

BEYOND COVERAGE: THE HIGH BURDEN OF HEALTH CARE COSTS ON INSURED ADULTS IN MASSACHUSETTS

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EXECUTIVE SUMMARY

Massachusetts leads the nation in health insurance coverage under the state's ambitious 2006 health reform initiative with 95 percent of nonelderly adults insured in the fall of 2012 and 88 percent insured for all of the prior year. In addition, Massachusetts's residents have experienced gains in access to health care and reductions in the financial burdens from health care expenditures. However, expanded insurance coverage has not eliminated the burden of health care costs for many Massachusetts families. As was intended, the 2006 reform initiative did little to address health care costs, leaving the next round of reform to later legislation that now puts the state at the forefront of cost reform efforts: in August 2012, Massachusetts enacted ambitious new cost-containment legislation, "An Act Improving the Quality of Health Care and Reducing Costs Through Increased Transparency, Efficiency and Innovation" (Chapter 224 of the Acts of 2012).

This study uses the Massachusetts Health Reform Survey to examine the burden of health care costs for a sample of 3,076 adults aged 19 to 64 in Massachusetts in the fall of 2012. How Massachusetts residents have been coping with high health care costs is worth examining as the state begins its cost reform efforts and as the nation expands insurance coverage under the Affordable Care Act (ACA) and continues to debate strategies for cost reform. If, as President Obama has argued, affordable health care is a cornerstone of economic security, the findings here on experiences in Massachusetts make it clear that health insurance alone will not be enough to provide that security. Assuring affordable health care for all Americans will require tough choices by payers, insurers, providers, and consumers to rein in health care costs.

KEY FINDINGS

- Some 42.5 percent of Massachusetts adults reported that health care costs had been a problem for them and their families over the past year. Bay State adults reported high levels of unmet need for health care because of costs (16.4 percent), along with frequent problems with medical bills (17.9 percent) and medical debt (20.3 percent), especially among low- and middle-income families.
- Insurance coverage does not necessarily eliminate concerns about costs, as problems with the costs of care were reported by 38.7 percent of the adults who had insurance coverage for the full year. Among full-year insured adults, 13.9 percent reported going without needed health care because of costs, 15.0 percent reported problems with medical bills, and 18.3 percent reported problems with medical debt over the past year.
- The burden of health care costs is creating difficult choices for families in Massachusetts, as they cut back on non-health-related spending and reduce their family's financial security to pay for health care (both by reducing savings and by taking on debt, including credit card debt). Given the prevalence of problems with health care costs for families in Massachusetts, it is not surprising that many insured adults were very worried (20.8 percent) or somewhat worried (33.6 percent) about their ability to pay their medical bills in the future.

