

Alliance for Health Reform/  
Kaiser Family Foundation

Briefing

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# Massachusetts Health Reform

## *Four Most Asked Questions*



- What did Massachusetts do?
- How did Massachusetts pay for it?
- Will it work?
- Will it be a model for other states?

# Massachusetts Health Reform

## *Important Background Facts*



- Massachusetts has only 10% uninsured compared to 15% national average.
  - Broader employer coverage in Massachusetts
  - Broader Medicaid program
- In addition, Massachusetts has a pre-existing Uncompensated Care Pool that covers hospital costs for the uninsured.
  - \$160 million surcharge on insurance payments
  - \$160 million assessment on hospitals
  - \$220 million from general revenue

# Massachusetts Health Reform

## *Key Elements for Coverage*



- Individual Mandate
  - With mounting enforcement
- Subsidies
  - Under 300% of the federal poverty level
  - Full subsidies under 100% FPL
- Affordable Policies
  - Work in progress

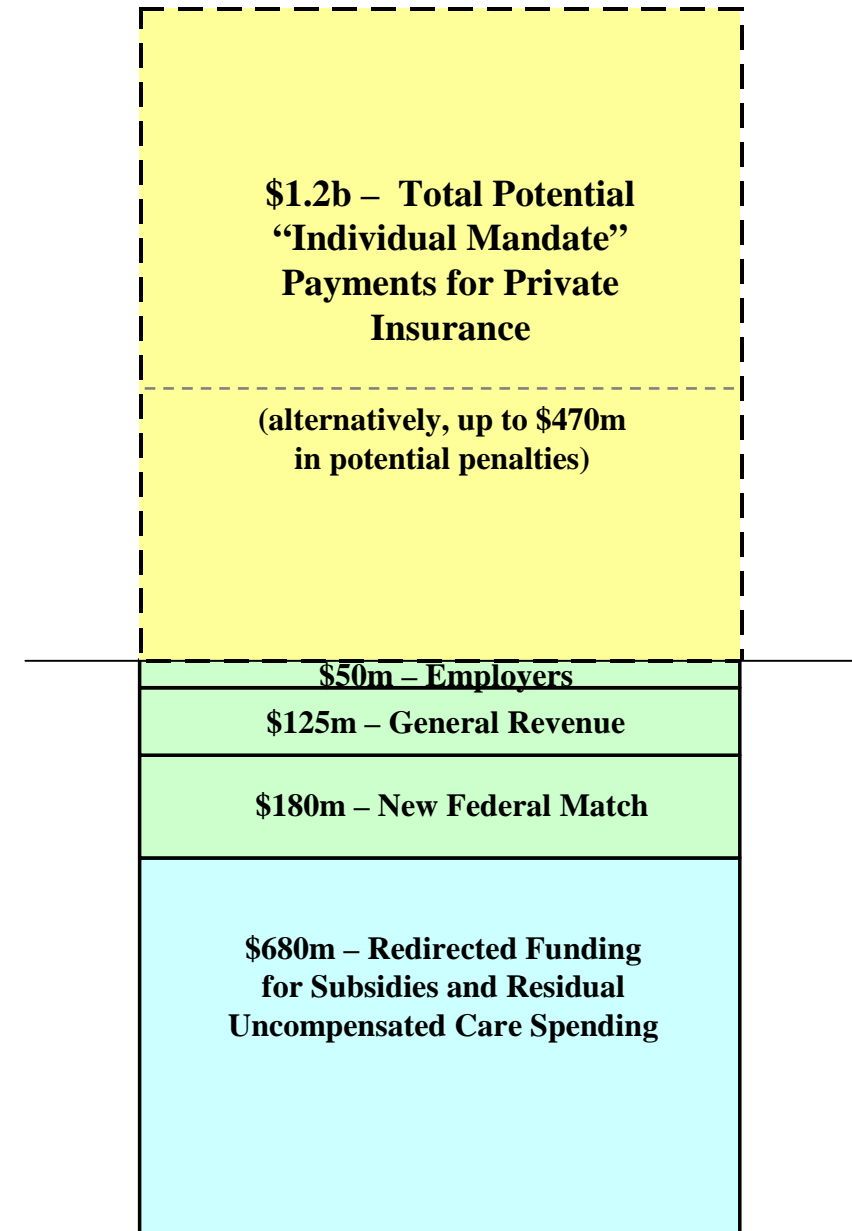
# Massachusetts Health Reform

## *How It Was Financed*



Year 3

- **4 Revenue Sources**
  - New “Individual Mandate” payments for private insurance
  - \$50m employer assessments
  - \$125m state general revenue allocated to health—not to tax cuts
  - \$180m additional federal match for Medicaid expansions and rate increases
- **Pre-existing funds in state Uncompensated Care Pool**
  - Substantially redirected from hospital payments to insurance subsidies



## Massachusetts Health Reform



### *Will it Work in Massachusetts? A Very Plausible Pathway to Much Broader Coverage*

- The extent to which coverage is expanded over the next 3 years will depend on the interplay of 3 factors:
  - The adequacy of subsidies to help with the purchase of insurance.
  - The adequacy and availability of more affordable health insurance policies.
  - The political viability of the individual mandate, influenced by the two factors above.

- Good News – Has started a renewed debate
- Bad News – Harder to do in other states
  - Financing issues will be tougher and unavoidable in other states
  - Achieving balanced support – particularly from business groups, advocates, and providers – is critical and difficult
  - Committed, knowledgeable leadership is essential