

Three bright green apples are arranged on a white surface. One apple is in the foreground, slightly to the right, and is the most prominent. Behind it, two other apples are visible, one to the left and one to the right, partially obscured. The apples have a smooth, glossy texture and a small stem at the top. The background is a plain, light color.

The Road to Massachusetts Health Reform (Chapter 58) and Beyond

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Presentation Outline

- What Is *Health Care For All*
- MA Health Reform History – Why ‘Third Wave?’
- Round 3: Chap. 58 Acts of ‘06 – What Passed?
 - Insurance Connector: Subsidized Coverage – CCHIP
 - MassHealth Expansions & Restorations
 - Individual and Employer Responsibility
 - Insurance Market Reforms
 - Quality, Costs, Health Disparities and more
- Why and How Did Chapter 58 Happen?
- What’s Happening with Implementation?
- Is Chapter 58 a National Model?
- What’s the Emerging Political Window of Opportunity for Health Care Access Reform?



Health Care For All: Who We Are

- Just Massachusetts
- We Run Coalitions to Improve Health Policy
 - Affordable Care Today (ACT!!)
 - Children's Health Access Coalition (CHAC)
 - Racial & Ethnic Health Disparities Action Network (DAN)
 - Oral Health Advocacy Task Force
 - Private Market Consumer Coalition
 - Emerging projects on e-Health and Quality
- We Run Programs to Help Consumers
 - Consumer Helpline (telephone/email), Outreach & Enrollment, Health Law Advocates
- We Communicate to Inform Everyone
 - www.hcfa.org, email updates, Healthy Blog



Brief History of MA Health Reform

- 1988: Universal Health Care Law

- \$1680 Pay or Play Employer Mandate
 - Delayed three times/Repealed 1996
- CommonHealth, Student Insurance Mandate, Medical Security Plan, Healthy Start

- 1996: Chapter 203/MassHealth Waiver

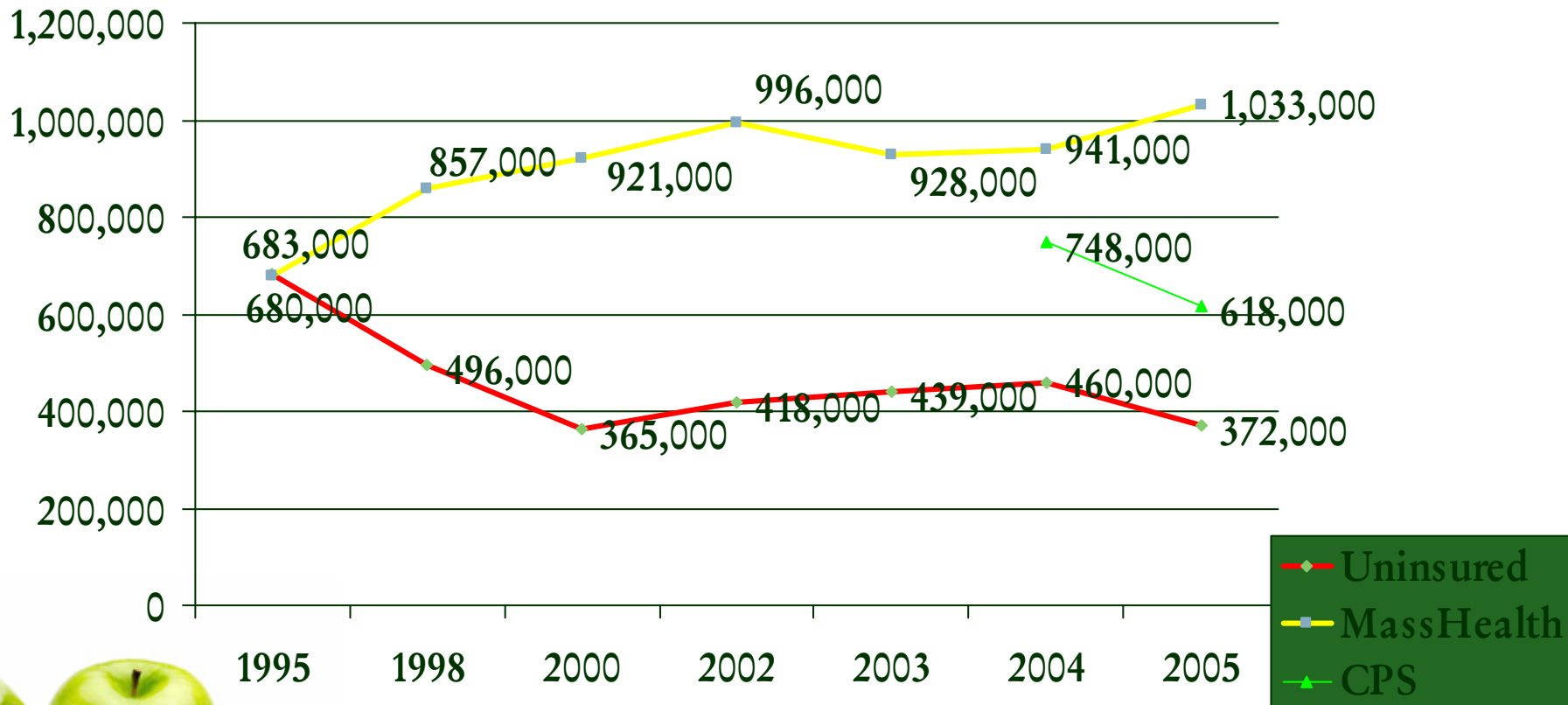
- Medicaid->MassHealth; Enrollee growth from 670,000 ('95) to 1,020,000 ('01)
- Uninsurance Drop: 680,000 to 365,000
- Coverage for all children – CMSP
- Senior Pharmacy Program

