

Founded in 2001 by a group of community advocates, public agencies, and non-profit service providers, Critical MASS works to build networks and facilitate communication across organizations to address statewide health disparities.¹⁵ Despite dedicated efforts, racial and ethnic health disparities remain, as the populations of minority groups change and expand throughout the state.

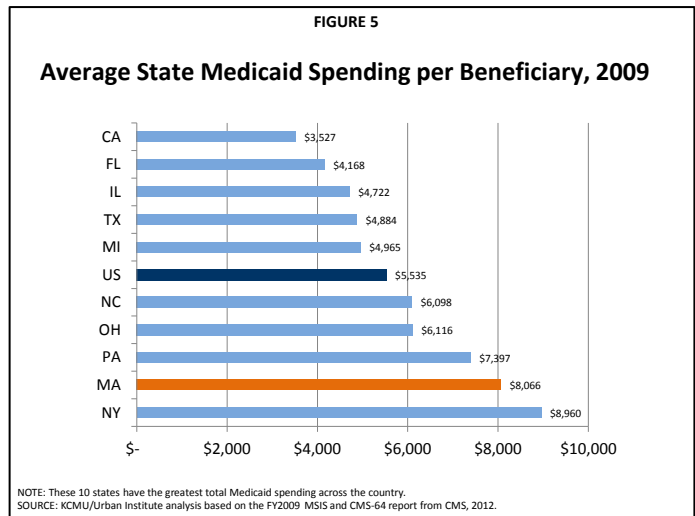
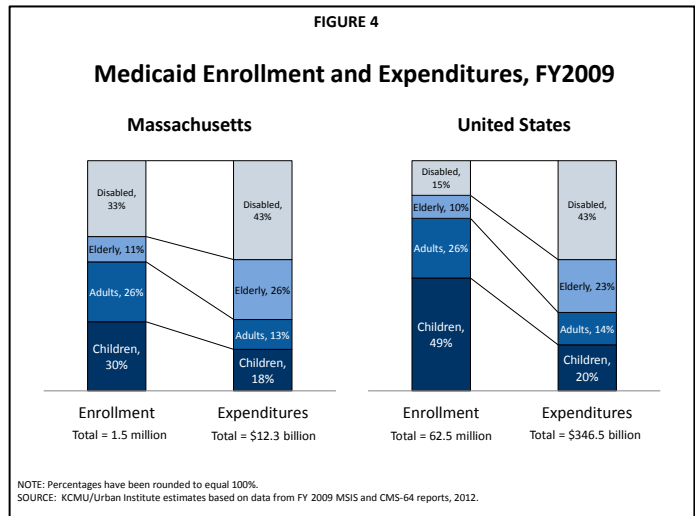
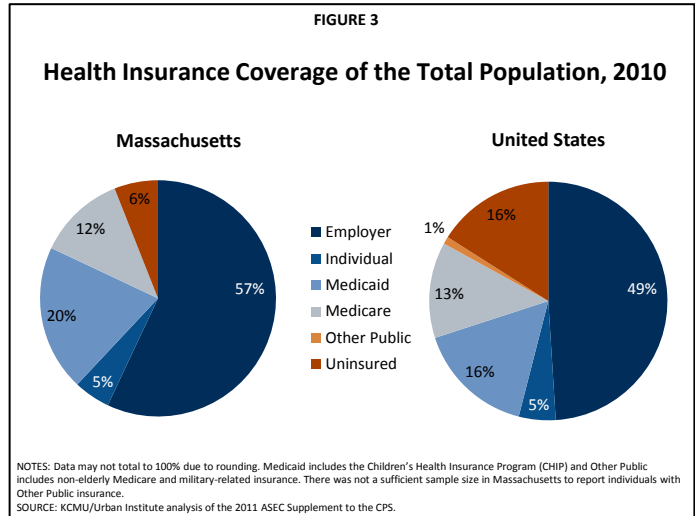
Coverage

