

Three bright green apples are arranged in a cluster. One is in the foreground, slightly to the right, and two are behind it, one to the left and one to the right. The apples are fresh and have a natural sheen.

Massachusetts Health Reform and the Emerging National Health Reform Opportunity

UCLA Healthcare Symposium

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Health Care For All (www.hcfa.org)

February, 2008

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
 - Consumer Health Quality Council
 - e-Health Consumer Council
 - Children's Mental Health Campaign
 - MA Prescription Reform Coalition
- 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, A Healthy Blog



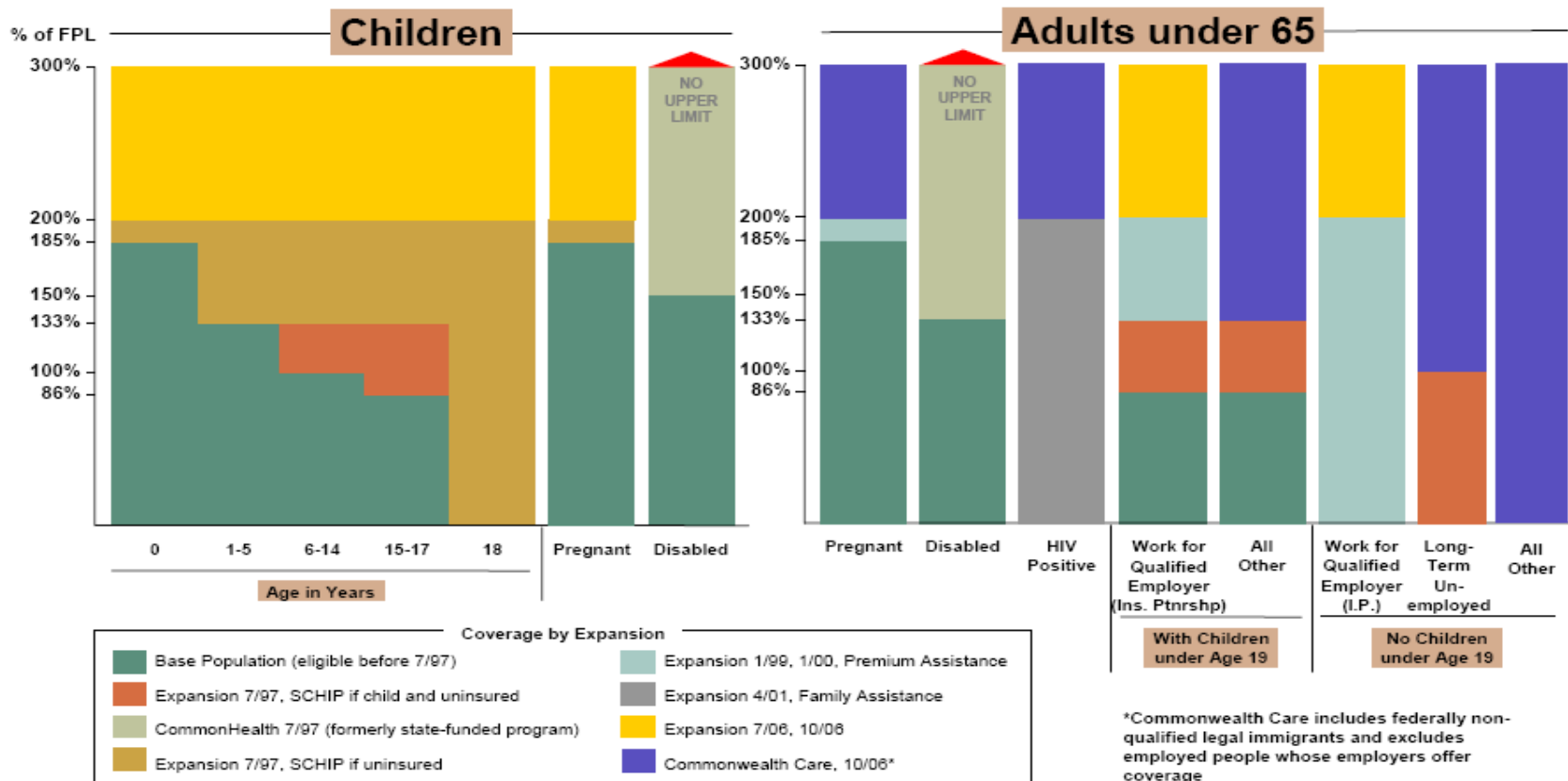
Brief History of MA Health Reform: *Continuous Policy Improvement*

