

Nurses' guide to single-payer reform

Is the health insurance law a success?

By Bill Walczak

We've just passed the one year anniversary (April 12) of the signing of Chapter 58, the health insurance reform bill that is the subject of this blog. The bill was signed by Governor Romney with a phalanx of leaders from both Democratic and Republican parties and celebrated not only as the solution for keeping federal funds flowing into Massachusetts to care for the uninsured (a major reason for the bill), but also as *the* solution to the mess we call the health care system. Media reports have mostly been celebratory since then, and there have been dozens of stories across the country of other states mimicking Massachusetts' solution to the problem of the uninsured.

But is it successful?

Well, that depends on who you are with regard to health care. The system to reimburse institutions for providing health care to the uninsured is based on income and family size, and a few other factors like residency and citizenship status. The old system of reimbursement for the uninsured, the so-called Free Care Pool, was a formulaic system in which hospitals and health centers would verify income and family size of uninsured people who came in for care, and submit information on the cost of services provided to a state agency. Families up to 200 percent of the federal poverty line (FPL) had no co-payments or deductibles. There was some reimbursement from the Free Care Pool for people with incomes up to 400 percent of the FPL. Hospitals were reimbursed for care based on a complex formula that took into consideration the cost of providing the care and other factors such as the percentage of low income people served by the institution. Certainly there were problems with this system – patients often didn't know if they'd be covered, and arranging for things such as prescription drugs could be very difficult. And if you weren't in Boston or another city with a good safety net system that was well prepared to deal with the Free Care Pool system, it could be very difficult to get the care you needed.

Chapter 58 is attempting to solve those problems by pushing hundreds of thousands of the people formerly getting care reimbursed through the Free Care Pool into an insurance system. Reimbursement is still based on family size and income, but the

system of care depends on the uninsured enrolling in an insurance product. And the products can be complex. So let's look at the results by the various categories that were set up.

First off, Chapter 58 expanded Medicaid eligibility (state health insurance for the poor), which resulted in 50,000 additional people getting onto Medicaid, and it reinstated some services (like adult dental care) that had been cut during the last budget crisis. Chapter 58 also created free health insurance, called Commonwealth Care, for poor residents under 100 percent of FPL who for various reasons don't qualify for Medicaid. To get this insurance, you need to be very poor. The insurance products are provided by insurance companies that were largely created to act like Medicaid insurance.

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There is near unanimous agreement that this first phase of health insurance reform has worked well. It's the second phase of Commonwealth Care which has policy makers and health care providers nervous. You see, it's not that difficult to give people free health insurance. When the expectation changes so that working poor and working class people, of whom many have been receiving free health care through the Free Care Pool, will now be expected to pay monthly premiums and co-payments and deductibles for care, we are in uncharted territory.

The biggest problem with the next phases of health insurance reform is that it tests the idea of "affordability," which is a requirement of Chapter 58. Is it affordable to have a person making \$20,000 a year pay \$70 a month for insurance, then pay co-payments and deductibles on top of that, when that person qualified for free care prior to Chapter

58? Is it affordable for a 57-year-old making \$30,000 a year to pay \$4,000-\$6,000 a year for health insurance plus co-payments and deductibles? Or, more important, will s/he pay that? Will s/he pay that if the state starts fining him/her (first year penalty is loss of income tax personal exemption, second year penalty is a fine up to half the cost of the insurance)? What will happen if the person refuses to pay? What happens if s/he stops sending monthly checks? Then there's the issue of what happens to the health care providers. With the free care pool, hospitals and health centers would get some payment for most visits by the working poor, but in the new system, if the working poor person stops paying insurance premiums, will the health center and/or hospital be expected to turn the person away from health care?

These issues will need to be dealt with in 2007. Phase 2 will be considered successful if a large percentage of the 73,000 who received invitations to join the Phase 2 plan actually join, send in their checks and continue to make monthly payments. You see, it's very important that a high percentage join, since a low enrollment could indicate that only the sicker individuals are joining—and that could dramatically increase the cost of the state subsidy for the plans, so the well and young need to join and pay for this to be successful.

And the next phase, Commonwealth Choice, the mandatory health insurance for those with incomes over 300 percent of poverty (over \$30,000 a year for an individual, over \$50,000 for a married couple with a child) is going to be a huge test of the new system. The Connector announced to great fanfare that they were able to get premiums down to \$175 per month. But that was for 37 year olds, and doesn't include what could be significant deductibles and co-payments, though not necessarily as bad as has been reported. As mentioned above, a 57-year-old would pay \$4,000-\$6,000 a year plus deductibles and co-payments.

