

TRENDS

After The Mandates: Massachusetts Employers Continue To Support Health Reform As More Firms Offer Coverage

Bay State employers have fewer reservations about the reform than they did last year, shortly after the reform took effect.

by Jon R. Gabel, Heidi Whitmore, Jeremy Pickreign, Will Sellheim, Shova KC, and Valerie Bassett

ABSTRACT: Based on a spring 2008 survey of 1,003 randomly selected Massachusetts firms, this paper examines views and responses of employers to health care reform after employer and individual mandates went into effect. A majority of firms view reform as “good for Massachusetts.” The percentage of firms with three or more workers offering coverage increased from 73 percent to 79 percent. Massachusetts employers are less likely than employers nationally to indicate plans to terminate coverage or restrict eligibility for health benefits, which suggests that crowd-out is not occurring. [*Health Affairs* 27, no. 6 (2008): w566-w575 (published online 28 October 2008; 10.1377/hlthaff.27.6.w566)]

ON 12 APRIL 2006 Republican Governor Mitt Romney signed legislation aimed to bring universal health insurance coverage to the commonwealth of Massachusetts. The plan quickly went into operational mode. The Medicaid expansion began in July 2006. With a few exceptions, all Massachusetts adults were required to have insurance coverage on 1 July 2007. On that same day, all employers with eleven or more full-time-equivalent (FTE) workers were required to offer a Section 125 plan that enables workers to pay for health insurance on a pretax basis. On 1 October 2007 all employers with eleven or more FTE workers were sub-

ject to a mandate to offer insurance coverage or pay an annual “fair share” contribution of \$295 per employee. By 31 December 2007 all Massachusetts adults were required to provide evidence that they had insurance coverage or lose their personal state income tax deduction for 2007.¹

Massachusetts’ experience with health care reform has gained the attention of those outside the commonwealth for a number of reasons. First, Massachusetts has become a “laboratory of democracy”—one of the only states (along with Vermont) that has succeeded recently in passing legislation and executing a health care plan whose objective is universal

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coverage.² If Massachusetts is successful, other states may follow. Second, Democratic presidential candidate Sen. Barack Obama has proposed a health care reform plan modeled after the Massachusetts reforms (but that does not include the individual mandate). Third, Massachusetts is an important natural experiment from which to observe evidence of the contentious issue of crowd-out. In his vetoes of the renewal of the State Children's Health Insurance Program (CHIP), President George W. Bush noted that an expansion of public programs results in a substitution for private health insurance plans.³ Jonathan Gruber and Kosali Simon have estimated that for every ten people who receive coverage with expanded public coverage, six people leave private coverage.⁴ Other researchers have found no such evidence of "crowd-out" in similar analyses.⁵

Employers' responses to reform have implications beyond the issue of crowd-out. In 1988, under Gov. Michael Dukakis (D), the commonwealth passed a universal coverage plan with a "play-or-pay" mandate. The business community vehemently opposed play-or-pay, and in response the legislature repeatedly postponed and ultimately repealed the legislation.⁶ Hence, if substantial segments of the business community maintain their support, the reform plan will have buy-in from its potentially leading political opposition.

Based on a baseline survey of employers, in November 2007 we reported in this journal that Massachusetts employers were generally supportive of health care reform and that there were few signs of possible crowd-out.⁷ Analyzing data from household surveys of Massachusetts residents, Sharon Long recently reported that employer-based coverage had expanded from 2006 to 2007 as a result of a higher percentage of workers taking up coverage.⁸

From a survey of 1,003 randomly selected Massachusetts employers with three or more workers, this paper provides a snapshot of these employers' views about the reform plan in the spring of 2008, a time when most provisions of the plan had gone into effect. This was also a time when the media frequently reported about public discussions of funding

shortfalls because of faster-than-anticipated enrollment. The paper further examines planned changes by employers and selected responses to the health care reform package, including signs of crowd-out. We are working on other papers that will analyze changes in eligibility, take-up, and coverage rates; premium growth; and benefit package changes.