- Eight Key Statutes: 1985 to 2006
 - Three major ones – 1988, 1996, 2006
 - Continuous Policy Improvement
 - Medicaid/MassHealth Expansions
 - Uncompensated Care Pool (now Health Safety Net Trust Fund)
 - Small Group Reform/Nongroup Market Reform
 - Patient Bill of Rights
- 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 - Delayed three times/Repealed 1996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



The Power of Incrementalism

MassHealth Eligibility Overview



Source: EOHHS

Center for Health Law and Economics, Commonwealth Medicine, January 2008

Adapted from material developed by the Massachusetts Medicaid Policy Institute and MassHealth



Chapter 58 – Insurance Connector and Commonwealth Care

- Health Insurance Connector Authority – 10 member board
 - Commonwealth Care (subsidized <300%fpl)
 - Subsidized coverage for uninsured 300% of poverty
 - No premium <150%fpl; sliding scale 150-300% fpl
 - Commonwealth Choice (non-subsidized >300%fpl)
 - Private plans for uninsured >300% fpl and small employers
 - Define “affordability” for individual mandate and “minimum creditable coverage”
- Implementation Update
 - 170,000+ enrolled in CommCare by 1/1/08
 - 16,000+ enrolled CommChoice plans by 1/1/08
 - Affordability and “MCC” standards set
 - Connector website allows “apples to apples” comparisons



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 +
- New smoking cessation and wellness benefits
- \$3.5M outreach/enrollment grants
- \$270M (\$90 per year) rate hikes to hospitals and physicians
 - Pay for Performance/Racial Ethnic Disparities benchmarks

- Implementation Update:

- MassHealth enrollment up 90K+ as of 1/1/08



<http://www.MAhealthconnector.org>

- **Welcome to the Health Connector!**
- **Learn. Compare. Select a health plan.**
- Big changes are happening in Massachusetts health care.
Most adults must now carry health insurance. We give you the tools and the facts you need to find the right health plan.
- We work to bring you health benefits at better prices. There are choices here for everyone. And if you qualify for a plan at no or low cost, we'll let you know.
- Health insurance is an important decision. We are here to help.
- Your **Connection** to Good Health



Chapter 58– Individual & Employer Responsibility

● Individual Mandate

- Beginning 7/1/07, all 18+ must obtain health insurance
- Penalties only if “affordable” coverage available
- 2007: loss of personal tax exemption if no coverage by 12/31/07
- 2008+: tax penalty= up to ½ cost of affordable plan per month

● Employer Mandate

- “Fair Share” Employer Contribution
 - Non-offering employers (11+ workers) must pay \$295 per worker
- Employers 11+ must create Section 125 “cafeteria plans”
- “Free Rider Surcharge”
 - Non-offering Employers (11+ workers) with frequent Uncompensated Care Pool users may be charged up to 55% of costs over \$50K
 - No charge on non-offering firms with 125 plans

● Implementation Update

- IM rules set; enforcement getting underway – max 2008 tax penalty will be \$912
- EM requirements in effect; collection-enforcement



Chapter 58– Insurance Market and Other Reforms

- Small/Nongroup Insurance Market Reforms
 - Individual market (50K lives) merged with small group market (750K lives) 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
 - Computerized Prescription Order Entry – \$5 million
- Implementation Update
 - Market merger in effect – dramatic individual savings
 - Quality/Cost Council in operation
 - Disparities Council in process – Gov. Patrick proposes EOHHS Office of Health Equity in budget



