

## ***Massachusetts: Map for Missouri?***

### **The State Health Insurance Pool**

An important feature of the health reform legislation passed in Massachusetts is the creation of a state authorized private insurance purchasing pool, called the Commonwealth Health Insurance Connector. The purchasing pool will connect individuals and smaller employers with affordable insurance policies. Addressing the issue of a purchasing pool and the challenges to creating one in Missouri, this brief summarizes part of a longer report prepared for the Missouri Foundation for Health by researchers at Saint Louis University.

#### **Background: Why is Reform Needed?**

As a strategy designed to make private insurance more affordable for those who are self-employed or work for small employers, a purchasing pool could potentially have a dramatic impact on uninsurance rates.

#### **State Sponsored Insurance Pool in Massachusetts**

In Massachusetts, individuals and businesses with up to 50 employees will be eligible to purchase insurance through the Commonwealth Health Insurance Connector. The Connector certifies insurance products as “high value and good quality,” which allows individuals and small employers to identify quality health insurance products. Workers who purchase insurance through the Connector can use pre-tax income and obtain rates that do not vary based upon health status. It is estimated that by merging the individual and small group markets, individual insurance costs in Massachusetts could decrease by almost 25 percent.

#### **State Sponsored Insurance Pool in Missouri**

Implementing a purchasing pool in Missouri would contribute to reducing the number of uninsured. Because small firms, those with fewer than 25 employees, employ almost 47 percent of the state’s uninsured, creating a Massachusetts-like purchasing pool would provide many individuals and small businesses with the opportunity to purchase state-certified, affordable health insurance. It is estimated that almost 23 percent of the uninsured in Missouri would use a purchasing pool to acquire health insurance, divided equally between individual purchasers and small businesses. Another 31 percent of the uninsured would likely use the pool to purchase premium assistance policies.

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## Issues for Policymakers

The success of an insurance purchasing pool depends on several factors:

- ◆ **Eligibility.** Eligibility standards would need to be defined. If Missouri were to follow the Massachusetts model, individuals and businesses with up to 50 employees could use the purchasing pool.
- ◆ **Adverse risk selection.** To offer affordable premiums, a voluntary purchasing pool must attract enough low-cost individuals to be able to spread the risk. In addition, a number of insurance reforms with the goal of increasing the affordability and availability of health insurance would be implemented. Design features to ensure a large pool size include: pooling premium assistance plan enrollees with private purchasers; marketing plans designed to attract healthier young adults through the pool; and implementing an individual insurance mandate requiring individuals to purchase insurance at affordable rates.
- ◆ **Missouri Consolidated Health Care Plan (MCHCP).** Designating the MCHCP as the state authorized voluntary purchasing pool would build on existing state institutions and state capacity. MCHCP, the mandatory purchasing pool for certain state employees, retirees, and their dependents, has the experience and administrative structure to operate a large purchasing pool. MCHCP presently covers 104,000 state employees, dependents and retirees, and has been able to negotiate competitive per month premium rates that do not vary based upon medical risk.

## Summary

A key step toward increasing access to health insurance in Missouri would be the creation of an insurance purchasing pool. The success of a state sponsored insurance pool depends on the quality of the program design and the ability of state to pool to negotiate affordable insurance policies with private insurance providers. On its own, the insurance pool would not guarantee the availability of affordable insurance products in Missouri; rather, it would need to coincide with the implementation of a comprehensive Massachusetts-inspired universal health care plan including a premium assistance program, individual and employer mandates, and an expanded Medicaid program.

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*The information presented here is taken from a series of issue briefs prepared by the Saint Louis University Health Policy Legislative Analysis Team. Other subjects covered by the series include Medicaid expansion, a premium assistance program, and individual and employer mandates. The authors of this brief are Sidney Watson, JD, Professor of Law; and Timothy McBride, PhD, Professor of Health Management and Policy, School of Public Health.*