis section of the report. As part of the refinements in methodology, members who are eligible for a program but do not have attributable charges are not included in the counts, except where noted. Comparing results that use this methodology and the previous methodology would produce unreliable trends.

Second, to address the issues associated with difficult to verify self-reported data (when individuals note on their applications for public assistance that they work for a particular employer), the 2010 Fifty-Plus Report is based only on employment and wage data provided by and verified with the Department of Revenue (DOR), MassHealth, and the Health Connector (Connector).

Finally, for the 2010 report, the Division's improved methodology now includes unique or distinct individuals across programs and also for all combined programs. These methodological decisions improve the integrity and accuracy of the data presented. However, as a result, the distinct count of employees and dependents for all programs is not necessarily the sum of total employee counts for MassHealth, CommCare, and HSN.

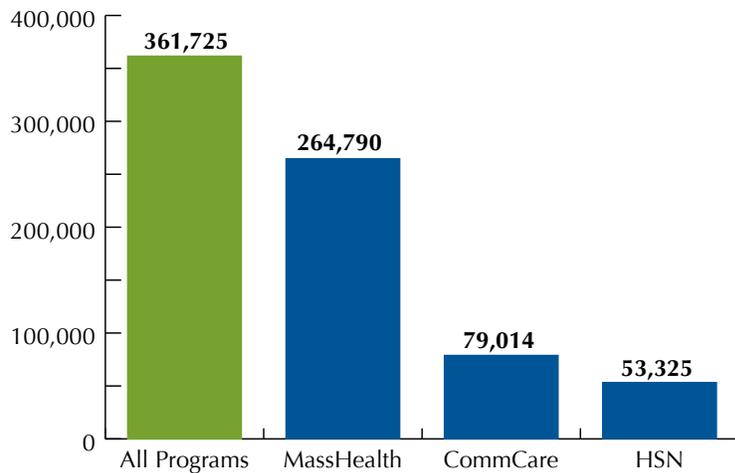
Employees and dependents of Fifty-Plus employers may have accessed a publicly subsidized program for a number of reasons, including: a) they were ineligible for the insurance package offered by their employer; b) they worked for an employer that did not offer health insurance at all; or c) they opted not to enroll in an employer-sponsored health insurance presumably due to affordability concerns. The present data, however, do not allow for distinguishing among these reasons.

¹ See Appendix 2 for a full summary of methodological changes.

Key Findings

- During SFY2010, 1,548 employers in the Commonwealth had fifty or more employees (and their dependents) access health care services through MassHealth, CommCare, or HSN.
- Overall, approximately 362,000 distinct employees of fifty-plus employers (and their dependents) accessed health care services through a state-funded public health care program, primarily through MassHealth.
- The Commonwealth spent nearly \$760 million on health care services for employees and dependents of fifty-plus employers in SFY2010; 45% of this amount went towards care received by dependents.
- Seventy-four percent (74%) of the total cost was attributable to employees and dependents that used the MassHealth program, with Commonwealth Care and the HSN, respectively, accounting for 19% and 7% of all costs.

Fig 1: Employees and dependents of fifty-plus employers who accessed a public health care program in 2010, by program



Background and Introduction

Section 304 of Chapter 149 of the Acts of 2004 requires the Massachusetts Executive Office of Health and Human Services (EOHHS) to produce an annual report on employers in the Commonwealth with at least fifty employees using public health care programs (the Fifty-Plus Report). This requirement was part of the state's efforts to change how health care services are paid for in Massachusetts, efforts that culminated in passage and implementation of Chapter 58 of the Acts of 2006 (Massachusetts health care reform law). The Massachusetts Division of Health Care Finance and Policy (the Center) is the EOHHS agency responsible for producing the Fifty-Plus Report.

Initially, the Fifty-Plus Report provided policymakers in Massachusetts with key data on how employees of large firms (firms with at least 50 employees) access public health care programs. Policymakers used data from the Fifty-Plus Report, among many other sources, to craft a 'shared responsibility' approach to increasing health coverage, where individuals, government, and employers are all required to play a role in providing health insurance coverage to Massachusetts residents. Today, in addition to policy-makers, stakeholders such as employers, labor unions, and researchers rely on the Fifty-Plus Report for data and analyses on utilization and financing of publicly subsidized health insurance programs by employees and dependents of large firms.²

Several provisions in Chapter 58 act as incentives for employers to offer and maintain health insurance coverage for employees. The Fair Share Contribution (FSC) provision, for example, requires all employers with 11 or more full-time equivalent employees (FTEs) to either make a "fair and reasonable" contribution toward health care costs of their full-time employees or to pay a Fair Share Contribution liability.³ Other policy tools such as Chapter 58's Section 125 Plan requirement and the Free Rider Surcharge also encourage employers to maintain coverage for their workers.⁴

Chapter 58 has been successful; since passage and implementation of the law, more than 98% of Massachusetts residents and over 99% of children in the state have health insurance coverage.⁵ In addition, employers in the Commonwealth have strengthened their role in the provision of health insurance coverage. For example, in 2010, 77% of Massachusetts employers offered health insurance to their employees, compared to 69% of employers who did so in 2001. Furthermore, over 97% of large firms in the Commonwealth made health insurance coverage available to their employees in 2010.⁶ Overall, 79% of insured Massachusetts residents under the age of 65 maintain health insurance coverage through their employer.⁷

² For this report, large firm is defined as an employer with at least 50 employees who utilize public health care programs. See the glossary of terms for more definitions on employers, employees, and dependents, and their usage in this report.

