HEALTH REFORM IN MASSACHUSETTS
EXPANDING ACCESS TO HEALTH INSURANCE COVERAGE

ASSESSING THE RESULTS
MARCH 2014
March 2014

*Health Reform in Massachusetts, Expanding Access to Health Insurance Coverage: Assessing the Results* pulls together in one publication the findings of surveys and other efforts to monitor the impact of the 2006 Massachusetts health reform law, Chapter 58.

The charts in this report track the impact of Massachusetts Chapter 58 health reform efforts on coverage and access to care, the response to the individual mandate, employer participation in providing coverage to employees, and public opinion. Data come from surveys and analyses by state government agencies including the Massachusetts Center for Health Information and Analysis (formerly the Division of Health Care Finance and Policy), the Massachusetts Department of Revenue, and the Massachusetts Health Insurance Connector Authority. In addition, highlights from health reform tracking surveys conducted annually by the Urban Institute are included as well (the Massachusetts Health Insurance Survey and the Massachusetts Health Reform Survey).

This report has been designed to support use of the charts in slide presentations and we encourage readers to do so. We plan to update this publication regularly with the latest results from ongoing monitoring efforts as they become available.

Sincerely,

Audrey Shelto, President  
Blue Cross Blue Shield of Massachusetts Foundation

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EXECUTIVE SUMMARY

- 439,000 more Massachusetts residents have health insurance coverage than did before reform.
- Massachusetts has the highest rate of insurance in the country with 96.9 percent of residents insured.
- There has been no evidence of subsidized coverage “crowding out” employer-sponsored insurance, and employer offer rates have grown from 70 percent to 76 percent since implementation of reform.
- Public support for Massachusetts health reform has remained strong with two out of three adults supporting reform.
- Most employers believe health reform has been good for Massachusetts, and 88 percent of Massachusetts physicians believe reform improved, or did not affect, care or quality of care.
- The cost of health care and the annual rate of increase in health care spending remain challenges. With no intervention, per capita health care spending in Massachusetts is projected to nearly double by 2020.
KEY COMPONENTS OF MASSACHUSETTS HEALTH REFORM UNDER CHAPTER 58

INDIVIDUAL RESPONSIBILITY
- Applies to all adults (ages >17 years) if affordable coverage is available
- Coverage must meet “minimum creditable coverage” standards
- Mandate penalties may not exceed one-half of least expensive monthly premium available through the Health Connector and do not apply to individuals with incomes <150% FPL or those with a religious exemption

EMPLOYER RESPONSIBILITY
- Employers with >11 full-time equivalent (FTE) employees must demonstrate a “fair and reasonable” contribution toward employee coverage or pay a penalty of up to $295 per FTE*
- Employers with >11 FTE employees must offer a Section 125 plan or pay a “free rider” surcharge if employees use significant Health Safety Net resources

GOVERNMENT SUBSIDIES FOR LOW-INCOME RESIDENTS
- Expansion of Medicaid (MassHealth) for children up to 300% FPL
- Creation of subsidized insurance (Commonwealth Care) for adults up to 300% FPL offered through the Health Connector**

EXPANDED INSURANCE OPTIONS FOR INDIVIDUAL DIRECT PURCHASE
- Merged small and non-group insurance markets to pool insurance risk and allow for broader array of products
  - Premiums based on broader risk pool of each insurer’s combined small group and individual purchase members
- Standardization of direct purchase products (Commonwealth Choice)***
  - Premiums based on merged small and individual market within ratings bands (age, geography, industry)
  - Three standard benefit levels: Bronze, Silver, and Gold
  - Available for purchase via the Health Connector or directly from health plans
- Creation of new insurance products with limited benefits for young adults (ages 18 to 26)****

*This provision has been eliminated; some employers will be subject to the employer responsibility requirements of the Affordable Care Act (ACA) beginning January 1, 2015.
**Commonwealth Care will be eliminated at the end of June 2014; those enrolled will be eligible for MassHealth or subsidized coverage through the Connector known as ConnectorCare.
***Due to the creation of Qualified Health Plans and Advanced Premium Tax Credits under the ACA, Commonwealth Choice will be eliminated at the end of March 2014.
****Young Adult Plans will be phased out as Massachusetts implements federally defined Catastrophic Health Plans.