The Connector has several other problems to contend with. Under the old Free Care Pool system, the average cost of care per free care

pool recipient was \$1,691 per year. The shift to an insurance system is clearly going to cost a lot more. And there is very little new money to balance the books. The Federal money in the mix is actually the same money that previously floated the Free Care Pool, and it is slated to run out in July 2008, unless it is renewed. The state put in an additional

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\$125 million. The business mandate has holes throughout and won't produce much money for the new system. And so, nearly all the new money needed to make this system work comes from the requirement that uninsured individuals buy health insurance.

GBIO (the faith group that has been a major advocate for Chapter 58) wants to stop the individual mandate and waive the penalty, as they have determined that the cost is unaffordable. If the state doesn't waive the penalty, will it force the uninsured to pay? Will the uninsured comply, will they just not pay, or will they just move out of state? Will the state protect the safety net system that has provided care to these 500,000 uninsured residents so that the providers of care can stay afloat?

So back to the question: Is Chapter 58 successful? The first 100,000 enrolled clearly was, but the jury will be out for several more months on the next 400,000. Meanwhile, those of us in the safety net are hoping that the cure for the problem of uninsurance isn't worse than the disease.

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Health care champions honored at Ben Gill awards

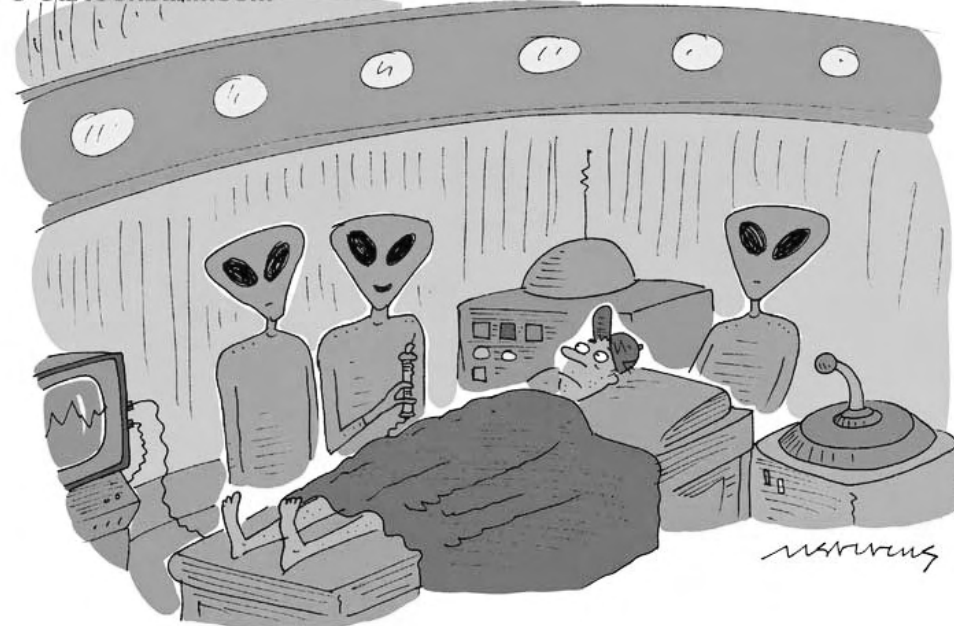
On March 24, health care advocates gathered at Ryles Jazz Club in Cambridge to honor two champions who've been fighting for a comprehensive universal health care system.

The first recipient of the Dr. Benjamin Gill Memorial Award was Barbara Sullivan, a graduate of the Quincy City Hospital School of Nursing who retired from state service in 1989. For many years Sullivan chaired the Health Care Committee of the Massachusetts League of Women Voters, providing testimony and leading delegations to Beacon Hill.

Grace Ross—the former gubernatorial candidate who advocated tirelessly for a single-payer system—was also honored. Her campaign continues unflaggingly as she works with MASS-CARE and legislators to craft and bundle pieces of legislation that complement the Massachusetts Health Care Trust bill, our single-payer focus, and seek to address cost-containment issues not dealt with by Chapter 58.

Cambridge Mayor Kenneth Reeves and state Rep. Alice Wolf joined in the evening's festivities, as did leaders from Jobs with Justice, the Massachusetts Senior Action Council, Physicians for a National Health Program and the MNA. ■

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"Before we get started, who's your health-care provider?"