³ The FSC regulation (114.5 CMR 16.00) applies two conditions in its determination of whether an employer is making a "fair and reasonable" contribution. First, for an employer with between 11 and 50 FTEs, the employer must offer at least a 33% contribution toward all full-time employee premiums or cover 25% of all full-time employees. The second condition, which applies to employers with 50 or more employees, requires the employer to contribute at least 33% toward an employee's premium and cover 25% of all full-time employees. Alternatively, an employer with 50 or more FTEs can satisfy the requirement by covering 75% of all full-time employees.

⁴ The adoption of Section 125 plans by employers allows employees to pay their contributions towards health insurance using pretax income. The Free Rider Surcharge penalizes employers with 11 or more FTEs that do not offer Section 125 plans. An employer with 11 or more FTEs who fails to meet the Section 125 Plan requirement may be subject to a Free Rider Surcharge if a worker or dependents of the worker access medical care through the state's Health Safety Net (HSN) program.

⁵ "Health Insurance Coverage in Massachusetts: Results from the 2008-2010 Massachusetts Health Insurance Surveys." Division of Health Care Finance and Policy, 2010.

⁶ Division of Health Care Finance and Policy (DHCFP). 2010 Massachusetts Employer Survey. Online at <http://www.mass.gov/chia/docs/r/pubs/11/mes-results-2010.pdf>.

⁷ DHCFP. Health Care in Massachusetts: Key Indicators (November 2010). Online at www.mass.gov/dhcfp.

Despite the gains enabled by health care reform, employer-sponsored insurance (ESI) may not be available to all employees. Part-time and contract workers are less likely to have and maintain ESI, and for some employees, employer policies on waiting periods – which in 2009 spanned between one and three months – could mean being temporarily uninsured or underinsured. The Fair Share Contribution does not have coverage requirements that apply to part-time workers. In 2010, only 29% of Massachusetts employers offered health coverage to part-time employees.⁹

For employees who are not eligible for ESI, the alternative is sometimes to seek care through one or more of the three public health care programs (MassHealth, CommCare, and HSN), all of which employ different methods to subsidize care for eligible individuals. More information about these programs can be found in Appendix 1.

⁸ The 2009 data on employer policies on waiting periods is the most recent available. For more information, see the 2009 Fifty-Plus Report. Online at http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/10/50_plus_employers_final_06-28-10.pdf.

⁹ Division of Health Care Finance and Policy (DHCFP). 2010 Massachusetts Employer Survey. Online at <http://www.mass.gov/chia/docs/r/pubs/11/mes-results-2010.pdf>.

Methodological Summary

For the 2010 Fifty-Plus Report, the Division developed and employed an enhanced methodology to identify employees and dependents of fifty-plus employers. The methodology, which involved six main steps, is summarized below with detailed technical notes presented in Appendix 2.

In conducting the 2010 Fifty-Plus analysis, the first step was to identify families that were eligible for MassHealth, CommCare, and HSN. Using public assistance eligibility files, the Division identified households and family members within each household that were eligible for a state-funded public health care program. This report combines dependents and spouses into a single ‘dependents’ category. Second, individuals within the family that accessed a public health care program are identified and matched with wage data from the Massachusetts Division of Revenue (DOR) to identify employees who utilize public health care programs. Third, health care costs are identified and attributed to employees and their dependents.

Step four allocates membership and costs to all employers in the Commonwealth for methodological purposes,¹⁰ while step five focuses on determining usage of public health care programs by employees and dependents specifically for fifty-plus employers. The sixth and final step tabulates counts for program access and estimates costs for employees and dependents of all fifty-plus employers. In presenting findings from the analyses, the Division focuses on 1) the extent to which employees and dependents access each of the three public health care programs (program-level analysis); and 2) potential utilization overlaps among the three programs (system-level analysis).

Three important methodological changes should be noted regarding differences between the 2010 Fifty-Plus Report and reports from previous years. First, the 2010 Fifty-Plus Report relies exclusively on data from individuals identified in public health care programs that were also identified in DOR wage data. Previous reports included self-reported employment by individuals applying for public health care programs and before SFY2007, the Fifty-Plus Report relied exclusively on self-reported data. However, since the DOR match method is not subject to the same verification challenges as self-reported data, the Division felt sufficiently confident to rely exclusively on DOR match data for the 2010 fifty-plus analysis.

Second, individuals who are enrolled in a program but do not have any health care costs associated with them are not counted in the 2010 report, except where noted under a refined methodology. These individuals may have un-enrolled from public health care programs after being eligible in previous years. Third, and finally, for the 2010 report, the Division focused on counting distinct users for each program as well as for all programs combined, rather than deriving the total number of users from the sum of members in each of the three public health care programs. By employing this approach, the Division was able to minimize potential enrollment overlaps across programs. As a result of these changes, data from the 2010 Fifty-Plus analysis are not compared or trended to data from previous years, as doing so may lead one to draw potentially faulty conclusions. We anticipate the 2010 analysis to provide the base year for comparisons and trends for future fifty-plus reports.

¹⁰ If a family has a fifty-plus employer and a non-fifty-plus employer that employs individuals in the household, household health care costs are attributed to the fifty-plus employer based on that employer’s share of the household wages. The non-fifty-plus employer’s attributed costs are not included in this report.

