



# Health Reform: Lessons from the Massachusetts Experience

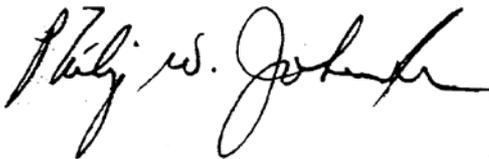
# Lessons from Massachusetts

More than two years following the enactment of a landmark health reform law, there is mounting evidence that health reform in Massachusetts is working. Remarkable progress has been made in reducing the number of previously uninsured; a recent survey by the Blue Cross Blue Shield of Massachusetts Foundation and the Boston Globe found that 97 percent of residents now have health coverage. This places Massachusetts number one in the nation in terms of residents with health insurance.

This report summarizes the impact of health reform thus far and should be used as a point of reference for policy makers who are considering approaches to health reform at either the state or national level. While Massachusetts was uniquely positioned prior to enacting this reform, it is our hope that other policy makers and interested stakeholders can learn from this experience. If the Massachusetts model continues to work, all or part of this model and its supporting principles may be useful in local or national health reform efforts.

Given that implementation of health reform was anticipated to occur over a three-year period, our experience is still evolving. Our economy is in the midst of change and that impact on health reform has yet to be seen. The Blue Cross Blue Shield of Massachusetts Foundation is proud to have contributed to this historic achievement and will continue to pursue the research, policy, and grantmaking work necessary to help fulfill the promises and understand the impact of the new law.

Sincerely,



*Philip W. Johnston, Chairman*



*Jarrett T. Barrios, President*





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## Background

In April 2006, Massachusetts enacted a landmark health reform law that has helped people without insurance obtain affordable health coverage. The law has been in place for only two years but so far the results have been dramatic — 439,000 people have enrolled in private or subsidized health plans between June 2006 and March 2008, the latest date that statistics are available. Nearly half of the newly insured at that point in time were covered by private insurance.

The gains in enrollment under the new law, Chapter 58, have propelled the state to rank first in the nation in the proportion of people with health insurance. A joint survey by the Blue Cross Blue Shield Foundation of Massachusetts and the Boston Globe from October, 2008, found that 97 percent of residents now have health insurance.

There is mounting evidence that health reform in Massachusetts is working. With the state now offering something close to universal coverage for its 6.2 million residents, national and local policymakers are looking at whether aspects of this model can be replicated elsewhere. The questions they are asking include:

- What makes Massachusetts unique? Will this model or parts of this model work for other states?
- How was Massachusetts able to find a path toward universal coverage when others have failed?

- What have the results been so far?
- Can the state sustain its initial success?

This report, produced by the Blue Cross Blue Shield of Massachusetts Foundation, seeks to answer those questions by looking at what the state has achieved so far. The report offers an inside view of key details of the plan that have made it successful. State and national policy makers are watching the Massachusetts experience closely. If the model continues to work, some or all of the component parts might be useful to other states and in national health reform efforts. The model might not work everywhere but is one that bears close examination as the new 111th Congress and Obama Administration begin to put forth health reform proposals.

#### WHAT MAKES MASSACHUSETTS UNIQUE?

- The law expands and builds on the state's existing Medicaid program.
- The program provides subsidized coverage to low-income adults below 300 percent of the federal poverty level.
- The law merges the individual and small group markets so people can take advantage of small group premium rates and get better benefits.
- The law requires all adults to have insurance if affordable coverage is available or to pay a penalty.
- The law requires employers with at least 11 workers to make a fair and reasonable contribution to coverage or pay an assessment per worker each year, putting greater responsibility on employers to cover the uninsured.
- The law creates a new agency to help people with moderate and higher incomes to compare and purchase standardized insurance plans.

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#### HOW WAS MASSACHUSETTS ABLE TO FIND A PATH TOWARD UNIVERSAL COVERAGE WHEN OTHERS HAVE FAILED?

- Favorable conditions pre-reform:
  - Relatively high income state
  - Low rate of uninsured
  - Broad Medicaid program
  - High rate of employer-sponsored coverage
- A waiver from the federal government continued key elements of federal support and enabled the state to redirect federal funds consistent with health reform.
- A strong and broad coalition in support of reform.

## WHAT HAVE THE RESULTS BEEN SO FAR?

- 439,000 people have enrolled in private or subsidized health plans from the time health reform was implemented in June 2006 to March 2008.
- The state now has the lowest rate of uninsured residents in the nation.
- Chapter 58 was passed in April 2006 but the impact was felt quickly. During the first year of reform, the rate of uninsured adults dropped by nearly half from 13 percent to seven percent.
- Low income adults in the state are more likely to have had a doctor visit for preventive care, an indicator that increased six percentage points during the first year of the reform.
- Low income residents were also more likely to have gone to the dentist, an indicator that went up by nine percentage points during the first year of implementation.
- Adults reporting out of pocket spending in excess of \$500 dropped by four percentage points under the first year of reform.
- The Massachusetts Health Reform Survey, conducted in July, 2008 by the Harvard School of Public Health and the Blue Cross Blue Shield of Massachusetts Foundation, found that nearly 70 percent of residents support the law.
- The same survey found that 77 percent of the public favors providing subsidized coverage for the poor.
- The 2008 Massachusetts Employer Health Benefits Survey found a majority of firms view the health reform effort as “good for Massachusetts.”
- The same survey found that the number of firms in the state offering coverage has increased slightly from 73 percent in 2007 to 79 percent in 2008.

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## CAN THE STATE SUSTAIN THE INITIAL SUCCESS?

- Cost challenges: Massachusetts, like many other states, is grappling with how to control the overall rate of growth of health costs.
- Sustaining shared responsibility: the law was built on concept of shared responsibility and it is critical to keep all stakeholders engaged in meeting those commitments.
- The economy: current economic challenges may have an impact on the number of employers in the state, their financial health, and the number of people with jobs.
- Primary care challenge: new enrollment has underscored the need for more primary care capacity.



## Is Massachusetts a Bellwether for Reform?

Massachusetts's early success comes as the national health insurance crisis continues relatively unabated. Today, 46 million people are without coverage — a level that has been exacerbated by rapidly rising medical costs and a recession that is costing jobs, reducing income, and leaving more people without health insurance. The same problems that led Massachusetts to tackle reform in 2006 have been magnified in every state and throughout the nation.

Some states, most notably California, have tried to put reform in place but none have been able to sustain the effort. Vermont has implemented reform but has not had the same impact on reducing the numbers of uninsured. Massachusetts now stands alone as a bellwether for reform and policymakers will be watching closely to see if the state can stay the course.

Massachusetts had failed in an effort to put a universal health plan in place nearly 20 years ago under then Democratic Governor Michael Dukakis. The lessons learned from that effort and a successful expansion of coverage in 1996 helped fuel a bipartisan effort this time around. The 2006 law had the backing of the Republican Governor Mitt Romney, both branches of the Democratic state legislature, and strong support from Democratic Senator Edward Kennedy, who has spent his legislative career promoting universal coverage.