Massachusetts leads the nation with the fewest number of uninsured individuals. Only 6% of the state's population, or approximately 390,000 individuals, were uninsured in 2010, which is far below the national average of 16% (Figure 3, See Figure 11 in the Appendix for uninsured rates by county). As in other states across the U.S., the majority of nonelderly uninsured adults in Massachusetts have at least one full-time worker in their households, have incomes below 250% of the Federal Poverty Level (FPL), and are under age 55.¹⁶ Among the 94% of Bay Staters with health insurance, the largest share were insured through employer-sponsored coverage (57%), followed by Medicaid (20%), Medicare (12%), and individual insurance (5%).¹⁷

Medicaid

The Massachusetts Medicaid program, called MassHealth, provides coverage for over 1.5 million low-income Bay Staters, or 20% of the state's population.¹⁸ Of those enrolled in 2009, 30% were children who accounted for 18% of expenditures (Figure 4). Meanwhile, 44% of enrollees were elderly and disabled who accounted for 69% of total costs.¹⁹

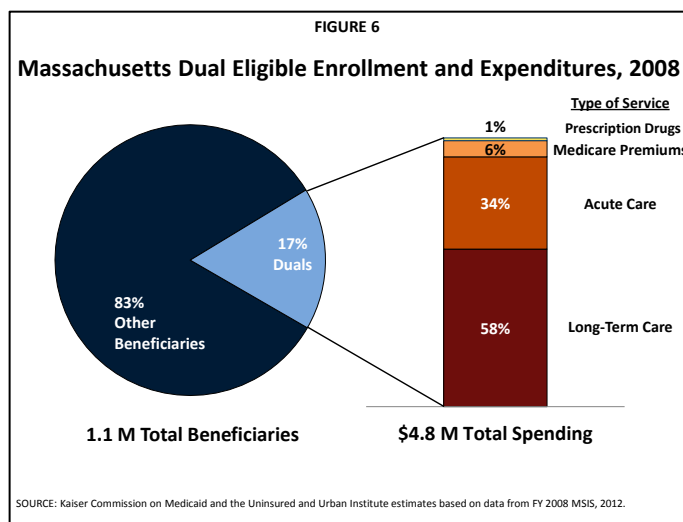
The combined federal and state costs for MassHealth were \$11.8 billion in FY2010. Average state spending per beneficiary was \$8,066, which is higher than the national average of \$5,535 (Figure 5). This fiscal year, the federal government will pay 50% of the cost of Medicaid in Massachusetts; for every \$1.00 that MassHealth spends on services for its enrollees, the state and the federal government will each contribute 50 cents.²⁰ Massachusetts, like many other states, has plans to take cost containment actions and the state is currently debating cost containment plans for MassHealth as part of a



more comprehensive plan to control all state health care costs.

On December 20, 2011, the Centers for Medicare & Medicaid Services (CMS) renewed Massachusetts' section 1115 Medicaid Demonstration waiver, entitled MassHealth, for \$14.52 billion in federal funds over three years. Massachusetts plans to use waiver funds to continue providing premium subsidies to individuals enrolled in Commonwealth Care, streamline MassHealth eligibility procedures, provide support to safety net hospitals for infrastructure improvements, promote health system reform and payment transformations, improve access to certain state health programs for vulnerable populations, and transition most MassHealth beneficiaries, excluding dual eligibles, into managed care (in 2010, 54% of the state's Medicaid population was enrolled in managed care).²¹ Through the waiver, the state also plans to create a pilot to reduce asthma-related ER utilization and hospitalization for children with high risk asthma.²²

Massachusetts is seeking to better coordinate care and control costs for dual eligible beneficiaries, or individuals eligible for both Medicaid and Medicare, who often have complex and costly health care needs. In 2008, dual eligibles made up 17% of total Medicaid enrollment and accounted for \$4.8 million in total Medicaid costs (Figure 6). The state submitted a proposal to CMS for a capitated, integrated service delivery and payment model for dual eligibles in February 2012. In its plan, Massachusetts proposes delivering care to "full" dual eligibles, or duals eligible to receive full Medicaid benefits, who are between the ages of 21 and 64 (which are dual eligibles who qualify for Medicare because of a disability, not because of age), through Integrated Care Organizations (ICOs). The ICOs, which can be plan- or provider-based, will establish a network of Patient-Centered Medical Homes (PCMHs) to deliver team-based integrated primary and behavioral health care, coordinate care, and provide clinical care management for duals with complex medical needs. Of note, the Massachusetts' model requires that the ICOs have an independent long-term supports and services (LTSS) coordinator. If approved, Massachusetts aims to begin enrollment in January 2013.²³



