

The Massachusetts Health Care Landscape



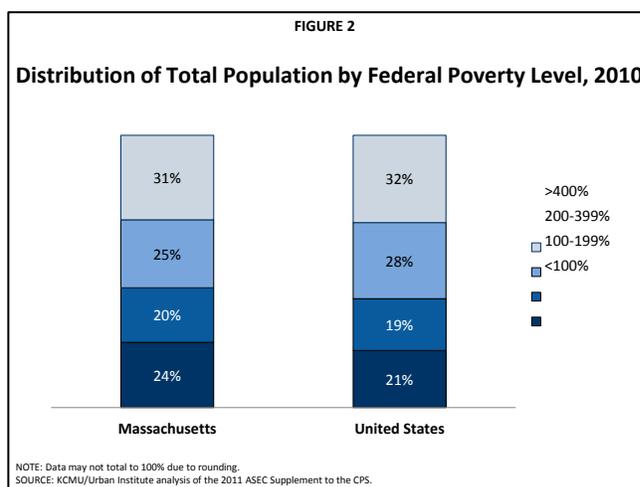
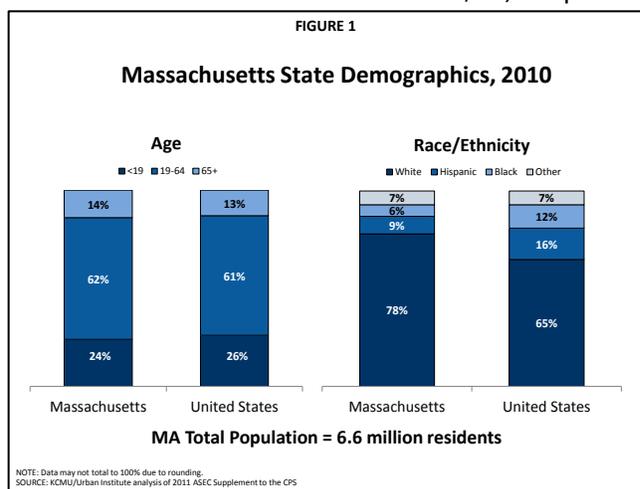
Demographics

Home to over 6.6 million residents, Massachusetts is the 14th most populated state in the U.S.¹ The state is largely urban with 97% of the population living in urban areas (See Figure 10 in the Appendix for population by county).² In 2010, 78% of Bay Staters identified as White, 9% identified as Hispanic, and 6% identified as Black. The state also has slightly fewer children and slightly more adults than the U.S. average (Figure 1).³ Approximately 7% of Massachusetts' population is noncitizens and over 350,000 of the state's children live in immigrant families.^{4,5} While the state's median annual income of \$61,000 per year far surpasses the U.S. average of \$50,000 annually, wealth in the state is not equally distributed.⁶ Over a million people, or 15% of the state's population, were living in poverty in 2010 (Figure 2).⁷ As of March 2012, Massachusetts' unemployment rate was 6.5%, which is both a 1% decrease from 2011 and is less than the current national average of 8.2%.⁸

Population Health

The overall health of the Massachusetts population ranks higher than national averages. In the United Health Care Foundation's report, *America's Health Rankings 2011*, Massachusetts ranked 5th among the 50 states for total population health.⁹ Massachusetts has a notably low infant mortality rate, high life expectancy, and low rates of adult diabetes and smoking.¹⁰ Massachusetts leads the nation in the percent of pregnant women receiving early prenatal care and the percent of adults receiving dental services; and is second in the nation for the percent of children receiving both medical and dental services, and for children without oral health problems.¹¹ However, Massachusetts has high rates of asthma, especially among adults ages 25-34, and a high incidence of cancer.¹²

Like other states, Massachusetts has health disparities. Black and Hispanic adults are less likely to receive early prenatal care and are more likely to be overweight or obese and to be diagnosed with diabetes, than their White counterparts.¹³ However, over the past decade, Massachusetts has taken steps to reduce racial and ethnic disparities. As part of state health reform in 2006, Massachusetts created the Health Disparity Council whose 37 members meet throughout the year to identify health inequalities and recommend state policies and actions to improve health equity.¹⁴ Community organizations, such as the Critical MASS Coalition, are also working to address health disparities.