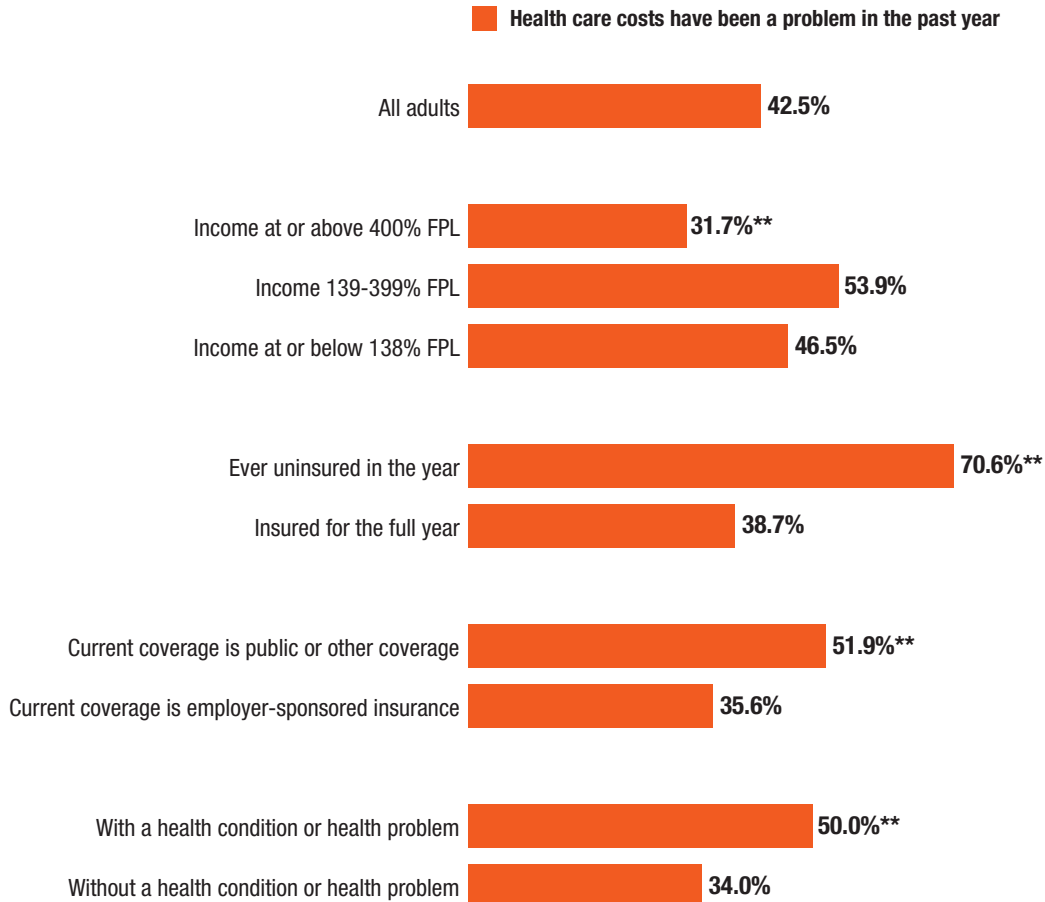
INTRODUCTION

Massachusetts leads the nation in health insurance coverage under the state's ambitious 2006 health reform initiative¹ with 95 percent of nonelderly adults insured in the fall of 2012 and 88 percent insured for the entire year. In addition, Massachusetts's residents have experienced gains in access to health care and reductions in the financial burdens from health care expenditures. However, expanded insurance coverage has not eliminated the burden of health care costs for many Massachusetts families.^{2,3} As was intended, the 2006 reform initiative did little to address health care costs,⁴ leaving the next round of reform to later legislation that now puts the state at the forefront of cost reform efforts: in August 2012, Massachusetts enacted ambitious new cost-containment legislation, "An Act Improving the Quality of Health Care and Reducing Costs Through Increased Transparency, Efficiency and Innovation" (Chapter 224 of the Acts of 2012).⁵ How Massachusetts residents have been coping with high health care costs is worth examining as the state begins its cost reform efforts and as the nation expands insurance coverage under the Affordable Care Act (ACA) and continues to debate strategies for cost reform. If, as President Obama has argued, affordable health care is a cornerstone of economic security, the findings here make clear that health insurance alone will not be enough to provide that security.⁶

This study uses the Massachusetts Health Reform Survey⁷ to examine the burden of health care costs as experienced by a sample of 3,076 adults aged 19 to 64 in Massachusetts in the fall of 2012.⁸ The findings here, which indicate that the burden of health care costs is substantial, bolster a sense of urgency for implementing policies to lower health care costs in Massachusetts and the nation. While the expansion of insurance coverage anticipated with the implementation of the ACA will provide families with increased financial protection, insurance coverage alone does not eliminate the burden of high health care costs for many.

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- 1 Schiller JS, Ward BW, Freeman G, Peregoy JA. Early release of selected estimates based on data from the 2012 National Health Interview Survey [Internet]. Hyattsville (MD): Division of Health Interview Statistics, National Center for Health Statistics; 2013 Jun [cited 2013 July 17]. Available from: <http://www.cdc.gov/nchs/nhis.htm>.
 - 2 Long SK, Stockley K, Dahlen H. Massachusetts health reforms: uninsurance remains low, self-reported health status improves as state prepares to tackle costs. *Health Aff.* 2012; 31(2): 444-51.
 - 3 Cohen RA, Kirzinger WK, Gindi RM. Problems paying medical bills: early release of estimates from the National Health Interview Survey, January 2011–June 2012 [Internet]. Hyattsville (MD): Division of Health Interview Statistics, National Center for Health Statistics; Jun 2013 [cited 2013 July].
 - 4 Kingsdale J. Implementing health care reform in Massachusetts: strategic lessons learned. *Health Aff.* 2009; 28(4): w588-w594.
 - 5 Gosline A, Rodman E. Summary of Chapter 224 of the Acts of 2012 [Internet]. Boston (MA): Blue Cross Blue Shield of Massachusetts Foundation [cited 2013 Apr 23]. Available from: http://bluecrossmafoundation.org/sites/default/files/download/publication/Chapter%20224%20summary_2.pdf.
 - 6 President Barack Obama. "Remarks by the President on the Economy—Knox College, Galesburg, IL." Available from: <http://www.whitehouse.gov/the-press-office/2013/07/24/remarks-president-economy-knox-college-galesburg-il>.
 - 7 Information on the MHRS is available at <http://bluecrossfoundation.org/tag/publication-collection/massachusetts-health-reform-survey>.
 - 8 A recent study examines similar issues for the subset of the Massachusetts population with coverage under the Massachusetts health insurance exchange. See Galbraith AA, Sinaiko AD, Soumerai SB, Ross-Degnan D, Dutta-Lin MM, Lieu TA. Some families who purchased health coverage through the Massachusetts Connector wound up with high financial burdens. *Health Aff.* 2013; 32(5): 1-10.

