

Massachusetts Health Reform: Progress and Challenges

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Growth in Insurance Coverage

- **442,000** newly covered (out of around 550,000 uninsured 2005)
 - Public Coverage
 - 80,000 Medicaid
 - Private Coverage
 - 176,000 sliding scale subsidized
 - 187,000 unsubsidized coverage
 - 40,000 individual
 - 147,000 employer



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Drop in Charity Care

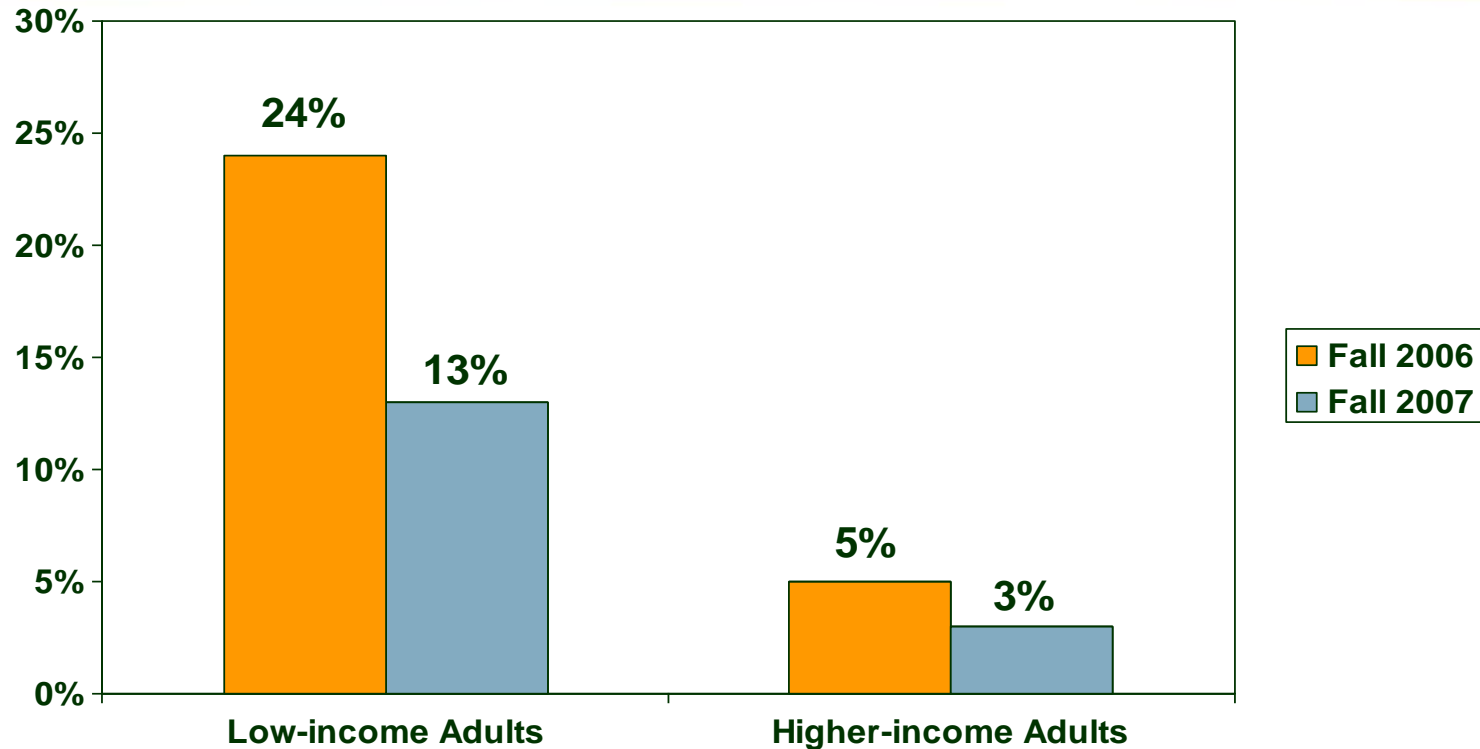
- Charity care visits down 36%
- Charity care spending down 38%



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Uninsurance rate drops for low and higher-income people



