

# The Massachusetts Experiment



Jack T. Evjy, MD  
Medical Affairs Advisor  
Massachusetts Medical Society



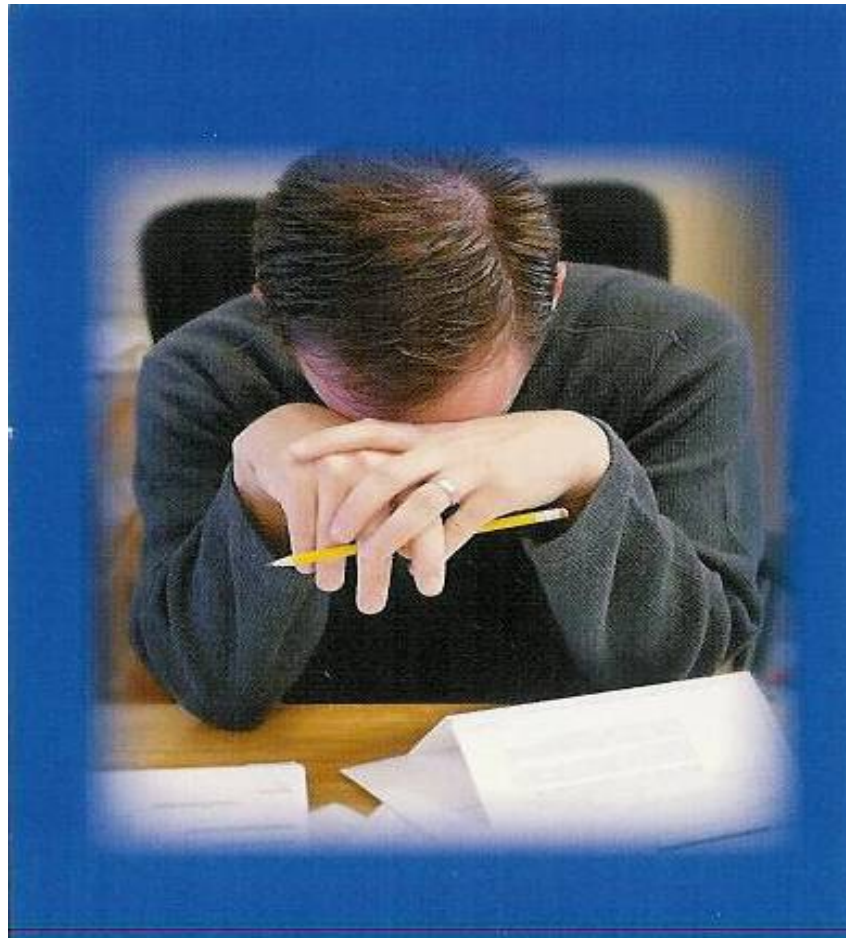
# Romney signing Chapter 58

## April 12, 2006





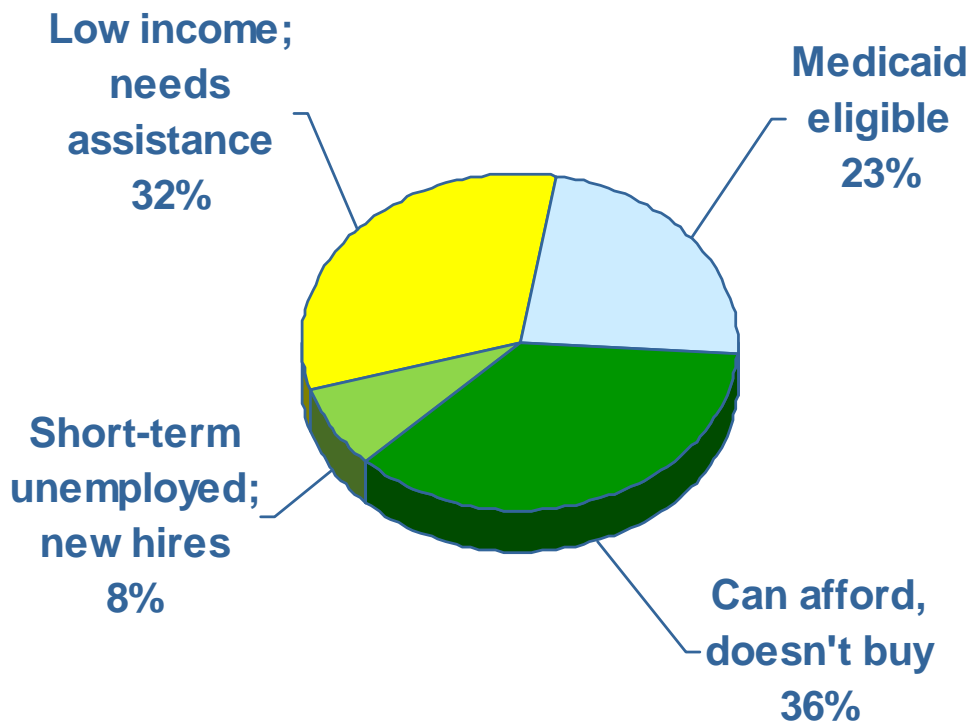
# Affording Your Health

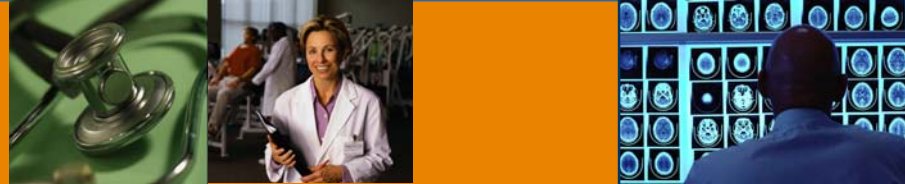




