



Testimony of Shanna Shulman, Ph.D.

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An Act Relative to Health Care Affordability

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Chairman Moore, Chairwoman Stanley, and honorable members of the Joint Committee on Health Care Financing, thank you for the opportunity to provide testimony on *S. 549 and H. 1102: An Act Relative to Health Care Affordability*, sponsored by Senator Mark Montigny and Representative John Scibak. My name is Shanna Shulman, and I am the Director of Policy and Research at the Blue Cross Blue Shield of Massachusetts Foundation (the “Blue Cross Foundation”).

The Blue Cross Foundation is dedicated to expanding health care access throughout the Commonwealth. In addition to our grantmaking activities and capacity-building programs, we also work to improve access by commissioning research on key issues pertaining to health care access in Massachusetts. Since the Foundation’s inception in 2001, the affordability of health care for Massachusetts residents has been a priority within our research agenda. Most recently, we have been monitoring the affordability of health care costs for residents relative to the passage of the 2006 Massachusetts’ health care reform law, Chapter 58 of the Acts of 2006: An Act Providing Access to Affordable, Quality, Accountable Health Care.

The purpose of this testimony is to provide the Joint Committee on Health Care Financing with the most recent data we have collected on the affordability of care to inform your decision making. These data were gathered using a household survey of more than 4,000 Massachusetts residents (ages 18-64) in late Fall (October and November) 2008. The survey was conducted by the Urban Institute and funded by the Blue Cross Blue Shield of Massachusetts Foundation, The Commonwealth Fund, and The Robert Wood Johnson Foundation. This is the third year that we have funded this survey, allowing us to document changes in consumer affordability related to the passage of Ch.58.

The survey focuses on two specific areas of affordability: medical debt and out-of-pocket costs. Complete results for these measures are presented in Exhibits 1 and 2 (attached). I present below a summary of: (1) general affordability findings; (2) trend data reflecting changes in affordability of care since the passage of Ch. 58; and (3) disparities in affordability.¹

1. General Affordability Findings

- **Affordability is a concern for a substantial percent of Massachusetts residents**
 - 18% of residents report that their out-of-pocket costs are equivalent to 5% or more of their family income
 - 7% of residents report that their out-of-pocket costs are equivalent to 10% or more of their family income
 - 18% of residents report problems paying medical bills
 - 20% of residents report having medical bills they are paying off over time
- **Many residents cite affordability as a barrier to receiving the care they need**
 - 11% of residents report that they did not get needed care because of costs in the last 12 months

¹ All data reported are from the following two articles: Sharon K. Long and Paul B. Masi. "Access and Affordability: An Update On Health Reform In Massachusetts, Fall 2008," Health Affairs, Web Exclusive. (May 28, 2009) and Sharon K. Long and Paul B. Masi. "Access and Affordability of Care in Massachusetts as of Fall 2008: Geographic and Racial/Ethnic Differences," Blue Cross Blue Cross Blue Shield of Massachusetts Foundation. (May 2009).

2. Trends in Affordability Since the Passage of Ch.58

- **Affordability increased in the first year after the passage of health reform**
 - Percent of residents reporting high out-of-pocket costs² declined (7% in 2008 compared with 9% in 2006)
- **Recently, some measures of affordability have reverted back to pre-reform (2006) levels**
 - Percent of residents reporting problems paying medical bills (18% in 2008) has increased slightly from 2007 (17%) back toward pre-reform levels (20% in 2006)

3. Disparities in Affordability

- **Low-income³ residents report more affordability problems and that these problems have increased in the past year**
 - Low-income residents are more likely to report high out-of-pocket costs (9%) compared with higher-income residents (2%)
 - Compared to a low of 7% in 2007, 9% of low-income residents reported high out-of-pocket costs in 2008 (statistically equivalent to the pre-reform rate of 13% in 2006)
- **Residents in the Western region are more likely to report not getting needed care because of costs compared with other regions in the state**
 - 15% of Western region residents report not getting needed care due to cost compared with 11% statewide

² High out-of-pocket costs refer to out-of-pocket costs at 10% or more of family income for those less than 500% of poverty. Because of the way the income information is collected in the survey, the measure of out-of-pocket costs relative to family income cannot be constructed for adults with family income above 500% of poverty.

³ Low-income refers to adults with family income less than 300% of poverty.

Discussion

Since the implementation of Chapter 58 in 2006, Massachusetts has achieved near universal health care coverage in the state. While coverage has expanded, there is some evidence that Massachusetts residents are finding health care less affordable, as measured by increasing medical debt in the past year. Looking specifically at out-of-pocket measures, 18% of Massachusetts residents report that their out-of-pocket costs total at least 5% of their family income. Seven percent of Massachusetts residents report that their out-of-pocket costs total at least 10% of their family income. Moreover, the evidence suggests that affordability of health care is a greater problem for low-income residents and residents in the Western region of the state.

