

based coverage has increased. This increase is most likely due to a greater take-up of coverage among employees who were previously offered coverage by their employer. According to data from the Massachusetts Association of Health Plans, from January 2007 to January 2008, the number of people with employer-based coverage increased by 85,000.

Individual Coverage

The Massachusetts Association of Health Plans data also indicated that the number of people with individual policies purchased through the newly merged individual and small-group insurance market increased by less than 10,000.

QUALITY IMPROVEMENT AND COST CONTAINMENT

Although the initial focus of the Massachusetts reform effort was on expanding coverage, the health reform law also created the Health Care Quality and Cost Council, which is charged with establishing statewide goals for improving quality, containing costs, and reducing racial and ethnic disparities in health. The Council released its first report on April 23, 2008 and among the goals for 2008 are to:

- Adopt a standard measurement of annual health care spending for the state—the “Massachusetts Global Health Cost Indicator”
- Develop a website (launch date June 2008) to provide consumers with cost and quality information to compare health care procedures at different hospitals

The Council will also make other legislative and regulatory recommendations for controlling health care costs.

IMPLEMENTATION CHALLENGES

Despite the success of the reform plan in expanding coverage in the short-term, the state faces a number of challenges as it moves forward with implementation.

The costs of reform have been higher than expected. Because of the successful enrollment into the Commonwealth Care program, the costs for this program have exceeded previous estimates. The Governor’s budget request of \$869 million for 2009 is about \$400 million more than that for 2008, and it is believed that this funding level may still fall short. State officials remain committed to the reform effort and are considering various options for raising additional revenue, including increasing the tobacco tax. There have also been calls for a greater commitment to the concept of shared responsibility on the part of providers, health insurers and employers, though no changes to the current financing structure have been made. Additionally, legislation aimed at constraining health care cost growth overall is being debated by the legislature.

Another factor complicating the financing picture is that the state’s Medicaid 1115 waiver expires this year. This waiver, which created the Safety Net Care Pool, is the primary source of funding for the subsidies provided through the

Commonwealth Care program. While it is expected that the waiver will be renewed, any changes to the level of federal funding and how that funding can be used will affect the future financing of the program.

As health care costs rise, keeping insurance affordable will be increasingly difficult. As part of an agreement to raise rates paid to the managed care plans participating in the Commonwealth Care program, enrollees will face premium increases of 10 percent. They will also face higher cost sharing for doctor’s visits and other services. Although the premiums for the Commonwealth Choice plans have not yet been released, the Connector Authority Board has indicated that the increases will be less than 10 percent.

In April, the Commonwealth Connector Authority approved the affordability standards for 2008 (Figure 2). These standards indicate the premium amounts that are considered affordable for individuals and families at different income levels. Concerns have been raised that the increase in the affordability standards exceeds the rise in workers’ earnings and does not recognize the challenges people face in affording health care coverage.

Figure 2

2008 Affordability Standards

Individuals		Families	
Income Range	Monthly Premium	Income Range	Monthly Premium
\$0 - \$15,612	\$0	\$0 - \$26,412	\$0
\$15,613 - \$20,808	\$39	\$26,413 - \$35,208	\$78
\$20,709 - \$26,016	\$77	\$35,209 - \$44,016	\$154
\$26,017 - \$31,212	\$116	\$44,017 - \$52,812	\$232
\$31,213 - \$37,500	\$165	\$52,813 - \$70,000	\$352
\$37,501 - \$42,500	\$220	\$70,001 - \$90,000	\$550
\$42,501 - \$52,500	\$330	\$90,001 - \$110,000	\$792
\$52,501+	Affordable	\$110,001+	Affordable

Note, the dark line denotes the income cut-off for Commonwealth Care eligibility.

THE FUTURE OF REFORM

Two years following passage of comprehensive health care reform, Massachusetts has been largely successful in expanding coverage to the uninsured. Over time, from Massachusetts we will learn the extent to which an individual mandate for health insurance coverage is enforceable and leads to broader coverage and whether statewide purchasing pools, such as the Commonwealth Connector, can provide affordable health insurance options for those without coverage. Continued success will depend on controlling health care cost growth and holding together the coalition of stakeholders that came together around the broad tenets of health reform. All eyes will remain on Massachusetts as it continues to carve a path toward comprehensive health care reform and as the nation debates national health care reform.

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