NOTE: FPL is the Federal Poverty Level.
PRE-REFORM FACTORS FACILITATED MASSACHUSETTS HEALTH REFORM IMPLEMENTATION

- Low rate of uninsurance
  - Primarily due to high rates of employer offer of health insurance, prior Medicaid eligibility expansions, and deep Medicaid penetration among those eligible

- Strong existing financing infrastructure
  - Expansive Medicaid ("MassHealth") 1115 waiver program upon which to implement eligibility determination and managed care plan contracting to support subsidized Commonwealth Care Plan
  - Existing 1115 waiver funding able to be shifted from institution-based support to subsidize coverage for previously uninsured

- Many key insurance market reforms already in place
  - Guaranteed issue in non-group market
  - Modified community rating in small group market

- Well-developed network of outreach programs and training
  - State- and Blue Cross Blue Shield of Massachusetts Foundation-funded mini-grants

- Ch. 58 intentionally focused on access to coverage; cost containment left for future reforms
  - Most significant cost containment element of Ch. 58 legislation was creation of a Health Care Quality and Cost Council to develop statewide goals for cost and quality and make cost and quality information transparent to consumers
WHAT HAS MASSACHUSETTS ACHIEVED RELATIVE TO ITS HEALTH COVERAGE GOALS?

- 439,000 more Massachusetts residents have gained health insurance coverage than had it before reform.
- Massachusetts now has the highest rate of health insurance coverage in the nation.
  - 96.9 percent of Massachusetts residents are insured.
  - 98.1 percent of Massachusetts children are insured.
- Since reform, insurance coverage has increased most significantly for non-elderly adults, particularly for low-income adults.
- The remaining uninsured are more likely to be young, single, male, non-elderly low-income adults, and/or of Hispanic ethnicity.

SOURCE: Massachusetts Division of Health Care Finance and Policy, Key Indicators, June 2011; Massachusetts Center for Health Information and Analysis, Massachusetts Health Insurance Survey, January 2013.
439,000 MORE RESIDENTS HAVE COVERAGE THAN HAD IT BEFORE HEALTH REFORM

As of March 2011, most of the increased coverage since reform has been through public programs. Increases in employer-sponsored insurance initially were much larger but have since declined as a result of the recession. These categories will change with implementation of the Affordable Care Act in 2014.

NOTE: Numbers may not add due to rounding.

SOURCES: Massachusetts Division of Health Care Finance and Policy, Key Indicators, May 2011 and June 2011.
Private group and employer-sponsored coverage continues to be the most common type of coverage (79 percent) for Massachusetts residents under health reform. These categories will change with implementation of the Affordable Care Act in 2014.

**SOURCE:** Massachusetts Division of Health Care Finance and Policy, *Key Indicators*, June 2011.
MASSACHUSETTS HAS THE LOWEST RATE OF UNINSURANCE IN THE COUNTRY

PERCENT UNINSURED, ALL AGES

NOTE: The Massachusetts specific results are from a state-funded survey — the Massachusetts Health Insurance Survey (MHIS). Using a different methodology, researchers at the Urban Institute estimated that 507,000 Massachusetts residents were uninsured in 2005, or approximately 8.1 percent of the total population. Starting in 2008, the MHIS sampling methodology and survey questionnaire were enhanced. These changes may affect comparability of the 2008 and later results to prior years. The national comparison presented here utilizes a different survey methodology, the Current Population Survey, which is known to undercount Medicaid enrollment in some states.