The law had the support of a broad coalition of stakeholders — from business leaders to the general public — who believed in the moral imperative of providing health coverage to nearly all the state's residents.

The state now faces the challenge of continuing to finance program costs in a tough fiscal climate. Whether the broad-based support that gave birth to the plan will continue as it matures remains to be seen as the system now moves into its third year of implementation.

## SHARING RESPONSIBILITY

The state's success so far is due in part to a controversial aspect of the plan. Unlike other states, Massachusetts imposes a mandate on adult residents, requiring them to buy affordable health insurance in the same way that car owners have to buy auto insurance. Asking residents to share responsibility is a critical feature, one that some argue bodes well for the plan's success. This requirement means that almost everyone has coverage and insurers are not asked to cover a disproportionate share of chronically ill people with costly medical care. A mandate on individuals helps get younger and healthier people into the insurance coverage pool.

The new law puts responsibility on taxpayers who must sign up for health insurance or pay a penalty. In 2007, the penalty was \$219. The 2008 penalty is on a sliding scale, depending on age and income up to \$912.

While individuals have the responsibility to take coverage, the business community and state also have significant responsibility. Businesses with 11 or more workers are required to offer coverage to employees or to pay a penalty. Those that don't provide health benefits or who provide limited benefits pay a "fair share" penalty of \$295 per employee per year to the state.

The state has also taken responsibility to cover more residents by expanding the Medicaid program and also has taken steps to make health insurance affordable to many low income residents. Residents now can enroll in group plans that spread the cost of illness among a large pool of people. Others are eligible for subsidized or free coverage. The state also created the Commonwealth Health Insurance Connector (the Connector), an agency that rates insurance plans and helps residents find affordable health plans.

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A key part of the reform focuses on the state's Medicaid program. While the state had relatively broad Medicaid eligibility pre-reform, the health reform law expands the existing state Medicaid plan to include additional children and low-income adults. The Medicaid program in the state now covers low-income people and through a federal waiver, the state will be collecting federal money to help pay for the boost in coverage. People making up to 300 percent of the federal poverty level (approximately \$62,000 for a family of four) can get subsidized care through the new Commonwealth Care program or they can purchase coverage through their employer.

## MEASURING SUCCESS

Researchers are now beginning to analyze the first two years of implementation. Reports issued so far focus on coverage, medical debt, access to health care, emergency room use, affordability of care, and public support for the law. Experts on the reform say the quality and cost data might not be available for another year yet. One of the first assessments, by The Urban Institute's Sharon Long, says that by reducing the uninsured population by half, Massachusetts has enabled people to get preventive or routine care. Consequently, for the first time residents are getting medical services they have put off for years, says Brian Rosman, research director for Health Care for All, a Boston-based advocacy group that has been a strong supporter of the reform.

The group runs a hotline to help consumers navigate their way through health reform. The phone line receives about 700 calls per month, many from the poorest residents who have never had medical care or access to a doctor.

One caller was a 62-year-old woman who said she'd almost gone bankrupt paying for health premiums that cost \$559 each month. The woman was self-employed and earned about \$10,000 per year. Now she gets a subsidy to help pay for premiums and that means this breast cancer survivor has access to life-saving care and prevention. Now she gets regular screening tests to identify a recurring cancer at the earliest, most treatable stage.

Stories like that one are becoming commonplace in the state as more people have access to regular medical care. The newly insured are now more likely to have a place to go when they are sick or need medical advice.

The state relies on a number of players to monitor the reform effort. For example, the state's Division of Health Care Finance and Policy issues a quarterly report that tracks the number of uninsured people and other data on cost, access to care and other indicators of efficacy. The Health Insurance Connector Authority issued a report in October 2008 outlining the reform's progress so far. The state Department of Revenue also has to monitor tax returns to make sure that people who are eligible for an affordable plan have signed up or paid a penalty to the state.

## THE QUESTION OF COST

Despite the positive signs, the plan has critics. Some say the cost of providing free or reduced cost coverage could jeopardize the state's finances, especially if the economy continues to falter. And in the current tough economic period, Massachusetts will have a difficult time collecting enough funds from taxpayers and other stakeholders. Others point out that there are real costs of allowing people to remain uninsured. Economic studies show that uninsured people drag down the economy. Supporters see the program, although costly, as an investment that will improve the economy in the long run, as people stay healthy and productive.

At the same time, the state will have to aggressively move to contain medical costs, which continue to escalate. In 2008, the state enacted legislation aimed at reducing health care costs. The law, often considered "Phase II" of health reform, includes provisions to expand primary care access, restrict the construction of duplicative facilities, restrict drug industry marketing, and many others.

The state already is grappling with the cost of the reform. In 2007, Massachusetts exceeded its initial budget estimates because more people than projected signed up for coverage in the first year. Early indicators in 2008 suggest that enrollment growth has leveled off. It is also too soon to tell whether reforms thought to save money in the long run will accomplish that goal.

Public support remains high, with more than 70 percent of residents favoring the reform plan. But the state will have to deal with a number of challenges, including concerns about the high cost of providing care to the uninsured and how to address a shortage of primary care providers.

Despite the growing pains, more than two years into reform, most stakeholders are satisfied with the progress the state has made. And while challenges lie ahead, most predict the state and other stakeholders will continue to blaze a path toward universal coverage.



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### What Impact is Health Reform Having in Massachusetts?

When Massachusetts set out to reform health care, few expected the plan to dramatically reduce the number of uninsured working-age adults in its earliest phases. However, in just one year the state cut its uninsured rates by more than half. The 2008 Massachusetts Health Reform Survey conducted by Sharon Long of The Urban Institute, found that the number of working age adults without health insurance dropped from 13 percent in 2006 to 7.1 percent in 2007.

The dramatic results suggest the uninsured in Massachusetts were, in most cases, eager to sign up for or obtain health coverage. The success also points to the fact that there was a significant unmet need for health insurance in the state.

The Connector has played a critical role by helping people, particularly those with moderate incomes, find affordable health insurance. For example, the Connector runs a website that allows people to shop for and compare 42 plans offered by six insurance companies approved by the state.

The Connector also helped consolidate the individual insurance market, which is generally much more costly and riskier, with the small group insurance market. As a result, people who had been buying health insurance on their own now can benefit from group rates. This market consolidation allows them to have access to more reasonably priced insurance. As a result, there has been a dramatic decline in the price of health insurance for individuals, says Jon Kingsdale, the executive director of the Connector. According to a recent report by the Connector, the average 37-year-old individual paid about \$335 per month in premiums before the reform and now that same individual pays about \$185 per month.

