



# Myth vs. Fact: Health Care Reform in Massachusetts

## The State Model for the Affordable Care Act Is Working and Broadly Popular

Nicole Cafarella and Tony Carrk April 2011

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### Introduction

The Affordable Care Act was signed into law one year ago. It is modeled in large part on the landmark Massachusetts health reform law enacted four years earlier in 2006. Opponents of the Affordable Care Act often attack it by distorting the facts about the Massachusetts experience. They selectively alternate between snapshots of and trends in Massachusetts and comparisons between Massachusetts and the United States.

The most appropriate way to assess the impact of the Massachusetts law is to compare changes over time in things like health coverage and premium costs in Massachusetts to changes over time in the United States as a whole. We use that approach below to debunk many of the myths opponents propagate regarding Massachusetts's experience with health care reform.

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Massachusetts increased health coverage while coverage declined in the rest of the country.

### Myth

The Massachusetts law failed to significantly reduce the ranks of the uninsured in the state.<sup>1</sup>

### Fact

The Massachusetts health reform law dramatically increased the insurance rate in the state over a period when the national health coverage rate declined. As of the end of 2010, 98.1 percent of the state's residents were insured compared to 87.5 percent in 2006 when the law was enacted. Almost all children in the state were insured in 2010 (99.8 percent).<sup>2</sup> In comparison, at the national level the health insurance rate dropped from 85.2 percent in 2006 to 84.6 percent in 2010.<sup>3</sup>

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Employers continued the same level of health coverage in Massachusetts while dropping people in the rest of the country.

Myth

The Massachusetts health reform law is eroding employer-sponsored health insurance.<sup>4</sup>

Fact

The number of people in Massachusetts with employer-sponsored health insurance has not dipped below 2006 levels since passage of the health reform law. Approximately 4.3 million people in Massachusetts obtained health insurance through their employer in 2006. This figure increased to 4.5 million in 2008 before returning to 2006 levels in 2010.<sup>5</sup> In comparison, the number of nonelderly people in the United States with employer-sponsored health coverage declined from 161.7 million in 2006 to 156.1 million in 2009.<sup>6</sup>

Since passage of Massachusetts's health reform law, a larger share of the state's employers have offered health insurance to their workers when compared to the United States as a whole. At the national level only 60 percent of employers offered health coverage to their employees in 2005. This is significantly lower than Massachusetts's rate of 70 percent at that time.<sup>7</sup> The Massachusetts rate increased to 76 percent in 2009, which is 7 percentage points higher than the national figure for 2010.<sup>8</sup>

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People buying insurance on their own in Massachusetts are paying lower premiums. Premiums in the nongroup market have increased in the rest of the country.

Myth

Massachusetts residents are paying higher premiums in the nongroup market as a result of the health reform law.<sup>9</sup>

Fact

Nongroup health insurance premiums in Massachusetts have fallen by as much as 40 percent since 2006 because health reform brought healthy people into the insurance market. In contrast, at the national level nongroup premiums have risen 14 percent over that period of time.<sup>10</sup>

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More than 98 percent of Bay Staters met the law's individual insurance requirement.

Myth

A significant portion of Massachusetts residents are ignoring the mandate and only purchasing health insurance when they need care.<sup>11</sup>

## Fact

The size of Massachusetts's individual market more than doubled after passage of the health reform law. This boost and the accompanying drop in the average cost of individual premiums were due in part to more healthy—and previously uninsured—individuals entering the market.<sup>12</sup> Only 1.3 percent of the state's 4 million tax filers who were required to and did report their coverage status were assessed a penalty for lacking coverage in 2008, the last year for which complete data are available. About 26,000 of these 56,000 people were actually in compliance for part of the year.<sup>13</sup>

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The cost of health care in Massachusetts is in line with expectations.

## Myth

The Massachusetts law is bankrupting the state.<sup>14</sup>

## Fact

The fiscally conservative Massachusetts Taxpayers Foundation, or MTF, finds that under reform, “State spending is in line with what [the organization] expected.”<sup>15</sup> An MTF report released in 2009 found that state spending on health reform increased from \$1.041 billion in fiscal year 2006 to a projected \$1.748 billion in fiscal year 2010—an increase of \$707 million over the four-year period, half of which is covered by the federal government.<sup>16</sup>

Higher-than-expected enrollment in Commonwealth Care, the state-subsidized health insurance program, initially raised fears that policymakers had dramatically underestimated the number of low-income uninsured in Massachusetts. These concerns, however, were unfounded. Commonwealth Care enrollment peaked in mid-2008 with 176,000 members. The MTF attributes the initial rapid growth in Commonwealth Care enrollment to the state's early success in getting residents signed up for the program.<sup>17</sup>

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The majority of people in Massachusetts like the health reform law, and it has gotten more popular over time.

## Myth

The Massachusetts health reform law is highly unpopular among members of the public, the business community, and policymakers.<sup>18</sup>

## Fact

Support for the law is strong among members of the public. Sixty-one percent of the Massachusetts nonelderly population approved of the law when it passed in 2006. Two years later, 69 percent of nonelderly adults viewed the law favorably.<sup>19</sup>

In a survey of employers conducted in 2007—shortly after passage of the health reform law—a majority of Massachusetts firms surveyed agreed that “all employers bear some responsibility for providing health benefits to their workers.”<sup>20</sup> A survey of employers

conducted a year later—after the individual and employer mandates were implemented—found that a majority of firms believed the law was “good for Massachusetts.”<sup>21</sup>

The Massachusetts health reform law was also a bipartisan achievement, drawing support from both sides of the aisle throughout the process. The law was passed by a Democratic legislature with support from its Republican members and then signed by GOP Gov. Mitt Romney.

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Massachusetts is building on its 2006 reforms to promote better quality care at lower costs.

### Myth

Current Gov. Deval Patrick is proposing to ration health care in Massachusetts.<sup>22</sup>

### Fact

Gov. Patrick’s proposal would make Massachusetts a leader in nationwide efforts to reform health care delivery and bring down costs. The governor has proposed new tools for achieving integrated care—by holding providers accountable for working with each other and their patients to coordinate and delivery higher-quality care at a lower cost.

These innovative tools encourage providers to deliver better care—replacing the current payment system’s set of incentives that provide more care regardless of value. Indeed, more care can sometimes be harmful to patients. Hospital-acquired infections and medical errors are among the most common causes of preventable deaths and injuries in U.S. hospitals. Medical errors accounted for 238,000 preventable deaths in Medicare and cost the program \$8.8 billion from 2004 to 2006. A recent study found that sepsis and pneumonia caused by hospital-acquired infections resulted in 48,000 deaths in 2006 and cost the program \$8.1 billion.<sup>23</sup>

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### Conclusion

The Massachusetts health reform law is a success story from every perspective. The state has expanded health coverage to almost all of its residents, maintained a strong market for employer-sponsored health insurance, gained the support of the business community and the public, and is moving forward in containing costs.

We can look forward to a similar positive experience across the nation as we implement the Affordable Care Act modeled in large part on the Massachusetts law.

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## Endnotes

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