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!) – legislative coalition
 - Ballot Initiative Committee (MassACT!) – 120,000 citizen sigs
- Sen. Pres. Robert Travaglini + Senate
- House Speaker Sal DiMasi + House
- Federal Government – 1115 Medicaid Waiver
 - \$385M supplemental payments at risk
 - Breaking the “Altman Rule” – Status Quo was not an option
- Business Groups



Coverage Advances to Date: 4/12/06 to 1/1/08

- New Public Program Enrollment:
 - 90,000 – MassHealth
 - 170,000 – Commonwealth Care
 - 16,000 – Commonwealth Choice
 - 50,000 – CommChoice Look-alikes
- Unknowns:
 - Workers accepting employer coverage offers
 - Including Section 125 Plan enrollees
- Total Known: ~325,000
- Remaining Uninsured:
 - 225,000 to 325,000 depending on estimate



Major Challenges Ahead

- Paying for Health Reform Long-term
 - Renegotiation of CommCare contracts
 - Renegotiation of Federal 1115 Waiver
 - Continuing medical/premium inflation
 - Higher number of uninsured
- Implementing the Individual Mandate
 - Political response to penalties
- Addressing Employer Responses
 - Substitution/Crowd Out
- Addressing the Cost Crisis
 - Recognition that success is tied to cost control
 - Robust process now beginning



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 for individual responsibility
- Robust Safety Net/Deep Federal Financing

- Reasons why...

- Individual/Employer/Government responsibility resonates
- Confronting the affordability challenge
- Confronting the “voluntary” myth
- MA plan less a policy blueprint – More a political one



The California Reform Collapse

- Key Differences in CA vs. MA

- Larger proportion of uninsured
- Fewer safety net funds able to transfer
- Need for major new revenues/taxes
 - “Massachusetts on steroids”
- Need to Leapfrog many reforms: i.e.: elimination of medical underwriting
- Divided stakeholder community
- Single payer forces able to block, not win