## EFFECTS ON ENROLLMENT

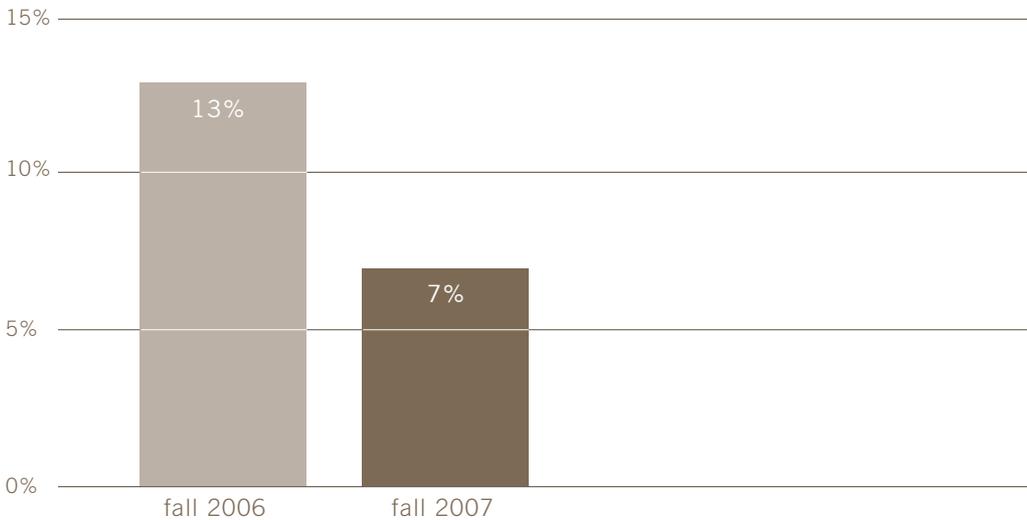
Since health reform took effect in 2006, the number of people enrolled in private or subsidized health plans has increased by 439,000 people, according to the Massachusetts Division of Health Care Finance and Policy.

Although the state is pleased with its impact on the uninsured, it continues to struggle with certain segments of its population. Long writes in *Health Affairs* that there are still people in Massachusetts who have not benefited from reform by getting insurance. Some are higher income adults who don't want to pay and can't get coverage through an employer. As the tax penalty increases from \$219 in 2007 to as much as \$900 in 2008, the state anticipates that more people will purchase coverage.

There also is a group who are resistant to buying or signing up for health coverage. They are mostly young, healthy males, says Long, who calls them the "young invincibles." They don't want to buy or even sign up for free or subsidized health coverage because they think they don't need health insurance.

The state's biggest challenge will be to motivate the younger and healthier to sign up for insurance. Though the state may never achieve universal coverage, getting younger and healthier people to sign up will spread the risk and lower the price of health coverage for everyone. Additional public education campaigns might get more of these people to recognize the value of health coverage — and to sign up, says Long.

CHART 1: Impact on rate of uninsurance (working-age adults)



CREDIT: THE MASSACHUSETTS HEALTH REFORM SURVEY, APRIL 2008. THE URBAN INSTITUTE.

In 2007, Jessica Kuznick faced the best of times and the worst of times. The 40-year-old mother of a preschooler discovered she was pregnant with her second child. She and her husband were thrilled to be welcoming a new baby to the family.

But the celebration was short-lived. Around the same time, Kuznick's husband, a software engineer, lost his job when his company downsized. Within one month of learning she was pregnant, Jessica Kuznick joined the ranks of the 46 million uninsured.

"I thought, 'Oh, this is going to be interesting,'" says Kuznick with a chuckle. Today, it's easy to laugh as she cradles 3-month-old Isabel. But when Kuznick had to find health insurance for her family, the sticker shock of that quest was no laughing matter.

"My choice was to pay \$1,200 a month to continue on COBRA. That's a lot!" She says they would have found a way to come up with the money if that was the only option. Though it would have been painful, Kuznick says she and her husband would not go without insurance because they had a child and one on the way.

But Kuznick was lucky. She knew she had another choice, having already discovered Commonwealth Care through her work with the Greater Boston Interfaith Organization, where she was involved in teaching health outreach workshops. Kuznick was surprised that her income level allowed her to take advantage of the program.

"In our part of the country, sometimes even respectable salaries don't go far," she says. "If health insurance is going to be \$15,000 a year... it made me realize that sometimes the economics of middle class life don't add up."

# One Pink Slip Away . . .

BY SCOTT KEARNAN

Just knowing that she could take advantage of Commonwealth Care was a great relief to Kuznick, who was already enduring enough stress in her pregnancy and worried about the threat of mounting medical bills. Considered by doctors to be a high risk pregnancy because of her age, Kuznick needed more frequent ultrasound tests and check-ups with her obstetrician. And, in the final term of her pregnancy, she developed various complications related to her condition: influenza, acid reflux, and severe allergies, which exacerbated her latent asthma and led to breathing trouble.

Kuznick's problems confined her to bed for the latter portion of the pregnancy, putting her part-time employment on hold and slowing down her husband's search for new work as he was forced to manage the household and oversee the care of their 4-year-old son.

The situation was so bad that in one week, Rudnick went to two different doctors, the emergency room, and a walk-in clinic. The expenses could have been astronomical, but Kuznick's coverage under Commonwealth Care allowed her to focus her efforts on what really mattered: getting well, and ensuring the health of herself and her baby.

"I felt incredibly well taken care of," says Kuznick. "The health care system really prioritized pregnant women."



“ I FELT INCREDIBLY WELL TAKEN CARE OF. THE HEALTH CARE SYSTEM REALLY PRIORITIZED PREGNANT WOMEN.”

— Jessica Kuznick



## Making Reform Work: Building an Infrastructure

When Massachusetts enacted Chapter 58, the state made sure to include a number of provisions in the law to keep health reform on track. A central player in that effort is the Connector. The state's Department of Revenue checks tax filings to make sure residents have submitted proof of health coverage. Residents that don't have coverage and can't get a waiver from the Connector must pay a penalty. The state's Division of Health Care Finance and Policy monitors the number of uninsured residents, access to care, and other measures of progress. And the Health Care Quality and Cost Council aims to improve the quality of care while controlling costs.

To keep the reform moving forward, each agency or group plays a part in collecting data and implementing requirements, including some that are not popular—like the tax penalty. This ongoing monitoring is crucial to help state government and other stakeholders understand the impact of particular aspects of health reform as well as troubleshoot and resolve problem areas.

### THE HEALTH CONNECTOR PLAYS A KEY ROLE

The state created the Connector to help extend affordable, high quality coverage to nearly all residents. But the state first had the task of merging the individual and small group insurance markets, a step that made it possible for insurers to offer high quality plans to individuals at lower rates.

Next, the Connector had to establish a new program of coverage for low-income adults in the state who could not obtain health insurance through their employer. That program is called Commonwealth Care.

The Connector also had to establish a program for people in a higher income bracket called Commonwealth Choice. This is for people whose income is over 300 percent of the federal poverty line—most are self employed or those who work for a small business. The Connector gave its “seal of approval” to six carriers, and certified that their plans provide good value to help people comparison shop for an affordable plan.

The Connector is charged with defining who can afford to purchase health insurance and who should be excluded from the mandate. The Connector also defines insurance standards that meet the mandate. The Connector and its Board of Directors meet regularly and have been able to deal effectively with problems and challenges related to implementing health reform as they arise.