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.

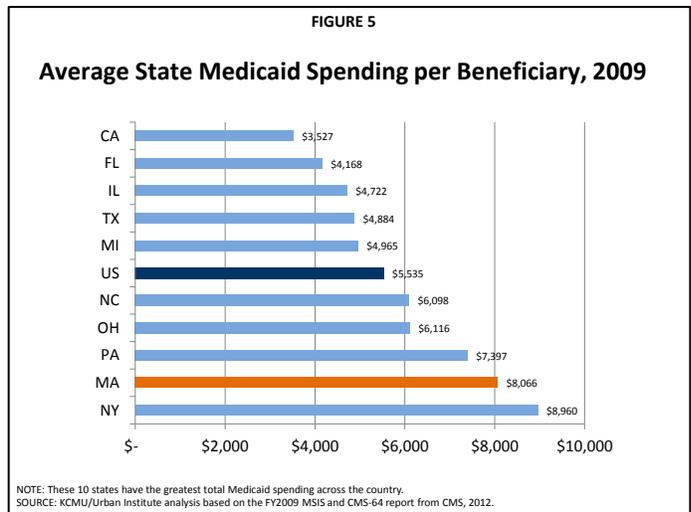
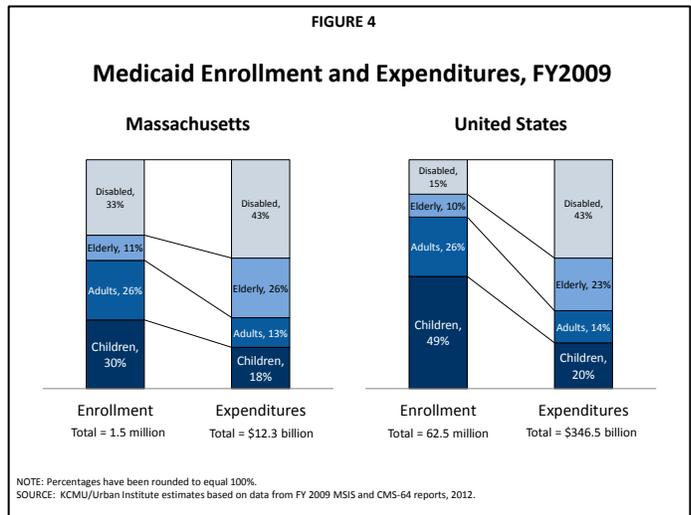
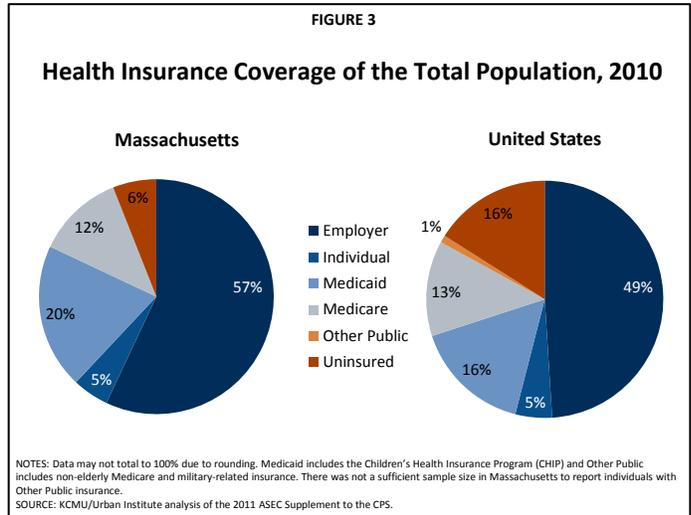
Coverage