Study Data And Methods

The primary databases for this study were the 2007 and 2008 Robert Wood Johnson Foundation/National Opinion Research Center (RWJF/NORC) Massachusetts Employer Health Benefits Surveys. Data for 2007 constituted baseline observations (before employers were subject to health care reform requirements) and data for 2008 (after these firms were subject to the reform legislation). Survey Sampling Inc. provided the sampling frame from Dun and Bradstreet. The sample design was a random sample of public and private employers with establishments located in Massachusetts with three or more workers, stratified by firm size and industry, with additional controls for geographic location.

National Research LLC conducted telephone interviews with employee benefit managers during February–June 2008. Core elements of the survey are similar to those asked in the Henry J. Kaiser Family Foundation/Health Research and Educational Trust (Kaiser/HRET) Employer Health Benefits Survey. This includes questions about the firm's largest health maintenance organization (HMO), preferred provider organization (PPO), point-of-service (POS) plan, indemnity plan, and high-deductible plan with savings option (HDHP-SO). A special section of the survey asked about respondents' knowledge and views of health care reform, and how their firm had altered its health benefits since last year in response to reform.

The comparison group for the analysis is U.S. firms. Data on these firms are from the 2007 and 2008 Kaiser/HRET Employer Health Benefits Surveys' public use files. National Research LLC collected data for these surveys during January–May using telephone inter-

views with employee benefit managers.

Sample sizes for the Massachusetts surveys were 1,052 firms in 2007 and 1,003 in 2008. The national surveys included completed interviews with 1,997 firms in 2007 and 1,927 firms in 2008. Of completed interviews in 2008, 64 percent of Massachusetts firms and 74 percent of national firms also participated in the respective surveys in 2007. An additional 1,269 Massachusetts firms in 2008 and 1,300 firms in 2007 did not complete the full survey but answered one question: “Does your company offer or contribute to a health insurance program as a benefit to your employees?” For the national survey, the corresponding figures for 2008 and 2007 were 905 and 1,081, respectively. Hence, sample sizes for the offer-rate question are much larger.

In calculating statistics about firms’ views and responses to health care reform, we used employer weights. This weight is the inverse of the probability of appearing in the sample. In calculating employer weights, we “trimmed” overly influential weights and then poststratified to the number of firms in Massachusetts and the nation based on the U.S. Census Bureau’s 2004 Statistics of U.S. Businesses. The sampling error for the full sample was approximately 3 percent in Massachusetts and 2.5 percent for the national survey. In testing for statistical differences, we used the 0.05 significance level.

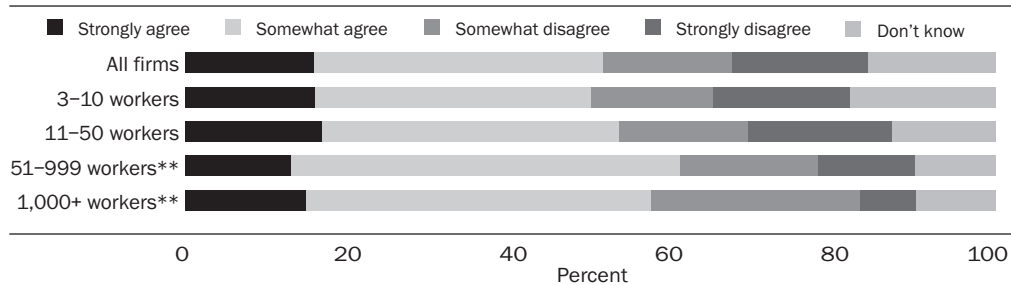
Most firms in Massachusetts and the nation are very small firms, with 3–24 workers. However, the majority of employees with health insurance work for firms with more than 1,000 workers, which account for less than 3 percent of all firms in Massachusetts and the nation. Therefore, the findings presented here, which are employer-weighted, represent the experience of the typical employer, which is a small firm.

Study Findings

■ **Overall view of reform.** When asked whether they agreed that the “health care reform plan has been good for Massachusetts,” 52 percent of employers indicated agreement and 33 percent disagreement (Exhibit 1). Differences by firm size were small. Support for the reform program among employers not offering coverage was not statistically different from that of employers offering coverage.