The Blue Cross Foundation remains committed to investing resources and research to monitor the affordability of care for Massachusetts residents. We look forward to providing further evidence to the Committee to address this important issue.

Exhibit 1: Health Care Costs Under Health Reform for Adults 18 to 64, All Adults and by Family Income

	Fall 2006	Fall 2007	Fall 2008	
All adults (N=9,669)				
Out-of-pocket health care costs over the last 12 months (%)				
At 5% or more of family income for those less than 500% of poverty	21.8	17.0 **	17.7	**
At 10% or more of family income for those less than 500% of poverty	8.9	5.3 ***	6.6	**
Had problems paying medical bills in last 12 months (%)	20.4	16.5 **	17.9	
Have medical bills that are paying off over time (%)	20.8	18.1 *	19.8	
Had problems paying other bills in last 12 months (%)	24.7	23.3	23.7	
Did not get needed care because of costs in the last 12 months (%)	17.0	11.2 ***	11.4	***
Doctor care	5.8	3.0 ***	2.7	***
Specialist care	5.0	2.1 ***	3.0 #	
Medical tests, treatment or follow-up care	6.3	2.3 ***	3.5 ##	*
Preventive care screening	3.5	1.9 ***	2.5	**
Prescription drugs	5.6	3.5 ***	3.6	*
Dental care	10.3	6.5 ***	7.5	**
Adults with family income less than 300% of poverty (N=4,638)				
Out-of-pocket health care costs over the last 12 months (%)				
At 5% or more of family income	25.9	18.5 ***	19.6	**
At 10% or more of family income	12.7	7.2 ***	9.0	
Had problems paying medical bills in last 12 months (%)	32.1	23.8 ***	28.5	
Have medical bills that are paying off over time (%)	26.8	22.7 **	25.9 ##	
Had problems paying other bills in the last 12 months (%)	36.2	35.3	38.0	
Did not get needed care because of costs in the last 12 months (%)	27.3	16.8 ***	18.1	***
Doctor care	11.3	4.8 ***	5.1	***
Specialist care	8.6	3.6 ***	5.7 ##	
Medical tests, treatment or follow-up care	11.3	4.4 ***	6.4	**
Preventive care screening	5.7	2.8 ***	4.7	*
Prescription drugs	10.0	6.1 **	5.7	***
Dental care	17.4	9.3 ***	11.5	**

Source: 2006, 2007, and 2008 Massachusetts Health Reform Surveys

Note: Because of the way the income information is collected in the survey, the measure of OOP costs relative to family income cannot be constructed for adults with family income above 500% of poverty.

* (**) (***) Regression-adjusted estimate of difference from Fall 2006 was significantly different from zero at the .10 (.05) (.01) level, two-tailed test.

(##) (###) Regression-adjusted estimate of difference from Fall 2007 was significantly different from zero at the .10 (.05) (.01) level, two-tailed test.

Exhibit 2: Affordability of Health Care for Adults 18 to 64 in Massachusetts (Controlling for Age, Gender and Health and Disability Status), by Region

	MetroWest	Boston	Central	Northeast	Southeast	Western
High out-of-pocket health care costs relative to family income in last 12 months for those with income less than 500% FPL (%) ^a	11.2	7.5	9.6	14.3	13.8	8.6
Had problems paying medical bills in last 12 months (%)	17.0	19.4	16.1	18.0	19.2	18.3
Have medical bills that are paying off over time (%)	17.7	20.0	19.8	20.2	22.9	18.3
Did not get needed care because of costs in last 12 months (%) ^b	9.6	9.1	11.3	12.7	11.7	15.2 ***
Doctor care	1.8	1.7	2.6	2.4	3.8 *	3.9 **
Specialist care	2.5	2.4	1.6	2.8	5.3 **	2.7
Medical tests, treatment or follow-up care	2.0	2.1	2.7	4.8	3.9	6.4 **
Preventive care screening	1.9	3.1	2.1	1.2	2.8	3.6
Prescription drugs	3.2	2.9	2.5	2.6	4.3	5.9 **
Dental care	6.0	6.3	8.3	8.7	6.9	10.5 **
Sample size	800	613	640	414	754	820

Source: 2008 Massachusetts Health Reform Survey

Note: Comparisons control for differences in age, gender, and health and disability status across the regions.

* (**) (***) Significantly different from MetroWest region at the .10 (.05) (.01) level, two-tailed test.

^a High out-of-pocket health care expenses relative to family income are defined as 5% or more of family income for adults with family income less than 200% FPL and 10% or more of family income for higher-income adults. Because of the way data on family income is collected in the survey, the measure of out-of-pocket health care spending relative to family income cannot be constructed for adults with family incomes of 500% of poverty or more.

^b This is care that the individual thought he or she needed. It might or might not be medically necessary care.