

What We Know About Health Reform in Massachusetts

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The news is mostly good.

For three years, I have been asking my colleagues to write a brief summarizing what we know and don't know about the impact of the 2006 Massachusetts health reform legislation. It is important information given the similarity between the Massachusetts Reform and the Affordable Care Act (ACA). This week **we published a review** of the numerous studies evaluating the effects of the Massachusetts reform with an eye on: 1) insurance coverage; 2) the provision of health services; 3) health outcomes; and 4) labor market effects.

Massachusetts' health reform was the basis for the ACA, and the main provisions are very similar. Each has a mandate requiring individuals to attain minimum coverage or pay a penalty. Each requires all but the smallest employers to provide employee health insurance or pay a fine. Each sets up platforms where individuals, families, and small employers can purchase affordable health insurance plans. Each standardizes the benefits in private plans. And each expands Medicaid benefits. While some minor differences

exist, what happened in Massachusetts can offer a preview of what may happen nationwide.

Insurance Coverage. The impetus for the Massachusetts Reform was to increase access to health insurance. In this goal, the Reform has been largely successful. The percentage of the population age 19-64 without insurance halved between 2004 and 2012. And, in 2012, only 4.9 percent in Massachusetts were not covered compared to 21.2 percent nationally.

The major concern of such a rapid expansion of coverage is costs. By 2009, rising health care costs forced Massachusetts to turn its attention to this issue. This effort seems to have had some success. From 2009-2012, Massachusetts' health care expenditures grew at a slower rate than the state's economy (3.1 vs. 3.7 percent) and at the same rate as U.S. health expenditures (3.1 percent).

Provision of Health Services. The purpose of expanding health insurance coverage is to allow increased access to health care services and ultimately better health. Here again the news is good. From 2006-2010, the share of non-elderly individuals with a usual source of care increased significantly, and a higher share of care recipients reported receiving good or quality care in 2012 than in 2006.

One special area of interest is emergency room usage. On this point, the evidence in Massachusetts is mixed. A comprehensive study of all emergency room admissions found an increase in volume, but the number of low-severity visits declined slightly.

Health Outcomes. Increasing insurance coverage and increasing access to health care are a means to better health. Several studies, relying on self-reported health status, have concluded that Massachusetts residents are

healthier following the Reform. As with any self-reported data, care must be taken in over-interpreting these results. However, mortality data appear to support the conclusion that residents are getting healthier.

Labor Market Effects. One fear following the Massachusetts Health Reform, and reiterated on the national stage, was decreased labor supply – making it easier to get health insurance not tied to employment might cause some individuals to stop working – or employers cutting back on employees or hours to avoid the requirement to offer health care, which is based on the number of full-time equivalent workers. A comprehensive study conducted using *Current Population Survey* data compared Massachusetts to four other states and found that the level of employment relative to the working-age population (i.e., the employment rate) followed a nearly identical pattern after the Reform. The same study found that Massachusetts did not see relative increases in the share of workers working part-time.

Regarding the provision of health insurance, another concern was that employer-sponsored insurance would be crowded out by public insurance, as employers simply dropped coverage and paid the \$295 fine per employee. In fact, the percentage of employers offering coverage actually increased after the Reform.

Thus, a wealth of research on the reforms suggests that insurance coverage and access to health care have increased, that health outcomes appear to be improving, and that the worst fears about employment have not come to pass in Massachusetts. Costs, however, remain an issue: although growth has slowed in recent years, Massachusetts costs still remain above the national average.