Massachusetts Health Care Reform

Lessons Learned from the Bay State

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Massachusetts Health Care Reform

Signed into law on April 12, 2006, the landmark Massachusetts healthcare reform represents a comprehensive effort to complement existing coverage programs. The goal is to provide near-universal coverage to the residents of Massachusetts.

Key Elements

The law provides for legal residents that are otherwise ineligible for public or employer-sponsored health insurance to enroll in our Commonwealth Care Program. Commonwealth Care:

- Provides completely subsidized, comprehensive health insurance to adults earning up to 150% of the federal poverty level
- Provides substantial premium subsidies to people earning above 150% and up to 300% of fpl
- Provides completely subsidized comprehensive coverage to children of parents earning up to 300% of fpl

Key Elements

The law also…

Reforms the non-group and small-group health insurance markets to offer lower prices and more choices for individuals purchasing unsubsidized products on their own. This is referred to as Commonwealth Choice.

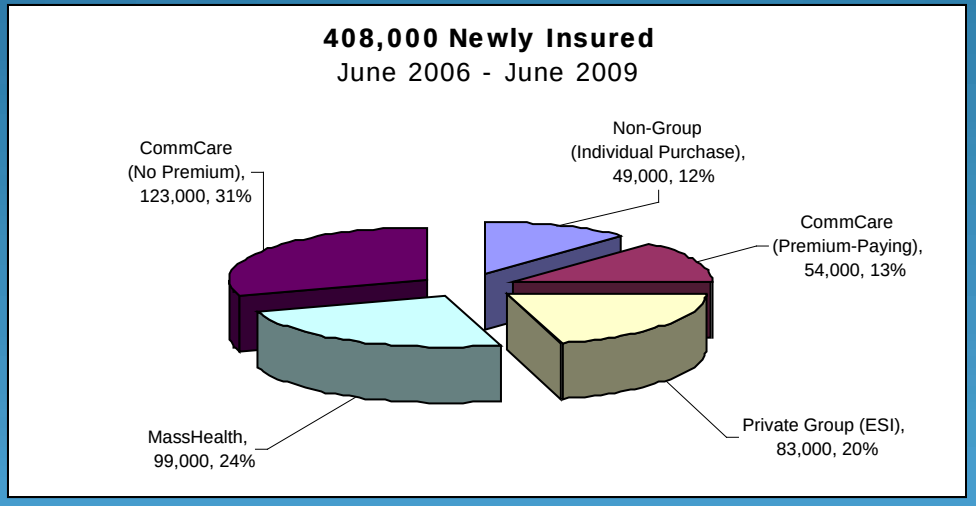
Requires adults in Massachusetts who can obtain affordable health insurance to do so, or pay a tax penalty.

Requires employers of 11+ full-time equivalent employees to make a fair and reasonable contribution toward coverage for full-time employees, or pay a Fair Share Contribution.

Requires employers to offer both full-time and part-time employees a pre-tax, payroll deduction plan (a section 125 plan) for their own health insurance premium payments.

Results

There are now more than **400,000** newly insured in the Commonwealth of Massachusetts since the outset of healthcare reform



Results

Between the fall of 2006 and 2008 uninsured working-age adults declined from 13% to 4%. A more recent estimate showed that only 2.7% of Massachusetts residents remained uninsured as of spring of 2009

Relatively few individuals and businesses have been penalized under state reform since compliance is so high

Public opinion and support remains strong, at an estimated 69%

Many elements of Massachusetts Health Care Reform were used in building the national model

How did we get here?

Executive Leadership

Strong, sustained commitment at all levels to make Health Care Reform in Massachusetts a success:

- 2 Governors and their administrations
- Legislature
- Federal Government
- Health Insurers
- Business Community
- Public & Community Based Orgranizations

Planning & Policy Development: Division of Health Care Finance & Policy

The move toward Health Care Reform completely expanded the mission and priorities of the Division of Health Care Finance & Policy, an agency previously focused primarily on rate setting.

The Division is charged with improving health care quality and containing health care costs by critically examining the Massachusetts health care delivery system and providing objective information, developing and recommending policies, and implementing strategies that benefit the people of the Commonwealth.

Planning & Policy Development: Division of Health Care Finance & Policy

Funding:

A conservative investment of $ was required to support the development of Health Care Reform

Staffing:

Hired several managers to develop policy, design research activities and monitor impact of health care reform

Increased staff by about 30 health care data analysts responsible for:

- producing analysis in support of research related to health care reform monitoring and evaluation and to health care cost containment.
- Conducting a variety of programming including database, financial and quantitative programming and analysis

Planning & Policy Development: Division of Health Care Finance & Policy

Challenges:

Ongoing difficulty recruiting and retaining staff with skill sets needed given salary parameters.