EXHIBIT 1: PROBLEMS WITH HEALTH CARE COSTS AMONG MASSACHUSETTS ADULTS 19 TO 64, 2012



Source: 2012 Massachusetts Health Reform Survey (N=3,076).

Notes: Problems with health care costs include going without needed health care because of costs (16.4 percent), reporting financial problems caused by health care spending (27.0 percent), reporting problems paying medical bills (17.9 percent), or reporting having medical bills that are being paid off over time (20.3 percent). A health condition or health problem is defined as: reporting hypertension or high blood pressure; heart disease or congestive heart failure; diabetes; asthma; any other chronic or long-term health condition or health problem; or being pregnant. FPL is federal poverty level.

*(**) Significantly different from the base category at the .05 (.01) level, two-tailed test.

FINDINGS

Health Care Costs Are a Burden for Many in Massachusetts. In 2012, 42.5 percent of Massachusetts adults reported that health care costs had been a problem for them and their families over the past year (Exhibit 1). To put that estimate in the context of other financial challenges for the family, the proportion of adults who reported problems paying non-health-related bills, including mortgage, rent, or utility bills, over the year was 24.1 percent. Health care cost

EXHIBIT 2: HEALTH CARE COSTS REPORTED TO HAVE BEEN A PROBLEM IN THE PAST YEAR BY MASSACHUSETTS ADULTS 19 TO 64, 2012

	ALL ADULTS	ADULTS BY FAMILY INCOME			ADULTS BY INSURANCE COVERAGE OVER THE PAST YEAR	
		INCOME AT OR BELOW 138% FPL	INCOME 139-399% FPL	INCOME AT OR ABOVE 400% FPL	ALWAYS INSURED	EVER UNINSURED
HEALTH CARE COSTS WERE A PROBLEM IN THE PAST YEAR (%)	42.5	46.5	53.9	31.7**	38.7	70.6††
Went without needed health care because of costs	16.4	27.1	18.4**	8.4**	13.9	35.0††
Any kind of problem related to health care spending	37.1	36.1	50.0**	28.4**	33.7	62.7††
• Health care spending caused financial problems	27.0	26.9	37.3**	19.5**	24.3	46.9††
• Had problems paying medical bills	17.9	20.3	28.6*	8.7**	15.0	39.6††
• Had medical bills that were paying off over time	20.3	16.2	28.0**	17.2	18.3	35.3††
SAMPLE SIZE	3,076	720	987	1,369	2,777	296

Source: 2012 Massachusetts Health Reform Survey.

* (**) Significantly different from low-income adults at the .05 (.01) level, two-tailed test.

† (††) Significantly different from adults with insurance coverage at the .05 (.01) level, two-tailed test.

burdens included problems related to health care spending (37.1 percent), and also going without needed health care because of costs (16.4 percent) (Exhibit 2).⁹

Problems with health care costs were more prevalent among low- and middle-income adults than among higher-income adults (Exhibit 1). Roughly half of low-income adults at or below 138 percent of the federal poverty level (FPL) (46.5 percent) and middle-income adults between 139 and 400 percent FPL (53.9 percent) reported problems with health care costs over the year. Among higher-income adults (at or above 400 percent FPL), almost one-third (31.7 percent) also reported problems related to health care costs. In general, low-income adults were more likely than middle- and higher-income adults to go without needed health care because of costs (27.1 percent versus 18.4 and 8.4 percent, respectively), while the middle-income adults were more likely to have problems related to health care spending, including financial problems, problems paying medical bills, and medical debt (Exhibit 2).

