

Massachusetts: A model for New York?

New Yorkers Need a New York Solution for Health Reform

In 2006, Massachusetts enacted a major health reform law which has covered over 300,000 people so far. But the Massachusetts program falls short of the goal to provide affordable health care for all, and is not a good model for New York.

It works to the extent that it provides coverage for low-income families, but the law fails to reach the goal of universal coverage because its subsidies for working families are too low, keeping health coverage out of their financial reach. The individual mandate penalizes people for failing to purchase health coverage that they want, but cannot afford. It also permits insurance companies to offer plans with high out-of-pocket costs. Finally, its failure to require meaningful contributions from employers or other broad-based financing measures undermines the program's fiscal future.

Massachusetts Program Is Unaffordable for Many Working Families:

Many people argue that the Massachusetts program has proven unaffordable in two ways:

1. Nearly 60,000 Massachusetts residents—nearly 20% of the State's uninsured population—are eligible for exemption from complying with the State's individual mandate because affordable coverage is not available to them.¹
2. Enrollment in the subsidized program shows that the prices were too high for many families. As of November 2007, most of the enrollment was made up of people who were offered free insurance (90% of people below 100% of the Federal Poverty Level (FPL) enrolled). But as people were asked to pay more, enrollment in the subsidized program declined precipitously—enrollment was at 81% for uninsured people between 100-200% of FPL, but enrollment was only 29% of the uninsured between 200-300% of FPL.²

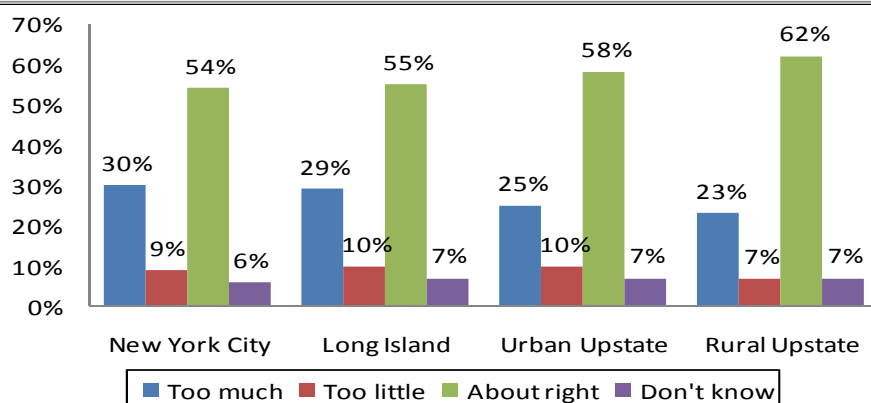
Key Features of Massachusetts Health Reform

- Free or subsidized sliding-scale insurance for individuals with incomes up to \$30,000 or \$51,500 for a family of three (300% of the federal poverty level).
- An individual mandate, if it is deemed "affordable."
- A modest employer assessment of \$295 per employee per year (if employing 11 or more people).
- Creation of a health insurance exchange or "connector."
- Merging of the small group and non-group private insurance markets.

In New York, most insured people pay less than 5% of their gross family income on health costs.³ Statewide polling shows that most New Yorkers think that this is fair. Polling further indicates that families are very price sensitive and feel they have little "play" in their budget for health coverage.⁴ Further, the Massachusetts affordability scale fails to take into account out-of-pocket costs for families, which can be significant for those already facing financial hardships.⁵

New Yorkers Say 5% Cost-sharing About Right

Research shows that most people pay about 5% of their total income before taxes towards their family's health care costs. Do you think this sounds like too much, too little or about right?



Source: CSS Statewide Survey, November 2007.* Split-sampled question

Unaffordable Mandates Cause More Harm Than Good:

Non-exempt Massachusetts residents who failed to purchase insurance in 2007 now face a penalty of \$219. Those who fail to do so in 2008 may face a penalty of up to \$912—and yet remain uninsured.⁶ In New York, where nearly 50% of its 2.1 million uninsured adults struggle daily to make ends meet with low-paying jobs, an unaffordable insurance mandate could prove to be the breaking point for families trying to stay out of poverty.⁷

What's Bad for Massachusetts is Worse for New York

Unsubsidized Plans Cost Too Much for Too Little:

Massachusetts offers unsubsidized “Commonwealth Choice” plans for people who do not qualify for subsidized insurance. These are available under three options—Bronze, Silver, and Gold. As the name suggests, the Bronze plans have the least expensive premiums and the highest out-of-pocket costs. The Gold plans have the most expensive premiums and lowest out-of-pocket costs. An additional Young Adult plan resembles the Bronze plan in cost and benefits, but includes annual benefit caps.