Findings and Analysis

The employees and dependents included in this analysis who access health care through one of the publicly subsidized programs may have done so for a number of reasons: a) they were ineligible for the insurance package offered by their employer; b) they worked for an employer that did not offer health insurance at all; or c) they opted not to enroll in an employer-sponsored health insurance presumably due to affordability concerns. The data do not allow us to distinguish among these reasons.

Part-time and contract employees are often ineligible for benefits and new hires are frequently subject to waiting periods before becoming eligible for coverage. Some of these employees may be eligible for health services through one or a combination of the three public health care programs. The Commonwealth has processes in place to ensure that if available, employer-sponsored insurance (ESI) is obtained by the employee. Individuals who were able to access ESI through a public health care program such as MassHealth's Premium Assistance program are therefore not included in member counts for the 2010 Fifty-Plus Report.

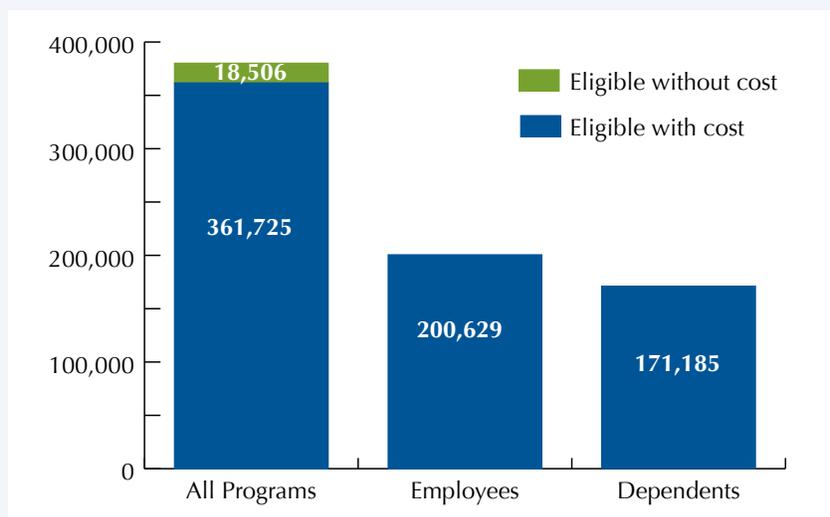
Results from the 2010 fifty-plus analyses are presented in two sections. Section one presents findings on the number of employees of fifty-plus employers and dependents who accessed MassHealth, CommCare, and or HSN in SFY2010, while section two presents estimated costs incurred by the state for subsidizing care for these individuals.

1. Access by Employees and Dependents

During SFY2010, 1,548 employers in the Commonwealth had fifty or more employees (and their dependents) access health care services through MassHealth, CommCare, or HSN. Over that period, the Commonwealth incurred costs for approximately 362,000 employees and dependents of these employers. Appendix 2 lists the top 50 employers with the greatest number of employees that accessed public health care programs in SFY2010.

As figure 2 indicates, more employees (200,629) than dependents (171,185) accessed MassHealth, CommCare, and/or HSN during the period. In addition, the state was financially at risk for more than 18,500 employees of fifty-plus employers and their dependents that did not ultimately use any health care services. It should be noted that due to potential utilization overlaps among the three programs, some employees in one program may also have dependents in another program. This potential overlap is accounted for by identifying distinct and unique individuals associated with a fifty-plus employer and who can be categorized under at least one of the three public health care programs. The "All Programs" member count, therefore, is not the sum of "Employees" and "Dependents."

Fig 2: Employees and dependents of fifty-plus employers who were eligible for a public health program in 2010



For both eligible employees and dependents of fifty-plus employers that used a state-funded public health care program to access health care services care in SFY2010, MassHealth was the most commonly accessed program. Due to MassHealth’s relatively generous eligibility standards, more dependents than employees accessed it compared to CommCare and HSN.

On average, during SFY2010, 3.1 million residents of the Commonwealth were employed.¹¹ The approximate 201,000 employees of fifty-plus firms (not including dependents) that accessed one or more of the state’s public health care programs in SFY2010 therefore represent about 6% of the Commonwealth’s average employed workforce for the period.

Fig 3: Public Health Care Program Access by Program and User Type (SFY 2010)

	Employees	Dependents
MassHealth	112,322	158,739
CommCare	72,176	9,650
HSN	46,379	9,365

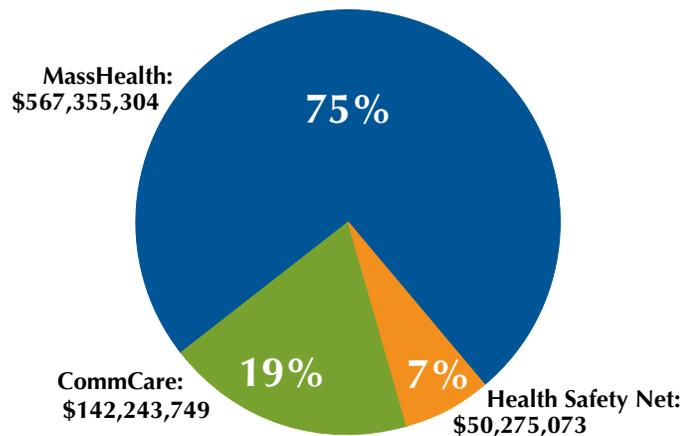
2. Estimated Costs of Employees and Dependents

The Commonwealth spent approximately \$760 million in SFY2010 to provide health care services to employees and dependents of fifty-plus employers. The MassHealth program accounted for approximately 75%, or more than \$567 million of all costs, while CommCare and HSN accounted for 19% and 7% of the total cost, respectively (percentages may not sum due to rounding).

