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Preparing for National Health Reform: Lessons from Massachusetts

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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

	MHRS	CPS	NHIS	BRFSS	Administrative Data
Sample size for MA?	~3,000 each year	~3,000 each year	~1,700 each year	~17,000 each year	NA
Outcome measures?	Insurance, access, use, affordability	Insurance	Insurance, access, use, limited affordability	Limited insurance, access, use, affordability	Insurance, use
Data for other states?	No	Yes	Yes	Yes	No
Evaluation framework?	Pre-post	Difference-in-differences	Difference-in-differences	Difference-in-differences	Pre-post; trends

Summary of study findings: impacts on insurance coverage for non-elderly adults

	MHRS (through 2009) **3 studies**	**CPS (through 2008)** **2 studies**	**NHIS (through 2008)** **1 study**	**BRFSS (through 2008)** **3 studies**	**Admin. Data (through 2010)** **1 study**
Insurance coverage	Up 6 to 8 percentage points	Up 7 percentage points	Up 2 to 3 percentage points	Up 5 to 8 percentage points	Up by 8 percent
Evidence of crowd-out of ESI coverage	No	No	No	Not available	No

Summary of study findings: impacts on health care access & use for non-elderly adults

	MHRS (through 2009) **3 studies**	**NHIS (through 2008)** **1 study**	**BRFSS (through 2008)** **3 studies**
Access to care	Same or improved access	Same, with one indicator of reduced access	Same or improved access
Use of care	Same or increased use	Same or increased use	Same or increased use

Summary of study findings: impacts on health care affordability for non-elderly adults

	MHRS (through 2009) **3 studies**	**NHIS (through 2008)** **1 study**	**BRFSS (through 2008)** **3 studies**
Affordability of care	Same or improved affordability	Same or improved affordability	Improved affordability

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

	DHCFP Employer Survey	RWJF/NORC Employer Survey	MHRS
Employer offer rate	Increase in share of firms offering coverage in MA, while national share offering coverage dropped	Increase in share of firms offering coverage in MA, while national share offering coverage dropped	No change in share of workers in firms that offered coverage pre- and post- reform

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