9 Although there are no national surveys that include all of the measures reported here, in 2011 the National Health Interview Survey added questions on problems paying medical bills and medical debt. In early results from that 2011 survey, 26.8 percent of nonelderly adults nationally reported medical bills that they were paying off over time, as compared with 20.3 percent in Massachusetts based on the 2012 MHRS. See Cohen RA, Gindi RM, Kirzinger WK. Financial burden of medical care: early release estimates from the National Health Interview Survey, January-June 2011 [Internet]. Hyattsville (MD): Division of Health Interview Statistics, National Center for Health Statistics; Mar 2012 [cited 2013 July 17]. Available from: <http://www.cdc.gov/nchs/nhis.htm>. And in early results for 2012, 19.7 percent of nonelderly adults nationally reported problems paying medical bills in the past year, as compared with 17.9 percent in Massachusetts based on the 2012 MHRS. See note number 3.

EXHIBIT 3: HEALTH CARE COSTS REPORTED TO HAVE BEEN A PROBLEM IN THE PAST YEAR BY FULL-YEAR INSURED MASSACHUSETTS ADULTS 19 TO 64, 2012

	ALL ADULTS	ADULTS BY FAMILY INCOME			ADULTS BY CURRENT HEALTH INSURANCE TYPE	
		INCOME AT OR BELOW 138% FPL	INCOME 139-399% FPL	INCOME AT OR ABOVE 400% FPL	EMPLOYER-SPONSORED INSURANCE COVERAGE	PUBLIC OR OTHER COVERAGE
HEALTH CARE COSTS WERE A PROBLEM IN THE PAST YEAR (%)	38.7	41.6	49.5	30.5**	34.5	48.5††
Went without needed health care because of costs	13.9	23.6	16.6*	7.4**	9.3	24.9††
Any kind of problem related to health care spending	33.7	31.6	45.5**	27.2	31.7	38.3
• Health care spending caused financial problems	24.3	22.1	35.2**	18.6	22.7	28.2
• Had problems paying medical bills	15.0	17.2	24.0	8.2**	13.0	19.8††
• Had medical bills that were paying off over time	18.3	14.1	25.3**	16.0	19.8	14.7†
SAMPLE SIZE	2,777	604	846	1,327	1,897	880

Source: 2012 Massachusetts Health Reform Survey.

* (**) Significantly different from low-income adults at the .05 (.01) level, two-tailed test.

† (††) Significantly different from adults with employer-sponsored insurance coverage at the .05 (.01) level, two-tailed test.

Health Insurance Coverage Helps, but Does Not Eliminate the Burden of High Costs.

The uninsured were particularly vulnerable to the burden of health care costs, with 70.6 percent of those ever uninsured over the past year reporting that health care costs had been a problem (Exhibit 1).¹⁰ However, health insurance coverage does not necessarily eliminate concerns about costs, as problems with the costs of care were reported by 38.7 percent of the adults who had insurance coverage for the full year. Full-year insured adults at all income levels reported problems with health care costs (Exhibit 3). Among the insured, as among adults overall, low-income adults were more likely than other adults to forgo needed health care because of costs, while middle-income insured adults were more likely to report problems due to health care spending.

Among the full-year insured adults, 14.2 percent rated their health insurance coverage as fair or poor in terms of the financial protection it provided against high medical bills, with more concern reported among low-income (19.1 percent) and middle-income (17.2 percent) adults than among higher-income adults (10.0 percent) (Exhibit 4). These findings likely reflect, in part, higher cost sharing for private coverage in the state, as employers shift more of the costs of care to workers¹¹

10 These estimates are based on a relatively small sample (N=296) of nonelderly adults in the state who were ever uninsured over the year in 2012.

11 Massachusetts household and employer insurance surveys: results for 2011. Boston (MA): Center for Health Information and Analysis; Jan 2013.