Overall, in SFY2010, employees (rather than their dependents) accounted for a greater proportion of the total cost incurred by the Commonwealth for health care services received by employees and dependents of fifty-plus employers. Employees accounted for 55% (more than \$417 million) of the total cost, while their dependents accounted for 45%, or approximately \$343 million. Within the MassHealth program, however, dependents rather than employees accounted for a greater proportion of total program costs (57% and 43% respectively).

Fig 4: Total costs for employees and dependents of fifty-plus employers in 2010, distribution by program

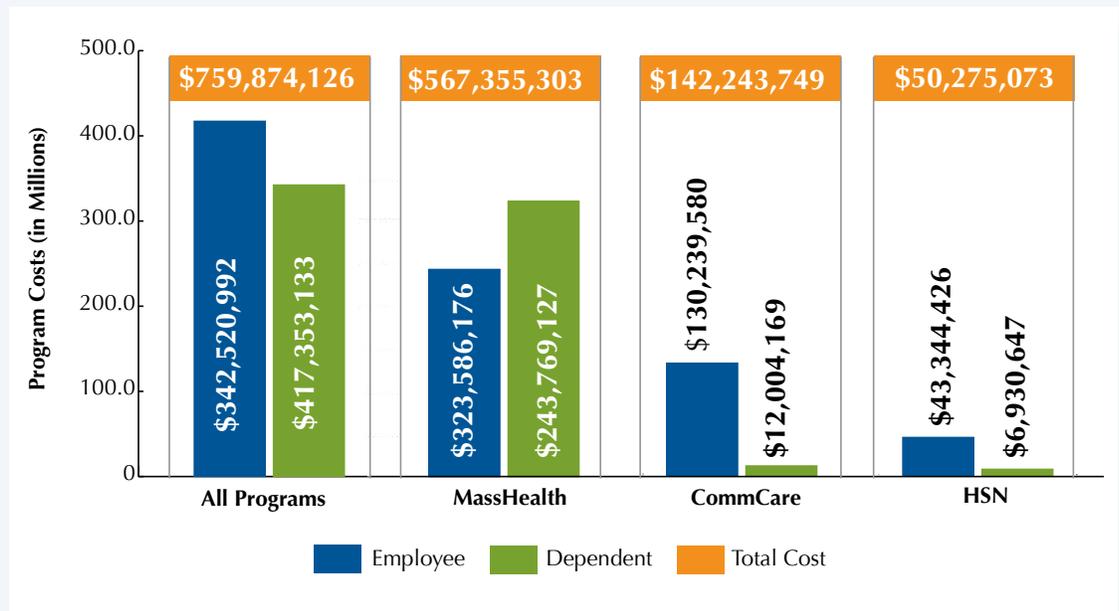
Total Cost for All Individuals Served: \$759,874,126



¹¹ Estimated from Bureau of Labor Statistics (BLS) Massachusetts employment/ unemployment data for the period July 2009 to June 2010, which coincides with SFY2010. Data available online at www.bls.gov. Accessed 12/14/2011.

Of the more than \$142 million that the state spent on care for employees and dependents of fifty-plus employers through the CommCare program, approximately 92% of all CommCare expenditures (\$130 million) went towards care received by employees while their dependents accounted for about 8% of total CommCare costs. Likewise, employees accounted for a greater share of HSN costs (about 86%, or \$43 million) compared to dependents, who accounted for 14% (approximately \$7 million) of total HSN costs.

Fig 5: Total costs for employees and dependents of fifty-plus employers who accessed a public health care program in 2010, by program and user type



APPENDICES

Appendix 1: About Massachusetts Public Health Care Programs

MassHealth

The Massachusetts Medicaid program (MassHealth) provides comprehensive health insurance to 1.4 million low and moderate income people in Massachusetts.¹³ The program serves families and children, pregnant women, long-term unemployed adults, seniors, and people with disabilities, among other groups. MassHealth eligibility is determined by an individual's age, immigration status an individual's income relative to the federal poverty level (FPL) – an income threshold below which and individual or family is considered to be in poverty. Within MassHealth, the “Premium Assistance” (PA) program subsidizes or “wraps around” private employer coverage that may be available to someone who otherwise would be eligible for MassHealth. PA enrollees are excluded from distinct member counts presented in this report.

Commonwealth Care

Commonwealth Care (CommCare), which is administered by the Health Connector,¹⁴ is a health insurance program for adults 19 years and older who earn under 300% of the FPL (equivalent to \$32,490 per year for an individual and \$66,150 per year for a family of four), but who are not eligible for MassHealth.¹⁵ CommCare requires some members to make contributions toward coverage premiums. Unlike MassHealth, employees are not eligible for CommCare if their employer offers to pay at least 33% of their health plan premium.

