

BMC HealthNet eyes major growth from Medicaid

Julie M. Donnelly

Boston Business Journal

May 4, 2012

BMC HealthNet, a health plan owned by Boston Medical Center that serves exclusively lower-income people, is set to grow its membership by up to a third over the next few years — but some of that growth depends on the national health care overhaul, currently under consideration by the U.S. Supreme Court, remaining intact.

Membership now stands at 227,000. BMC HealthNet has the biggest market share of Medicaid insurers in Massachusetts, but its membership is much lower than commercial plans like Blue Cross Blue Shield of Massachusetts, with almost 3 million members, and Harvard Pilgrim Health Care, with more than 1 million members.

In July, BMC HealthNet will see a bump to its membership because it was the lowest-cost bidder in the state-subsidized Commonwealth Care program, giving it access to a larger share of new incoming members. Last year, the two lowest bidders, Network Health and CeltiCare, gained approximately 20,000 members and 10,000 members respectively. BMC and Network health, the second lowest bidder, will share the new-member windfall this year.

But with most Massachusetts residents already covered by health insurance, the plan is also beginning to expand outside the state. BMC HealthNet was one of three Medicaid managed care organizations chosen by New Hampshire in that state's move to managed care from an indemnity system for its Medicaid beneficiaries.

“The program was set to begin in July 2012, but there have been some technical delays,” Scott O’Gorman, president of BMC HealthNet said. “But we expect to gain 50,000 members off the bat.”

O’Gorman said the plan is preparing to scale up, seeking to hire 40 workers for a new office in Manchester, N.H., and building up its health care provider network in the state. The plan would see additional New Hampshire members in 2014, when major provisions of the national health care overhaul go into effect, assuming the law remains intact.



W. Marc Bernsau

Scott O’Gorman, president of BMC HealthNet, says the plan for low-income people is preparing to scale up.

Meanwhile, BMC HealthNet is preparing for changes to the Massachusetts health care marketplace. The plan launched a commercial product last year with a limited health care provider network, and so far, the plan has only 100 members. But O’Gorman said he’s not concerned.

“The real purpose of the plan was to have a product available to transition to in 2014,” O’Gorman said.

There are several differences between the Massachusetts health reform law, and the national legislation, which will necessitate changes to the Commonwealth Connector, the health exchange that facilitates Commonwealth Care, and the health plan designs themselves. One significant difference is that the Massachusetts law offers subsidies to people up to 300 percent of the national poverty line, and the federal law offers subsidies up to 400 percent of the federal poverty line.

The national law would also expand the Medicaid rolls, which would be a boon to plans like BMC HealthNet, and would also save the state money.

“This is great for Massachusetts because it means the federal government will be providing additional matching funds to cover people the state has been covering already,” Glen Shor, executive director of the Commonwealth Connector, said.

But the real opportunity exists out-of-state, where many of those who have never been covered by insurance will be added to Medicaid or other subsidized health programs. O’Gorman said BMC HealthNet is actively looking at which states to pursue next.

“Several years ago, states would typically just renew their Medicaid contracts with the plans already in place,” O’Gorman said. “But lately we’ve seen states open up the bidding process — we’ve heard that Maine may do that.”