# Why Massachusetts?

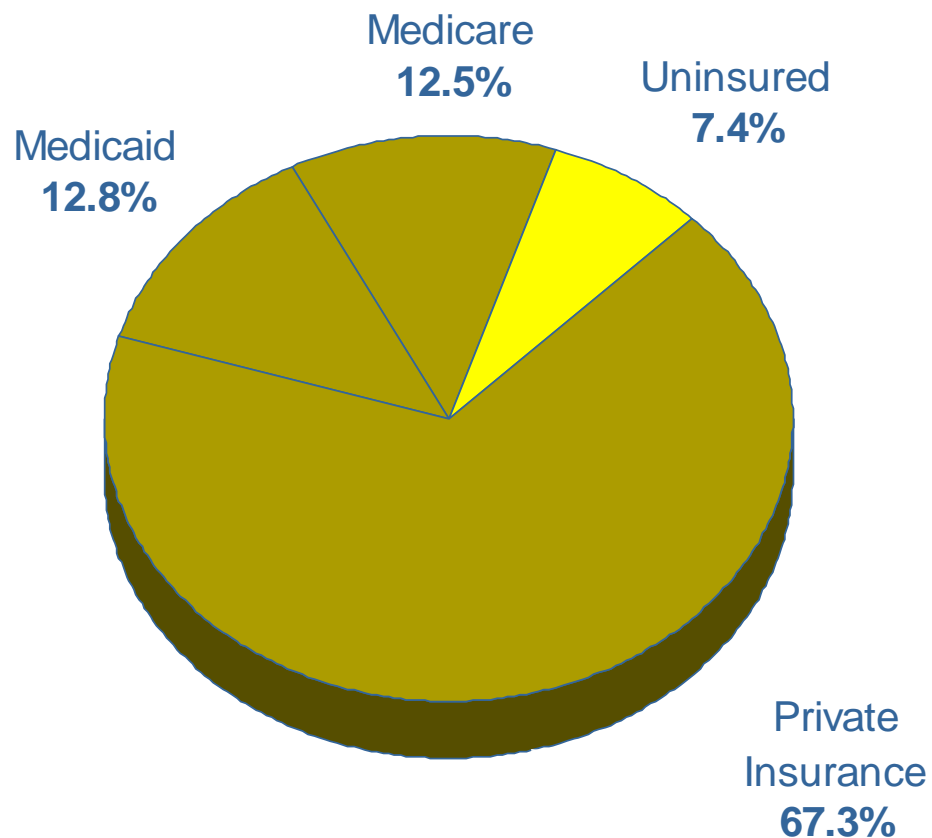
Low numbers of uninsured:  
7.4% or 550,000





# Why Massachusetts?

92.6%  
of Mass.  
residents  
covered by  
public or  
private  
insurance

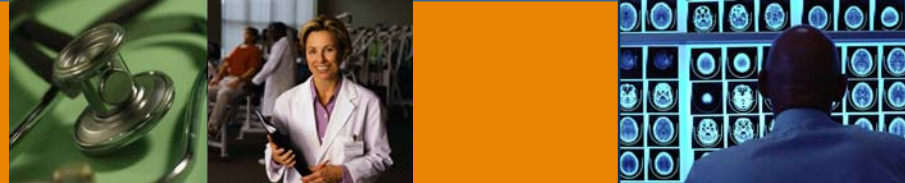




# Why Massachusetts?

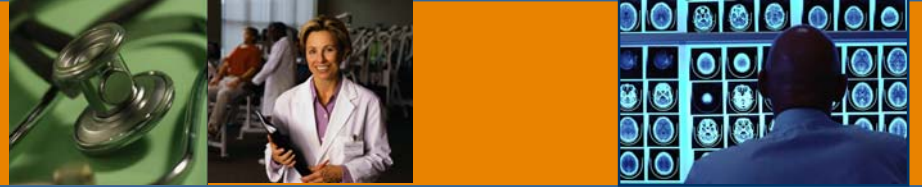
Some other factors ...