■ **Understanding of reform plan.** Employers expressed increased interest in and understanding of the reform plan in 2008 over the baseline survey in 2007 (Exhibit 2). The percentage of firms indicating that they understood the reform plan either “very well” or “somewhat well” increased from 57 percent in 2007 to 70 percent in 2008. The percentage of firms that correctly answered the question that all firms with eleven or more FTE workers were required to offer a Section 125 plan in-

EXHIBIT 1
Employers’ Views Of Whether The Massachusetts Health Care Reform Has Been Good For Massachusetts, By Firm Size, 2008



SOURCE: Robert Wood Johnson Foundation/NORC/Blue Cross Blue Shield of Massachusetts Foundation Survey of Massachusetts Employers, 2008.

NOTE: Statistical significance denotes that the firm size category is statistically different from the other firm sizes shown.

** $p < 0.05$

EXHIBIT 2 Massachusetts Employers' Understanding And Following Of Health Care Reform Plan, 2007 And 2008

	How well does firm understand health care reform plan?		How closely has firm been following health care reform plan?		Awareness that reform plan requires all firms with 11 or more workers to offer a Section 125 cafeteria plan	
	Very well	Somewhat well	Very closely	Somewhat closely	Yes	No
2007						
Firms offering coverage	17%	40%	16%	40%	55%	25%
Firms not offering coverage	– ^a	– ^a	12	32	46	35
3–10 workers	14	35	10	36	45	32
11–50 workers	18	43	15	43	62	25
51–999 workers	24	55	40	42	75	15
1,000+ workers	40	48	62	32	84	10
All firms	17	40	15	38	53	28
2008						
Firms offering coverage	21%	51%	28%	43%	75%**	9%**
Firms not offering coverage	30%**	33%**	19	44	51	36
3–10 workers	21	44	17**	45**	62**	20**
11–50 workers	24	52**	33**	43	80**	7**
51–999 workers	33	58	53**	38	90**	5**
1,000+ workers	47	47	68	30	94	4
All firms	23**	47**	26**	43**	70**	15**

SOURCES: Robert Wood Johnson Foundation/NORC Survey of Massachusetts Employers, 2007 and 2008.

NOTE: Statistical significance denotes that estimate in 2008 is statistically different from 2007.

^a Not asked of firms not offering coverage in 2007.

** $p < 0.05$

creased from 53 percent to 70 percent among all firms, and from 62 percent to 80 percent for firms with 11–50 workers. The larger the size of the firm, the more likely the respondent was to answer the question correctly.

Massachusetts employers are following health reform more closely in 2008 than in the baseline year of 2007. The percentage of employers indicating that they are following the reform “very closely” grew from 15 percent to 26 percent (Exhibit 2).

Although figures are decreasing, a majority of firms with fifty or fewer employers remain unfamiliar with the Commonwealth Connector (an independent agency that helps Massachusetts residents find coverage). The percentage of firms with 3–50 workers indicating that they were either “very” or “somewhat” familiar with the Connector increased from 24 percent to 39 percent (data not shown). Firms

with 3–50 employees not offering coverage are surprisingly more likely to be very familiar with the Connector than firms offering coverage (20 percent versus 9 percent). The Connector will not offer small-employer coverage until the end of 2008, which may explain this finding. It is possible that many firms not offering coverage looked into the Connector as a vehicle to buy coverage.

■ Views on health insurance coverage.

The employer community continues to view insurance coverage as a shared responsibility. The percentage of firms that strongly agreed that “all employers bear some responsibility for providing health benefits to their workers” remained statistically unchanged, as did the percentage that somewhat agreed (Exhibit 3). In general, as firm size rises, more employers tended to agree with the statement. A majority of nonoffering firms (64 percent) also agreed

EXHIBIT 3 Massachusetts Employers' Views Of Responsibility For Health Insurance Coverage, 2007 And 2008