Highlights from a report released by the Connector to the state legislature in October 2008 show how the new law is progressing:

- From June 2006 through March 2008, 176,000 residents had signed up for Commonwealth Care and received treatment for such conditions as high blood pressure or heart disease.
- Due to rapid enrollment, Commonwealth Care has cost the state more than expected overall. However, the cost-per-member has stayed on budget during the first two years.
- The reform has increased the availability of less expensive, high quality health plans. The average 37-year-old paid about \$335 per month in premiums before the reform law was enacted and now that same resident can find many good health plans and pay much less—about \$184 per month.

## THE ROLE OF THE DIVISION OF HEALTH CARE FINANCE AND POLICY

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The Massachusetts Division of Health Care Finance and Policy does periodic surveys to track the numbers of people insured statewide. Here are some findings from the latest report:

- From June 2006 through March 2008, the state recorded 439,000 newly insured residents. That included 72,000 people who got coverage in the state Medicaid program; 176,000 who enrolled in Commonwealth Care; and 191,000 who bought private health insurance.
- Nearly three-quarters of the state’s employers offered health insurance to their workers in 2007, a rate that has stayed steady throughout health reform.
- The increase in people with health insurance seems to be decreasing the state’s uncompensated care burden: The total number of hospital inpatient discharges and outpatient visits billed to the Health Safety Net in 2008 declined by about 38 percent compared to the same period in 2007.
- But the high cost of health care is still a problem, one that disproportionately affects the uninsured: 86 percent of people without insurance said they needed health care in 2007 but reported cost as an obstacle.

## THE ROLE OF THE DEPARTMENT OF REVENUE

Under the health reform law, residents age 18 and older must have health insurance, if they can afford a plan. According to the Massachusetts Department of Revenue:

- Nearly 99 percent of people filing taxes in 2007 filled out the questions pertaining to health insurance. Under the law, residents have to provide proof of health coverage or answers questions so that the state can figure out if they are exempt from the new law.
- For the calendar year 2007, 95 percent of those filing taxes had health insurance.
- Among those who did not have health insurance, 58 percent were deemed able to afford insurance and had to pay the price. They lost the benefit of their personal exemption (valued at \$219 for an individual.)
- About 37 percent of those filing taxes were classified as unable to afford insurance and thus did not have to pay the tax penalty.

## HEALTH CARE QUALITY AND COST COUNCIL

Chapter 58 also established the Massachusetts Health Care Quality and Cost Council, a group that identifies specific strategies to improve the quality of health care delivered in the state while simultaneously working to reduce the cost of care. The Council is developing a website that consumers can use to look up hospital-specific information on the cost and quality of certain procedures.

The annual report issued by the Council in April 2008 identified the following goals:

- Reduce the annual rise of health care costs to no more than the unadjusted growth in Gross Domestic Product by the year 2012. The Council recommends reducing the growth in health care spending in part by preventing the need for avoidable hospital stays.
- Ensure patient safety and effectiveness of care. The Council recommends, for example, that hospitals take steps to reduce the number of infections passed from patient to patient.
- Improve screening for and management of chronic illness such as congestive heart failure, diabetes, and asthma.
- Eliminate the racial and ethnic disparities in access to health care.

The Council has correctly identified some potential money-saving steps like providing regular treatment for chronic diseases and thus preventing the occurrence of costly complications.



## Is the Law Improving Health?

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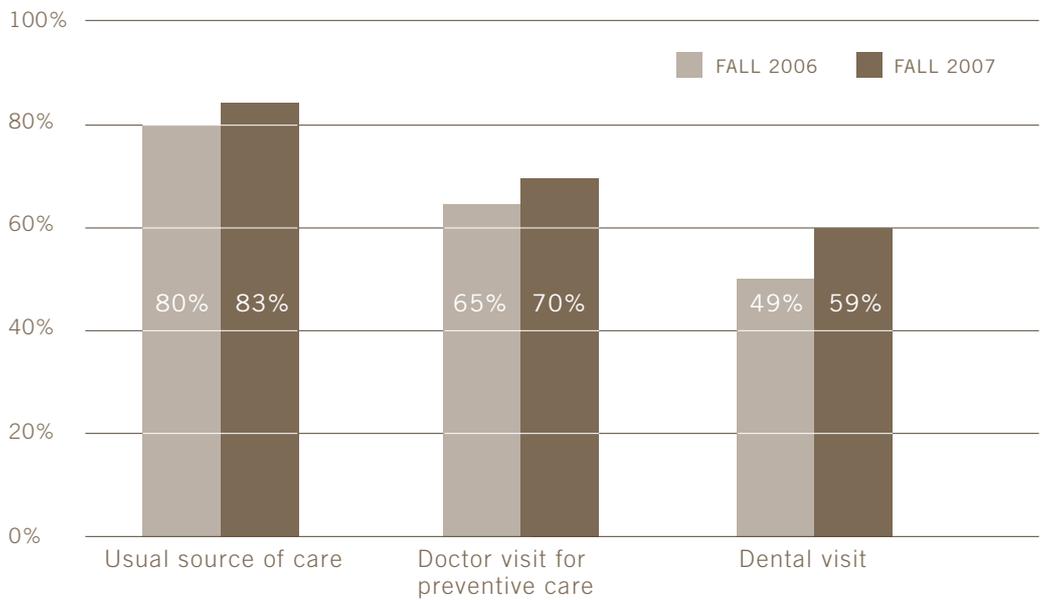
Making health care a basic right is one facet of the Massachusetts health reform effort. The 2008 Harvard/Foundation public opinion survey found that a majority of the state's residents believe that providing health care to all is a moral imperative. That public commitment helped sustain support for Chapter 58, which was crafted to provide access to quality, affordable health care to nearly all of Massachusetts's 6.2 million residents.

Now analysts are studying whether that goal has been reached. Urban Institute researcher Sharon Long has examined how access to care has been affected by the law. In a June 3, 2008 study published in *Health Affairs*, Long examined how care was accessed before the law took effect in 2006 and the progress a year later.

Overall, she found a significant increase in the ability of many low income people to find basic health care between 2006 and 2007. Highlights of her survey include:

- 83 percent of low-income adults reported having a regular source of health care outside of the emergency room, up from 79.5 percent in the fall 2006.
- 70.2 percent said they went to a doctor for preventive care, up from 64.5 percent in the fall 2006.

CHART 2: Impact on access to care



CREDIT: THE MASSACHUSETTS HEALTH REFORM SURVEY, APRIL 2008. THE URBAN INSTITUTE.

The findings suggest that people who previously sought care in the emergency room because they lacked insurance are beginning to seek lower-cost care at the doctor's office or in a community health center. Long says what is most encouraging is that more people are getting preventive care, such as Pap smears or mammograms, which can detect cancer at an early, treatable stage.

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Long's study also found a big increase in access to dental care, which can help prevent ongoing decay and dental infections that can compromise overall health. Slightly more than 58 percent of low-income adults reported a visit to the dentist in 2007, up from 49 percent in 2006.