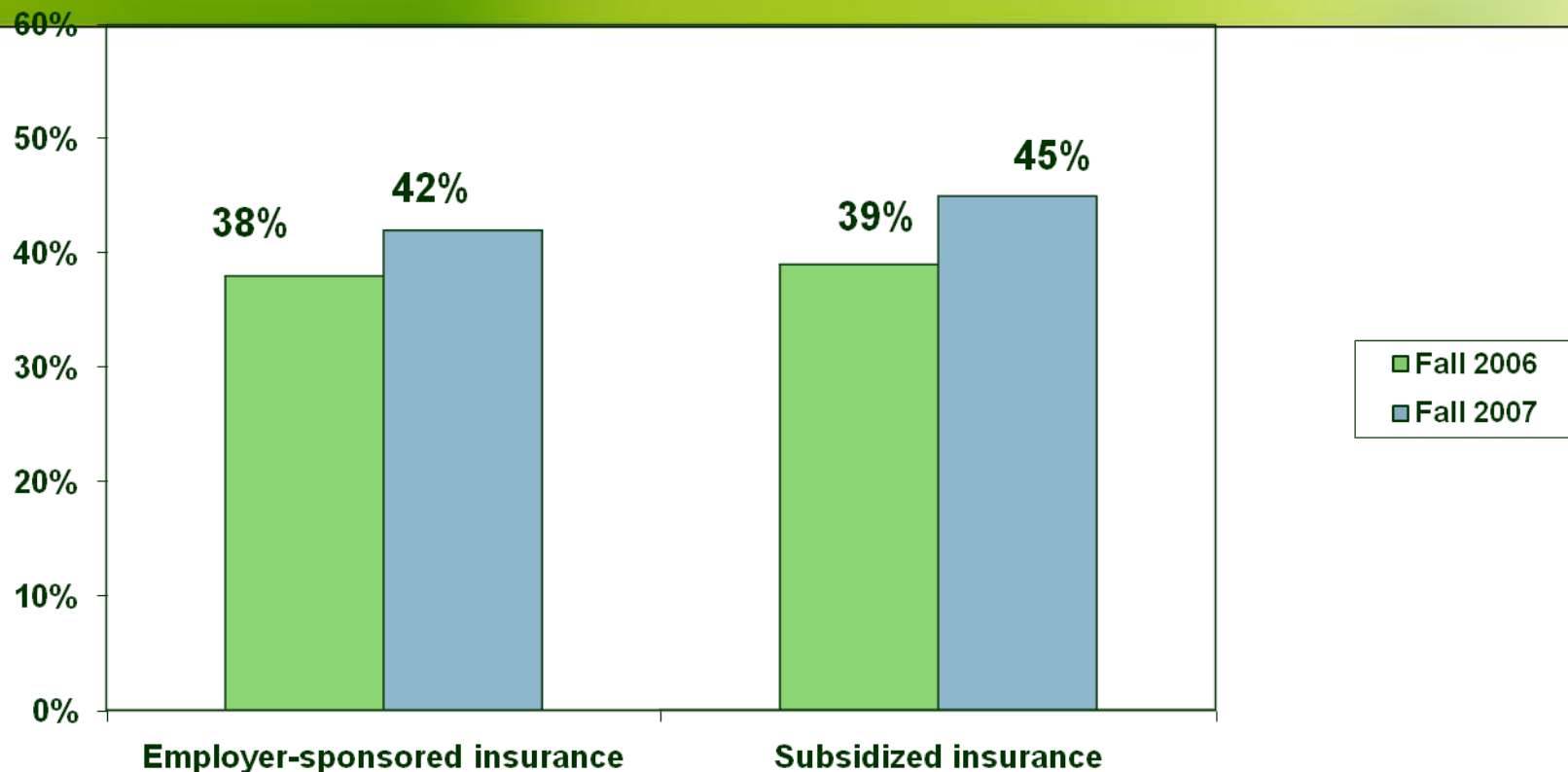
Adult Uninsurance rates



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No evidence of "crowd-out" of employer coverage



Insurance coverage for low-income adults



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Key Components

Medicaid expansions

1. Subsidized private coverage for low income adults
2. Changes to insurance market to help individuals and small businesses
3. Shared Responsibility:
 - A. *Government*
 - B. *Individuals*
 - C. *Employers*
4. Increased reimbursements
5. Quality and Cost



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1. Medicaid

- Expanded children's eligibility (from 200% to 300% of poverty)
- Smoking cessation & other wellness benefits
- \$3.5 million for community outreach & enrollment



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2. Commonwealth Care

- Subsidized private coverage for uninsured adults at or below 300% poverty (\$31,000)
- Choice of 4 private managed care carriers
- Single application for all programs – one stop shopping