- Both reform waves inspired national action

- 1988 Leads to state-based innovations
- 1996 Leads to Creation of SCHIP



Increases in MassHealth Enrollment Lead to Decreases in Uninsured



Sources: "Health Insurance Status of Massachusetts Residents," 1998, 2000, 2002, 2004 and 2006, Massachusetts Division of Health Care Finance and Policy. "Massachusetts Residents Without Health Insurance, 1995," Blendon, et al, Harvard School of Public Health. Office of Medicaid MassHealth caseload snapshot, 7/31/06.



Chapter 58 – Insurance Connector and Commonwealth Care

- Insurance Connector – 10 member board
 - Certifies private plans; makes available pretax to uninsured and small employers
 - Portability when changing jobs; Options for part timers
 - Defines “affordability” individual mandate
 - Sets up Commonwealth Care Program
 - Subsidized coverage for lower income uninsured below 300% of poverty (\$29K/individual; \$60K family)
 - No premium <100%fpl; sliding scale between 100-300% fpl; No deductibles
- Implementation Update
 - 29K enrolled in CC 12/30/06; 20K more in line
 - Phase II enrollment opened on Tuesday



Chapter 58 – MassHealth Expansions and Restorations

● MassHealth:

- Kids' coverage from 200 to 300% fpl (\$60K family of 4)
- MassHealth enrollment caps lifted
 - Essential, CommonHealth, HIV
- Optional Benefits Restored: dental, dentures, eyeglasses, other adult services
- New smoking cessation and wellness benefits
- \$3M outreach/enrollment grants
- \$270M (\$90 per year) rate hikes to hospitals and physicians
 - Years 2/3 tied to Pay for Performance/Racial Ethnic health disparities benchmarks