	"All employers bear some responsibility for providing health benefits to their workers"		"All individuals bear some responsibility for buying health insurance, if their income is above the poverty line"		"Employers with 10 or fewer workers should not be exempted from the requirement of either offering health benefits or paying the 'fair share' contribution"		"Employers with 11 or more workers that do not offer health benefits should be required to pay the 'fair share' contribution of up to \$295 annually per employee"	
	Strongly agree	Somewhat agree	Strongly agree	Somewhat agree	Strongly agree	Somewhat agree	Strongly agree	Somewhat agree
2007								
Firms offering coverage	41%	42%	38%	45%	28%	31%	39%	37%
Firms not offering coverage	18	45	35	47	27	17	24	26
3-10 workers	31	43	31	50	31	24	36	34
11-50 workers	39	40	44	40	22	33	33	34
51-999 workers	44	45	55	34	23	34	38	36
1,000+ workers	33	53	52	37	18	28	34	40
All firms	34	43	37	46	28	27	35	34
2008								
Firms offering coverage	44%	40%	45%	36%	28%	28%	42%	29%**
Firms not offering coverage	23	41	50	34	13	28	24	36
3-10 workers	32	40	45**	34**	23	29	35	30
11-50 workers	42	42	41	42	30**	24**	43**	29
51-999 workers	54**	38	53	36	22	29	44**	29
1,000+ workers	58**	31**	58	33	16	33	32	44
All firms	37	40	46**	36**	25	28	38	30

SOURCES: Robert Wood Johnson Foundation/NORC Survey of Massachusetts Employers, 2007 and 2008.

NOTE: Statistical significance denotes that estimate in 2008 is statistically different from 2007.

** $p < 0.05$

with the statement in 2008.

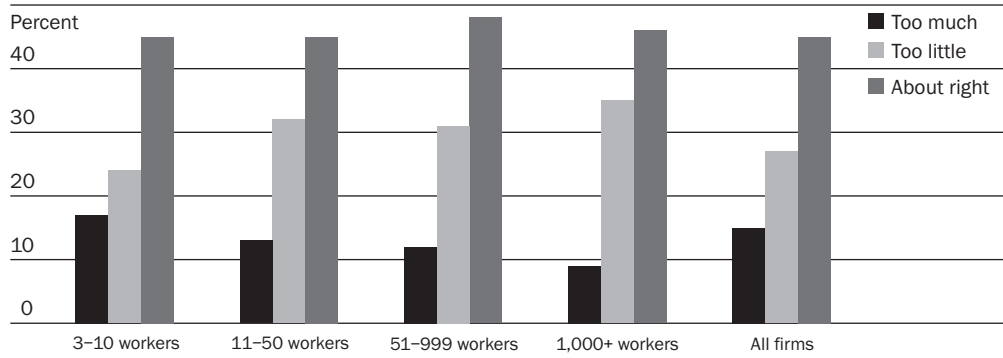
The percentage of employers that strongly agreed that "all individuals bear some responsibility for buying health insurance, if their income is above the poverty line" increased from 37 percent to 46 percent. The percentage of employers that somewhat agreed declined from 46 to 36 percent.

The percentage of firms that either strongly or somewhat agreed that "employers with 10 or fewer workers should not be exempted from...either offering health benefits or paying the 'fair share' contribution" was statistically unchanged for each response from 2007 to 2008. Among firms not offering coverage, the percentage that strongly agreed declined from 27 percent to 13 percent, although 28 percent

somewhat agreed.

A statistically equivalent percentage of Massachusetts employers (35 percent in 2007, 38 percent in 2008) strongly agreed with the so-called fair share provision of the health care reform plan. The percentage that somewhat agreed was also statistically unchanged. This provision stipulates firms with eleven or more workers to pay the "fair share" requirement of up to \$295 annually per employee if the firm does not offer insurance. The percentage of firms with 11-50 and 51-999 workers that strongly agreed increased statistically.

When asked if the annual fair share requirement was "too much," "too little," or "about right," 45 percent of firms said "about right" (Exhibit 4). More firms (27 percent) in-

EXHIBIT 4**Employers' Views On Whether The "Fair Share" Contribution Of \$295 A Year Per Full-Time-Equivalent Worker Is Too Much, Too Little, Or About Right, By Firm Size, 2008**

SOURCE: Robert Wood Johnson Foundation/NORC/Blue Cross Blue Shield of Massachusetts Foundation Survey of Massachusetts Employers, 2008.

indicated that the \$295 figure was “too little” than “too much” (15 percent). Only 16 percent of firms not offering coverage (not shown) viewed the amount as “too little,” as compared to 30 percent of firms offering coverage.