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

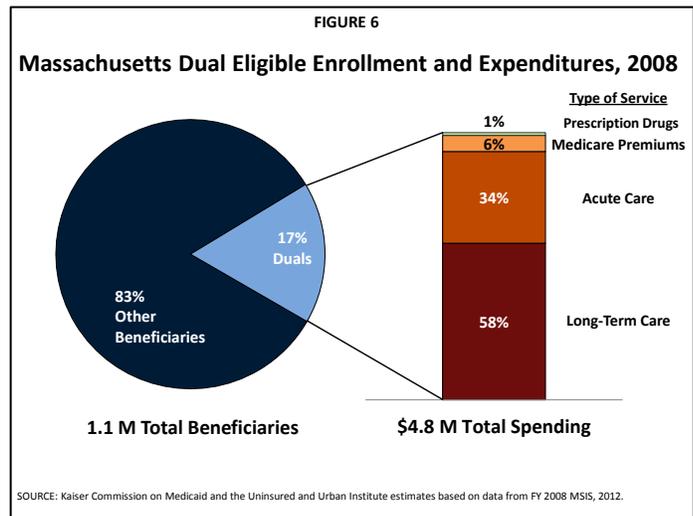
The combined federal and state costs for MassHealth were \$11.8 billion in FY2010. Average state spending per beneficiary was \$8,066, which is higher than the national average of \$5,535 (Figure 5). This fiscal year, the federal government will pay 50% of the cost of Medicaid in Massachusetts; for every \$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

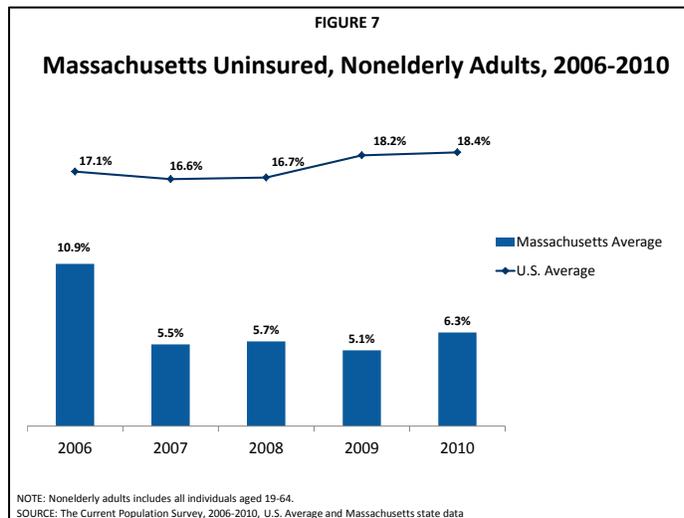
In 2006, Massachusetts passed comprehensive health reform to provide near universal health coverage for state residents. Some key components of the health reform law include:

- *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.

