Health Reform in Massachusetts: An Update

In April 2006, Massachusetts enacted a health reform bill called An Act Providing Access to Affordable, Quality, Accountable Health Care (Chapter 58 of the Acts of 2006). The law sought to move the state toward nearly universal insurance coverage and to improve access to health care.

In order to track the effects of Chapter 58, the Blue Cross Blue Shield of Massachusetts Foundation began funding an annual survey of nonelderly adults (aged 18 to 64) in the Commonwealth in fall 2006, just prior to the implementation of key elements of health reform. That survey, called the Massachusetts Health Reform Survey (MHRS), has been fielded in the fall of each subsequent year by the Urban Institute, a Washington D.C.-based nonprofit, nonpartisan policy research organization.

The latest survey covers changes under health reform by comparing fall 2009 with fall 2006 (before the reform) and changes between fall 2008 and fall 2009, when the effects of the economic recession in the state were most severe. The outcomes examined include health insurance coverage (both insurance coverage at the time of the survey and coverage over the prior year), health-care access and use, the affordability of health care, and public support of the health reform law.

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Expanding Coverage

The major components of Chapter 58 were directed at making comprehensive insurance coverage available and affordable for most residents as a first step toward improving access, affordability, and quality of health care. In fall 2009, fewer than 5 percent of nonelderly adults in the state were uninsured, down from more than 12 percent in fall 2006. The share of adults who were ever uninsured over the prior year and the share always uninsured over the prior year were also lower under health reform. The share ever uninsured over the prior year was at 9.7 percent in fall 2009, a drop of nearly half from fall 2006, while the share always uninsured over the prior year was at 2.5 percent, a drop of almost 70 percent from fall 2006.

Importantly, the strong system of public coverage in Massachusetts has offset some of the declines in employer-sponsored coverage observed in the state as a result of the recent economic recession. Compared with an analysis for the nation as a whole, health reform in Massachusetts appears to have provided nonelderly adults more protection against a loss of insurance resulting from the downturn.

Despite the economic downturn and the importance of public coverage in the state, the majority (68 percent) of Massachusetts residents continue to obtain insurance coverage through their employer. Notably, the share of workers whose employer offered coverage to their employees remained stable between fall 2006 and fall 2009. Overall, 91 percent of Massachusetts employees work for companies that offer coverage to at least some of their workers. Further, there is no evidence of public coverage "crowding-out" employer-sponsored insurance coverage because of reform, as employer-sponsored coverage increased by 2.7 percentage points between 2006 and 2009 along with a 5.0 percentage point increase in public and other coverage (which includes coverage obtained through the Commonwealth's health-insurance exchange and direct-purchase coverage).

Increasing Access and Affordability

The gains in insurance coverage in Massachusetts have been associated with improvements in health-care access, use, and affordability. These important achievements provide evidence that residents are obtaining meaningful, comprehensive coverage. For example, access to and use of health care improved between fall 2006 and fall 2009, with more adults reporting visits to doctors and other providers (including visits for preventive care) and fewer adults reporting unmet need for care in fall 2009. There were also gains in the affordability of care in fall 2009 relative to fall 2006, with adults reporting lower out-of-pocket health-care spending relative to family income and lower levels of unmet need because of costs. The latter was lower in fall 2009 than fall 2006 overall and for each of the specific types of care examined, including doctor care; specialist care; medical tests, treatment, or follow-up care; preventive-care screenings; prescription drugs; and dental care.

Some of the most vulnerable adults in the state, including lower-income adults and adults with a chronic health condition, reported some of the strongest gains under health reform. Both groups reported significant gains in insurance coverage, health-care access and use, and the affordability of care between fall 2006 and fall 2009. For example, insurance coverage rose by 14.1 percentage points for lower-income adults between fall 2006 and fall 2009 compared with 7.7 percentage points for adults overall. Relative to fall 2006, lower-income adults were also more likely to have a usual source of care (up 4.5 percentage points), to have health-care visits (up 8.3 percentage points for a doctor visit), and less likely to have unmet need overall (down 7.9 percentage points) for all types of care, including physician, specialist, preventive, dental care, and prescription drugs—meeting or exceeding the gains for the general nonelderly adult population. Among nonelderly adults with a chronic health condition, the most notable improvements under health reform were reductions in unmet need for all types of care (down 7.3 percentage points) and unmet need due to cost (down 6.4 percentage points), both larger than the reductions in unmet need reported for the general population.

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Furthermore, racial and ethnic disparities in health-insurance coverage, health-care access and use, and the affordability of care have been reduced and, in some cases, eliminated. Most notably, under health reform, minority adults (defined as nonwhite and Hispanic adults) were just as likely as white, non-Hispanic adults to have insurance coverage in fall 2009 after controlling for differences in health-care needs and demographic characteristics, a significant change from their lower level of coverage in fall 2006.

Minority adults also gained ground in terms of the affordability of health care. Between fall 2006 and fall 2009, minority adults reported greater reductions in the share paying medical bills over time and in unmet need for preventive care due to costs than did white adults, likely reflecting the strong gains in public and other coverage among minority adults under health reform. Remaining racial/ethnic disparities in the site of usual source of care, nonemergency emergency department use, and ratings of quality of care highlight the need to address additional barriers to health care beyond differences in insurance coverage.

Public support for health reform in Massachusetts also remained quite high. When reform began in fall 2006, 68.5 percent of nonelderly adults supported the health reform law; with a similar level supporting health reform in fall 2009. Support has been consistently strong across all major population groups in the state, including when measured by income, gender, age, race/ethnicity, employment status, and region of the state.

Remaining Challenges

In spite of the early success of the Massachusetts health-reform law, insurance coverage in and of itself has not completely eliminated all barriers to care in Massachusetts. For example, some affordability and provider capacity concerns persisted in fall 2009. Specifically, about one in five adults reported problems finding a doctor who would see them, and similar proportions reported unmet need for health care and problems paying medical bills.

Also, the Massachusetts health reform was not designed to address the underlying drivers of ever increasing costs within the health-care system. These cost issues, which extend beyond Massachusetts to the nation as a whole, are the considerable challenge now facing communities across the country. Within Massachusetts, there is broad consensus about the need to control health-care costs and robust discussion about how to move forward on cost containment. Recently, the state's Special Commission on the Health Care Payment System proposed substantial changes in the state's health-care delivery and payment systems and, at the time of this writing, legislation was expected to be introduced. More recently, several Massachusetts agencies have commissioned investigations into the factors driving high costs. With escalating health-care costs a serious problem in every state, there is a clear need for strong federal leadership to address the problems with the payment system nationwide.

The implementation of the new federal health-reform law—the Patient Protection and Affordable Coverage Act of 2010 (PPACA)—will bring its own set of challenges and opportunities to Massachusetts. Although PPACA draws heavily on the Commonwealth's 2006 health reform law, including an expansion of public coverage, a health-insurance exchange to facilitate access to private coverage, and an individual mandate for insurance coverage, there are key differences. Most notably, PPACA necessitates that Massachusetts reassess how to calibrate its affordability standards, subsidy levels, and benefit packages for some of its lower-income residents. And each of those decisions has the potential to affect coverage rates and access to and affordability of care within the state. Thus Massachusetts, like all the other states, is preparing for the significant changes and opportunities that national health reform will bring.

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