

# HEALTH REFORM FACTS AND FIGURES

FALL 2012

Signed into law on April 12, 2006, the landmark Massachusetts healthcare reform represents a comprehensive effort to complement existing coverage programs. The goal is to provide near-universal coverage of the Massachusetts population.

## KEY ELEMENTS

- Provides for legal residents who are not eligible for other public or employer-sponsored health insurance:
  - ✓ Completely subsidized, comprehensive health insurance to adults earning up to 150% of the federal poverty level (fpl).
  - ✓ Substantial premium subsidies to people earning above 150% and up to 300% of fpl.
  - ✓ Completely subsidized comprehensive coverage to children of parents earning up to 300% of fpl.
- Reforms the non-group and small-group health insurance markets to effectively lower the price and offer more choices for individuals purchasing unsubsidized products on their own.
- Requires adults in Massachusetts who can obtain affordable health insurance to do so.
- Requires employers of 11+ full-time equivalent employees in Massachusetts to make a fair and reasonable contribution toward coverage for full-time employees, or pay a Fair Share Assessment, and to offer both full-time and part-time employees a pre-tax, payroll deduction plan (a section 125 plan) for their own health insurance premium payments..

## PROGRAMS

**Commonwealth Care** is a subsidized program for adults who are not offered employer-sponsored insurance, do not qualify for Medicare, Medicaid or certain other special insurance programs, and who earn up to 300% of fpl. In 2012, 300% of fpl is \$33,516 for an individual; \$69,156 for a family of four.

There are plans available with *no monthly premiums* for adults earning 100% or less of the federal poverty level and also up to 150 fpl if they choose the lowest-priced plan. That's \$11,172 for an individual and \$23,052 for a family of four up to 100 fpl; and \$16,764 for an individual and \$34,584 for a family of four up to 150 fpl. For premium payers, plans are currently available for \$39 a month for an individual earning between \$16,764 and \$22,344; \$77 for an individual earning between \$22,345 and \$27,936; and \$116 if earning between \$27,937 and \$33,516.

There are no monthly premiums for the children of adults covered by Commonwealth Care, as the children are covered by MassHealth (Medicaid).

**Commonwealth Choice** is an unsubsidized offering of private health plans, selected by competitive bidding, and available through the Health Connector to individuals, families and certain employers in the state. The private plans have received the Connector's "Seal of Approval" to offer a range of benefits options, grouped by level of benefits and cost-sharing at the Bronze, Silver and Gold levels. There is also a special, lower priced Young Adults Plan offering, exclusively for individuals between the ages of 18 and 26.

These plans are offered directly through the Health Connector by eight health insurance carriers, six of which are non-profit, Massachusetts based:

- ✓ Blue Cross Blue Shield of Massachusetts,
- ✓ BMC HealthNet Plan
- ✓ CeltiCare,
- ✓ Fallon Community Health Plan,
- ✓ Harvard Pilgrim Health Care,
- ✓ Health New England,
- ✓ Neighborhood Health Plan and
- ✓ Tufts Health Plan.

Together, these plans represent about 90% of the commercial, licensed health insurance market.

Each of the plans offered through the Health Connector by the six carriers may also be purchased directly from the individual carriers.

Small employers with 50 or fewer workers are also able to purchase directly through the Health Connector's Business Express program. Some small employers may also qualify for a rebate of 15 percent of the contribution they make to their employees' coverage by taking part in Wellness Track.

## **ENROLLMENT**

There are now 439,000 newly insured in the Commonwealth of Massachusetts since the outset of healthcare reform. Between the fall of 2006 and 2008, as measured in a survey by the Urban Institute, uninsured working-age adults declined from 13% to 4%. Large declines were evident across income categories, for both those earning above and below 300% of fpl.

As of March 2011, about 71,000 are in private commercial insurance, purchasing either through the Commonwealth Choice offering or directly on their own from private insurance carriers. As of Sept. 1, 2012, CommChoice membership is approximately