NON-ELDERLY ADULTS ARE MORE LIKELY TO BE UNINSURED THAN CHILDREN OR ELDERLY ADULTS

PERCENT UNINSURED, 2011, BY AGE

Non-elderly adults represent 82.5 percent of the remaining uninsured in Massachusetts, but also experienced the greatest age-related gains in coverage under health reform.

REMAINING UNINSURED, BY AGE

<table>
<thead>
<tr>
<th>Total Uninsured</th>
<th>Children (0–18)</th>
<th>Non-Elderly Adults (19–64)</th>
<th>Elderly Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>204,000</td>
<td>14.4%</td>
<td>82.5%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

SOURCE: Massachusetts Center for Health Information and Analysis, *Massachusetts Health Insurance Survey*, January 2013; data provided to the Foundation by the Center for Health Information and Analysis.
LOW-INCOME RESIDENTS ARE MORE LIKELY TO BE UNINSURED THAN HIGHER-INCOME RESIDENTS

PERCENT UNINSURED, 2011, BY INCOME

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percent Uninsured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>3.1%</td>
</tr>
<tr>
<td>&lt;150% FPL</td>
<td>7.0%</td>
</tr>
<tr>
<td>150%–299% FPL</td>
<td>4.1%</td>
</tr>
<tr>
<td>300%–499% FPL</td>
<td>1.8%</td>
</tr>
<tr>
<td>&gt;500% FPL</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Low-income residents (family household income under 300 percent of the FPL) make up 78 percent of the remaining uninsured in Massachusetts.

While low-income residents are more likely to be uninsured, they have demonstrated the most dramatic income-related gains in coverage under health reform.

NOTE: FPL is the Federal Poverty Level.
SOURCE: Massachusetts Center for Health Information and Analysis, Massachusetts Health Insurance Survey, January 2013; data provided to the Foundation by the Center for Health Information and Analysis.
HISPANIC RESIDENTS ARE MORE LIKELY TO BE UNINSURED

While there are few disparities in coverage between white and other residents of non-Hispanic ethnicity, residents of Hispanic ethnicity are twice as likely to be uninsured and make up 16 percent of the remaining uninsured.

Source: Massachusetts Center for Health Information and Analysis, *Massachusetts Health Insurance Survey*, January 2013; data provided to the Foundation by the Center for Health Information and Analysis.
WHAT HAS BEEN THE EXPERIENCE WITH THE INDIVIDUAL MANDATE IN MASSACHUSETTS?

- 99 percent of the 4.2 million tax filers required to file information on their health insurance status complied with the filing requirement.
- Most (92 percent) tax filers comply with the individual mandate by having insurance year-round.
- Most uninsured tax filers were exempt from the individual mandate due to their low income (<150 percent of the FPL), inability to afford coverage, or religious exemption.
- 1 percent of tax filers who were subject to the mandate were assessed a penalty on their 2010 return.

SOURCE: Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate Tax Year 2010, June 2012.
MOST MASSACHUSETTS TAX FILERS COMPLY WITH THE INDIVIDUAL MANDATE BY HAVING INSURANCE YEAR-ROUND

2010 TAX FILINGS

During calendar year 2010, 4 percent of tax filers were uninsured for part of the year, and 4 percent were uninsured for the entire year.

SOURCE: Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate Tax Year 2010, June 2012.
Very few Massachusetts tax filers were subject to a penalty.

DISTRIBUTION OF FULL-YEAR AND PART-YEAR UNINSURED, 2010 TAX FILINGS

- Able to afford — subject to penalty: 44,000
- Able to afford — appeal requested: 7,500
- Unable to afford: 44,000
- Permissible gap in coverage: 57,000
- Religious or other exemption: 7,580
- Income <150% FPL: 159,000

Most (82 percent) tax filers who were uninsured for some or all of the year were exempt from the penalty due to low income or inability to afford coverage, or they experienced a permissible gap in coverage during the year.

SOURCE: Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate Tax Year 2010, June 2012.
WHAT HAS BEEN THE ROLE OF EMPLOYERS UNDER MASSACHUSETTS HEALTH REFORM?