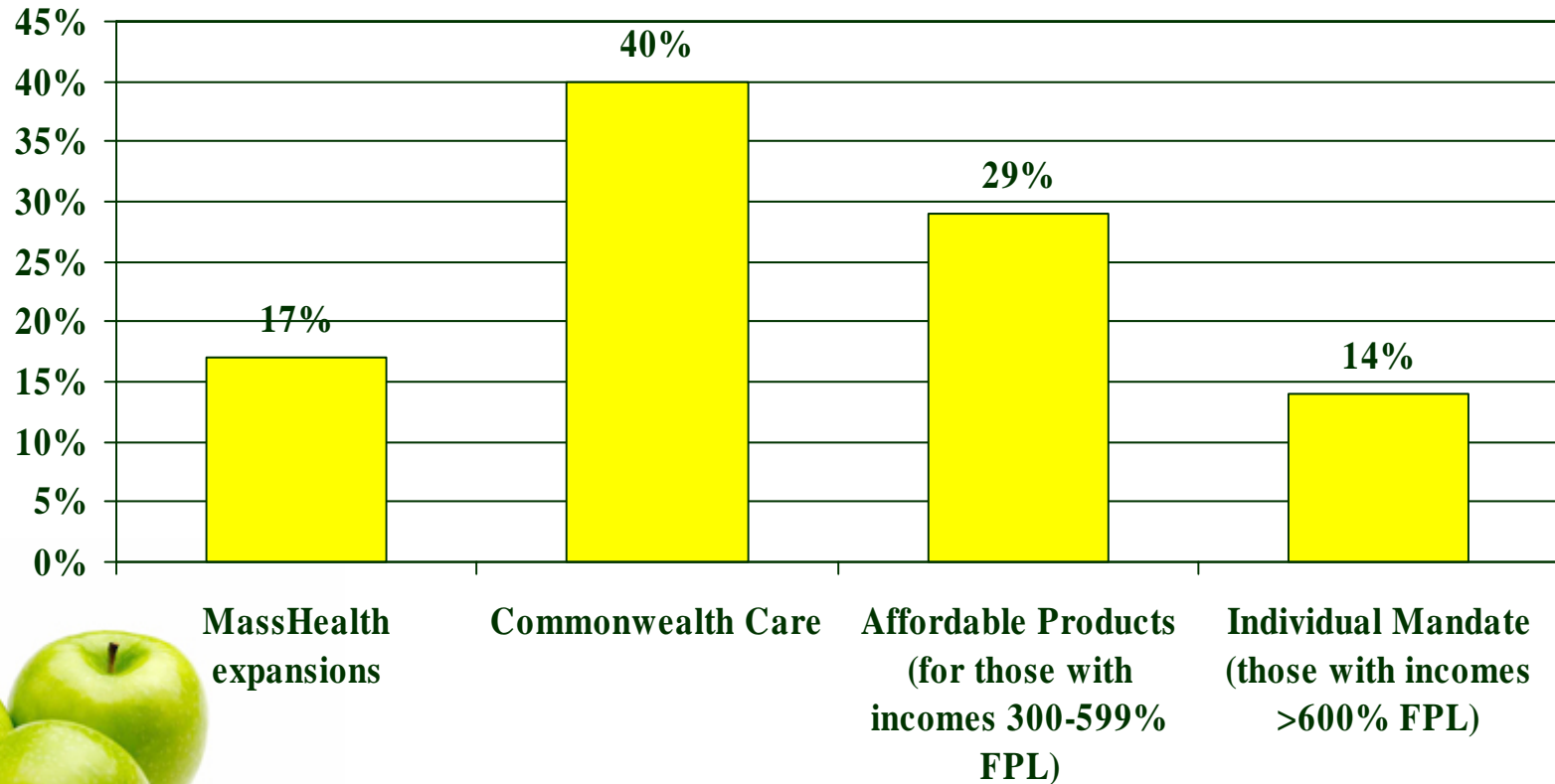
● Implementation Update:

- MassHealth enrollment up 47K since 7/1/06



How Do the Pieces Fit Together?

Percent of State's Total Uninsured Targeted by different approaches



Chapter 58– Individual & Employer Responsibility

● Individual Mandate

- Beginning 7/1/07, all 18+ must obtain health insurance
- Penalties assessed if “affordable” coverage is available
- 2007: loss of personal tax exemption
- 2008+: tax penalty = $\frac{1}{2}$ cost of affordable plan per month

● Employer Mandate

- “Fair Share” Employer Contribution
 - Non-offering employers (11+ workers) must pay \$295 per worker
- Employers must create Section 125 “cafeteria plans”
- “Free Rider Surcharge”
 - Non-offering Employers with frequent Uncompensated Care Pool users may be charged up to 100% of costs over \$50K
 - No charge on non-offering firms with 125 plans

● Implementation Update

- IM rules and definitions to be set this spring
- EM penalties will start on 7/1/07