The study also shows how important having health insurance has been to making sure patients seek care when they need it. Long's research suggests that as a result of the new law, poor people in the state are less likely to forgo important health visits because they couldn't pay the bill. Between 2006 and 2007:

- The number of low-income adults who skipped going to the doctor for cost reasons dropped from 11.3 percent to 4.8 percent.
- The number of poor adults who didn't get a needed medical test, treatment or follow-up care fell dramatically, from 11.3 percent to 4.4 percent.
- The number of low-income residents who failed to fill a prescription dropped from 10.1 percent to 6.1 percent.

Low income patients are getting more care under reform but Long's study also suggests a problem with full access to primary care. She reports that nearly 7 percent of low-income adults said they had some trouble locating a doctor or getting a timely appointment, up from 4.1 percent before the law took effect.

There are multiple reasons for this. Low income people might have trouble negotiating a complicated health care system—especially if they're used to going to the hospital emergency room for treatment, Long says. Patients also might be running into a bottleneck because they can't find a primary care provider willing or able to accept new patients.

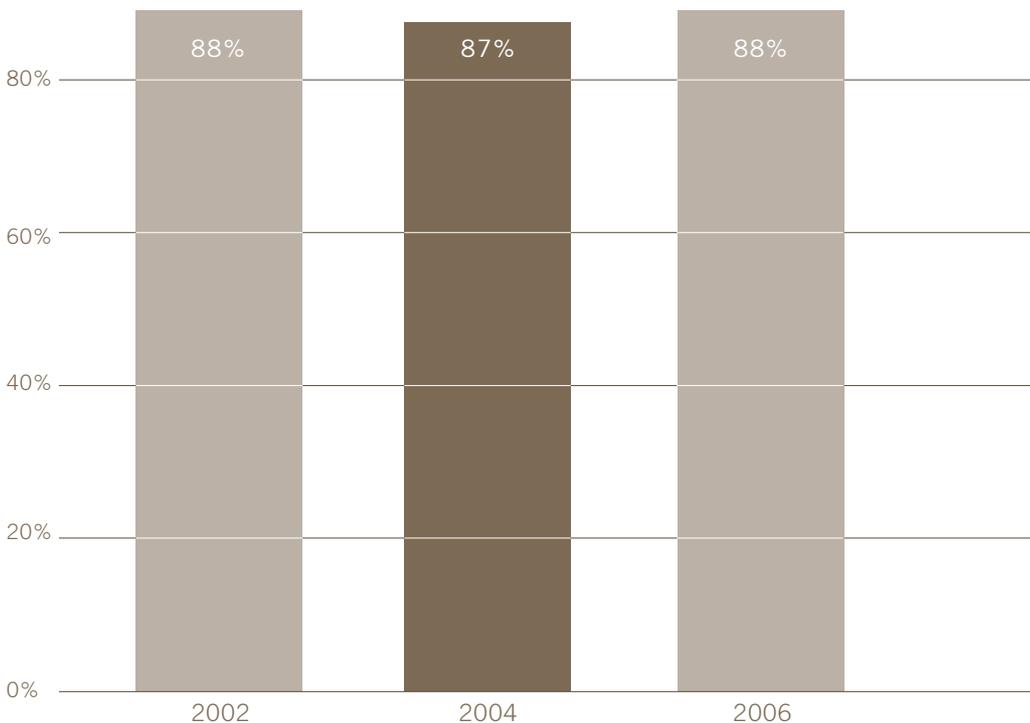
Overall, health reform has increased access to care. And advocates say this means many newly insured people are getting tests that can prevent cancer and other serious medical problems. For example, the Massachusetts Department of Public Health reports a significant increase in the number of people getting a colonoscopy, a test that detects colon cancer before it can spread. The state reports that in 2007, 63 percent of residents age 50 and older said they had gotten a colonoscopy or sigmoidoscopy in the past five years, up from 57 percent who said the same in 2006.

### ACCESS PROBLEMS BY RACE

A report by the Massachusetts Division of Health Care Finance and Policy suggests that overall access to crucial medical care has increased during the first year of reform. However, the report notes that African Americans, Hispanics and Asians still have more trouble finding a provider. Highlights from the report:

- Overall, the number of residents who reported having a personal care provider, such as a doctor, increased from 88 percent in 2006 to 92 percent in 2007.
- For whites, access to a doctor jumped from 90 percent in 2006 to 94 percent in 2007.
- For Hispanics, the jump was more significant. Only 70 percent reported having a personal care provider in 2006, a number that increased to 81 percent a year later.
- For African Americans, access increased very slightly from 87 percent in 2006 to 88 percent in 2007.
- For Asians, 80 percent had a doctor the year before reform and 86 percent said they had a doctor in 2007.

CHART 3: Percent of adults ages 18 plus who have a personal care provider



CREDIT: MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH (DPH) RESULTS FROM THE BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM (BRFSS) FOR 2002, 2004, AND 2006. THE BRFSS SURVEY IS CONDUCTED THROUGHOUT THE YEAR.



## Support for Health Reform Is Broad

More than two years into implementation of the Massachusetts health reform law, public support remains strong. The 2008 Harvard/Foundation public opinion survey found that nearly 70 percent of the public supports the effort to bring coverage to nearly all of the state's 6.2 million residents. The taxpayer backing continues despite the fact that implementation has cost the state more than anticipated. For now, residents seem committed to making the Massachusetts plan work.

In fact, reports show that public support for Massachusetts health reform has increased since the law took effect in 2006. The 2008 Harvard/Foundation public opinion survey showed that public support for the law went from just 61 percent in 2006 to 69 percent in 2008. And the favorable ratings seem to be holding steady as the law enters its third year.

The majority of residents even favored the individual mandate, a very controversial aspect of the new law. The survey found that nearly 60 percent supported the mandate, even though it requires nearly all residents to obtain health coverage.

### SUPPORT REMAINS DESPITE FISCAL CONCERNS

The law provides free or subsidized coverage to Massachusetts residents whose income falls below 300 percent of the federal poverty level (which is \$30,635 for individuals and \$61,956 for a family of four). Over three-quarters of those surveyed still favor this subsidy despite the concerns about the price of providing such coverage.