- There has been no evidence of subsidized coverage “crowding out” employer-sponsored insurance (ESI).
  - Employer offers of coverage have increased.
  - Take-up of employer-offered coverage has remained high.
  - The number and percentage of people with ESI coverage have increased.

- Overall, employers have decreased their contributions toward the cost of employee health insurance as premiums have grown. However, as premium growth slowed in 2010 and 2011, employer contributions rose.

- Most employers have met the state’s “Fair Share” requirements.

- More employers are taking advantage of federal Section 125 tax provisions, which allow employees to purchase health insurance on a pre-tax basis.

SOURCES: Massachusetts Center for Health Information and Analysis, Massachusetts Employer Survey, January 2013, and Fair Share Contribution: Filing Year 2010 Results and Analyses, September 2011.
EMPLOYER OFFER RATES HAVE GROWN UNDER MASSACHUSETTS REFORM

More Massachusetts employers are offering health insurance as compared with the national offer rate.

PERCENT OFFERING INSURANCE COVERAGE AT TIME OF SURVEY

<table>
<thead>
<tr>
<th>Year</th>
<th>United States</th>
<th>Massachusetts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>2011</td>
<td>60%</td>
<td>76%</td>
</tr>
</tbody>
</table>

As premiums have increased, employers’ share of premiums fell, but in 2010 and 2011 contributions rose as premium growth slowed.

**Median premium for individual coverage in MA**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$251</td>
<td>$310</td>
<td>$365</td>
<td>$412</td>
<td>$442</td>
<td>$479</td>
<td>$500</td>
</tr>
</tbody>
</table>

**MA employer contribution toward individual coverage**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2003</th>
<th>2005</th>
<th>2007</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>82%</td>
<td>80%</td>
<td>77%</td>
<td>75%</td>
<td>72%</td>
<td>75%</td>
<td>78%</td>
</tr>
</tbody>
</table>

**Source:** Massachusetts Center for Health Information and Analysis, *Massachusetts Employer Survey*, January 2013.
EMPLOYEE TAKE-UP OF EMPLOYER-SPONSORED INSURANCE HAS REMAINED STRONG OVERALL

PERCENT TAKE-UP OF EMPLOYER OFFER OF INSURANCE

2007 2011

All Firms 78% 77%

Small Firms 80% 75%

Firms 11–50 78% 75%

Firms 51+ 80% 81%

NOTE: In 2007, “small firms” referred to firm size of 2 to 9 employees but in 2011, this category referred to firm size of 3 to 10 employees.

SOURCE: Massachusetts Division of Health Care Finance and Policy, Massachusetts Employer Survey, July 2011; data provided to the Foundation by the Center for Health Information and Analysis.
THERE IS NO EVIDENCE OF PUBLIC COVERAGE “CROWDING OUT” EMPLOYER-SPONSORED INSURANCE AMONG WORKING-AGE ADULTS

Most Massachusetts residents continue to be covered by employer-sponsored insurance. Since reform, the percent of Massachusetts working-age adults with employer-sponsored coverage has grown.

NEARLY ALL LARGE EMPLOYERS NOW OFFER SECTION 125 PLANS AND MANY MORE SMALL EMPLOYERS OFFER THEM THAN DID PRIOR TO HEALTH REFORM

PERCENT OF EMPLOYERS OFFERING SECTION 125 PLANS

Section 125 plans allow employees to purchase health insurance coverage using pre-tax income.

Massachusetts health reform requires employers with 11 or more employees to offer a Section 125 plan. Many more small employers now offer them than did prior to health reform.