As of early January 2008, only 15,938 people had enrolled in the Commonwealth Choice plans, with almost half (44%) enrolling in Bronze plans. An additional 29% have enrolled in Young Adult plans.⁸ Roughly one-third of enrollees have chosen plans without pharmacy coverage.⁹

In New York, many people live from paycheck to paycheck and nearly 1 in 5

(17%) report having no savings.¹⁰ For these people, the “Bronze”-type plan with high cost-sharing in the face of severe illness or disability could result in financial catastrophe. It is HCFANY’s belief that all residents of New York State deserve access to quality, comprehensive coverage—not just those who can afford to pay higher premiums.

New York Has a Smaller Base of Employer-Sponsored Insurance:

The Massachusetts reform is built on an idea of “shared responsibility” between the state, employers, and individuals. Employers with 11 or more workers who do not provide health insurance must pay \$295 per full time equivalent worker.¹¹ But such a proposal will not work in New York because we have a lower rate of employer-sponsored insurance (ESI) than Massachusetts had at the outset of its reforms: In 2006, Massachusetts ranked #10 among all states to offer ESI, while New York ranked

“I cannot keep up with my current monthly bills as it is. I juggle which bills I will pay each month. Rent is a must—others I pay as I can...if I am really responsible and pay as many bills as I can each month I have \$50-\$100 left over for food and literally no money after...I should add that I have no 401K, no savings, and no family support whatsoever. Honestly, I think that right now I have no margin for error in my budget. I cannot imagine paying more than \$25 a month for health insurance, and even that would be a hardship.”

- Abby, a 46-year-old freelance writer from New York, NY.

low on the list at #36.¹² Further, 31% of the uninsured in New York are non-citizens, compared with 17% in Massachusetts.¹³ These workers will have great difficulty turning to employers, with whom they have little bargaining power, to provide health coverage.

REFERENCES

- ¹ Dembner, Alice “Health Plan May Exempt 20% of Uninsured.” *The Boston Globe*. April 12, 2007
- ² Barber, Christine, and Michael Miller. “Revisiting Massachusetts Health Reform: 18 Months Later.” *Community Catalyst*. December 2007. Author’s calculations based on percentage of uninsured adults by income level. Data from John Kingsdale, Defining Affordability. Connector Board meeting on April 3, 2007.
- ³ Data from the 2002, 2003, and 2004 Medical Expenditure Panel Survey, Household Component (MEPS-HC). The Northeast census region includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.
- ⁴ Community Service Society (CSS) Statewide Survey, November 2007. CSS found that, on average, what respondents reported they could afford and what they said they currently spent fell within \$27 of each other.
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- ⁷ Three-year blend of 2005, 2006, and 2007 Current Population Survey, Annual Social and Economic Supplement.
- ⁸ Commonwealth Connector, “Commonwealth Choice Progress Report,” January 10, 2008
- ⁹ Barber, Christine, and Michael Miller. “Revisiting Massachusetts Health Reform: 18 Months Later.” *Community Catalyst*. December 2007.
- ¹⁰ CSS Statewide Survey, November 2007.
- ¹¹ Barber, Christine, and Michael Miller. “Revisiting Massachusetts Health Reform: 18 Months Later.” *Community Catalyst*. December 2007.
- ¹² Kaiser Statehealthfacts.org, 50 State Comparisons: Health Insurance Coverage of the Total Population, states (2005-2006), U.S. (2006) [ranked by “Employer”], available at: www.statehealthfacts.org, (accessed 01/28/08). *Community Catalyst*, “Massachusetts Health Reform: What it Does, How it Was Done, and Challenges Ahead.”
- ¹³ U.S Bureau of the Census, Current Population Survey, 2007.

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