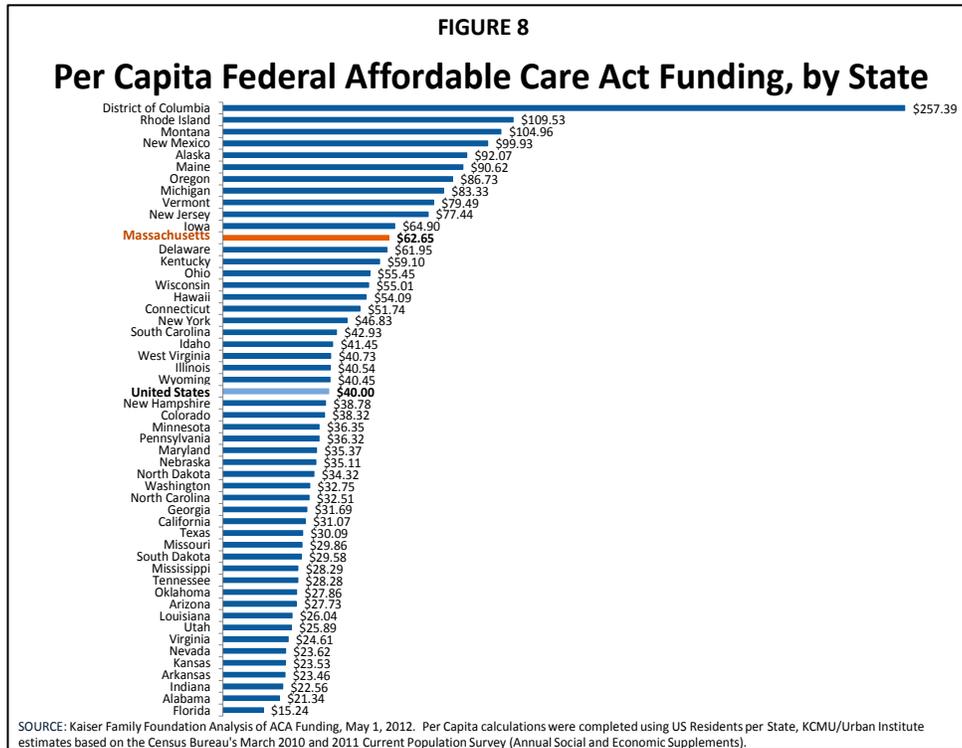
The health reform law also builds off of prior health insurance market reforms, including guaranteed issue and community rating.²⁴

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

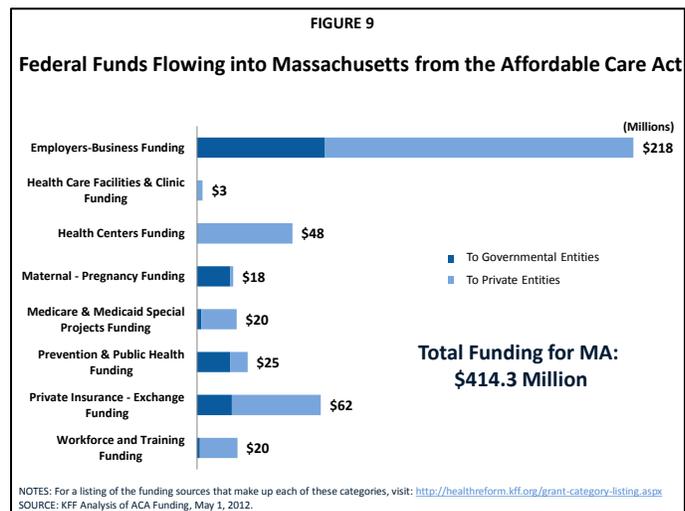


In the beginning, Massachusetts' health reform efforts focused primarily on expanding coverage, but now the state focus has turned to controlling costs. Per capita health spending in the state is 15% higher than the national average.²⁸ In 2008, Massachusetts passed additional health reform legislation 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