SOURCE: Data provided to the Foundation by the Massachusetts Center for Health Information and Analysis.
KEY COMPONENTS | COVERAGE | INDIVIDUAL RESPONSIBILITY | EMPLOYER RESPONSIBILITY | ACCESS | PUBLIC OPINION | CHALLENGES

MOST MASSACHUSETTS EMPLOYERS HAVE BEEN FOUND TO MEET THE STATE’S DEFINITION OF A “FAIR AND REASONABLE” CONTRIBUTION TOWARD HEALTH INSURANCE COVERAGE

- Approximately 12 percent of all employers in Massachusetts are subject to Fair Share requirements (i.e., have 11 or more FTEs).
- More than 93 percent of filing firms have passed the Fair Share test in each year of health reform implementation.
- In filing year 2011, 1,272 firms were found not to be making a “fair and reasonable” contribution and were liable for $18.4 million in assessments.

NOTE: “Fair Share” was defined more leniently during FY07 and FY08. Firms with 50 or more full time equivalent employees (FTEs) were able to pass the Fair Share test if either they demonstrated a take up of their offer of insurance by 25% of employees or they offered to pay 33% of insurance cost. In FY09, the test was changed such that an employer with more than 50 FTEs in Massachusetts needed to satisfy both conditions or, alternatively, have at least 75% of its FTEs enrolled in its plan. The Fair Share requirement was eliminated in 2013 and will be replaced by federal employer responsibility provisions in 2015 and 2016.

SOURCE: Percentage of firms subject to Fair Share based on data filed with Division of Unemployment Assistance. Data on Fair Share results from Massachusetts Center for Health Information and Analysis, Fair Share Contribution: Filing Year 2011 Results and Analyses, February 2013.
HOW HAS MASSACHUSETTS HEALTH REFORM AFFECTED ACCESS AND USE OF HEALTH CARE?

- Access to care increased for all adults, with increases in the use of doctors, preventive care, and dental services, and in the percent of adults with a usual source of care.
- Racial and ethnic disparities in access to and use of care have decreased significantly.
- Even for the remaining uninsured in Massachusetts, access to care improved and barriers to care decreased.

THE VAST MAJORITY OF MASSACHUSETTS ADULTS HAVE A USUAL SOURCE OF CARE

PERCENT OF NON-ELDERLY ADULTS REPORTING A USUAL SOURCE OF CARE, SELECTED POPULATIONS

<table>
<thead>
<tr>
<th></th>
<th>Fall 2006</th>
<th>Fall 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>All adults</td>
<td>85%</td>
<td>88%</td>
</tr>
<tr>
<td>Lower-income adults (&lt;300% FPL)</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>Adults with a chronic condition</td>
<td>89%</td>
<td>90%</td>
</tr>
</tbody>
</table>

PREVENTIVE CARE AND USE OF OTHER MEDICAL SERVICES HAVE INCREASED AMONG MASSACHUSETTS ADULTS SINCE REFORM

PERCENT OF NON-ELDERLY ADULTS REPORTING USE IN PRIOR YEAR, BY TYPE OF SERVICE

- **Any doctor visit**: 80% (Fall 2006) vs. 82% (Fall 2012)
- **Preventive care visit**: 70% (Fall 2006) vs. 75% (Fall 2012)
- **Dental care visit**: 66% (Fall 2006) vs. 70% (Fall 2012)
- **Prescription drug use**: 57% (Fall 2006) vs. 60% (Fall 2012)

**Source:** Urban Institute, *Massachusetts Health Reform Survey*, 2014.
RACIAL/ETHNIC DISPARITIES IN ACCESS TO AND USE OF CARE HAVE LARGELY DISAPPEARED IN MASSACHUSETTS SINCE REFORM

![Bar chart showing percent of population with a usual source of care and any doctor visit in prior year for White, non-Hispanic adults and Adults of minority race/ethnicity for Fall 2006 and Fall 2009.]

