The Massachusetts Health Care Initiative
Overview (and A Few Thoughts)

Blue Ribbon Commission on Health Care Costs and Access

September 11, 2006

Aaron Katz

Senior Lecturer

School of Public Health and Community Medicine

University of Washington

Context

- Experiences of the 1990s
  - Failed state system reform efforts
  - Successful public program expansions
- The Malaise of the early 2000s - Rising costs, uninsured rates
- (Re)New(ed) state initiatives
- Massachusetts' federal Medicaid waiver
- Massachusetts politics

Sources of Insurance Coverage, 0-64 years, 1993-2000

	1993	1997	1998	2000
Employment-Based	70.9	68.8	68.0	70.7
Public	8.9	12.5	13.3	13.7
Individual	7.1	7.2	8.4	6.4
Uninsured	13.1	11.5	10.3	9.2

Source: 1993, 1997 RWJF Washington Family Health Insurance Survey; 1998, 2000 Washington State Population Survey. Data refer to the population under 65.

Overview (1)

□ Expands subsidized coverage

- Medicaid expansion to 300% FPL for children
- $3M for outreach
- Restores MassHealth benefits (eyes, teeth)
- Pre-tax premiums for individuals
- Sliding premium subsidies for workers <300% FPL

□ Increases Medicaid payments to providers

- Tied to quality, efficiency, and outcomes

Overview (2)

- Reforms insurance markets
  - Merges individual + small group markets
  - "Connector" certifies, allows for portability
- Mandates insurance by individuals
  - When "affordable"
  - Sanctioned through state income tax
- Mandates business payment
  - >~$295/FTE/year
  - Free Rider Surcharge

The Good

- Expands publicly subsidized coverage

- Recognizes people need healthy eyes and teeth

- Merges insurance risk pools

- Creates a public authority to define "affordable," "good quality," "high value" in insurance

- (Re)Sets a goal of universal coverage – individual responsibility and right

The Bad

- Worsens unfair financing system
  - Disincentives for employers to provide coverage
  - Forces families to make unwise financial choices
- Does not control costs
- Is not financially or politically sustainable