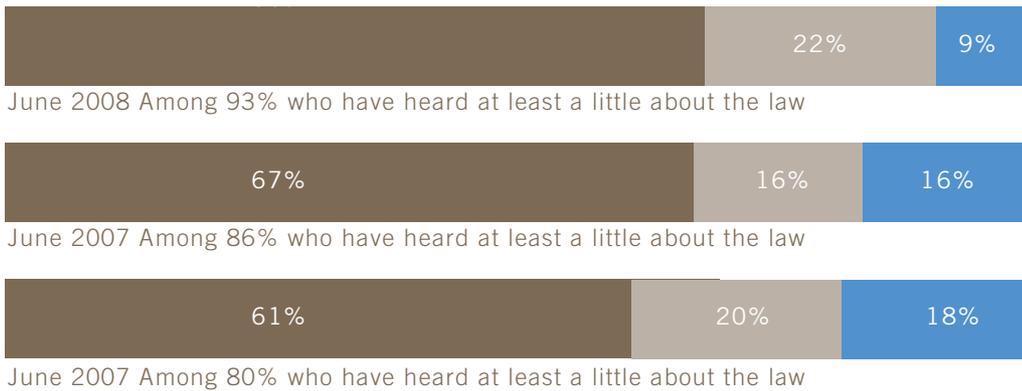
One of the more controversial provisions is its requirement on businesses. Under the law, employers with more than 10 workers must provide health insurance or pay a fine up to \$295 per employee per year. According to the survey, 75 percent of the public say they agree with this. Nearly three out of four people polled (74 percent) said they favored charging businesses that have a lot of part-time employees receiving subsidized coverage. Seventy percent of the public said they would increase the cigarette tax, which, in fact, occurred. And 61 percent said they would ask insurers to contribute to a fund that would help pay for the subsidized coverage.

Some policy options for funding the reform effort would face a lot of opposition, however. For example, 75 percent of those surveyed said they would oppose any move to increase the state's sale tax. Two-thirds opposed a move to limit the number of people who qualified for subsidized health coverage because it would create a waiting list. A majority of those surveyed (55 percent) said they didn't want the state to increase premiums or co-pays for subsidized care, which, in fact, occurred.

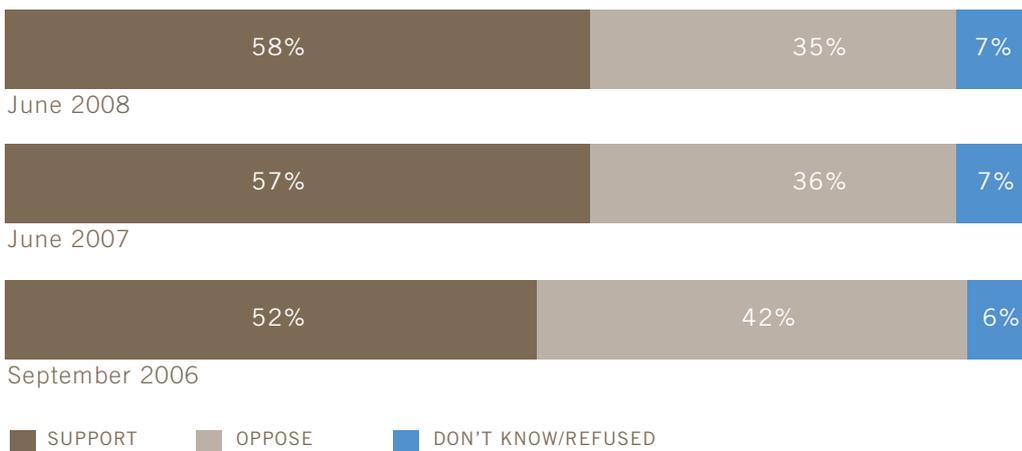
Despite the many challenges ahead, Massachusetts's efforts will undoubtedly be helped by public opinion, support the state will need as the law moves into the next phase. Most residents (84 percent) want the law continued as is or with some minor changes made. In contrast, only 12 percent want the law repealed. State officials are optimistic that they can sustain this support in the future.

CHART 4 and 5:

Support for Mass health reform law

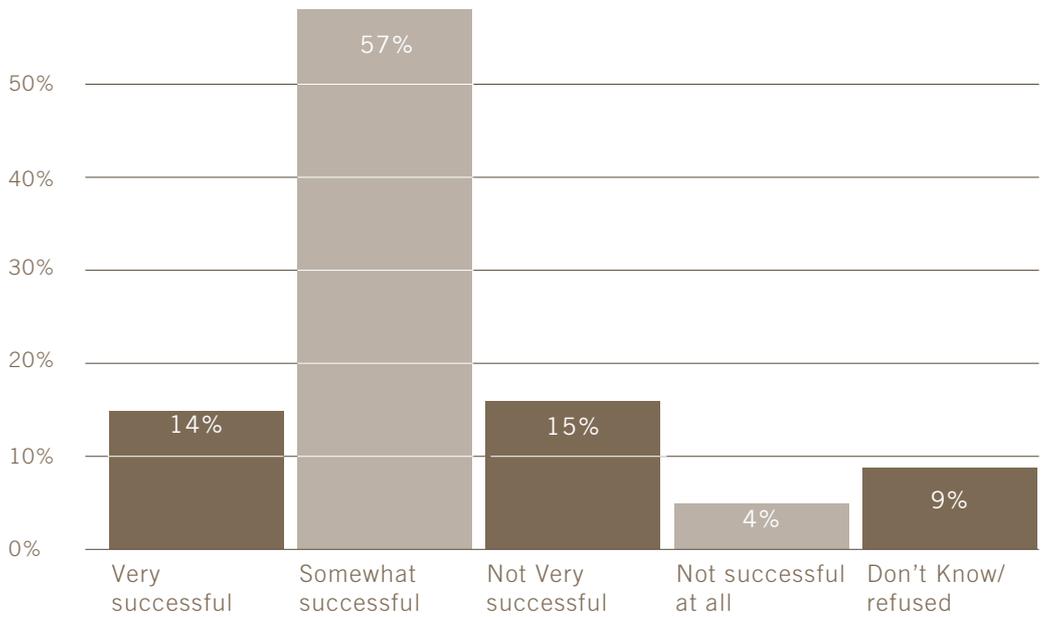


Support for individual mandate



■ SUPPORT    ■ OPPOSE    ■ DON'T KNOW/REFUSED

CHART 6: Public perception of success of law at reducing the number of uninsured



CREDIT: HARVARD SCHOOL OF PUBLIC HEALTH/BCBS OF MASS. FOUNDATION/ICR MASSACHUSETTS HEALTH REFORM SURVEY (CONDUCTED JUNE 10-23, 2008).

#### PUBLIC PERCEPTION OF THE LAW'S IMPACT

- 71 percent said the law had been very successful or somewhat successful at reducing the number of uninsured in the state.
- 19 percent said the reform effort had not been very successful or not effective at all at reducing the uninsured.
- 9 percent said they didn't know whether the state had helped people get insurance or didn't answer the question.

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#### BUSINESS LEADER REACTION

Although business leaders are extremely concerned with their health care costs, surveys done to date suggest the community generally favors Chapter 58. This support is crucial going forward. In 1988 under then-Governor Michael Dukakis, the Commonwealth passed a law that required universal coverage and mandated that businesses provide coverage or pay a substantial amount into a fund. Many businesses opposed this mandate. This time, business leaders have signed onto the reform effort and several surveys suggest that support has held steady. One reason for the change this time around is that business leaders see this reform plan as one that puts the burden of health reform not just on employers but shares it with individuals and other stakeholders as well.

The first survey of industry's response to the reform effort, the Massachusetts Employer Health Benefits Survey, conducted by Jon Gabel, a senior fellow at the National Opinion Research Center, found that a majority of employers agree that business does bear some responsibility to provide health benefits to workers. And most also agreed that employers who didn't want the responsibility of providing this coverage should pay a "fair share" contribution of \$295 annually per worker. The contribution would go into a fund to defray the cost of providing subsidized or free coverage to state residents.