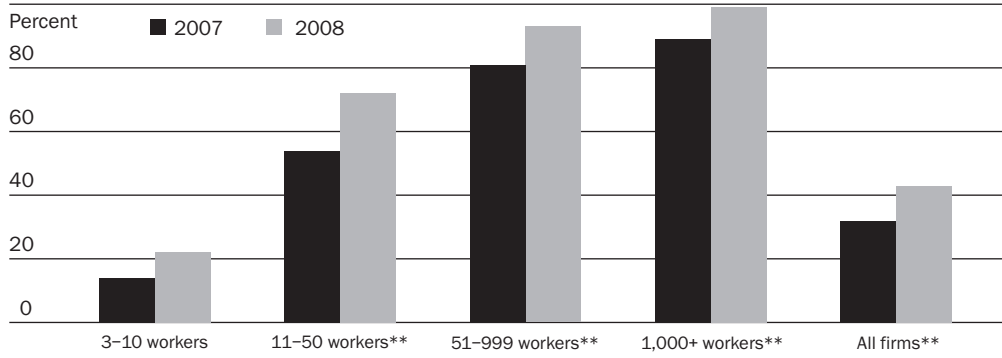
Respondents were told that health benefits average about 7 percent of payroll and then were asked if a payroll tax of 4 percent would be fairer than the \$295 figure (data not shown). Firms were roughly evenly split on this question, although more firms were “strongly opposed” than “strongly supporting” the 4 percent payroll tax. About 22 percent declined to offer a response to the question.

■ **Section 125 offerings and take-up.** As noted previously, the reform plan requires all firms with eleven or more workers, including nonoffering firms, to offer a Section 125 plan. This enables employees to pay for their health insurance on a pretax basis. Employers may also design Section 125 plans so that employees can use payroll deductions to fund out-of-pocket expenses for medical services on a pretax basis, but this is not required. If a firm with eleven or more workers does not offer a Section 125 plan and its employees use more than \$50,000 in care paid for by the Health Safety Net Trust Fund as free care, the employer must pay the Free-Rider Surcharge.

Survey results indicate that the percentage of firms offering Section 125 benefits grew in

the past year but that many employers still do not offer them (Exhibit 5). For firms with 3–10 workers, and thus not subject to legal requirements, the percentage of firms offering Section 125 plans rose from 14 percent to 22 percent. It is particularly important for nonoffering firms to provide Section 125 benefits, since employees must pay the full cost of coverage out of pocket. The increase among firms with 11–50 workers was from 54 percent to 72 percent; for firms with 51–999 workers, it grew from 81 percent to 93 percent. A further analysis indicated that among firms that incorrectly answered the question about the Section 125 requirement, only 13 percent offered a Section 125 plan. Only 10 percent of firms were “very concerned” about the administrative burden of adding a Section 125 plan (not shown). It is possible that the wording of the question—“Does your firm offer a Section 125 ‘cafeteria plan’”—confused some respondents.⁹

■ **Employers’ responses to reform requirements.** Few firms offering health coverage reported making changes as a result of health reform. The reform plan mandates that young adults can stay on their parents’ health plans until age twenty-six. When employers were asked if they changed their contribution policy for workers with family coverage in response to this requirement, only 4 percent of all firms reported that they did. Responses

EXHIBIT 5**Employers That Offer A Section 125 “Cafeteria Plan,” By Firm Size, 2007 And 2008**

SOURCES: Robert Wood Johnson Foundation/NORC/Blue Cross Blue Shield of Massachusetts Foundation Survey of Massachusetts Employers, 2007 and 2008.

NOTE: Statistical significance denotes that the estimate for 2008 is statistically different from the estimate for 2007.

** $p < 0.05$

were similar for firms of different sizes.

Households earning less than 300 percent of poverty-level income are eligible for subsidies in Commonwealth Care (a subsidized health plan for low-income residents) if no one in the household is offered employer-sponsored coverage. In 2007, 16 percent of employers not offering coverage said that they would limit pay raises to keep employees below the 300 percent threshold. In 2008, however, among employers not offering coverage, none indicated that they had limited pay raises so that employees could be eligible for Commonwealth Care. On the other hand, a majority of employers not offering benefits indicated that the firm had educated workers about the opportunity for subsidized insurance via Commonwealth Care.