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Details on Commonwealth Care – lowest income

- Below 150% poverty level (\$15,500):
 - No premium, no deductibles
 - Small co-pays
 - Comprehensive benefits, including drugs
 - Dental if below poverty



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More on Commonwealth Care

- 150% - 300% of poverty level:
 - Sliding scale premiums, lowest from \$39 to \$116/mo per person
 - No deductibles
 - Commercial co-pays
 - Comprehensive benefits, but no dental



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3. Insurance Market Reforms

- Non-group (individuals) health insurance market merged into small group market
 - Premiums down 30%-40%
 - More choices for individuals
- Employers must offer the same coverage to all full-timers.



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Rational Insurance Market

“Commonwealth Choice”

- Private commercial plans for individuals and small business
- 4 levels: Gold, Silver, Bronze and Young Adults Plans. Comparison shopping.
- 19,000 enrolled
- Small business can offer as well



4A. Government Responsibility: Independent Authority

- Commonwealth Connector
 - Governing Board
 - 6 private citizens
 - 4 state officials
 - Open public meetings
 - Runs insurance programs
 - Markets to individuals, small business
 - Sets rules: Affordability, MCC



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4A. Government Responsibility: Funding

Funding

- Cigarette tax increase
- Assessments
- Re-allocated charity care
- Federal Medicaid waiver funding
- New state money



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4B. Individual Responsibility

Individual Mandate

- All residents 18+ must obtain health insurance coverage
 - If “affordable” & “creditable”
 - Started 12/31/07
- Tax Penalties
 - half of cost of cheapest plan (enforced month-by-month)
 - 3-month grace periods
 - Generous hardship waivers



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Information Campaign

- Top Down
 - Red Sox partnership
 - Multi media
- Bottom Up
 - Mini-grants to coalitions of community groups
 - Best practices coordination



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2008 Affordability Schedule

Individual Income	Monthly Amount Deemed Affordable (\$)	% of Income
Under 150% fpl	0	0
150% - 200% fpl	39	2.6
200% - 250% fpl	77	3.9
250% - 300% fpl	116	4.9
\$31,213 - \$37,500	165	5.7
\$37,501 - \$42,500	220	6.6
\$42,501 - \$52,500	330	8.3
\$52,501 +	always affordable	



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Individual Mandate Penalties

Income (% fpl)	Monthly \$	Annual \$
0 – 150	0	0
150 – 200	17	204
200 – 250	35	420
250 – 300	52	624
Over 300 (18-26 yrs)	52	624
Over 300 (27+ yrs)	89	1068



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What is “Creditable?”

MCC: Minimum Creditable Coverage

- \$2000 limit on deductibles; but permits federal HDHPs, HSAs
- \$5000 indiv/ \$10,000 family limit on OOP (out of pocket)
- Some preventive care before deductibles
- Must include Rx
- List of “core benefits” that must be meaningful clinically
- Flexible implementation process



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4C. Employer Responsibility

Fair Share Contribution

- Employers with 11+ employees must offer “fair and reasonable” coverage
 - Cover 25% of workers **or** offer to pay at least 33% of premium
 - If over 50 workers, must meet both tests
- If don't, must pay \$295 per worker
- Expected to collect \$30 million

Employers must facilitate pre-tax payroll deductions



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4C. Employer Responsibility

Employer support strong

	Strongly Support	Somewhat Support
Firms Offering Coverage	42%	29%
Firms Not Offering Coverage	24%	36%



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5. Increased Reimbursements

- Hospitals
 - \$90 million /year. Goal is get from around 80% of cost to 95%
 - Holdbacks for P4P quality improvements, including disparities reduction
- Physicians
- Budget cuts take away with other hand



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6. Quality and Cost

- Quality and Cost Council
 - Website with price, quality information
 - Working on end of life care, infections, transparency
- "Phase 2" law passes 2008
 - Primary care workforce
 - Educate doctors on cost-effective Rx
 - Mandate e-health
 - Hearings on cost drivers
 - Payment reform?



