



Kaiser Daily Health Policy Report

Wednesday, January 24, 2007

State Watch

Massachusetts Connector Calls for Lower Bids for Health Plans Under State Insurance Law After Monthly Premiums Average More Than Anticipated

The Massachusetts [Commonwealth Health Insurance Connector](#) board, which is responsible for implementing the state's new health insurance law, on Monday postponed a vote on proposed minimum coverage requirements after a board subcommittee said the average monthly premium would cost about \$380, the [Boston Globe](#) reports. The board postponed the vote until March 8 and asked insurers to submit lower-cost bids (Dembner, [Boston Globe](#), 1/23). Under the law, all state residents must obtain health insurance by July 1 or face tax penalties. Under the minimum coverage requirements announced Friday, annual out-of-pocket expenses would be limited to \$5,000 for an individual and \$7,500 for a family. Plans also would have to include coverage for some medical visits and generic prescription drugs, according to the proposal. Deductibles would be capped at \$2,000 for an individual and \$4,000 for a family. In addition, health insurers would be prohibited from limiting coverage per sickness, year or lifetime, and they would be barred from establishing a dollar maximum on coverage for any medical service. According to a summary of initial bids by insurance companies, monthly premiums would average an estimated \$380, compared with the \$200 per month that former Gov. Mitt Romney (R) projected when he first proposed universal coverage. The panel had expected monthly premiums averaging about \$260 based on actuarial information the board reviewed last year ([Kaiser Daily Health Policy Report](#), 1/22).

Comments

At a state House press conference on Monday, Massachusetts Gov. Deval Patrick (D) said, "I'm worried, based on the affordability sessions that I've been to, that \$400 for someone who is at 300% of the [federal] poverty level may not be affordable." John Kingsdale, executive director of the Connector, on Monday said, "Clearly, \$380 is not what we consider affordable" for the minimum coverage. Board Chair Leslie Kirwan said some insurers had submitted bids with monthly premiums of less than \$380. Kirwan urged other insurers to submit lower bids during the rebidding process but added that the board could reconsider the minimum requirements if the new bids are too high. Eric Linzer, vice president of the [Massachusetts Association of Health Plans](#), said the board is being "overly prescriptive" and that it would be a "huge challenge" for insurers to offer less-expensive plans that meet the minimum requirements ([Boston Globe](#), 1/23).

Broadcast Coverage

APM's "[Marketplace](#)" on Monday reported on the average premium. The segment includes comments from Jonathan Gruber, an economist at the [Massachusetts Institute of Technology](#), and Alan Sager, an economist at [Boston University's Health Reform Program](#) (Palmer, "[Marketplace](#)," APM, 1/22).

 Audio of the segment is available [online](#).