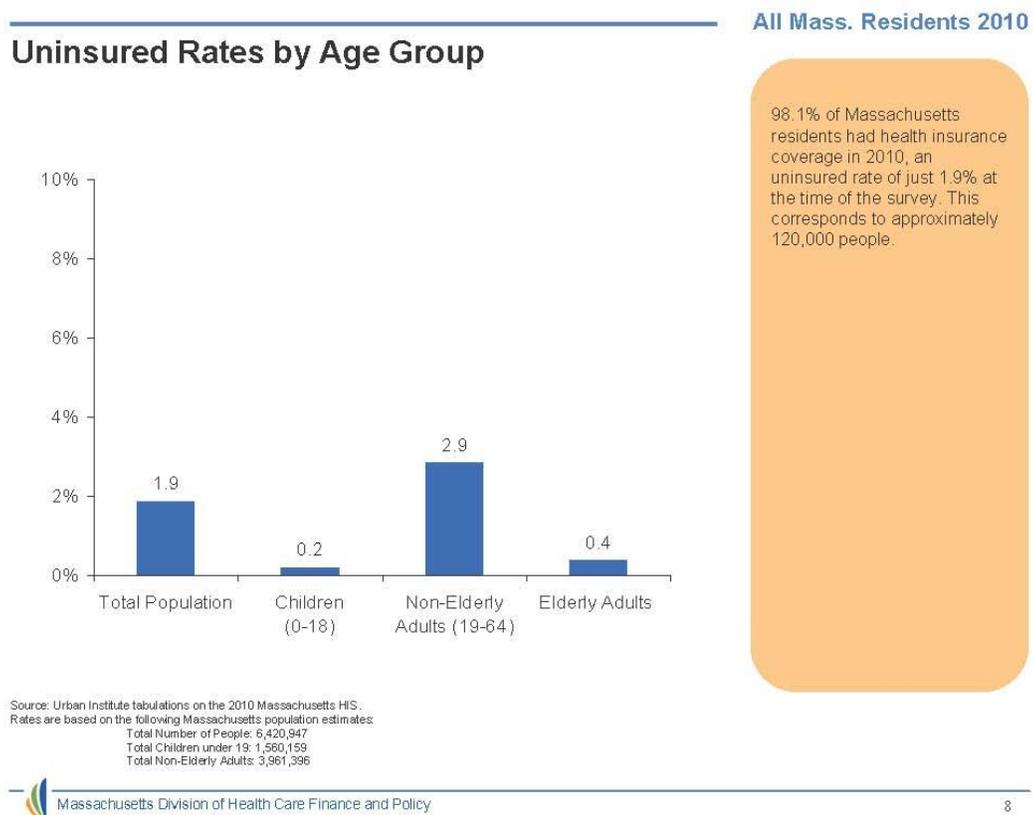
42,000. Approximately 4,500 of those members are small business workers and their dependents.

There are approximately 192,000 members in the Commonwealth Care program. About 72,000 pay a monthly premium. This includes members of the former Bridge program.

## **THE UNINSURED**

Estimates of how many uninsured there were in Massachusetts when the landmark legislation was signed into law on April 12, 2006, range from 400,000 to 650,000. For tax year 2010, 92% of tax filers were insured for the full year while 96% were insured at some point during the year, according to the Massachusetts Department of Revenue. Only 44,000 were subject to the tax penalty. That figure has declined since the onset of reform when 67,000 were subject to a penalty in 2007, 53,000 in 2008 and 48,000 in 2009.

An estimate by the Division of Health Care Finance and Policy published in December 2010 showed that only 1.9% of Massachusetts residents remain uninsured as of summer of 2010.



## **ACCESS TO CARE**

The Massachusetts Health Care Access Survey conducted by the University of New Hampshire Survey Center for the Blue Cross Blue Shield of Massachusetts Foundation and The Boston Globe in October 2008 reported that 92% of Massachusetts residents say they have a person they think of as their primary health care provider. Only 5% of Massachusetts residents said there was a time in the past year that they needed medical care, tests or treatments which they did not get. Only 1% of Massachusetts residents said they were unable to get needed counseling or mental health services.

## **COMMONWEALTH CARE PROGRAM COST**

The Commonwealth Care program is funded by both the state and federal governments.

Spending was initially higher than projected because more members enrolled than had been anticipated. This suggests that the number of uninsured at the outset was closer to the federal estimate of more than 600,000 rather than the state's original estimate of 400,000.

Enrollment leveled off during FY 2009 as spending came in at \$805 million, which was \$69 million less than budgeted. When the legislative conferees who crafted the healthcare reform legislation in 2006 looked at future spending, they estimated it would cost \$725 million in FY09. Again, the difference is due to the number of eligible enrollees in Commonwealth Care.

Since the inception of the program in 2006, the average annual rate of increase in the capitation rate per covered person has been held to less than 2%. Governor Deval Patrick has proposed spending \$974 million for this program in FY 2013.

## **HEALTH SAFETY NET**

Formerly known as the Uncompensated Care Pool, the Health Safety Net Fund provides medical services for residents whose income is below 400% of fpl and do not qualify for MassHealth and Commonwealth Care. Spending has declined significantly since the implementation of reform. It has gone from \$652 million in FY06 to \$414 million in FY09. These savings are being used to support several aspects of the Massachusetts healthcare reform effort, including Commonwealth Care.

Since health insurance provides a broader range of care, including visits to private doctors and specialists, than the episodic visits paid through the pool, reductions in free care spending will not cover the total cost of subsidies.

## **PUBLIC SUPPORT**

Support for the initiative to insure nearly all Massachusetts adults has grown since implementation in 2006, according to surveys done by the Harvard School of Public Health and the Blue Cross Blue Shield Foundation of Massachusetts. In September 2006 support among likely voters was measured at 61%. Six years later, support remains strong at 63%. In another survey, support is estimated as high as 75%.

There is also broad support among the business community. A November 2007 survey commissioned by the Blue Cross Blue Shield of Massachusetts Foundation and the Robert Wood Johnson Foundation showed that 77% of employers in the state agreed that employers bear some responsibility for providing health benefits to their workers.