Health Reform

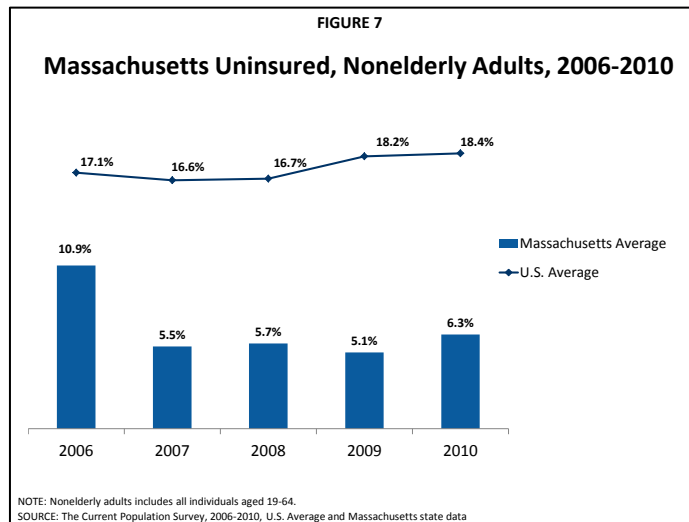
In 2006, Massachusetts passed comprehensive health reform to provide near universal health coverage for state residents. Some key components of the health reform law include:

- *MassHealth Expansion*: to cover children with family incomes up to 300% FPL (\$69,150 for a family of four in 2012);
- *Creation of the Commonwealth Care Health Insurance Program (Commonwealth Care)*: that provides sliding-scale subsidies for adults up to 300% FPL who are ineligible for MassHealth;
- *Creation of the Commonwealth Choice Health Insurance Program (Commonwealth Choice)*: that provides non-subsidized insurance that meets defined coverage and cost standards;

- *Creation of the Commonwealth Health Connector:* as a health insurance exchange website from which individuals can access both the Commonwealth Care and Commonwealth Choice plans;
- *Establishment of an individual mandate:* that requires all adults to purchase health insurance or pay a financial penalty of up to 50% of the lowest cost premium of a plan he or she qualifies for;
- *Employer Contribution Requirement:* to provide or contribute to health insurance for employees.

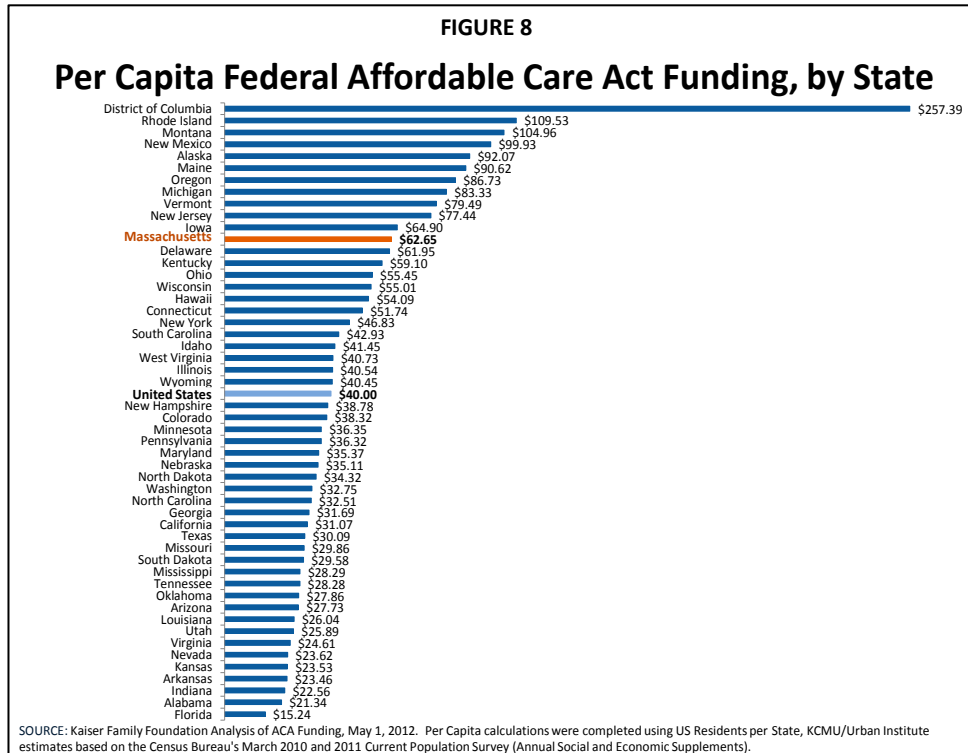
The health reform law also builds off of prior health insurance market reforms, including guaranteed issue and community rating.²⁴