Firms offering health coverage reported making few changes in cost sharing or in offering more plans as a result of the requirements of reform. Only 2 percent of firms said that they offered more plans, and only 4 percent indicated that they had increased cost sharing in response to the reform plan.

In 2009, however, the standard of “minimum creditable coverage” will apply for the first time to Massachusetts residents. People will need to enroll in health plans that include prescription drug coverage, and plans must include out-of-pocket limits. Of firms offering

coverage, 76 percent were aware of this new requirement, and 20 percent of firms are planning to increase benefits as a result.

With reform leading to few changes for firms offering coverage, few firms—and fewer firms than in 2007—saw Massachusetts health reform as a financial burden. The percentage of firms agreeing either strongly or somewhat that health reform was a financial burden declined from 36 percent to 29 percent for firms providing coverage. The decline was more for firms not offering coverage—80 percent to 47 percent. Similarly, the percentage of firms agreeing that it was difficult to administer their health plan was statistically unchanged at 15 percent.

Firms with more than 1,000 workers responded negatively about one requirement for employers: the Health Insurance Responsibility Disclosure (HIRD) form, on which the employer must identify to the state all workers who decline health coverage and Section 125 coverage. Forty-five percent of large employers agreed that this requirement was “very burdensome,” and another 29 percent saw it as “somewhat burdensome.” In contrast, 9 percent of firms with 11-50 workers saw it as “very burdensome,” and 17 percent saw it as “somewhat burdensome.”

■ Potential compliance problems.

Firms with 11-50 workers not offering cover-

age were asked if they had to pay their “fair share” contribution of \$295 per employee. Sixty percent of firms said that they did not have to pay this contribution, and another 13 percent responded that they “don’t know.”¹⁰ This leaves only 27 percent of nonoffering firms required to pay their “fair share” contribution. Among firms that paid the contribution, more than half are planning to offer benefits next year. The sample size for these questions is quite small, however. Firms able to avoid paying the “fair share” contribution may have employed ten or fewer workers at the time the determination was made.

We noted previously that not all firms with eleven or more workers offer Section 125 plans. For example, only 72 percent of firms with 11–50 workers indicated offering such plans. It is possible that some firms did not understand the question, and the use of “Section 125 ‘cafeteria plans’” confused some employers. Thus, the 72 percent figure may underestimate the percentage of firms offering Section 125 plans.

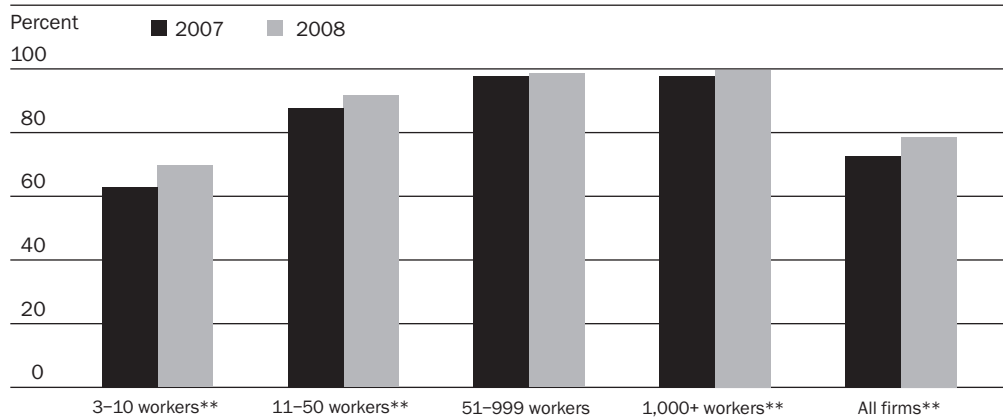
■ **Crowd-out.** Last year we reported that there was little early evidence of crowd-out, and this year the same conclusion applies. The percentage of firms offering health benefits in the commonwealth increased during the past

year (73 percent in 2007 and 79 percent in 2008) (Exhibit 6). Firms with 11–50 workers offering coverage rose significantly, from 88 percent to 92 percent. Nationally, the percentage of firms offering coverage was statistically unchanged from 2007 to 2008, at 60 percent and 63 percent, respectively.