ACCESS AND USE IMPROVED AMONG REMAINING UNINSURED

**PERCENT OF NON-ELDERLY ADULTS REPORTING USE IN PRIOR YEAR, BY TYPE OF SERVICE**

<table>
<thead>
<tr>
<th>Service</th>
<th>Fall 2006</th>
<th>Fall 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Had a usual source of care</td>
<td>52%</td>
<td>57%</td>
</tr>
<tr>
<td>Had a general doctor visit</td>
<td>49%</td>
<td>52%</td>
</tr>
<tr>
<td>Had a dental visit</td>
<td>37%</td>
<td>46%</td>
</tr>
<tr>
<td>Had any unmet need for care</td>
<td>56%</td>
<td>45%</td>
</tr>
<tr>
<td>Had unmet need due to cost</td>
<td>50%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Even for the remaining uninsured in Massachusetts, access to care has improved and barriers to care have decreased.

**Source:** Urban Institute, *Massachusetts Health Reform Survey*, 2010.
HOW DOES THE PUBLIC FEEL ABOUT MASSACHUSETTS HEALTH REFORM?

- Two out of three adults support Massachusetts health reform.
- Physician support for reform remains high.
- Most employers agree that health reform has been good for Massachusetts.

PUBLIC SUPPORT FOR MASSACHUSETTS HEALTH REFORM HAS REMAINED HIGH

PERCENT OF NON-ELDERLY ADULTS INDICATING SUPPORT FOR MASSACHUSETTS HEALTH REFORM LAW

- **Fall 2006**: 69%
- **Fall 2010**: 66%

Two out of three adults support Massachusetts health reform.
Support for reform has been relatively stable throughout reform implementation.

PUBLIC SUPPORT FOR MASSACHUSETTS HEALTH REFORM IS CONSISTENT ACROSS VARIOUS POPULATION GROUPS

PERCENT OF NON-ELDERLY ADULTS INDICATING SUPPORT FOR MASSACHUSETTS HEALTH REFORM LAW, BY SELECTED POPULATIONS, 2010

<table>
<thead>
<tr>
<th>Demographic</th>
<th>Support %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>64%</td>
</tr>
<tr>
<td>Female</td>
<td>67%</td>
</tr>
<tr>
<td>Age 19–25</td>
<td>65%</td>
</tr>
<tr>
<td>Age 26–34</td>
<td>69%</td>
</tr>
<tr>
<td>Age 35–49</td>
<td>61%</td>
</tr>
<tr>
<td>Age 50–64</td>
<td>69%</td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>63%</td>
</tr>
<tr>
<td>Racial/ethnic minority</td>
<td>74%</td>
</tr>
<tr>
<td>Income &lt;300% FPL</td>
<td>67%</td>
</tr>
<tr>
<td>Income &gt;300% FPL</td>
<td>65%</td>
</tr>
</tbody>
</table>

MOST EMPLOYERS BELIEVE HEALTH REFORM HAS BEEN GOOD FOR MASSACHUSETTS

PERCENT OF MASSACHUSETTS EMPLOYERS REPORTING BELIEF, 2008

- 52% Believe health care reform has been good for Massachusetts
- 77% Believe all employers bear some responsibility for providing health benefits to their workers

MASSACHUSETTS PHYSICIANS VIEW HEALTH REFORM AS A SUCCESS

PERCENT OF MASSACHUSETTS PHYSICIANS REPORTING BELIEF, 2009

- **Believe Massachusetts reform should be continued**: 75%
- **Believe Massachusetts reform helped previously uninsured**: 79%
- **Believe Massachusetts reform improved, or did not affect, care or quality of care**: 88%

WHAT CHALLENGES REMAIN FOR MASSACHUSETTS HEALTH REFORM?

- The remaining uninsured include some who may be more difficult to persuade to obtain coverage and many who do not qualify for government-subsidized or employer-sponsored coverage.

- Affordability of health care services remains a challenge for Massachusetts residents.