Since the implementation of state health reform, Massachusetts has seen an increase in health coverage, especially for non-elderly adults (Figure 7), and an increase in both the demand for and utilization of primary care services. A greater percentage of adults reported receiving preventive care visits and having a usual source of care in 2010 than before reform. In addition, while the number of non-emergency ER visits and inpatient hospital stays fell from 2006-2010,²⁵ the number of visits to community health centers rose by 50,000 from 2008 to 2010.²⁶ Increases in the demand for primary care, especially in underserved communities, have led the state to pursue a number of initiatives, including expanding medical school enrollment for students committed to primary care, to address the provider shortage.²⁷

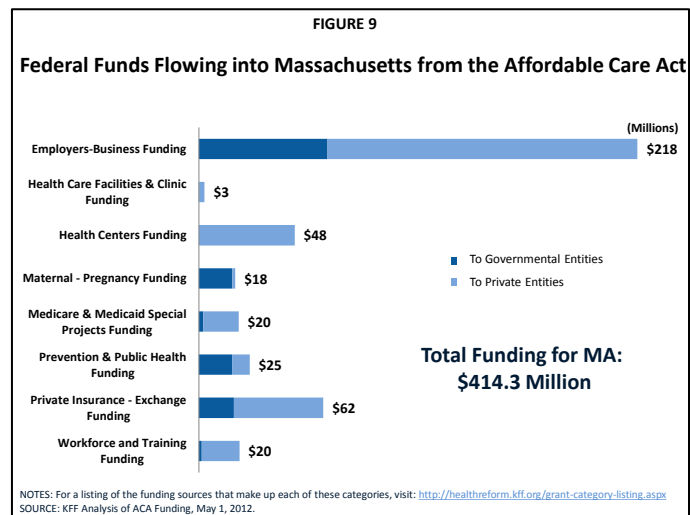


In the beginning, Massachusetts' health reform efforts focused primarily on expanding coverage, but now the state focus has turned to controlling costs. Per capita health spending in the state is 15% higher than the national average.²⁸ In 2008, Massachusetts passed additional health reform legislation that included cost containment initiatives and has created the Health Care Quality and Cost Council that released an October 2009 report recommending cost containment actions.^{29,30} In February 2011, Governor Deval Patrick proposed cost containment legislation and he included health care cost containment as part of his 2012 state budget.^{31,32} In May 2012, both the Massachusetts House of Representatives and Senate introduced cost containment legislation that will be debated during the current legislative session.³³

Although Massachusetts was the model for national health reform efforts, the Affordable Care Act will require the state to make some changes to its health care system. Of note, the ACA will require Massachusetts to alter eligibility and enrollment processes for MassHealth and Commonwealth Care to create a seamless 'no wrong door' system for beneficiaries. In addition, the ACA requires the expansion of Medicaid eligibility to almost all adults up to 138% FPL (\$15,415 for an individual and \$31,809 for a family of four in 2012). Although new subsidies will be available for individuals and families with incomes from 300- 400% FPL, health insurance premiums will likely increase for individuals from 139-300% FPL.³⁴ However, the state is looking into options to subsidize the premium increase and maintain the affordability of health care coverage for state residents.