Chapter 58– Insurance Market and Other Reforms

- Small/Nongroup Insurance Market Reforms
 - Individual market will merge with small group market on 7/1/07
 - Young adults (19-25) can stay on parents' plans for 2 years
 - Reduced-benefit plans for 19-26
- Other Reforms
 - \$20M Public Health/Prevention Restorations
 - Diabetes, cancer, infection control, more
 - Quality and Cost Council
 - Sets cost and quality benchmarks; Produces website
 - Racial/Ethnic Health Disparities Council
 - Statewide Disparities Council
 - Pay for Performance benchmarks
 - Computerized Prescription Order Entry – \$5 million
- Implementation Update
 - Market merger study: Nongroup -15%, Small +1.5%
 - Other reforms in process



How Did It Happen? Key Players

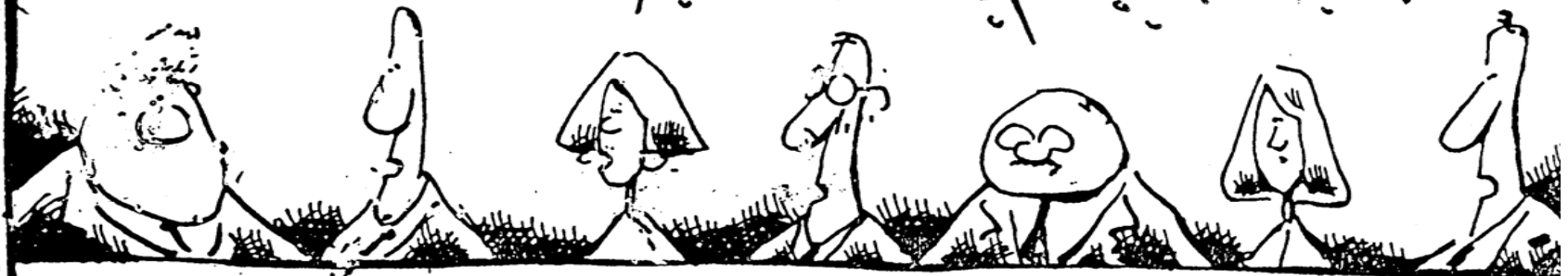
- Blue Cross Blue Shield Access Foundation
 - Roadmap to Coverage Initiative/Urban Institute
- Gov. Mitt Romney
- Advocacy Community
 - Patients/Consumers, Providers, Labor, Business Leaders
 - Affordable Care Today Coalition (ACT!)
 - Ballot Initiative Committee (MassACT!)
- Sen. Pres. Robert Travaglini + Senate
- House Speaker Sal DiMasi + House
- Federal Government – 1115 Medicaid Waiver
 - \$385M supplemental payments at risk
- Business Groups



AS WE GET DOWN TO THE HARD
NEGOTIATING ON THE HEALTH CARE PLAN,
I THINK AT THE OUTSET WE SHOULD
ACKNOWLEDGE THAT WE ALL AGREE
WHAT THIS DISCUSSION IS REALLY ABOUT.

HEALTH

MONEY



TOLBY

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AND ACCESS TO IT.



Implementation: What's Happening

- July 2006
 - MassHealth restorations and expansions
 - 35,000 added this year so far
- October 2006
 - Commonwealth Care launch: < 100%fpl
 - ~50,000
- January 2006
 - Commonwealth Care: 100-300%fpl
 - ~100,000 – 150,000
- July 2006
 - Connector non-subsidized plans
 - Nongroup/Small group market mergers
 - Individual mandate takes effect
 - Penalties take effect later



Is Chapter 58 a National Model...?

- Reasons why not...

- Different makeup of uninsured population

- Lower proportion of uninsured

- Lower proportion of lower-income uninsured

- Highly regulated insurance market

- Guaranteed issue, prohibition on medical underwriting, modified community rating

