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## Massachusetts Health Care Reform's Financing Gets A "C": Early Success With Troubling Signs for the Future

**BOSTON** - Massachusetts health care reform gets a "C" for equitable and sustainable financing from Pioneer's [An Interim Report Card on Massachusetts Health Care Reform: Part 2: Equitable and Sustainable Financing](#). Although much of the evidence is positive, the rate increases for small groups, and the data on medical bankruptcy and financial sustainability are reasons for concern. Lack of current data is also an important issue, as some of the most recent data trend toward deterioration.

Pioneer's four-part *Interim Report Card Series* is authored by Amy Lischko, Senior Health Care Fellow at Pioneer Institute and Assistant Professor of Public Health and Community Medicine at Tufts University School of Medicine. This second chapter, which covers financing, is co-authored by Kristin Manzollilo. The final two parts of the *Interim Report Card* will assess the impact of health care reform on administration, and the cost and quality of health care provided.

"While the Massachusetts health care reform did not shift costs in its early stages, it certainly did not contain them," says Lischko. "We need more data and with regular frequency to determine the ongoing impact of the reform."

"We're pleased that this series has garnered interest from experts across the country, and here at home from policy makers, gubernatorial candidates, and advocates," says Pioneer executive Director Jim Stergios. "This chapter of the report card makes it clear that we face a real challenge in financing the health care reform. Any experiment requires continuous adjustments, which require better and timelier information to act upon."

[The report](#) recommends:

- The Commonwealth should encourage new methods for measuring the outcomes of reform. Establishing an all-payer claims database would create overall health care cost transparency and provide annual reports that also identify specific cost drivers. It should be noted that the Division of Health Care Finance and Policy has work under way in this regard.
- The Centers for Medicaid and Medicaid Services should provide state-level data more frequently. It is essential to monitor health care cost trends in a timelier manner to better understand the impact various policy changes have on overall health care costs in as close to real time as possible.
- Greater oversight by the state of the Health Safety Net will help ensure that this remains a true safety net and not a substitute "program" for uninsured people.

Part 2 gives health care reform financing an overall grade of “C” based on the following findings:

- Metric 1: Is the funding for healthcare distributed equitably across various funding sources? The data indicate good performance in this area in the early phases of reform; however, without more recent data available, there is only a moderate level of certainty that this has been sustained. Grade: B
- Metric 2: How have per capita health care expenditures changed for the newly insured and the health safety net? Reform’s sustainability relies upon a continuing decrease in the use of the HSNTF as more individuals gain access to insurance. With funding going towards both the HSNTF and Commonwealth Care, along with increased per capita spending on the newly insured, it remains unclear if this model is sustainable. Grade: C.
- Metric 3: Has the reform altered relative health care cost trends? There is no evidence to suggest that the reform has changed the general health care cost growth trend that was estimated based on 2004 data; however, it is inappropriate to rely on older data for evaluation of this metric. Grade: Incomplete.
- Metric 4: Are premiums going up and if so for whom? The reform has to date succeeded at reducing the rate of increase for people purchasing in the nongroup market, but costs in Massachusetts still exceed national averages. Furthermore, the recent cost increases experienced by small groups need to be understood and quickly addressed if the reform is to be sustainable. Grade: C.
- Metric 5: Are residents able to afford coverage, or do they seek exemptions to the individual mandate? Based on the available data, the initial number of individuals deemed unable to afford coverage is minimal. However, with rising health care costs, the sustainability of this area of reform is questionable. Grade: B.
- Metric 6: How do Massachusetts’ medical bankruptcy rates compare to those in other states? While Massachusetts residents reported a decrease in the difficulty of paying medical bills since 2006, one in five adults indicated that they were paying off medical bills over time in 2008. When looking at adults earning more than 300% of the federal poverty level, over one in four are still carrying medical debt. Grade: C.

Part 3 of the *Interim Report Card* series will examine the administration of Massachusetts health care reform.



### **Pioneer’s Position on Health Care Reform**

Regarding health care reform in Massachusetts, Pioneer has not yet taken a position on the reform act. We seek first to understand and measure its performance empirically.

Pioneer believes that national health care reform efforts are premature. State-level experimentation is at an early stage. We will need a variety of experiments to test ideas and policy frameworks. This is the proper role of the states to act as laboratories, which ultimately drive sensible federal debates on reform. As occurred with welfare reform in the eighties and nineties, robust experimentation at the state level allowed federal officials to draw important lessons from the successes and failures of a number of states as they sought a thoughtful national welfare reform bill.



[Pioneer Institute](#) is an independent, non-partisan, privately funded research organization that seeks to change the intellectual climate in the Commonwealth by supporting scholarship that tests marked solutions against the conventional wisdom of more governmental involvement in Massachusetts public policy issues.