Like other states, Massachusetts is receiving funds to help the state make changes required by the ACA. As of May 2012, \$414 million in federal ACA funds have already flowed into Massachusetts, or approximately \$63 per resident (Figure 8). It is important to note that, of those funds, over \$51 million has gone to employers in the state for the Early Retiree Reinsurance Program (Figure 9). Another \$47 million will support changes to the state's exchange, the Connector, so that it complies with ACA requirements. Community health centers throughout the state have also received \$48 million in grant funding to assist them with expanding operations and care capacity.³⁵

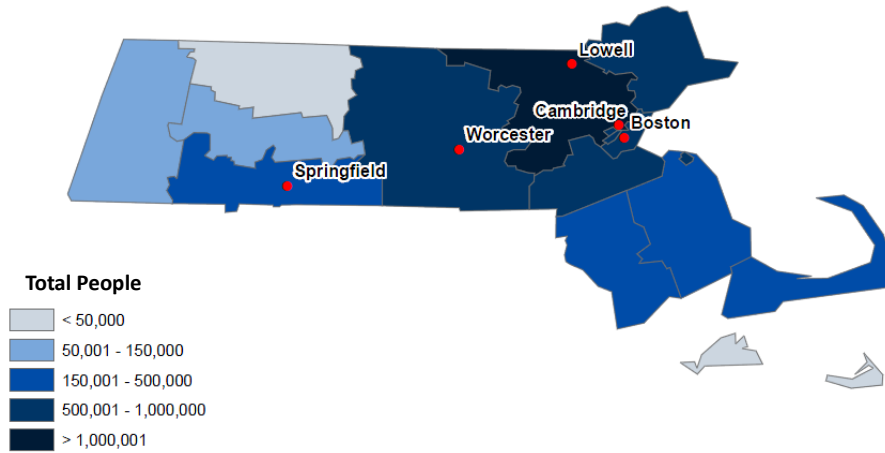


Although the health care system in Massachusetts most closely resembles the one envisioned by the ACA, the state, like the rest of the U.S., will be impacted by the pending Supreme Court decision. Among other things, the ACA will have an impact on the state budget and funding for health coverage and premiums. Should the law be struck down, health reform in Massachusetts can continue, but will rely on the federal funds received through the state's Section 1115 waiver. However, should the law be upheld, the health system in Massachusetts can act as a model for other states that can learn from some of their success and challenges.

Appendix: Massachusetts Population and Health Coverage Levels by County, 2009

FIGURE 10

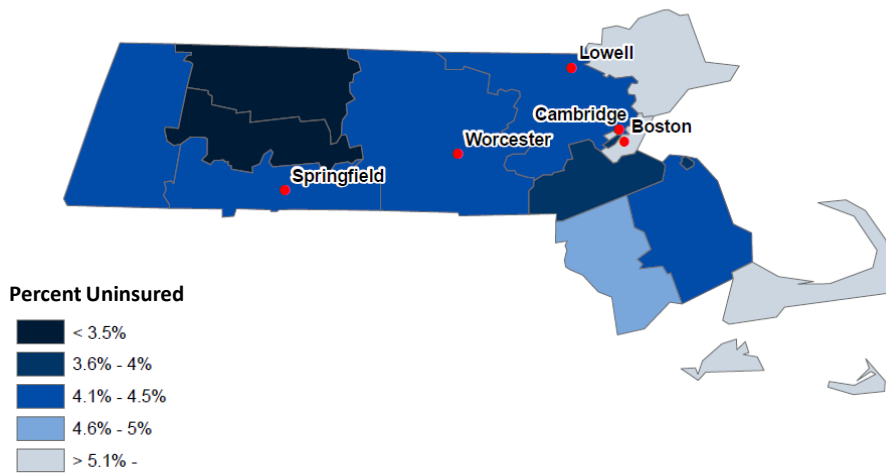
Massachusetts Nonelderly Population by County, 2009



NOTE: Nonelderly includes all individuals under age 65.
SOURCE: KCMU and Urban Institute analysis of American Community Survey (ACS) 2009 data.