Health Safety Net

The Health Safety Net (HSN), which replaced the Uncompensated Care Pool (UCP) as part of the 2006 Massachusetts health reform law, allows eligible individuals to access acute care hospitals and community health centers for essential health care services. To be eligible for HSN, an individual must be uninsured or underinsured and have no access to affordable health coverage. Individuals may be eligible for the HSN if they document family income between 0% and 400% of the FPL. HSN is not a health insurance program, so unlike MassHealth and CommCare, the program does not cover all the health care needs of individuals who access HSN-funded services. In some cases, it is possible for children of an employee to be eligible for MassHealth, even if the employee is eligible for HSN. Such scenarios are accounted for in the Division's revised methodology for 2010.

¹² Robert Seifert and Stephanie Anthony, “The Basics of MassHealth” Massachusetts Medicaid Policy Institute. Updated February 2011.

¹³ The Health Connector, Massachusetts' health insurance exchange, was established under Massachusetts's 2006 health care reform law.

¹⁴ http://www.mass.gov/Eoohs2/docs/masshealth/deskguides/fpl_deskguide.pdf

¹⁵ Estimated from Department of Unemployment Assistance Data

Appendix 2: Top 50 Massachusetts Employers with Fifty or More Employees Using Public Health Programs in FY 2010, by Number of Employees and Employer Size¹⁵

(Continued on next page)

Estimated Employer Size	Rank (By Distinct Employees Using Subsidized Care)	Employer Name	Total Number of Employees Using Subsidized Care	Total Costs in \$ (Employees Only)	Total Costs in \$ (Employees + Dependents)
5,000+	1	Commonwealth of Massachusetts	6,128	8,795,273	14,354,957
	2	S&S Credit Co. Inc.	5,254	8,944,960	14,347,183
	3	Wal Mart Associates Inc.	4,327	7,406,117	14,602,933
	4	Target Corporation	2,610	4,724,066	8,325,571
	5	Demoulas Supermarkets Inc.	2,517	4,702,552	7,055,228
	7	Massachusetts CVS Pharmacy, LLC	2,306	3,734,573	6,228,827
	8	Shaws Supermarket Inc.	1,959	3,751,972	5,841,596
	9	Home Depot USA Inc.	1,929	3,408,348	5,678,420
	13	May Department Stores Co., The	1,723	2,436,729	4,059,919
	14	City of Boston	1,387	3,020,682	5,527,227
	29	General Hospital Corp., The	971	1,225,923	2,969,045
2,500-4,999	10	Friendly Ice Cream Corp.	1,864	3,336,613	5,412,264
	11	Unicco Service Company	1,772	2,386,316	5,931,075
	12	Papa Gino's Inc.	1,736	2,992,828	4,530,254
	24	Sears Roebuck & Co.	1,052	1,360,658	2,124,144
	25	TJX Companies Inc.	1,027	2,063,911	3,280,228
	26	Cumberland Farms Inc.	1,014	1,699,541	2,875,999
	30	Kohls Department Stores Inc.	969	1,817,698	2,743,794
	31	Vencor Nursing Centers East, LLC	924	1,456,097	3,448,993
	32	Walgreen Eastern Co. Inc.	923	1,391,958	2,314,154
	36	Marshalls of MA Inc.	900	1,598,886	2,648,489
	38	Laidlaw Transit Management Co.	861	1,620,588	4,178,609
	39	GMRI Inc.	846	1,460,835	2,511,375
	41	Lowes Home Centers Inc.	826	1,337,457	2,211,397
	42	Best Buy Stores LP	772	1,413,604	1,909,951
	44	UNUM, Life Insurance Company of	767	3,745,211	4,570,739
	47	Whole Foods Market Group, Inc.	756	765,521	2,114,152
49	Roche Bros Supermarkets Inc.	735	1,399,708	2,239,099	

Top 50 Massachusetts Employers with Fifty or More Employees Using Public Health Programs in FY 2010, by Number of Employees and Employer Size
(Continued)

Estimated Employer Size	Rank (By Distinct Employees Using Subsidized Care)	Employer Name	Total Number of Employees Using Subsidized Care	Total Costs in \$ (Employees Only)	Total Costs in \$ (Employees + Dependents)
0 - 2,499	17	Kelly Services Inc.	1,264	1,576,091	2,591,871
	18	Wendys Old Fashioned Hamburgers	1,207	1,576,511	2,691,319
	19	Adecco CS Inc.	1,197	1,536,921	2,554,240
	20	Debbies Staffing Services Inc.	1,160	1,418,996	2,621,900
	21	American Resource Staffing	1,139	1,146,954	2,179,863
	22	99 Restaurants of Boston LLC	1,093	2,092,698	3,317,437
	23	Tri-Diamond Staffing	1,068	893,950	1,559,379
	27	Dollar Tree Stores Inc.	994	1,722,308	2,538,197
	33	Healthcare Services Group Inc.	917	1,122,195	2,347,793
	34	Staffing Group Inc., The	916	850,410	1,415,579
	37	United Personnel Services Inc.	867	914,421	1,407,202
	40	SDH Education East LLC	831	1,761,941	3,408,617
	43	PRRC Inc.	769	1,381,863	2,075,848
	45	Robert Half Corp.	764	919,931	1,385,361
	46	Bertucci's Restaurant Corp.	757	1,065,325	1,653,881
50	Aramark Campus Inc.	727	1,054,655	1,880,870	
Insufficient Data for Estimate	6	Labor Ready Northeast Inc.	2,444	3,642,145	4,033,274
	15	Pomerantz PPS LLC	1,350	1,545,868	2,422,509
	16	Aramark Food & Support Srevice	1,311	1,093,942	1,745,691
	28	Randstad US LP	980	1,007,261	1,583,649
	35	Express Services Inc.	903	1,049,042	1,584,844
	48	H W Temps Inc.	747	937,955	1,329,800

Appendix 3: Technical Notes on Methodology

A. Identifying member counts and associated costs

Methods used to identify counts and costs for employers in the Commonwealth that had fifty or more employees and their dependents access public health care programs during SFY2010 are presented in this section. The methods were verified and implemented in collaboration with staff from the Department of Revenue (DOR), the Office of Medicaid (MassHealth), the Health Safety Net (HSN), and the Health Connector. Use and analysis of all data were subject to security and confidentiality standards of the Massachusetts Executive Office of Health and Human Services (EOHHS) and the DOR.

