



How Do You Like These Apples?  
Massachusetts Health Reform –  
Round Three: Chapter 58

Public Health and the Law Conference  
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### Presentation Outline

- Introduction to Health Care For All
- Brief History of Massachusetts Health Reform – Three Waves
- Round Three: Chapter 58 of Acts of 2006 – What Passed?
  - Insurance Connector
  - MassHealth & Uncompensated Care Pool
  - Subsidized Coverage – CCHIP
  - Individual and Employer Responsibility
  - Insurance Market Reforms
  - Public Health Restorations and Other Sections
- Why and How Did Chapter 58 Happen?
- What Happens Next?
- National Stakes and Lessons




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### Health Care For All: Who We Are

- Just Massachusetts
- We Run Coalitions to Improve Public Policy
  - MassHealth Defense Group (MHD)
  - Children’s Health Access Coalition (CHAC)
  - Racial & Ethnic Health Disparities Action Network (DAN)
  - Oral Health Advocacy Task Force
  - Private Market Consumer Coalition
  - Affordable Care Today (ACT!)
  - Emerging work on e-Health and Quality
- We Run Programs to Assist Consumers
  - Consumer Helpline, Outreach & Enrollment, Health Law Advocates
- We Communicate to Inform Everyone
  - [www.hcfa.org](http://www.hcfa.org), email updates, Healthy Blog




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## Brief History of MA Health Reform

- 1988: Universal Health Care Law
  - \$1680 Pay or Play Employer Mandate
    - Never Implemented/Repealed 1996
  - CommonHealth, Student Insurance Mandate, Medical Security Plan, Healthy Start
- 1996: Chapter 203 MassHealth Bill
  - Medicaid->MassHealth; Enrollee growth from 670,000 ('95) to 1,020,000 ('01)
  - Coverage for all children – CMSP
  - Senior Pharmacy Program
- Both reform waves inspired national action



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## The Federal Section 1115 Waiver

- Section 1115 Waiver – Centers for Medicaid & Medicare Services (CMS) can “waive” rules
- 1997–2005: Two waivers
  - Both included “supplemental payments to special managed care organizations”: Cambridge Health Alliance’s Network Health and Boston Medical Center’s Health Net: \$385 million by 2005
- 2005: Feds demand changes in 3<sup>rd</sup> waiver
  - Payments to institutions must shift to coverage or state will lose \$385 million in '07 and '08
- Deadline: In place by 7/1/06



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## Chapter 58 – Insurance Connector

- Insurance Connector formed as quasi-public authority – 10 member board
  - Certifies health insurance plans as good value; makes available on pretax basis
  - Makes plans available to uninsured individuals and small employers
  - Allows portability if when changing jobs
  - Allows part-time workers to combine employer contributions
  - Defines “affordability” for purposes coverage subsidies and individual mandate



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## Chapter 58– Subsidized Coverage

- Commonwealth Care Health Insurance Program (C-CHIP):
  - Subsidized coverage for lower income uninsured below 300% of poverty (\$29,000/year/individual)
  - Premiums: no premium if below poverty; sliding scale between 100-300% fpl
  - No deductibles
  - Below 100%: MassHealth cost-sharing, dental, prescription, mental health benefits
  - For first three years, only existing Medicaid managed care plans can participate:
    - Health Net, Network Health, Neighborhood Health Plan, Fallon Health Plan



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## Chapter 58 – MassHealth

- MassHealth:
  - Children's coverage expands to 300% fpl (\$60,000/family of four)
  - MassHealth enrollment caps lifted
    - Essential, CommonHealth, HIV
  - Optional Benefits Restored: dental, dentures, eyeglasses, other adult services
  - New smoking cessation and wellness benefits
  - \$3M outreach/enrollment grants
  - \$270M (\$90 per year) rate hikes to hospitals and physicians
    - Years 2/3 tied to Pay for Performance benchmarks



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## Chap. 58: Uncompensated Care Pool

- Uncompensated Care Pool continues
  - No changes in funding, regulations until October 1, 2007
  - 10/1/07 becomes Health Safety Net Trust Fund
    - Administered by Office of Medicaid
  - Payments will be made on claims basis, using adjusted Medicare rates
  - Continues to reimburse for services to residual uninsured groups – i.e.: immigrants



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**Chapter 58–  
Individual Responsibility**

- **Individual Mandate**
  - By July 1, 2007 all residents 18+ must obtain health coverage
  - Penalties will be assessed if “affordable coverage” is available
  - Board of Insurance Connector defines “affordable”
  - Year 1: loss of personal tax exemption
  - Year 2: tax penalty = ½ cost of affordable plan per month
  - Enforced through tax system




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**Chapter 58–  
Employer Responsibility**

- **“Fair Share” Employer Contribution**
  - Employers (11+ workers) who don't offer coverage must pay \$295 per worker
  - Employer must make “fair and reasonable premium contribution” to be exempt
- **Employers must facilitate pre-tax IRS section 125 “cafeteria plan” for health insurance**
- **“Free Rider Surcharge”**
  - Non-offering Employers (11+ workers) with frequent pool users may be charged up to 100% of costs over \$50K
  - No charge on non-offering firms with 125 plans




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**Chapter 58– Insurance Market**

- **Small/Nongroup Insurance Market Reforms**
  - No high deductible plans beyond existing law
  - Permit HMO plans to offer HSAs
  - Non-group (individual) market will merge into small group market on 7/1/07
    - Could cut non-group premiums 24%
    - Disputed impact on small group: + 3-8%
  - Ages 19-25 young adults can stay on parents' plans for two years
  - Reduced-benefit plans for 19-26
  - Lots more




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## Chapter 58– And Lots More

- \$20M Public Health/Prevention Restorations
  - Diabetes, cancer, infection control, many more
- Quality and Cost Council
  - Sets cost and quality benchmarks
  - Produces website with data/findings
- Racial/Ethnic Health Disparities Council
  - Hospital data collection requirements
- Computerized Prescription Order Entry implementation -- \$5 million



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## How Did It Happen? Key Players

- Blue Cross Blue Shield of MA Foundation
  - Roadmap to Coverage Initiative
- Gov. Mitt Romney
- Advocacy Community
  - Affordable Care Today Coalition (ACT!)
  - MassACT – Ballot Initiative Committee
- Sen. Pres. Robert Travaglini + Senate
- House Speaker Sal DiMasi + House
- Federal Government – 1115 Medicaid Waiver
- Business Groups



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**National Model...?**

- Reasons why not...
  - Different makeup of uninsured population
    - Lower proportion of uninsured
    - Lower proportion of lower-income uninsured
  - Highly regulated insurance market
    - Guaranteed issue, prohibition on medical underwriting, modified community rating
    - Essential protections for individual responsibility
- Reasons why...
  - Individual/Employer responsibility
  - Confronting the affordability challenge
  - Less a policy blueprint/More a political one



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