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Concerns - 1

- “Costs Out of Control”
 - Initial cost estimate based on inaccurate estimate of uninsured
 - Initial enrollees sicker, older than average
 - Costs stabilized between years 2 and 3 (4% premium growth)



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Concerns - 2

- “Primary Care Shortage”
 - Shortage was always there, now it’s more noticeable
 - Study: Low income people saying they had trouble finding a provider went from 4% to 7%
 - Other indicators of access improved



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Lessons for Utah and Nation

- Consensus solutions are possible
- Build on existing system
- Shared responsibility model
- “Continuous Policy Improvement”
- Regulatory infrastructure necessary



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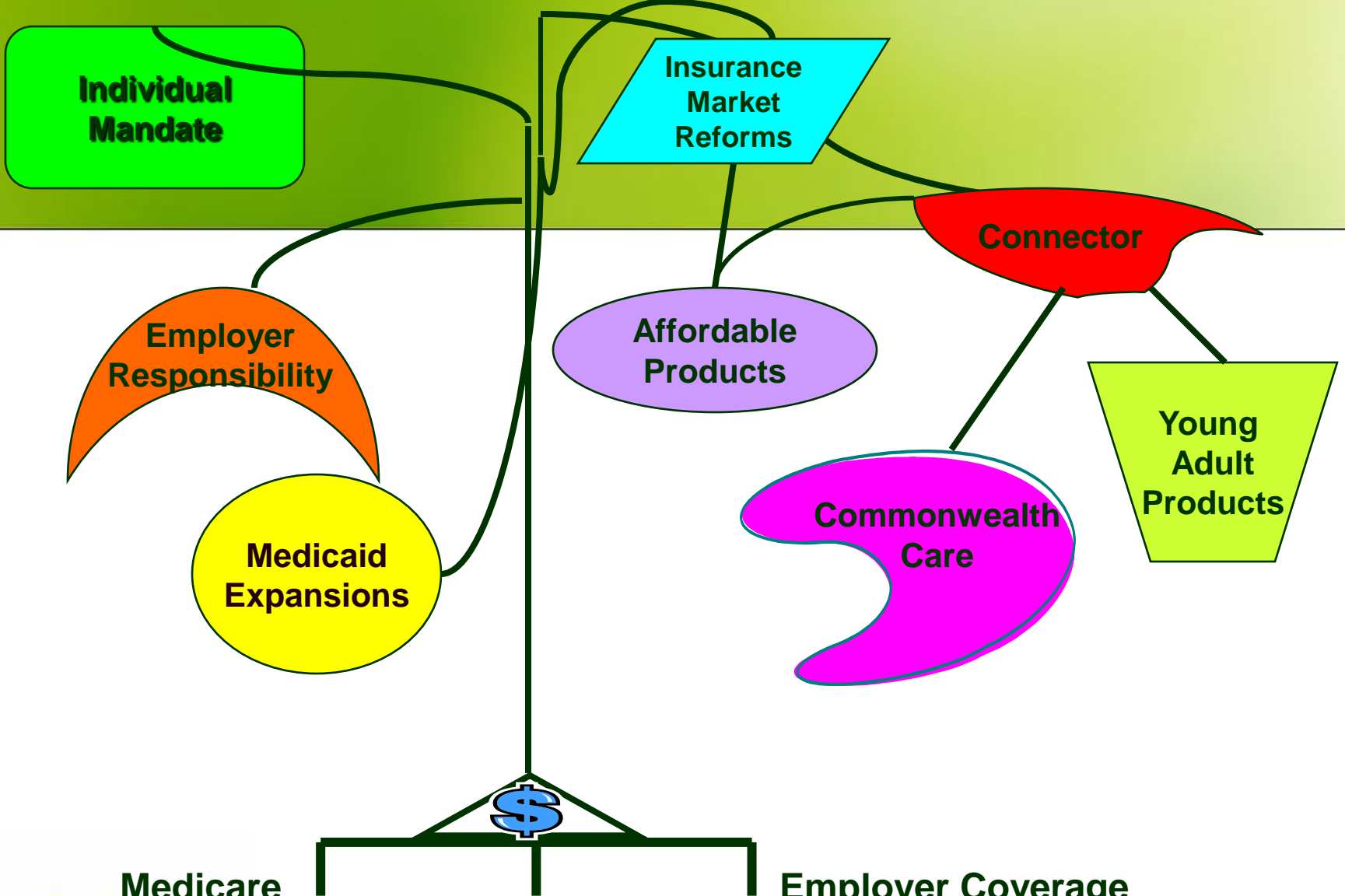
Challenges

- Money Money Money
- Federal role
 - Waiver Funding
 - ERISA
- Administrative complexity
- Payment reform
- Public health



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Developed by Nancy Turnbull, Harvard School of Public Health

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What's Next?



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