Additional information indicates that crowd-out is not occurring. We asked firms if they planned to drop coverage next year. Massachusetts firms with 3–50 workers were less likely than firms nationally to indicate so in both 2007 and 2008 (data not shown). Two percent of commonwealth firms said that they were “somewhat likely” to do so in 2007; 3 percent said this in 2008. No firms said “very likely” in either year. In contrast, 3 percent of U.S. firms indicated they were either very or somewhat likely to drop coverage in 2007; that figure increased to 6 percent in 2008.

We also asked Massachusetts and U.S. firms in 2007 and 2008 if they planned to restrict eligibility for coverage next year (data not shown). Six percent of Massachusetts firms with 3–50 workers said that the firm was either very or somewhat likely to do so in 2007, and 5 percent said this in 2008. Nationally, this percentage increased from 5 percent

EXHIBIT 6
Percentage Of Firms In Massachusetts That Offer Coverage To Employees, By Firm Size, 2007 And 2008



SOURCES: Robert Wood Johnson Foundation/NORC/Blue Cross Blue Shield of Massachusetts Foundation Survey of Massachusetts Employers, 2007 and 2008.

NOTE: Statistical significance denotes that the estimate for 2008 is statistically different from the estimate for 2007.

** $p < 0.05$

in 2007 to 14 percent in 2008, statistically different from Massachusetts in 2008.

Discussion

■ **Areas of improvement.** About six months after Massachusetts employers became subject to the “fair share” requirement, a clear majority of employers feel that “overall, the health care reform plan has been good for Massachusetts.” More employers say that they understand the plan, and more employers are following the plan closely, than was the case a year ago. Solid majorities of firms believe that employers have a responsibility for providing health benefits to employees and that employees also have a responsibility for buying health insurance. About half of employers continue to think that firms with fewer than eleven workers should be subject to the same requirements that other firms face. Pluralities of employers view the \$295 “fair share” contribution per employee (when firms with eleven or more workers don’t offer benefits) as “about right.”

Health reform to date has brought about limited administrative and plan changes for firms offering coverage. One new requirement on the calendar that could bring change beginning in 2009 is “minimum creditable coverage,” which mandates that people be enrolled in plans with drug coverage, limits on out-of-pocket payments for medical services, and other features. More than 76 percent of firms were aware of this new requirement, and about 20 percent indicated that they planned to change the provisions of their plans to enable their workers to meet it.

There are still few signs of crowd-out. The percentage of firms offering health benefits increased from 73 percent to 79 percent overall. Massachusetts firms with 3–50 workers were no more likely in 2008 to indicate that they planned to drop coverage or restrict eligibility than they were in 2007. In contrast, the percentage of U.S. firms with 3–50 workers indicating that they planned to drop coverage rose from 3 percent to 6 percent (not statistically significant), and the percentage planning to restrict eligibility rose from 5 percent to 14 percent. Our results based on surveys of em-

ployers are consistent with those of Long, who has reported an expansion in employer-based coverage, based on household surveys of Massachusetts residents.¹¹

Why might coverage be expanding in the face of seeming incentives for some firms to drop coverage and allow Commonwealth Care pay for the coverage of workers earning less than 300 percent of poverty? One likely factor is the individual mandate. Employers know that employees will need to pay for coverage out of pocket if the employer does not offer it, thereby giving individuals a strong incentive to find an employer that offers health benefits. This may prompt employers to maintain coverage or to offer it for the first time. Half of the firms not offering coverage that had to pay the “fair share” contribution plan to provide coverage next year. As more employers offer coverage, there may be greater competitive pressure for nonoffering employers to do so.

■ **Areas for concern.** The survey uncovers some areas of concern. First, although the percentage of employers with more than ten workers offering a Section 125 plan grew nearly twenty percentage points over the past year, many employers still indicated that they did not offer such a plan. Nearly 90 percent of employers that were not aware of the requirement to offer a Section 125 plan did not do so. Again, it is possible that many respondents did not understand the question and believed the question pertained only to out-of-pocket medical expenses paid for by a Section 125 plan.