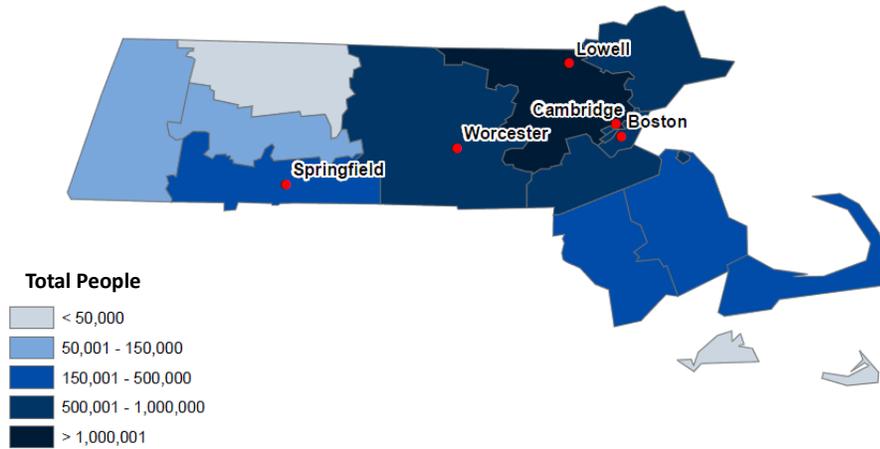


Although the health care system in Massachusetts most closely resembles the one envisioned by the ACA, the state, like the rest of the U.S., will be impacted by the pending Supreme Court decision. Among other things, the ACA will have an impact on the state budget and funding for health coverage and 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

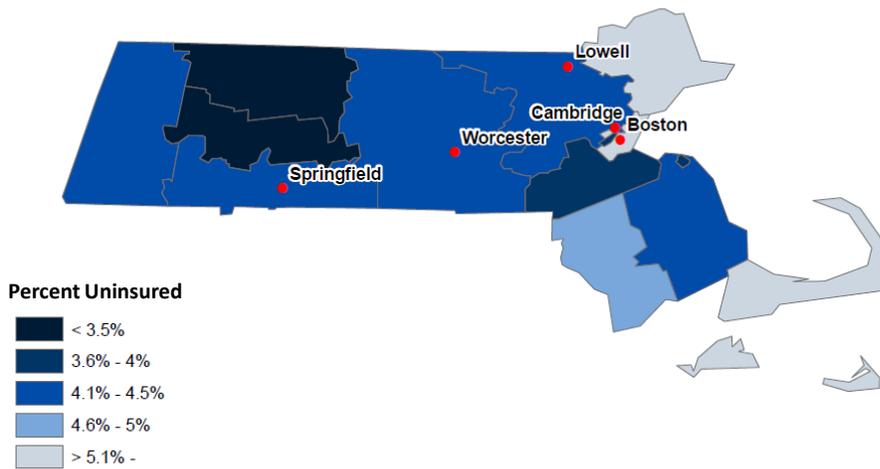
Massachusetts Nonelderly Population by County, 2009



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.

¹ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2010 and 2011 Current Population Survey (CPS: Annual Social and Economic Supplements).

² Kaiser Commission on Medicaid and the Uninsured analysis based on the Council for Community and Economic Research (C2ER)'s ACCRA Cost of Living Index (COLI) for the third quarter of 2011. COLI data are available by subscription at: (<http://www.coli.org/>).

³ KCMU/Urban Institute analysis of the 2011 ASEC Supplement to the CPS.

⁴ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2010 and 2011 Current Population Survey (CPS: Annual Social and Economic Supplements).

⁵ Annie E. Casey Foundation. Kids Count National Data Center: Data Across States. 2010, available at: (<http://datacenter.kidscount.org/data/acrossstates/Rankings.aspx?ind=115>).

⁶ U.S. Census Bureau, Current Population Survey, 2008 to 2010 Annual Social and Economic Supplements. Three-Year-Average Median Household Income by State: 2008-2010 and Two-Year-Average Median Household Income by State: 2009 to 2010, available at: (<http://www.census.gov/hhes/www/income/data/statemedian/index.html>).

⁷ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2010 and 2011 Current Population Survey (CPS: Annual Social and Economic Supplements).

⁸ State and territory figures from Table 3, Regional and State Employment and Unemployment: March 2012, and Unemployment rates by State, seasonally adjusted: *Bureau of Labor Statistics*. March 2011 and 2012, available at: (<http://www.bls.gov/news.release/laus.t03.htm>); U.S. figures from *Bureau of Labor Statistics*, available at: (<http://data.bls.gov/cgi-bin/surveymost?bls>).

⁹ United Health Care Foundation. America's Health Rankings 2011: Massachusetts. December 2011. State interactive page available at: (<http://www.americashealthrankings.org/MA>). Full report available at: (<http://www.americashealthrankings.org/SiteFiles/Reports/AHR%202011Edition.pdf>).