EXHIBIT 4: RATING OF FINANCIAL PROTECTION OF CURRENT HEALTH INSURANCE COVERAGE AND UNMET NEED FOR CARE BECAUSE OF COSTS FOR FULL-YEAR INSURED MASSACHUSETTS ADULTS 19 TO 64, 2012

	ALL ADULTS	ADULTS BY FAMILY INCOME			ADULTS BY CURRENT HEALTH INSURANCE TYPE	
		INCOME AT OR BELOW 138% FPL	INCOME 139-399% FPL	INCOME AT OR ABOVE 400% FPL	EMPLOYER-SPONSORED INSURANCE COVERAGE	PUBLIC OR OTHER COVERAGE
RATING OF FINANCIAL PROTECTION PROVIDED BY CURRENT HEALTH INSURANCE COVERAGE (%)						
Excellent	26.4	29.8	16.4**	30.9	24.8	30.2
Very good	28.0	22.3	28.3	30.7*	30.2	22.8†
Good	31.3	28.9	38.1*	28.4	30.8	32.5
Fair	9.8	12.3	12.7	6.8*	9.9	9.6
Poor	4.4	6.8	4.5	3.2*	4.2	4.9
DID NOT GET NEEDED CARE BECAUSE OF COSTS OVER THE PAST YEAR (%)	13.9	23.6	16.6*	7.4**	9.3	24.9††
Doctor care	1.6	2.8	2.1	0.7	1.0	3.0
Specialist care	1.2	2.4	1.3	0.7	0.6	3.1†
Medical tests, treatment, or follow-up care	2.9	3.7	3.6	2.0	2.9	2.8
Preventive care screening	1.0	0.9	0.9	1.1	0.9	1.2
Prescription drugs	6.1	11.6	6.6*	3.1**	4.1	10.9††
Dental care	8.2	15.3	10.9	2.9**	4.7	16.4††
SAMPLE SIZE	2,777	604	846	1,327	1,897	880

Source: 2012 Massachusetts Health Reform Survey.

Notes: These estimates exclude respondents who did not rate the financial protection provided by their current health insurance coverage.

* (**) Significantly different from low-income adults at the .05 (.01) level, two-tailed test.

† (††) Significantly different from adults with employer-sponsored insurance coverage at the .05 (.01) level, two-tailed test.

and as the proportion of consumers with health plans with high deductibles increases. In 2012, 18.2 percent of insured adults in the state reported having a health plan with a deductible of more than \$1,000 per person, as compared with 7.4 percent in 2008 (data not shown).

In addition to creating financial burdens for families, high health care costs can lead families to go without needed care. As shown in Exhibit 3, going without needed health care was a much more common strategy among low-income insured adults (23.6 percent) than among middle-income (16.6 percent) or higher-income (7.4 percent) insured adults.

Sources of Medical Bills Reflect a Wide Range of Health Care Needs. Fifteen percent of full-year insured adults reported problems paying their medical bills over the past year (Exhibit 3). The medical bills that caused problems reflected a wide range of health care needs and were often related to core medical services: medical tests or surgical procedures (62.5 percent), ongoing treatment for a chronic condition or long-term health problem (49.8 percent), and prescription drugs (43.2 percent) (Exhibit 5). Medical bills associated with emergency care were also quite

EXHIBIT 5: CHARACTERISTICS OF FINANCIAL PROBLEMS FOR FULL-YEAR INSURED MASSACHUSETTS ADULTS 19 TO 64 WHO REPORTED PROBLEMS RELATED TO MEDICAL SPENDING, 2012