The 2007 survey by Gabel also found that very few employers said they intended to stop providing health coverage to workers. Only three percent said they were going to drop coverage and cited the cost of providing coverage as the reason.

An updated 2008 survey of 1,003 randomly selected Massachusetts firms suggests that the reform law still gets high ratings from most employers. A majority agree with the statement that “health reform is good for Massachusetts.” And despite the worry that more employers would drop health benefits because they are too costly, the number of firms offering coverage actually went up, rising from 73 percent in 2007 to 79 percent in 2008.

And just three percent of the firms surveyed said they were likely to drop health coverage in the coming year, a percentage that’s still much lower than similar surveys nationally.

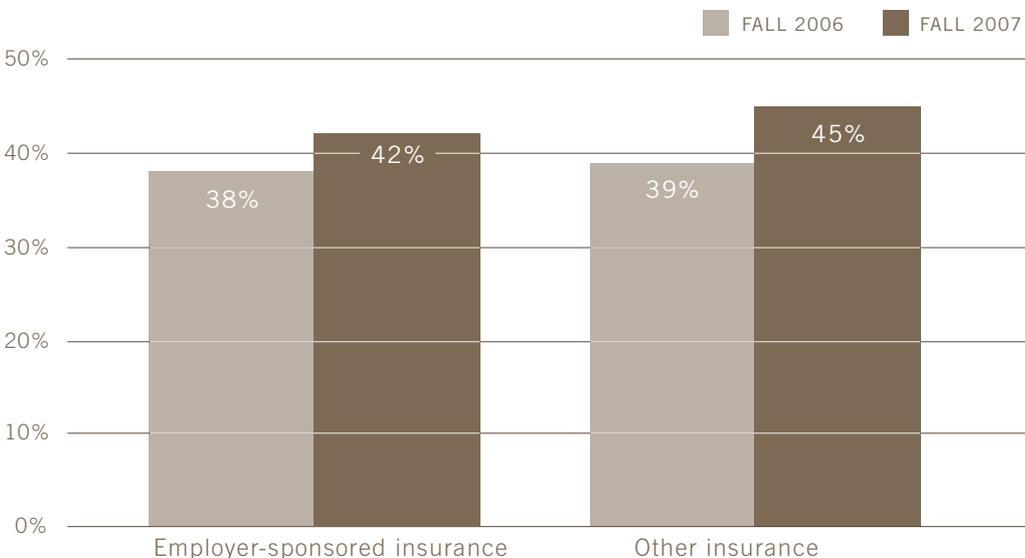
However, the survey by Gabel and his colleagues also found that large employers complained about paperwork requirements associated with the new law. For example, 45 percent of firms with more than 1,000 workers said the form they had to submit to the state that identifies workers who’ve turned down coverage was “very burdensome.” And small employers also have said they’re being asked to shoulder too much financial responsibility for covering workers. The updated survey was published October 28, 2008 in Health Affairs.

Jim Klocke, executive vice president of the Greater Boston Chamber of Commerce, says that employers in Massachusetts continue to support the reform effort. “We want this to succeed,” he says. All of the stakeholders, including employers, had a hand in crafting the reform and all continue to have an interest in the plan’s going forward.

No one knows how the global economic crisis will play out in Massachusetts during the coming months. But one thing is certain: to keep health reform in place, the state needs to keep all of the stakeholders at the negotiating table, Klocke says.

Right now, the health reform effort has maintained strong public support but there are signs of tension that could cause problems in the future. For example, the 2008 Harvard/ Foundation public opinion survey found that people directly affected by the law were more likely to say that the reform had hurt them—perhaps because they had to purchase a health plan or pay a tax penalty.

CHART 8: Impact on insurance coverage



CREDIT: THE MASSACHUSETTS HEALTH REFORM SURVEY, APRIL 2008. THE URBAN INSTITUTE.

Keith Rudolph knows a lot about shouldering too much paperwork. The 40-year-old truck driver spends his day operating a mobile shredder that destroys thousands of pounds of paper every day. And if Rudolph could have his way, he'd unload his medical bills onto the pile, too.

Rudolph is still paying off more than \$10,000 worth of medical expenses he incurred during a single week's hospital stay. Eight years ago, Rudolph was uninsured and sought care for a chronic bout of numbness in his limbs that turned out to be a mild stroke.

"I didn't have insurance, so when it [the numbness] first started to happen, I basically said, 'Oh, I'll be alright.' I thought it was poor circulation," says Rudolph. Using over the counter ointments and home remedies, Rudolph tried to treat himself until the numbness spread from his hand to his leg, then his face, and finally radiated throughout his fingers to the point where he could no longer type.

"They ran so many tests, trying to rule out different things," he says. Those tests accrued to the tune of \$10,000, and Rudolph estimates that he still has about \$1,000 he needs to pay off.

After nearly 13 years of being unable to afford insurance, Rudolph recently enrolled in Commonwealth Care, which he discovered through the Greater Boston Interfaith Organization and his parish. Not only is he now able to afford his \$115 monthly premium, but the coverage also provides a peace of mind that he considers priceless.

"I'm the type of man where if my family's not resting easy, I'm not resting easy," he says.

Rudolph's family is his top priority. He is married with two children living at home in Worcester, including a 5-year-old autistic son.

# Peace of Mind . . .

BY SCOTT KEARNAN

"Having a special needs child, it [health coverage] becomes even more of a top priority," he says. It also places additional limitations on his family's ability to afford unsubsidized care.

As the family's sole breadwinner, Rudolph says he needs to stay healthy and work. "If I can't move, we don't eat," he says. "If I need a day off, what do we do?"

Rudolph's job is strenuous. He has to hoist hundreds of pounds of paperwork garbage every day. Even this broad and brawny ex-football player admits that "pushing around 250 pound barrels every day takes a toll on your shoulders."

Plus, working in close contact with dangerous machinery, Rudolph has witnessed firsthand co-workers succumb to on-the-job hazards.

Luckily, Rudolph has steered clear of major health concerns since his stroke eight years ago. But he's glad that he and his family can rest easier knowing that they will not be left with a pile of insurmountable bills should a health crisis strike.

"It's definitely soothed a lot of nerves," says Rudolph of his Commonwealth Care coverage. "It's given my wife a peace of mind, which has relaxed me."



“IT’S DEFINITELY SOOTHED A LOT OF NERVES. IT’S GIVEN MY WIFE A PEACE OF MIND, WHICH HAS RELAXED ME.”

— Keith Rudolph, on his insurance coverage through the state



## The Challenges Ahead

Chapter 58 of the Acts of 2006 is a work in progress. Massachusetts health reform has come a long way since it was signed into law in April 2006. Ensuring coverage for nearly all of the state's residents is certain to provide stakeholders with plenty of challenges in the months ahead.