¹⁰ The infant mortality rate for Massachusetts from 2005-2007 was 5/1,000, compared to a national average of 6.8/1,000; the average life expectancy in 2007 was 80.1 years, compared to a national average of 78.6; in 2010, 7.4% of adults in Massachusetts had diabetes, compared to a national average of 8.7%; and in 2010, 14.1% of adults smoked in Massachusetts, compared to 17.2% of adults nationally. Statistics available on State Health Facts (www.statehealthfacts.org).

¹¹ In 2006, 88.6% of pregnant women received prenatal care in the first trimester, compared to 83.2% nationally; in 2010, 81.7% of adults had visited a dentist/clinic and the same percent had had their teeth cleaned within the past year, compared to 69.7% and 68.5% nationally; in 2007, 82.6% of children in Massachusetts had had both preventative medical and dental care within the past year, compared to 72% nationally; and 78.9% of children did not have any oral health problems in Massachusetts in 2007, compared to 79.3% nationally. Statistics available on State Health Facts (www.statehealthfacts.org).

¹² The average asthma rate among adults in Massachusetts in 2010 was 10.4%, compared to 8.6% nationally and was 13.4% for adults age 25-34, compared to 8.6% nationally; the cancer incidence in Massachusetts in 2007 was 496.5/100,000, compared to 465.1/100,000 nationally. Statistics available on State Health Facts (www.statehealthfacts.org).

¹³ In 2010, 80% of Black and 81% of Hispanic pregnant women received early prenatal care, compared to 91% of Whites; the infant mortality rate was 10/1,000 for Blacks and 6/1,000 for Hispanics, compared to 4/1,000 for Whites (4/1,000), 62.9% of Blacks and 58.7% of Hispanics were overweight or obese, compared to 54.3% of Whites; and 9% of Hispanics and 8% of Blacks had been diagnosed with diabetes, compared to less than 6% of Whites. This data is from a two year merge (2009-2010), but is referred to by the second year, 2010. *Centers for Disease Control and Prevention (CDC)*. Behavioral Risk Factor Surveillance System Survey Data, 2009-2010.

¹⁴ *Commonwealth of Massachusetts*. Health Disparity Council website, available at: (<http://www.mass.gov/hdc/>).

¹⁵ *Center for Community Health, Education, Research and Service*. Critical MASS website, available at: (<http://www.enddisparities.org/aboutcriticalmass.html>).

¹⁶ Nonelderly adults includes all individuals aged 19-64.

¹⁷ KCMU/Urban Institute analysis of the 2011 ASEC Supplement to the CPS. Medicaid includes the Children's Health Insurance Program (CHIP) and the 20% reported includes individuals covered under Commonwealth Care as a result of Massachusetts's health reform, in addition to those covered by MassHealth.

¹⁸ Medicaid includes the Children's Health Insurance Program (CHIP) and the 20% includes individuals covered under Commonwealth Care as a result of Massachusetts's health reform, in addition to those covered by MassHealth.

¹⁹ KCMU/Urban Institute estimates based on data FY2009 MSIS and CMS-64 reports, 2012.

²⁰ *State Health Facts*. Massachusetts: Federal Medical Assistance Percentage (FMAP) for Medicaid and Multiplier, available at: (<http://www.statehealthfacts.org/profileind.jsp?rgn=23&cat=4&ind=184>).

²¹ *Centers for Medicare & Medicaid Services*. Medicaid Managed Care Enrollment Report. November 2011, available at: (https://www.cms.gov/medicaiddatasourcesgeninfo/04_mdmancrenllrep.asp).

²² *Centers for Medicare & Medicaid Services*. Massachusetts Section 1115 Medicaid Demonstration Waiver approval letter, available at: (<http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/Downloads/MassHealthCurrentApprovalDocuments.pdf>).

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- 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>).
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- 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>).

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