- Rising health care costs, independent of reform, threaten the sustainability of the entire health care system.
UNINSURED ADULTS MAY BE DIFFICULT TO PERSUADE TO BUY COVERAGE OR MAY NOT QUALIFY FOR ESI OR SUBSIDIZED COVERAGE

- 31 percent are young adults (19–25 years of age).
- 60 percent are male.
- More than half (58 percent) work either full-time (37 percent) or part-time (21 percent).
- 87 percent report they were in good, very good, or excellent health.
- 73 percent have incomes less than 3 times the federal poverty level.

AFFORDABILITY OF COVERAGE REMAINS A CHALLENGE IN MASSACHUSETTS, PARTICULARLY FOR THOSE WITH LOWER INCOME AND PUBLIC INSURANCE

PERCENT OF NON-ELDERLY MASSACHUSETTS ADULTS REPORTING THAT HEALTH CARE COSTS WERE A PROBLEM IN THE PAST YEAR, 2012

<table>
<thead>
<tr>
<th>Income 139-399% FPL</th>
<th>Income 400% FPL and above</th>
<th>Public Coverage</th>
<th>Private Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>53.9%</td>
<td>31.7%</td>
<td>51.9%</td>
<td>35.6%</td>
</tr>
</tbody>
</table>

Lower-income residents and those receiving public insurance coverage were significantly more likely to report that health care costs were a problem in the past year than higher-income and privately insured residents. This suggests that health care costs disproportionately negatively affect those with lower incomes and public coverage.

REFORM HAS NOT MEANINGFULLY REDUCED THE NUMBER OF ADULTS WITH SIGNIFICANT OUT-OF-POCKET HEALTH EXPENSES

PERCENT OF NON-ELDERLY ADULT POPULATION WITH FAMILY INCOME LESS THAN 500% FPL WHO SPENT 5 OR 10 PERCENT OF INCOME ON OUT-OF-POCKET HEALTH CARE COSTS

<table>
<thead>
<tr>
<th></th>
<th>Fall 2006</th>
<th>Fall 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-of-pocket expenses at 5% or more of family income</td>
<td>23%</td>
<td>22%</td>
</tr>
<tr>
<td>Out-of-pocket expenses at 10% or more of family income</td>
<td>10%</td>
<td>8%</td>
</tr>
</tbody>
</table>

NOTE: “Out-of-pocket” health care costs include deductibles, co-insurance, and co-payments, but exclude the cost of premiums.
EVEN WITH HEALTH INSURANCE COVERAGE, THE COST OF HEALTH CARE CAN BE A CHALLENGE FOR SOME

Among adults reporting financial problems due to health care spending, strategies used to address those financial problems include:

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cut back on other spending</td>
<td>88.4%</td>
</tr>
<tr>
<td>Cut back on savings/took funds from savings</td>
<td>76.8%</td>
</tr>
<tr>
<td>Cut back on health care</td>
<td>51.2%</td>
</tr>
<tr>
<td>Borrowed or took on credit card debt</td>
<td>40.7%</td>
</tr>
<tr>
<td>Increased work hours or took on another job</td>
<td>34.5%</td>
</tr>
<tr>
<td>Declared bankruptcy</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

In 2012, nearly one quarter (24.3 percent) of full-year insured Massachusetts adults reported that health care spending caused financial problems in the past year. Among those adults, nearly 9 in 10 cut back on other spending, more than 3 in 4 cut back on savings or took funds from savings, and more than half cut back on health care.


NOTE: U.S. dollars are current-year values. Other currencies are converted based on purchasing power parity.

WITH NO INTERVENTION, PER CAPITA HEALTH CARE SPENDING IN MASSACHUSETTS IS PROJECTED TO NEARLY DOUBLE BETWEEN NOW AND 2020

MASSACHUSETTS PER CAPITA HEALTH CARE EXPENDITURES

$17,872

$3,249

$0


NOTE: Health expenditures are for Massachusetts residents; data include personal health care expenditures, which exclude expenditures on health plan administration, public health, and construction. Data for 2005–2020 are projected assuming 7.4% growth 2005–2010 and 5.7% growth 2010–2020.