What Washington Can Learn from Massachusetts Health Care Reform
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In April 2006, Republican Governor Romney signed into law the Massachusetts Health Plan passed by a Democrat legislature. This bipartisan law requires that residents of Massachusetts have health insurance coverage. Because all states are grappling with how to help their uninsured populations, this law has received national interest and warrants careful attention as Massachusetts implements its new law. While it is too early to assess the long-term impacts of this law, Washington can learn from Massachusetts’ efforts.

There is some debate about whether Washington should follow Massachusetts’ lead on this issue. Below are some of the pros and cons of applying such a plan to Washington, as well as some unresolved issues to consider.

Pros
• Politics: The law was a bipartisan effort. Successful health care reform is less likely to occur in a purely partisan environment.

• Premise: Health care coverage is required of Massachusetts’ residents; it is not an entitlement.

• Mandates: The law requires a moratorium on new mandated insurance benefits for a year and a half, until Massachusetts has finished a comprehensive review of the existing mandates. Washington has yet to look at its 50 existing mandates and determine their cost and effectiveness.

• Transparency of Health Care Costs and Quality: The Massachusetts law requires that a consumer health information website be established and maintained. This website must compare the cost and quality of health care services and assist consumers in making informed health care decisions. Washington residents need a similar means of accessing transparent health care information regarding cost and quality for them to be more responsible and active in their health care decisions.

• Portability: The Massachusetts Connector program allows for portability of health insurance coverage between jobs, as long as both employers use the Connector.

Cons
• Mandates: All current Massachusetts mandates are left in place; there are no insurance plans with a reduced number of mandates or no mandates. Mandates increase the cost of insurance coverage. In Massachusetts it is thought that a four to nine percent savings could be achieved if some of the mandates were removed. Washington could also lower costs by reducing mandates.

• Pay for Performance: Medicaid reimbursement increases are tied to quality and performance measures. This approach harms the patient-physician relationship because a doctor’s incentives are now aligned more with reimbursement than with patient care. Moreover, such a system can conflict
with high quality personalized care as physicians are encouraged not to deviate from established guidelines.

- **Complexity:** The system Massachusetts set up is very complicated and requires additional levels of regulation and government involvement. At least 10 new boards and commissions are established. State agencies will collect information on residents’ insurance status, income, and lifestyle, raising privacy concerns. Washington should consider a simpler, less intrusive approach to resolving the uninsured issue.

- **Fair Share Contribution:** Employers who have 11 or more employees and do not offer health insurance must pay approximately $295 in new taxes per full time employee per year. This only targets employers of a certain size, singling out employers that have exceeded 10 employees. Once such precedent is established, it is foreseeable that the amount of the assessment will increase. This is an employer mandate similar to that in Washington’s HB 2517 in 2006. The Washington Legislature chose not to pass a fair share bill the last two sessions and it should not be enticed to do so because of Massachusetts.

- **Enforcement:** Massachusetts requires that residents provide proof of their health insurance coverage on their state income tax forms. Individuals who do not obtain coverage will be penalized. Clearly, Washington, which does not have a state income tax, would need to develop another means of tracking individual coverage, which is likely to be burdensome and difficult to enforce.

**Unknowns**

There are numerous unknowns and probably some unintended consequences that will result from Massachusetts’ new law. These include:

- **Sustainable Financing:** It is unlikely the funds Massachusetts has will be sufficient to sustain their plan, particularly when health care costs continue to rise much faster than inflation.

- **Existence of Affordable Health Plans:** The law only requires Massachusetts residents to have health insurance if affordable health plans are available. Since “affordable” is not defined in the law, it remains to be seen if such products will exist and whether they will meet the health care needs of Massachusetts residents.

- **What the Plan Will Actually Look Like:** Most details of the Massachusetts plan are not specified in the law. Rather, state agencies are authorized to develop the details, such as what is an employer’s “fair share employer contribution.”

**Conclusion**

Overall, some parts of Massachusetts’ law are good health care policy. In addition to the elements listed above, Massachusetts’ law attempts to promote more efficient use of health care services by requiring a copayment for enrollees with an income below 100% of the federal poverty level when they use an emergency room for non-emergency conditions. But many elements of Massachusetts’ plan are not readily applicable to Washington, nor would they be good policy for Washington, particularly the new payroll tax. As Massachusetts moves into the implementation phase of its health care reform plan, Washington should watch carefully and not rush to mimic the Bay State.

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