1. Identification of families that use public health care programs

MassHealth and CommCare provide comprehensive health insurance to low- and moderate-income Massachusetts residents. A key difference between the two programs, in the context of this report, is that CommCare generally serves a higher income population, does not serve residents under the age of 19 years, and requires some of its members to contribute towards coverage premiums. In addition, employees are not eligible for CommCare if their employer offers to pay at least 33% of the premium cost of a health insurance plan.

In contrast, MassHealth leverages employer-sponsored insurance (ESI) when it is available to people who otherwise would qualify for MassHealth. This special program is called “Premium Assistance.” Premium Assistance members were excluded from the analysis, as MassHealth is the secondary payer to employer coverage. The third program, the Health Safety Net (HSN), is not an insurance program. HSN reimburses hospitals and community health centers for health care services provided to low-income Massachusetts residents who are uninsured or underinsured. For purposes of this report, individuals are considered to have utilized an HSN service if the program paid for any of their medical expenses.

In conducting the 2010 Fifty-Plus analyses, the first step was to identify families that were eligible for MassHealth, CommCare, and HSN. Using public assistance eligibility files, the Division identified households and family members within each household that were eligible for a state-funded public health care program. The family eligibility codes from public assistance files that are included in this report are self, spouse, child, and stepchild. Self is defined as the head of household who applied for public benefits. The spouse eligibility code could be the employee for the purposes of the fifty-plus report.

2. Identify employees and dependents that utilize public health care programs

The second step in the analysis was to match eligibility data with DOR wage data to determine when an employee utilized a public health care program. The eligibility files for MassHealth, CommCare, and HSN are matched with quarterly wage reporting files prepared by all Massachusetts employers for DOR. DOR's matching protocol examines an individual's social security number (SSN) and first four letters of the last name as well as an enhanced name match. When the SSN or other identifying information of a person in the eligibility file matches the identifying information of a person in the DOR wage database, that individual is determined to be an employee, although not necessarily an employee who works for an employer with more than fifty employees utilizing publicly subsidized health care programs. (This distinction is explained more fully in Step 4.)

Only individuals identified as "self" or "spouse" could be counted as both an employee and as the spouse of an employee. Older children may be employed, but are not identified as employees for purposes of this report. This report combines dependents and spouses into a single "dependents" category.

3. Estimation of health care costs

The third step of the analysis is to determine expenditures for employees of fifty-plus employers and their dependents. Due to differences in the eligibility criteria for the three programs, different methods were employed to determine which costs are estimated and included in the report.

• MassHealth Costs

MassHealth costs include all fee-for-service claims and capitated payments made to Managed Care Organizations (MCOs) on behalf of employees and dependents. A capitated payment is a monthly payment made to an MCO representing an estimate of the average cost of services projected to be utilized per month by the average member. Consequently, the cost of services reported for capitated members may not reflect the volume of services actually provided to an enrolled individual. Fee-for-service claims are actual payments made directly to a provider based on services used by a member.

Some costs attributed to MassHealth in the state budget were not included in this analysis. Costs associated with services provided by other state agencies, which are "passed through" MassHealth for purposes of federal reimbursement, were excluded from the analysis. In addition, lump sum payments to providers that were not claims-based and administrative costs incurred by MassHealth to operate the program were not included.

• Commonwealth Care

CommCare costs include the state's portion of capitation payments made on behalf of a member. This value excludes any member payments such as premium share and copayments. In addition, contract settlements and costs incurred by the Health Connector to administer the program were excluded. As with some MassHealth programs, the cost of services reported does not reflect the volume or intensity of services provided to an individual due to the fact that once a member is enrolled in a capitated program, a monthly payment is made to the MCO.

- **Health Safety Net**

Health Safety Net (HSN) costs reported represent the amount paid to hospitals and community health centers for adjudicated claims submitted to the HSN Office during the current report period. Costs include claims for low-income employees and dependents eligible for care through the HSN. Also included are services for employees and dependents who are awaiting enrollment in CommCare, MassHealth, or a private health insurance plan. HSN may also provide supplemental coverage to a private or public plan for those eligible. Emergency room bad debt and medical hardship claims are also included when it is possible to match a patient's profile to DOR data.

4. Allocation of public health care program membership and costs to employers

The fourth step in the analysis allocates a count of employees and health care costs for those employees (and their dependents) to each Massachusetts employer.