- Why Some Breathe Sigh of Relief

- 11/08 ballot defeat would harm US reform effort

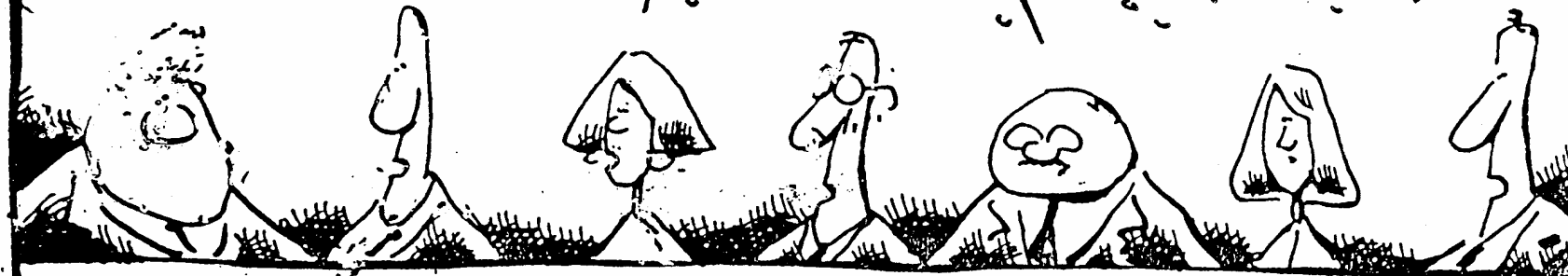
- HCFA's Credo: One Enemy at a Time



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

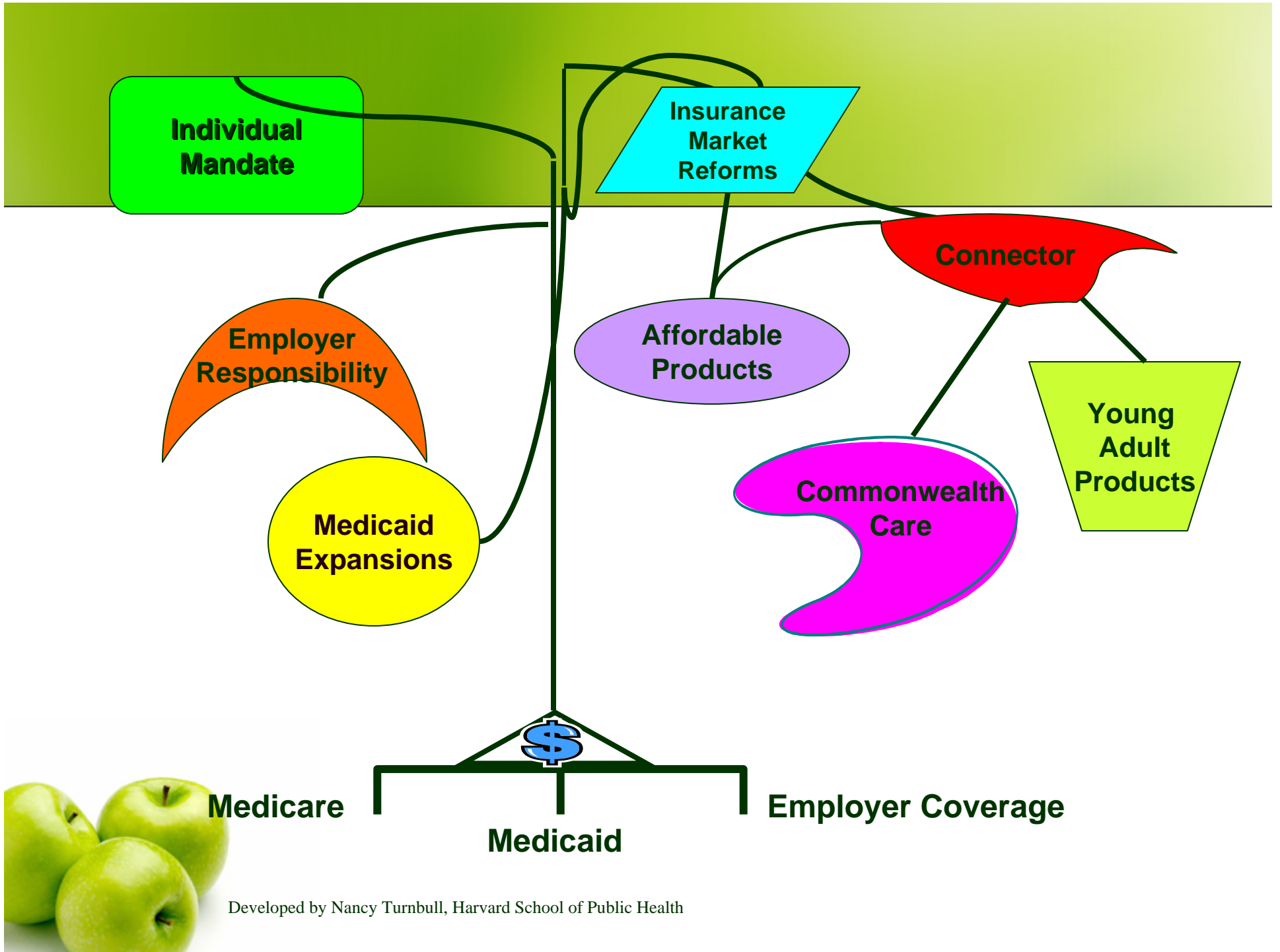


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AND ACCESS TO IT.





Developed by Nancy Turnbull, Harvard School of Public Health



The New Health Reform Window of Opportunity

- State Policy Action – 2007-08
 - New, invigorated conversation
 - Expansions/Reforms in 06-07 in 39 states
 - Comprehensive Discussions in 12 states
- Congressional Action – 2007-08
 - SCHIP expiration
 - Reauthorize or 5-6M kids lose coverage
- 2008 Presidential Campaign – 2007-08
 - Changed dynamic for Democrats
 - Clinton/Edwards/Obama all resemble key part of MA
 - Changed dynamic for Republicans
 - No candidate can ignore reform – still little primary juice

If it comes together...

- The real action starts in DC in 1/09