Second, about 60 percent of employers with 11–50 workers not offering coverage said that they did not pay their “fair share” contribution. We could not determine from the survey why these firms were not required to pay this contribution, but it is possible that when that determination was made, these firms had reported fewer than eleven employees.¹²

Third, although fewer employers saw the reform plan as a financial burden or viewed their plans as difficult to administer than in 2007, and few employers offering coverage reported altering plan provisions to meet future state requirements regarding minimum creditable coverage, one potential problem is appar-

ent. Forty-five percent of firms with more than 1,000 workers found the HIRD form (on which employers must report all employees declining coverage and Section 125 benefits) “very burdensome” and another 29 percent, “somewhat burdensome.” Large employers are a financially powerful group with potential political power to stymie reform.

■ **Study limitations.** We note a few limitations of the study. This paper reported on views of employers and how these views changed from 2007 to 2008. Future papers will show changes in eligibility standards, eligibility rates, take-up rates, and coverage rates and will compare trends in Massachusetts with national trends. These papers will also feature how the cost of health benefits and plan design changed in Massachusetts compared to the remainder of the nation. Like all surveys, respondents might have not understood specific questions, and then might have provided incorrect answers. Similar to all surveys, sample sizes could be insufficient to identify statistically significant relationships. Also, the analysis plan was largely a pre-post one that assumes that changes that took place were not attributable to outside factors. We note, however, that most of the data presented pertained to employers’ viewpoints on reform.

MASSACHUSETTS employers remain supportive of the reform plan and generally have fewer reservations than they did one year ago. More firms are offering coverage, and we see no signs of future crowd-out. For the moment, health reform has met or exceeded expectations with regard to the employer community.

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NOTES

1. Commonwealth Connector, “Health Care Reform: Timeline,” <http://www.mahealthconnector.org/portal/site/connector/menuitem.aceeb4005a8e46bd7176b66033468a0c/?fiShown=default> (accessed 24 September 2008).
2. More than thirty years ago, Hawaii passed an employer mandate. Today about 10 percent of Hawaii’s population is uninsured.
3. J. Silbner, “Could SCHIP Plan Pillage Private Insurance?” *All Things Considered*, National Public Radio, 17 October 2007, <http://www.npr.org/templates/story/story.php?storyId=15377334> (accessed 24 September 2008).
4. J. Gruber and K. Simon, “Crowd-Out Ten Years Later: Have Recent Public Expansions Crowded Out Private Health Insurance?” Working Paper no. 12858 (Cambridge, Mass.: National Bureau of Economic Research, 2007).
5. L.J. Blumberg, L. Dubay, and S.A. Norton, “Did the Medicaid Expansions for Children Displace Private Insurance? An Analysis Using the SIPP,” *Journal of Health Economics* 19, no. 1 (2000): 33–60.
6. J. Greenberg and B. Zuckerman, “State Health Care Reform in Massachusetts,” *Health Affairs* 16, no. 4 (1997): 188–193.
7. J.R. Gabel, H. Whitmore, and J. Pickreign, “Report from Massachusetts: Employers Largely Support Health Care Reform, and Few Signs of Crowd-Out Appear,” *Health Affairs* 27, no. 1 (2008): w13–w23 (published online 14 November 2007; 10.1377/hlthaff.27.1.w13).
8. S.K. Long, “On the Road to Universal Coverage: Impacts of Reform in Massachusetts at One Year,” *Health Affairs* 27, no. 4 (2008): w270–w284 (published online 3 June 2008; 10.1377/hlthaff.27.4.w270).
9. Question wording: “Does your firm currently offer a Section 125 ‘cafeteria plan?’” Some respondents, particularly from small firms, may have interpreted the question to apply only to plans where workers can use pretax dollars to pay for uncovered medical expenses. Thus, some might not have understood that it also applies to plans where workers can only use pretax dollars to pay for insurance. The question also noted, “These plans provide employees with access to paying for health insurance premiums with pretax dollars without any required employer contribution.”
10. State officials note that filings “trickled in” after the filing deadline, an indication that many did not understand filing requirements.
11. Long, “On the Road to Universal Coverage.”
12. The sample design intentionally did not, in 2008, re-interview firms with ≥ 10 workers in 2007.