- **Membership**

To determine the number of employees who utilized public health care programs for each firm, the “self” and “spouse” family members are allocated to each employer for whom they worked and are counted as employees. “Self” and “spouse” family members are also allocated to any employer associated with the family that they did not work for as dependents. Consequently, an individual can be counted as an employee and a dependent, although some statistics are presented in an unduplicated manner. The “child”/ “stepchild” family members are also allocated to each employer associated with the family to be counted as dependents. If a family member switches public health care programs over the course of the year, the individuals are counted only once per employer.

- **Costs**

Costs are allocated on a proportional basis. To allocate costs, the gross wages of “self” and “spouse” are aggregated. (Wages earned by “child” and “stepchild” codes are excluded.) The wages are allocated to each employer based on that employer's share of household gross wages. If “self” and/or “spouse” are both employed, the entire family's health care costs are allocated to each employer based on the share of total wages that the employer contributes to the family's income. If “self” or “spouse” is the sole breadwinner for the family and works for a single employer, all of the family's health care costs are allocated to that one employer. Even though the Division does not release costs allocated to all employers, it calculates statistics for all employers as part of the methodology so that a fifty-plus employer is allocated a family's health care costs in proportion to the employer's contribution to the household's wages.

5. Identification of employers with 50 or more employees using public health care programs

Since this report defines a fifty-plus employer as an employer who had fifty or more employees access health care services through one or more of the state's public health care programs, the fifth step in the analytical process excludes all employees who do not work for a fifty-plus employer, unless they are also the spouse of an employee who does work for a fifty-plus employer. In this case, the spouse would not be counted as an employee, but rather as a dependent.

6. Determine Public Health Care Program Usage and Cost for Employees and Dependents for All Fifty-Plus Employers

Once costs and counts for employees and dependents of fifty-plus employers were determined, the sixth and final step of the analysis tabulates aggregate membership and costs to show usage of public health care programs by employees of fifty-plus employers and their dependents. The top 50 employers in the Commonwealth that had fifty or more of their employees and their dependents access public health programs are presented in this report as Appendix 2, including costs for, and counts of employees and dependents.

B. Methodological Changes for the 2010 Fifty-Plus Report

In developing the 2010 Fifty-Plus Report, the Division made some methodological decisions that make the 2010 report different from previous Fifty-Plus reports. These decisions, which are summarized below, were intended to enhance quality of the fifty-plus report and improve reliability and accuracy of the data presented.

1. Exclusion of Self-Reported Data

The most significant change to this year's report is the exclusion of self-reported data, which is data on employers provided by individuals who apply for public health assistance from the Commonwealth. In the past, when an individual could not be associated with an employer through DOR wage reports, that individual would be identified as an employee based on his or her self-reported information. Previous Fifty-Plus reports employed this methodology and analyzed self-reported data in addition to eligibility data matched with DOR wage data. There are two reasons that the Division will not use self-reported data in deriving member counts and costs for Massachusetts employers with fifty or more employees (and their dependents) accessing public health care programs. First, self-reported data is only updated annually while changes in employment can happen more frequently. This discrepancy increases the possibility that, for a given period, an employee, dependent, or cost may be inaccurately attributed to a firm. Second, it is common for employees to report the franchise that their employer is licensed under rather than the true employer for whom they work. Both situations may inflate total member counts as well as estimated costs.

2 Improvements to Membership Attribution Methodology

In the past, employees and dependents were included in this report even if they did not have health care costs associated with them. It is possible that some people are eligible to receive services from public programs. However, given the complexity of this report's methodology for a database of over a million people, it is also possible that these people have family members in a program or simply were not removed from the database when their coverage lapsed for any number of reasons. Therefore, this year's report primarily relies on a more conservative methodology by only including people in the analysis if there were associated charges. Where noted, the report continues to present data on employees and dependents that are eligible for a program, but who have no charges associated with them under the newly refined methodology.

The exclusion of this group of people from general statistics prompted the Division to not report trends this year in the number of fifty-plus employers, employees, and dependents since trends could reflect changes in methodology rather than actual changes in the utilization of these programs. An additional reason why trends are not presented in this report is that last year's data was incomplete due to changes made to the Medicaid Management Information System (MMIS).

Appendix 4: Glossary of Terms

Adjudicated claim: A claim that a health insurer or government program has determined it is contractually obligated to pay.

Capitated payment: For the Fifty-Plus report, this type of payment is a monthly payment made to an MCO representing an estimate of the average cost of services projected to be utilized per month by the average member.

Chapter 58 of the Acts of 2006: An Act Providing Access to Affordable Quality, Accountable Health Care, commonly known as Massachusetts health reform.

Child: The state eligibility code for the child in a family. For the Fifty-Plus report, this person can only be a dependent even if he or she works.

CommCare: Commonwealth Care (CommCare), which is administered by the Health Connector, is a health insurance program for adults 19 years and older who earn under 300% of the Federal Poverty Limit that was created through Massachusetts health reform. For more information, please visit www.mahealthconnector.org.

Copayment: A payment made by the member of a health plan or state-funded public health care program directly to a health care provider upon receipt of health services.

Department of Revenue (DOR): A state agency that seeks to enforce maximum compliance with the tax, child support and municipal finance laws of the Commonwealth. For more information, see www.mass.gov/dor.

Department of Revenue (DOR) wage data: Quarterly wage reporting files prepared by all Massachusetts employers for DOR. Employers submit the data to DUA (Division of Unemployment Assistance) and then DUA transfers the data to DOR.

Eligible with cost: “Fifty-Plus” employees or “Fifty-Plus” dependents who are recorded as being members of one the three state-funded public health care programs and have health care costs associated with their member identification.