- High level of Medicaid spending
- “Free care pool” already committed to care of the uninsured
- Commitment from all key stakeholders
  - Governor and Legislature
  - Business community
  - Hospitals and physicians
  - Consumers
- Referendum petition and constitutional amendment pending



# Key Concept: Shared Responsibility

- Government
  - Adequate appropriation, including Medicaid increase for physicians and hospitals
- Businesses
  - “Employer responsibility”-all with 11+ employees must provide meaningful insurance package
- Consumers
  - “Individual responsibility”-everyone must sign up by end of 2007
- Plans
  - Affordable products
- Providers
  - Agreement to participate



# What's in the bill?

- Creates the **Commonwealth Health Insurance Connector Authority – 10 persons**
- Oversees the **Commonwealth Health Insurance Program**
  - Commonwealth Care – subsidized insurance
  - Commonwealth Choice – “affordable” insurance products
- This is the “heart” of the legislation
  - Determines “minimum credible coverage” and “affordability schedule”



# Three Coverage “Buckets”



## Public (Medicaid)

- Up to 100% FPL (adults) and 300% FPL (children) = No premium, w/ co-pays
- About 75,000 people



## Private Subsidized

- Up to 150% FPL = No premium, w/ co-pays
- 150%-300% FPL = Sliding premiums, w/ co-pays
- About 210,000 people



## Private Unsubsidized

- Over 300% FPL = Full premium, co-pays and deductibles
- But some waivers
- About 265,000 people

**New insured residents so far: 370,000**



# How Do We Pay For it?

- **Federal government:** Big Medicaid waiver
- **State government:** Subsidies for “working poor”
- **Business:** Penalties for not participating, for those with 10+ employees
- **Consumers:** Cost sharing; penalties for not participating



# How Do We Pay For it?

## Federal

“Safety Net” revenues	\$605-\$610 million
Medicaid Match	\$185-\$300 million

## State

General fund	\$125 million
--------------	---------------

## Pool assessments

Hospitals	\$160 million
Health plan surcharge	\$160 million

## Employers

“Fair Share”	\$45-\$22.5 million
“Free Rider”	\$50-\$25 million

## Consumers

Premiums, co-pays, deductible	\$1.0 billion
-------------------------------	---------------