First, the state will have to figure out how to pay for the reform at a time when medical costs continue to rise nationwide and the economy is not generating additional resources. Massachusetts will also have to address reports of a possible shortage of primary care providers, a shortage that could impede access to care. The state must also maintain the strong support the law now enjoys with the voters, business leaders, and other stakeholders.

The financial picture eased somewhat in October 2008 when federal officials approved Massachusetts's application for a Medicaid waiver — and committed to reimburse the state an estimated \$10.6 billion over the next three years.

In addition to continued support from the federal government, the state has taken additional measures to boost funding for the reform. For example, the state has asked hospitals, insurers, employers, and taxpayers to contribute more to help defray the cost of Commonwealth Care. There are still undocumented workers, people who cannot afford to buy their employer's health insurance, and others who are not included in the new reform plan.

### EMERGENCY ROOM USE STILL HIGH

In addition, one savings thought to be inherent in the new system has not panned out. Policy experts had thought the plan would save money by shifting primary care from the expensive emergency rooms to doctor offices. But recent reports suggest that hasn't happened so far.

For example, the Urban Institute's 2008 Massachusetts Health Reform Survey found that emergency department visits were up among low-income residents from 45.6 percent in 2006 to 49.2 percent in 2007. Low income people who have relied on the emergency room for care in the past might not easily make the switch to the primary care setting, Long says. On the other hand, the high emergency room use might simply reflect a long line at the doctor's office, or no after-hours urgent care, or doctors referring patients inappropriately to emergency rooms, or many other things. State officials and advocates are still analyzing the situation.

Some reports suggest a shortage of primary care providers, a shortfall that could create barriers to getting timely medical care. According to a report released by the Massachusetts Medical Society in 2007, nearly half of the internists in the state are turning away new patients.

Long's study also suggests problems with access that might be caused by a shortage. Adults, particularly those with low-incomes, reported some difficulty getting an appointment with a primary care provider — perhaps because providers had been overwhelmed with newly insured patients. Her study found that the percentage of adults who did not get medical care because they had trouble finding a doctor or getting an appointment increased from 3.5 percent in 2006 to 4.8% in 2007. For low income adults, the percent increased from 4.1 percent in 2006 to 6.9 percent in 2007.

In order to begin to address the primary care shortage, the Bank of America and the Commonwealth of Massachusetts, in partnership with Neighborhood Health Plan, the Massachusetts League of Community Health Centers, Partners HealthCare and the Blue Cross Blue Shield of Massachusetts Foundation have engaged in a three-year, \$10 million effort to recruit and retain primary care physicians and nurse practitioners. This initiative has provided loan repayment grants to 74 primary care providers so far, creating primary care capacity for more than 130,000 patients at community health centers.

## THE FUTURE OF HEALTH REFORM

The cost of medical care right now is at nearly 16 percent of the gross national product and continues to rise. Massachusetts, as well as the nation, will have to find ways to keep the quality of medical care high while limiting increases in costs.

The difficulty of running a complex, new health reform plan will almost certainly be magnified if the nation goes into a prolonged recession. Certainly, if employers go out of business, people in Massachusetts, and other places in the nation, will lose job-based health benefits. In the coming months, the state might have to find additional resources to cover an increase in the number of uninsured residents.

John McDonough, senior advisor for national health reform in Sen. Edward Kennedy's office, who has been involved in the state reform effort for years says that the state has made dramatic progress toward universal coverage. "But one thing that has not changed is the basic level of political support that was behind the passage of the law. It has remained in place stayed very solid, two years now, fully into robust implementation," McDonough says.

That political support will be needed to help guide the state into the uncharted future, a future that almost certainly includes a national debate about health care reform.

President-elect Barack Obama has clearly indicated that health care will be a top priority when he assumes office in January, and the Democratic-controlled Congress will be working on efforts to expand access, control costs, and improve quality. Although it remains to be seen how far these efforts will go, one thing is certain: Chapter 58 provides the new administration with a working model of health reform, one that might be used to help craft a national health reform plan for all Americans.

# Lessons Learned

## THE PLAN HAS GENERATED BROAD SUPPORT

With 439,000 newly insured in the state, Massachusetts has rapidly achieved coverage for residents well ahead of projections. This level of enrollment is due in part to very well funded initiatives designed to reach target populations.

## BUILDING ON EXISTING SYSTEMS WORKS

Massachusetts reform built on the existing health care system, by expanding Medicaid, reforming the existing private insurance market, and subsidizing coverage of low income residents. Reform combined the best of what the public and private sectors already had to offer. The speed of progress was enhanced by building on what was in place rather than starting from scratch.

## SHARED RESPONSIBILITY IS IMPORTANT

Massachusetts promoted a system of shared responsibility between the public, the state, and employers. People have the responsibility to take coverage, the state is covering more residents, and most employers are required to make a reasonable contribution to cover their workers. Shared responsibility is a critical element of the state's effort and the results seem to bear out its importance. More people have been prompted to purchase coverage. The concern that employers might opt out of providing coverage and pay a relatively small fee instead — so-called “crowd out” has not posed a problem to date.

## GUIDING CONSUMERS IS ESSENTIAL

The law created a new entity, the Massachusetts Health Insurance Connector Authority, to help those with moderate and higher incomes purchase health insurance. The Connector is created to guide and help consumers. Equally important, the Health Connector's Board of Directors meets regularly to address challenges as they arise.

## ONGOING MONITORING AND TRANSPARENCY IS CRITICAL

Regular monitoring of progress, a task shared among public agencies has proven to be very effective. The results are communicated broadly. Private and philanthropic sectors contribute to the ongoing assessment and evaluation of reform.

## UNIVERSAL OR NEAR-UNIVERSAL ACCESS TO COVERAGE HAS IMPROVED PEOPLE'S LIVES BUT IT DOES NOT SOLVE ALL THE PROBLEMS IN THE HEALTH CARE SYSTEM

Coverage reform must be coupled with or followed by serious efforts to manage health care costs. There are many challenges ahead, including eliminating racial and ethnic health care disparities and shoring up primary care capacity.

## ENGAGING AND GETTING BUY-IN FROM A BROAD GROUP OF STAKEHOLDERS ARE CRUCIAL STEPS

These stakeholders mobilized to build support for getting reform implemented and have been involved in efforts to make sure the law succeeds.

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## CREDITS

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The Blue Cross Blue Shield of Massachusetts Foundation works to expand access to health care. Through grants and policy initiatives, the Foundation partners with public and private organizations to broaden health coverage and reduce barriers to care. It focuses on developing measurable and sustainable solutions that benefit uninsured, vulnerable and low-income individuals and families in the Commonwealth, and served as a catalyst for the pioneering Massachusetts health care reform law passed in 2006. The Foundation was founded in 2001 with an initial endowment of \$55 million from Blue Cross Blue Shield of Massachusetts; the endowment has since grown to \$108 million. The Foundation operates separately from the company and is governed by its own 18-member Board of Directors. It is one of the largest private health philanthropies in New England and in 2007 was awarded the Paul Ylvisaker Award for Public Policy Engagement by the Council on Foundations.



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