Eligible without cost: “Fifty-Plus” employees or “Fifty-Plus” dependents who are recorded as being members of one the three public health care programs but do not have health care costs associated with their member identification.

Emergency Room bad debt: An HSN payment made to a provider who is unable to collect an Emergency Room payment owed by a patient after pursuing collection activity for a specified time period.

Employer-Sponsored Insurance (ESI): Insurance offered through an employer to its employees. Employers pay a portion of the total monthly premiums.

Executive Office of Health and Human Services (EOHHS): The Executive Office of Health and Human Service is a cabinet-level agency in charge of health and human service programs and policy development.

Fair Share Contribution (FSC): A provision in Massachusetts health reform that requires all employers with 11 or more full-time equivalent employees (FTEs) to either make a “fair and reasonable” contribution toward the health care costs of their full-time employees or to pay a Fair Share Contribution liability.

Federal Poverty Level (FPL): A term commonly used to describe Poverty Guidelines, a measure of the poverty level determined by the federal Department of Health and Human Services to use for administrative purposes in determining financial eligibility for social service programs. The Census Bureau determines the more technical poverty thresholds from which poverty guidelines are derived. For more information, visit <http://aspe.hhs.gov/poverty/11poverty.shtml>

Fee-for-service: A health care payment methodology where providers are paid by a health insurer for each service rendered.

Fifty-plus dependent: A dependent or a spouse of a Fifty-Plus employee. A Fifty-Plus dependent who is the spouse of a Fifty-Plus employee can also be a Fifty-Plus employee.

Fifty-plus employee: An employee of a Fifty-Plus employer. A Fifty-Plus employee who is the spouse of a Fifty-Plus employee can also be a Fifty-Plus dependent.

Fifty-plus employer: An employer with 50 or more employees who use MassHealth, CommCare, or the HSN.

Free Rider Surcharge: A surcharge, intended to promote compliance with the Section 125 plan requirement. Companies with 11 or more FTEs without Section 125 plans whose workers and/or their dependents access medical care through the state's Health Safety Net may be assessed a penalty between 20% and 100% of the cost of these medical services, if those services, in total, exceed \$50,000 in a given year.

Health Connector: The Commonwealth Health Insurance Connector Authority, the quasi-independent state agency that serves as the health insurance exchange for Massachusetts. It administers the subsidized CommCare program and the unsubsidized Commonwealth Choice program.

Health Safety Net (HSN): The Health Safety Net allows eligible individuals to access acute care hospitals and community health centers for essential health care services. HSN is not an insurance program so, unlike MassHealth and CommCare, the program does not cover all the health care needs of individuals who access HSN-funded services. The HSN replaced the Uncompensated Care Pool (UCP) as part of Massachusetts health reform.

Large Employer or Large Firm: See Fifty-Plus Employer

MassHealth: The Massachusetts Medicaid Program, a comprehensive health insurance program for 1.4 million low and moderate income people in Massachusetts. The program serves children, low-income families, long-term unemployed adults, seniors, and people with disabilities, among other groups. For more information, visit www.mass.gov/masshealth.

Medicaid Managed Care Organization (MMCO): A state contracted health plan that provides comprehensive health benefits to some MassHealth members and all Commonwealth Care members.

Medicaid Management Information System (MMIS): A mechanized claims processing and information retrieval system which states participating in the Medicaid program are required to have.

Patient Protection and Affordable Care Act (PPACA): The national health reform law signed by President Barack Obama on March 23, 2010 that is intended to change how health care services are delivered and accessed in the United States.

Premium Assistance: A MassHealth program that subsidizes or "wraps around" private employer coverage that may be available to someone who otherwise would be eligible for MassHealth.

Secondary payer: A health insurer or government program that provides benefits for health services after the primary insurance plan has paid claims.

Section 125 Plan: A type of health insurance plan that derives its name from Section 125 of the Internal Revenue Code. A Section 125 Plan, also known as a cafeteria plan, allows employees to pay their contributions towards health insurance using pretax income.

Section 125 Plan Requirement: A Massachusetts health reform requirement, governed by the Health Connector that requires employers with 11 or more FTEs to offer Section 125 Plans.

Section 304 of Chapter 149 of the Acts of 2004: The act that requires EOHHS to produce an annual report on the use of public health care programs by employees of large firms.

Self: The state eligibility code for the individual in a family who applied for benefits. For the Fifty-Plus report, this person can be an employee, dependent, or both.

Self-reported data: Data obtained based on information reported by a program applicant. For the purposes of the fifty-plus report, this refers to employment information.

Spouse: The state eligibility code for the spouse of “Self.” For the Fifty-Plus report, this person can be an employee, dependent, or both.

State-funded public health care health program: MassHealth, Commonwealth Care (CommCare), or Health Safety Net (HSN).

Stepchild: The state eligibility code for a stepchild in a family. For the Fifty-Plus report, this person can only be a dependent even if he or she works.

Underinsured: An individual with a primary health insurance plan, but who still could be required pay substantial medical costs relative to their income.



Center for Health Information and Analysis

Center for Health Information and Analysis
Two Boylston Street
Boston, Massachusetts 02116

Phone: (617) 988-3100
Fax: (617) 727-7662

Website: www.mass.gov/chia

Publication Number: 13-53-CHIA-01
Authorized by Gary Lambert, State Purchasing Agent