Some staff within the agency had the skill mix to pick up this new work. However, without full funding to support the shift in skill sets needed, Health Care Finance & Policy had to reduce their existing workforce by 20% while hiring in newly prioritized areas of need.

Implementation: The Connector

A major component of the legislation included the creation of the Commonwealth Health Insurance Connector Authority, an independent quasi-governmental agency. The Connector:

- Assists individuals and businesses in acquiring health coverage;
- Manages both Commonwealth Care and Commonwealth Choice, the two insurance programs developed to increase statewide coverage;
- Serves numerous policy, administrative, and outreach functions to facilitate effective implementation and execution of the health reform law.

Implementation: The Connector

Funding:

After an initial infusion of $25 million in state appropriations, ongoing operations are funded by retention of a percentage of premiums collected on both the Commonwealth Care and Commonwealth Choice programs.

The Connector had a significant operating loss in its first full fiscal year because of the need to hire staff, procure outside assistance, and launch programs, all while building initial enrollment.

Implementation: The Connector

Staffing:

The Connector is governed by a 10-member board consisting of private and public representatives appointed by the governor and chaired by the Commonwealth's Secretary for Administration and Finance.

The Connector employs approximately 50 individuals, charged with:

- administering Commonwealth Care;
- administering Commonwealth Choice;
- public information and marketing;
- customer service call center
- regulatory and policy development

Implementation: The Connector

As an independent, quasi-governmental agency, the Connector is immune from some of the HR challenges experienced within the Executive Branch:

- Non-unionized
- Not tied to state classification system
- Not tied to state salary structure

Connector staff primarily recruited from within state government and from the insurance industry

Implementation: MassHealth (Office of Medicaid)

Health Care Reform impacted MassHealth in two major ways:

- Restored benefits that had been cut in 2003 by modifying eligibility caps
- Required implementation of new benefits focused on prevention

Funding:

The minimal funding increases to support Health Care Reform have been scaled back with recent budget reductions.

Implementation: MassHealth (Office of Medicaid)

Staffing:

Minimal increase in staffing

Revamped business process to rely more heavily on technology

- Used existing staff to enhance functionality of the Virtual Gateway, the IT system utilized by all to apply for MassHealth, Commonwealth Care, or Commonwealth Choice
- Utilized overtime to staff necessary business and IT changes

Challenges:

Benefits keep going up while administrative budgets are declining.

With continuous decreases in funding, important functions that promote effective programming are whittled away

Implementation: Department of Revenue

The Department of Revenue is responsible for administering and enforcing the individual mandate that Massachusetts citizens have health insurance, or pay a tax penalty.

Funding:

The Department did not receive any additional funds

Staffing:

Existing staff were used to develop and implement the individual mandate process

Implementation: Department of Revenue

Challenges:

Implemented across three Revenue Commissioners

Imposing an individual mandate was unchartered territory for the Department

- Some staff were resistant to the individual mandate
- Unwavering support from leadership and lack of public resistance helped mobilize staff and shift the overall culture to one of acceptance

Ongoing Work…

In order for the Massachusetts health reform model to be successful, it needs to continue to promote affordability, sustainability, and administrative efficiency

Shifting focus to monitoring quality and cost containment efforts. Currently, health care costs increase by 10% per year which is unsustainable

Determining where we align with national model and where we need to make changes. In many cases, we believe we go beyond what is required under national reform

Developing strategies for addressing minority groups under-utilizing insurance options and care

Ongoing challenge of attracting and retaining qualified data and policy analysts

Keeping pace with the work ahead of us with diminishing resources

Food for thought…

Get money…the more the better

Understand roles responsibilities as they cross agency boundaries and clearly identify ownership

Develop comprehensive communication plan – both internal and external

Analyze long term needs vs. short term needs

- Do you have existing staff with expertise?
- Do they have the capacity to take on the work?
- Think about roles people play during planning and execution – is there a longer term role for them after implementation?
- Are there business process changes or other tools that can augment the need for additional staffing?
- If you do need additional staff, is the work permanent or temporary (e.g. permanent positions vs. contracting out the work)?

Food for thought…

Tap the right people with the right mix of talent – and don't inhibit them with false barriers

Keep an inventory of how people contributed to the project

Celebrate your successes along the way