	ALL ADULTS WITH A PROBLEM	ADULTS BY FAMILY INCOME			ADULTS BY CURRENT HEALTH INSURANCE TYPE	
		INCOME AT OR BELOW 138% FPL	INCOME 139-399% FPL	INCOME AT OR ABOVE 400% FPL	EMPLOYER-SPONSORED INSURANCE COVERAGE	PUBLIC OR OTHER COVERAGE
AMONG ADULTS WITH PROBLEMS PAYING MEDICAL BILLS OVER THE PAST YEAR, TYPES OF HEALTH CARE THAT LED TO PROBLEMS (%) (N=444)						
Birth of a child	6.1	4.8	10.2	0.0	4.3	8.9
Ongoing treatment for chronic health condition or long-term health problem	49.8	46.5	50.7	51.5	49.9	49.6
Medical test or surgical procedure	62.5	51.3	62.6	74.2*	71.6	48.4††
Emergency care	48.9	46.7	48.2	52.4	50.2	46.9
Prescription drugs	43.2	68.4	34.7**	32.3**	31.3	61.6††
Dental care	32.9	24.3	39.3*	30.1	35.6	28.6
AMONG ADULTS REPORTING FINANCIAL PROBLEMS DUE TO HEALTH CARE SPENDING, STRATEGIES USED TO ADDRESS THOSE FINANCIAL PROBLEMS (%) (N=748)						
Cut back on health care	51.2	63.0	51.7	43.5**	48.5	56.3
Cut back on other spending	88.4	85.3	91.9	86.1	90.9	83.7
Cut back on savings/took funds from savings	76.8	63.1	78.5*	82.9**	81.3	68.2††
Increased work hours or took another job	34.5	18.4	40.8**	36.8**	40.3	23.7††
Borrowed or took on credit card debt	40.7	41.8	42.2	38.4	41.1	40.0
Declared bankruptcy	3.6	2.2	4.3	3.7	3.6	3.7
AMONG ADULTS WITH MEDICAL DEBT THAT THEY ARE PAYING OFF OVER TIME, CHARACTERISTICS OF MEDICAL DEBT (%) (N=552)						
Amount of medical debt						
• Less than \$2,000	58.8	61.7	61.5	54.9	60.2	54.5
• \$2,000 to \$9,999	34.2	33.9	31.3	37.2	33.4	37.0
• \$10,000 or more	6.9	4.4	7.1	7.8	6.4	8.5
Years with medical debt						
• Less than one year	52.1	37.7	53.5	57.3	57.3	35.5††
• One year or more	47.9	62.3	46.5	42.7	42.7	64.5††
Contacted by a collection agency about medical debt	44.5	44.0	51.0	38.4	43.0	49.3
• With debt less than \$2,000	23.3	19.4	27.9	20.5	25.0	17.8
• With debt \$2,000 to \$9,999	17.6	23.0	18.3	14.4	15.1	25.2
• With debt \$10,000 or more	3.5	1.6	4.5	3.2	2.7	5.9

Source: 2012 Massachusetts Health Reform Survey.

* (**) Significantly different from low-income adults at the .05 (.01) level, two-tailed test.

† (††) Significantly different from adults with employer-sponsored insurance coverage at the .05 (.01) level, two-tailed test.

common (48.9 percent). Finally, almost a third (32.9 percent) of adults reported problems with bills for dental care, a benefit that is seldom included in private health insurance coverage and is often limited for adults with public coverage, as is the case in Massachusetts.¹²

The types of medical bills that caused problems were quite similar for insured adults at different income levels and with different types of insurance coverage, with two exceptions. Bills related to medical tests and surgical procedures were more of an issue for higher-income adults and adults with employer-sponsored insurance, while prescription drugs were more of an issue for low-income adults and adults with public or other coverage. These patterns likely reflect differences in the nature of insurance for higher- and low-income adults: public coverage, which is the dominant coverage type for low-income adults, tends to have much lower levels of co-insurance than employer-sponsored coverage, the dominant coverage type for higher-income adults. However, the two core public programs in Massachusetts (MassHealth and Commonwealth Care) have co-pays for prescription drugs.

