Preparing for National Health Reform: Lessons from Massachusetts

Sharon K. Long
University of Minnesota

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Massachusetts Health Reform

- Legislation passed in April 2006
- Many parts, including:
  - Medicaid (MassHealth) expansions
  - CommCare--new program that provides income-related subsidies for private coverage
  - CommChoice-new purchasing arrangement
  - Special provisions for young adults
  - Insurance market reforms
  - Requirements for employers
  - Individual mandate
  - Standards for covered benefits
National reform modeled on Massachusetts’s 2006 legislation

- Expansion of eligibility for public programs
- Creation of health insurance exchanges
- Subsidies for low- and moderate-income individuals
- Expansion of dependent coverage
- Requirements for employers
- Individual mandate
- Standards for covered benefits
However, important differences between ACA and Massachusetts’s health reform

- Expands subsidies to higher income levels (400% FPL versus 300% FPL) but provides lower subsidies for some
- Imposes lower standards for affordability under the individual mandate
- Provides more generous expansion of dependent coverage (doesn’t require that child be claimed as dependent for tax purposes)
- Provides tax credits for small businesses
- Limits penalties for employers who do not offer insurance coverage to larger firms (>50 workers versus >10 workers)
- Extends some insurance protections to workers in self-insured plans which are not under the purview of state regulators
Massachusetts also started reform with a stronger foundation than many states

- Prior expansions of Medicaid
- Prior insurance market reforms—modified community rating and guaranteed issue
- Strong employer-sponsored insurance coverage
- Relatively low uninsurance
- Culture of collaboration
Findings on impacts of health reform in Massachusetts can help inform national policy

- Studies of the effects on individuals
- Studies of the response by employers—offer rates, scope of coverage, premiums
- Studies of the effects on providers—safety net providers, hospitals, emergency departments
Hypothesized impact of Massachusetts health reform on individuals

- Increase insurance coverage
- Improve access to health care
- Increase use of health care services
  - For those who gain insurance coverage
  - For those who gain expanded benefit package with “Minimum Creditable Coverage”
- Make care more affordable for individuals
Data needed for an evaluation of potential impacts on individuals

- State representative sample
- Large state sample size
- Relevant outcome measures
  - Insurance coverage
  - Access to and use of care
  - Affordability of care
  - Quality of care
- Timely data
Massachusetts Health Reform Survey

- Baseline MHRS survey in Fall 2006 with follow-up surveys every year
- Advantages:
  - Oversamples populations targeted by health reform
  - Rich set of measures of coverage, access, use, and affordability
  - Findings available fairly quickly (Spring/Summer)
- Disadvantage:
  - Relies on pre-post comparisons to estimate the impacts of health reform
  - Doesn’t cover all state residents
# Data sources used to estimate impacts of health reform on individuals in MA

<table>
<thead>
<tr>
<th></th>
<th>MHRS</th>
<th>CPS</th>
<th>NHIS</th>
<th>BRFSS</th>
<th>Administrative Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample size for MA?</td>
<td>~3,000 each year</td>
<td>~3,000 each year</td>
<td>~1,700 each year</td>
<td>~17,000 each year</td>
<td>NA</td>
</tr>
<tr>
<td>Outcome measures?</td>
<td>Insurance, access, use, affordability</td>
<td>Insurance</td>
<td>Insurance, access, use, limited affordability</td>
<td>Limited insurance, access, use, affordability</td>
<td>Insurance, use</td>
</tr>
<tr>
<td>Data for other states?</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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## Summary of study findings: impacts on insurance coverage for non-elderly adults

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<tbody>
<tr>
<td><strong>Insurance coverage</strong></td>
<td>3 studies</td>
<td>2 studies</td>
<td>1 study</td>
<td>3 studies</td>
<td>1 study</td>
</tr>
<tr>
<td><strong>Evidence of crowd-out of ESI coverage</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Not available</td>
<td>No</td>
</tr>
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Summary of study findings: impacts on health care access & use for non-elderly adults

<table>
<thead>
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<tr>
<td></td>
<td>3 studies</td>
<td>1 study</td>
<td>3 studies</td>
</tr>
<tr>
<td>Access to care</td>
<td>Same or improved access</td>
<td>Same, with one indicator of reduced access</td>
<td>Same or improved access</td>
</tr>
<tr>
<td>Use of care</td>
<td>Same or increased use</td>
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Summary of study findings: impacts on health care affordability for non-elderly adults

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<tr>
<td>Affordability of care</td>
<td>Same or improved affordability</td>
<td>Same or improved affordability</td>
<td>Improved affordability</td>
</tr>
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Potential impact of Massachusetts health reform on employers

- Employers could stop offering insurance coverage to workers, shifting employees from private coverage to public coverage
Available data to support estimates of employers’ response to health reform

• Employer surveys
  – RWJF/NORC Massachusetts Employer Benefits Survey
  – Massachusetts DHCFP Employer Survey

• Employer response from perspective of workers
  – Massachusetts Health Reform Survey
Summary of study findings: employer responses to health reform

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<th>RWJF/NORC Employer Survey</th>
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<td>Employer offer rate</td>
<td>Increase in share of firms offering coverage in MA, while national share offering coverage dropped</td>
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<td>No change in share of workers in firms that offered coverage pre- and post-reform</td>
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Studies show consistent impacts of health reform in Massachusetts

- Increase in insurance coverage, with no crowding out of private coverage
- Improvements in access to and use of health care
- Improvements in affordability of health care for individuals
- Employer role in health insurance coverage remains strong
Studies highlight need to improve data for future evaluations of health reform

• National surveys
  – Expand state samples
  – Expand survey content
  – Speed up the release of data files

• State surveys
  – Expand coordination efforts to increase comparability

• Administrative data
  – Establish uniform data collection efforts for Medicaid, CHIP, and the new exchanges