---

## TOTAL

~ \$2.5 billion

\* pre-implementation estimates

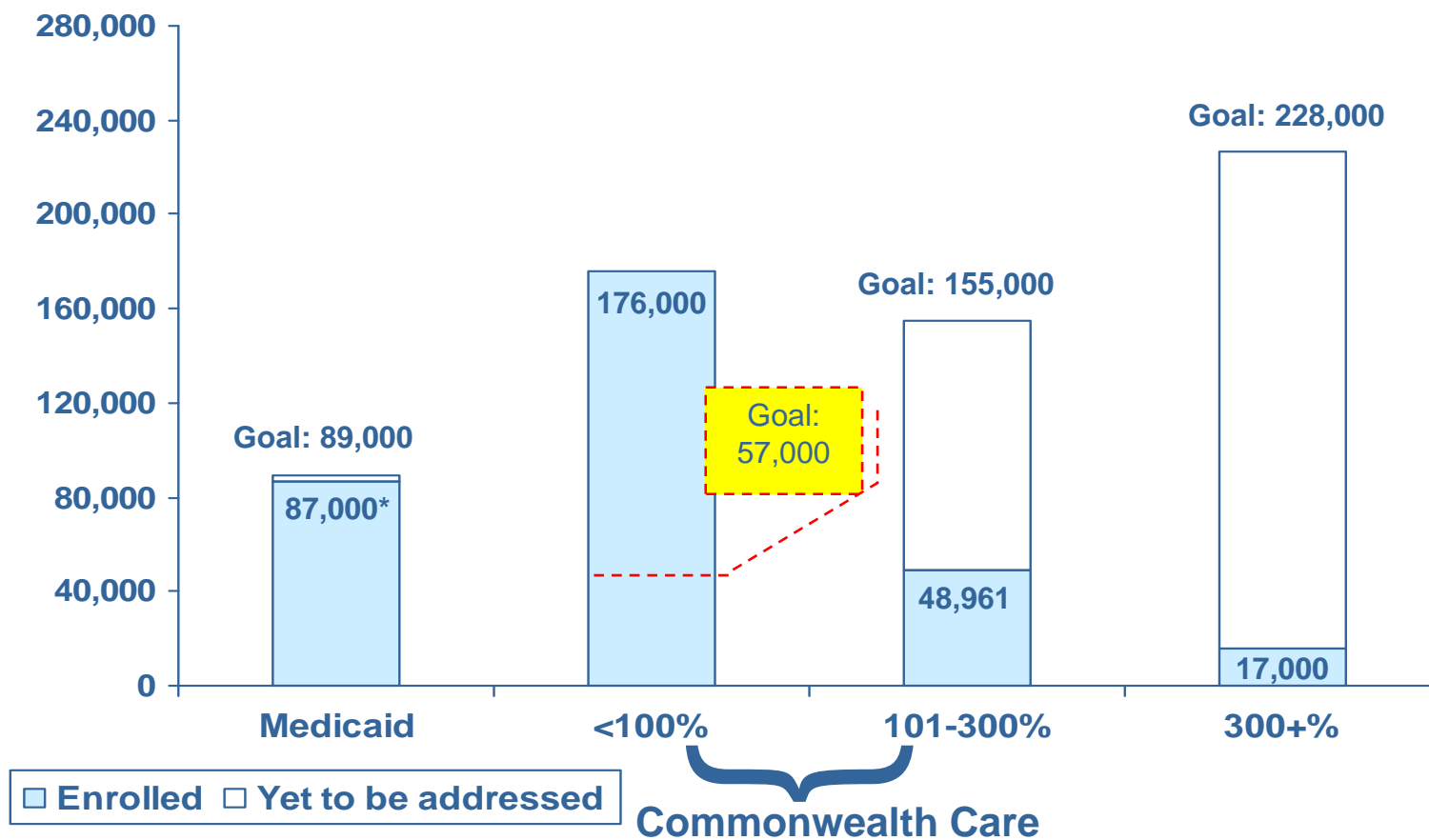


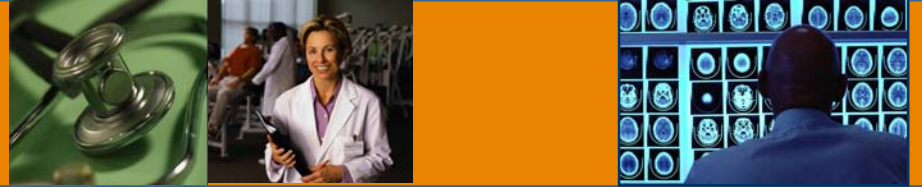
# What's Happening?

- Enrolling with enthusiasm - Medicaid and fully subsidized insurance products
- Strong enrollment - partially subsidized products
- Slower uptake - non-subsidized products



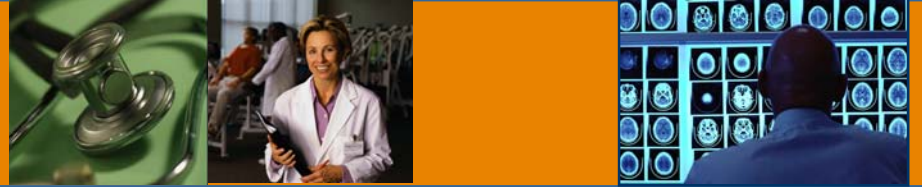
# Enrollment through March 1, 2008





# What's Happening in MA?

- Costs are rising – but so are the number of patients
  - Governor has requested additional appropriations for this FY
  - FY '09 funding is 20% higher than anticipated 2 years ago
  - Free care pool use and costs are falling
  - Cost is highest priority for all stakeholders
- New patients are arriving
  - Many have chronic, complex conditions
- Patients paying slightly more in Year 2
  - Most premiums increasing by average 5%
  - Most co-payments increasing by \$5 to \$15
- Some PCPs under disproportionate stress
  - Exacerbating primary care shortages



# What's Happening in MA?

- Quality and Cost Council goals
  - Reduce costs
  - Improve safety
  - Improve chronic disease management
  - Improve quality measurement
  - Eliminate racial and ethnic disparities
  - Promote transparency (cost and quality information available to the public)
- Medicaid waver remains critical to success
- State administrative burden is high
- Community health centers are a focus



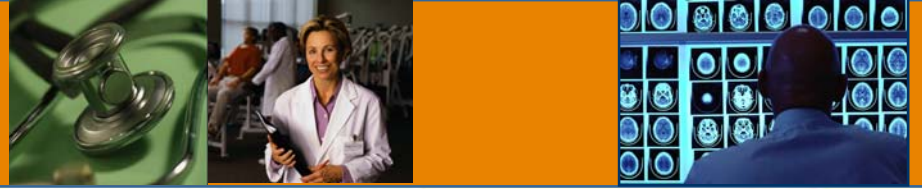
# Coalitions are critical





# Patrick Heralding 2<sup>nd</sup> Anniversary April 10, 2008





“Now this is not the end. It is not even the beginning of the end, But it is, perhaps, the end of the beginning.”

Sir Winston Churchill Speech November 1942