- Essential protections for individual responsibility

- Robust Safety Net/Deep Federal Financing

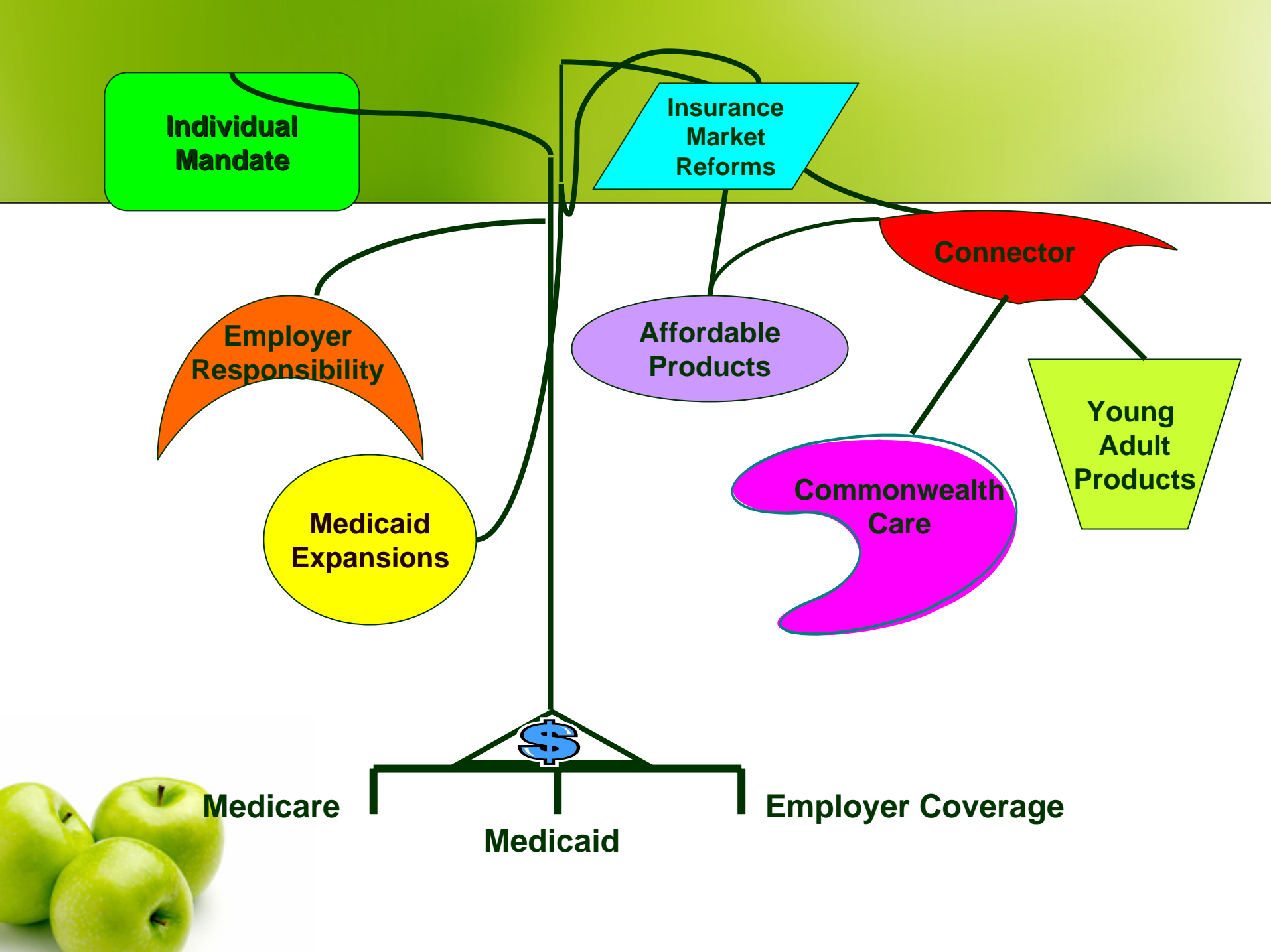
- Reasons why...

- Individual/Employer/Government responsibility

- Confronting the affordability challenge

- Less a policy blueprint/More a political one





Where From Here?

- State Actions – 2007-08
 - New, invigorated conversation
 - CA, CO, CT, MI, MO, NY OH, RI, WA, WI,
- Congressional Action – 2007-08
 - SCHIP expires 9-30-07
 - Reauthorize or 5M kids lose coverage
- 2008 Presidential Campaign
 - Changed dynamic for all Democrats
 - Changes dynamic for all Republicans
 - Different kind of conversation in 2008