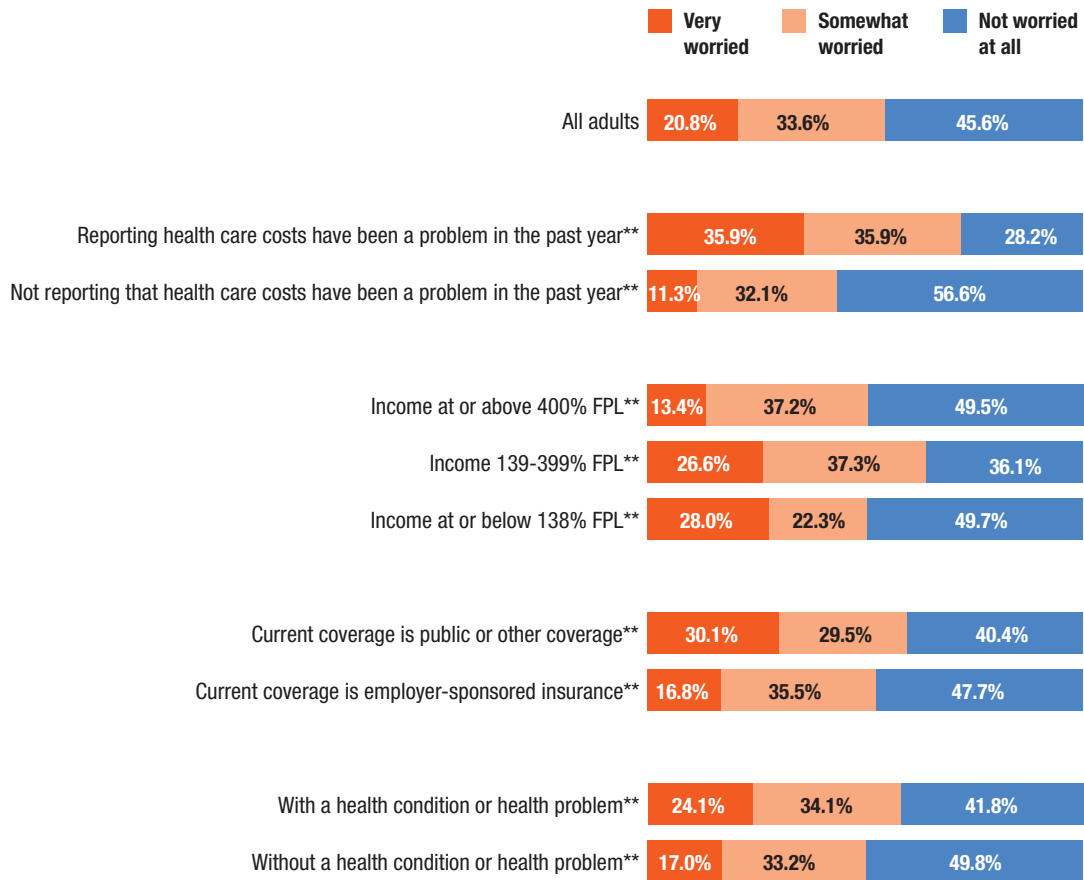
Families Rely on a Range of Strategies to Cope with the Financial Burden of Health Care Spending.

Families of insured adults in Massachusetts have adopted a number of different approaches to cope with financial problems related to health care spending. Among the 24.3 percent of full-year insured adults reporting such financial problems (Exhibit 3), more than half (51.2 percent) reported that their family had cut back on health care as one approach to reducing the financial burden (Exhibit 5). Other strategies reported included cutting back on non-health-related spending (88.4 percent), cutting back on saving or taking money out of savings (76.8 percent), increasing work hours or taking another job (34.5 percent), and taking on debt, including credit card debt (40.7 percent). Low-income insured adults were more likely than higher-income adults to cut back on health care, while middle- and higher-income adults were more likely to cut back on saving, take funds from savings, or work more. Roughly 4 percent of the full-year insured adults with financial problems due to health care spending reported declaring bankruptcy in 2012 (3.6 percent), which translates to about one percent of all insured adults (data not shown). Perhaps not surprising given their higher levels of health care needs, bankruptcy in response to financial problems with health care spending was nearly twice as high among adults with a health condition or health problem, with 6.2 percent of those adults reporting bankruptcy in the last year (data not shown).

Problems with Medical Bills Are Often Ongoing. Nearly one in five (18.3 percent) of the full-year insured adults had medical bills that they were paying off over time (Exhibit 3). Of those, nearly half reported that they had owed those bills for a year or more (Exhibit 5). And nearly half (44.5 percent) reported that they had been contacted by a collection agency at least once in the past year about their medical bills. Adults at all income levels and across all types of insurance coverage reported contact by collection agencies because of medical debt, with such contact more likely for adults with debts of \$2,000 or more (data not shown).

¹² Commonwealth Care program guide [Internet] Boston (MA): Commonwealth Health Insurance Connector Authority; 2012 Oct. [cited 2013 July 17]. Available from: <https://www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/About%2520Us/CommonwealthCare/Commonwealth%2520Care%2520Program%2520Guide.pdf>.

EXHIBIT 6: WORRY ABOUT BEING ABLE TO PAY MEDICAL BILLS IN THE FUTURE AMONG FULL-YEAR INSURED MASSACHUSETTS ADULTS 19 TO 64, 2012



Source: 2012 Massachusetts Health Reform Survey.

Notes: Problems with health care costs include going without needed health care because of costs, financial problems caused by health care spending, problems paying medical bills, or medical bills that are being paid off over time. A health condition or health problem is defined as: reporting hypertension or high blood pressure; heart disease or congestive heart failure; diabetes; asthma; any other chronic or long-term health condition or health problem; or being pregnant. FPL is federal poverty level.