FIGURE 11

Massachusetts Nonelderly Uninsured by County, 2009



NOTE: Nonelderly includes all individuals under age 65.
SOURCE: KCMU and Urban Institute analysis of American Community Survey (ACS) 2009 data.

²³ Musumeci, M. Massachusetts' Proposed Demonstration to Integrate Care for Dual Eligibles. *Kaiser Commission on Medicaid and the Uninsured*. April 2012, available at: (<http://www.kff.org/medicaid/8291.cfm>).

²⁴ *Kaiser Family Foundation Focus on Health Reform*. Massachusetts Health Reform: Six Years Later. May 2012, available at: (<http://www.kff.org/healthreform/8311.cfm>).

²⁵ Long, S., Stockley, K., Dahlen, H. Massachusetts Health Reforms: Uninsurance Remains Low, Self-Reported Health Status Improves as State Prepares to Tackle Costs. *Health Affairs*. February 2012.

²⁶ Massachusetts Division of Health Care Finance and Policy Health Safety Net Data Warehouse. October 2010.

²⁷ Long, S. What is the Evidence on Health Reform in Massachusetts and How Might the Lessons from Massachusetts Apply to National Health Reform? *Urban Institute*. June 2010, available at: (<http://www.urban.org/uploadedpdf/412118-massachusetts-national-health-reform.pdf>).

²⁸ Wallack, S., et al. Massachusetts Health Care Cost Trends Part 1: The Massachusetts Health Care System in Context. Brandeis University Heller School for Social Policy and Management. February 2010, available at: (<http://www.mass.gov/eohhs/docs/dhcfp/r/cost-trends-files/part1-system-in-context.pdf>).

²⁹ *Kaiser Commission on Medicaid and the Uninsured*. Massachusetts Health Care Reform: Three Years Later. September 2009, available at: (<http://www.kff.org/uninsured/7777.cfm>).

³⁰ Bigby, J., Iselin, S., and Wallack, A. Massachusetts Health Care Quality and Cost Council Final Report: Roadmap to Cost Containment. *Massachusetts Department of Health and Human Services*. October 2009, available at: (<http://www.mass.gov/hqcc/docs/roadmap-to-cost-containment-nov-2009.pdf>).

³¹ Commonwealth of Massachusetts. Making Quality Health Care More Affordable. February 2011, available at: (<http://engage.blog.state.ma.us/blog/2011/02/making-quality-health-care-more-affordable.html>).

³² Commonwealth of Massachusetts. Governor's Budget FY2012: Health Care Cost Containment, available at: (http://www.mass.gov/bb/h1/fy12h1/exec_12/hbuddevhc.htm).

³³ On May 4, 2012, the House of Representatives released House Bill 4070, "An Act Relative to Health Care Quality Improvement and Cost Reduction Act of 2012", available at: (<http://www.mintz.com/newsletter/2012/Advisories/1885-0512-NAT-MLS/BillH04070.pdf>). On May 9, 2012, the Senate released Senate Bill 2260, "An Act Improving the Quality of health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation", available at: (<http://www.mintz.com/newsletter/2012/Advisories/1885-0512-NAT-MLS/SenateBill2260.pdf>).

³⁴ *Kaiser Family Foundation Focus on Health Reform*. Massachusetts Health Reform: Six Years Later. May 2012, available at: (<http://www.kff.org/healthreform/8311.cfm>).

³⁵ *Kaiser Family Foundation Health Reform Source*. ACA Federal Funds Tracker: Massachusetts. May 2012, available at: (<http://healthreform.kff.org/federal-funds-tracker.aspx?source=QL>).