*(**) Distribution is significantly different across population subgroups at the .05(.01) level, two-tailed test.

For most insured adults, the reported levels of medical debt were well below the levels one might expect to see with catastrophic care (Exhibit 5). More than half (58.8 percent) reported debt of less than \$2,000; 34.2 percent reported debt between \$2,000 and \$9,999; and 6.9 percent reported debt of \$10,000 or more. There were no significant differences in the proportions of adults with high levels of medical debt by income level or by type of current coverage.

Health Costs Raise Concerns about Paying for Health Care in the Future. Given the prevalence of problems with health care costs for families in Massachusetts, it is not surprising that many full-year insured adults were very worried (20.8 percent) or somewhat worried (33.6 percent) about their ability to pay medical bills in the future (Exhibit 6). Concern about future medical bills was particularly high for those who had had problems with health care costs over the past year (71.8 percent were somewhat or very worried) and for middle-income adults (64.0 percent were somewhat or very worried).

DISCUSSION

These findings highlight the vulnerability that Massachusetts families experience when faced with high health care costs. Overall, 42.5 percent of all nonelderly adults in the state reported that health care costs had resulted in financial problems or health care access problems for their families in the past year, with the burden greater for low-income adults (46.5 percent for those with income at or below 138 percent FPL) and middle-income adults (53.9 percent for those with income between 139 and 399 percent FPL). Nearly three-quarters (70.6 percent) of those who were uninsured for all or part of the year reported problems with health care costs. However, neither higher income nor health insurance coverage protected Bay State families: 31.7 percent of higher-income adults and 38.7 percent of adults with insurance coverage for the full year also reported that health care costs had resulted in problems for their families.

Health care costs are creating difficult choices for families in Massachusetts. Insured adults frequently reported going without needed care because of costs, cutting back on non-health-related spending to pay for health care, and reducing their family's financial security to pay for health care, both by reducing savings and by taking on debt, including credit card debt. As a result, medical debt had a significant impact on many families, particularly middle-income families, with contacts from collection agencies quite common.

Reducing the burden of health care costs will require helping families determine appropriate levels of health care and appropriate care settings, and helping them identify cost-effective providers to support better choices. However, since problems with medical costs were often due to medical tests and surgical procedures or treatment for chronic conditions and long-term health problems, consumers can't slow cost growth on their own: system-wide changes are needed. Providers have a role to play in helping patients make cost-effective choices and in coordinating care and care management, particularly for patients with chronic conditions. Health plans and payers (including government payers) have a role in creating incentives for consumers and providers to pay more attention to cost. Finally, government can also play a direct role by using policy and legislation to promote and monitor cost-containment measures undertaken by consumers, providers, and health plans.

Rising health care costs have been a concern in Massachusetts for many years, leading to the ambitious new cost-containment legislation in 2012. The new law is intended to bring the rate of growth in per-capita health care spending down to the rate of growth of the gross state product. That reduction is to be accomplished by, among other things, encouraging wide adoption of alternative payment methodologies by both public and private payers (including specific targets for Medicaid), supporting the expansion of electronic health records and health information technology, placing new scrutiny on health care market power and price variation (with the potential of penalties for health care entities that exceed cost growth benchmarks), and increasing price transparency for consumers. In addition to those changes mandated by the new legislation, for a number of years now there have been private efforts to experiment with alternative payment and care delivery methods. In early 2013, the National Compendium on Payment Reform reported 23 different initiatives in place in Massachusetts, including global payment systems, performance in-

centives, accountable care organizations, and expanded medical homes.¹³ With health care costs continuing to rise across the nation, there is much to be learned by monitoring Massachusetts's efforts to slow the growth in health care spending. However, while controlling the growth in health care spending is critical, it is not sufficient to ease the burden of health care costs on consumers. As the data summarized here show, health care costs even at current levels are problematic for many Massachusetts families, particularly those of low incomes. If affordable health care truly is a cornerstone of economic security for American families, it is time to move forward on the tough choices needed to rein in health care costs.

13 National Compendium on Payment Reform [Internet]. Fairfield (CT): Catalyst for Payment Reform [cited 2013 April 29]. Available from: <http://compendium.catalyzepaymentreform.org/home>.