



# In the Literature

## ON THE ROAD TO UNIVERSAL COVERAGE: IMPACTS OF REFORM IN MASSACHUSETTS AT ONE YEAR

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Massachusetts' ambitious health care reform plan has produced dramatic improvements in insurance coverage, finds a Commonwealth Fund-supported study in *Health Affairs*. In the first year, the rate of uninsured working-age adults in the state dropped by almost half, from 13 percent to 7 percent.

Sharon K. Long, Ph.D., a researcher with the Urban Institute and the study's author, also found improvements in access to care, particularly among low-income adults, and fewer adults with high out-of-pocket costs and medical bill problems. These results and others are reported in "[On the Road to Universal Coverage: Impacts of Reform in Massachusetts at One Year](#)" (*Health Affairs* Web Exclusive, June 3, 2008). The evaluation was also supported by the Blue Cross Blue Shield of Massachusetts Foundation and the Robert Wood Johnson Foundation.

Passed into law in April 2006, the Massachusetts health reform expands the state's Medicaid program, establishes income-related subsidies, creates a new private insurance plan open to individuals, and requires that both individuals and employers participate in the health insurance system or pay a fine.

This study reports the results of two rounds of interviews with adults ages 18 to 64 in Massachusetts—one conducted in fall 2006, just before implementation, and one in fall 2007, approximately one year after the reform efforts began. Roughly 3,000 people were interviewed each time.

### Impressive Gains in Coverage

As a result of the increase in coverage, nearly 93 percent of nonelderly adults in Massachusetts were insured in fall 2007.

For adults with incomes below 300 percent of the federal poverty level, the uninsured rate dropped by nearly 11 percentage points, from 24 percent uninsured in fall 2006 to 13 percent a year later. For lower-income individuals—those with incomes below 100 percent of poverty, and therefore eligible for fully subsidized coverage—the rate dropped by more than two-thirds, down to 10 percent uninsured in fall 2007.

For higher-income adults, the drop was smaller (2 percentage points) but still significant; 97 percent of higher-income adults (those with incomes at or above 300% of poverty) were insured in fall 2007. Among all adults, 7 percent reported that the mandate had influenced their coverage decision, with more low-income adults than high-income adults reporting it had influenced their decision. Those remaining uninsured tended to be young, male, low-income, and in good health. It may be challenging, the author concedes, to convince members of this group to purchase insurance.

### Crowd-Out Not an Issue

A major concern about the plan was that the expansion of publicly subsidized programs would "crowd out" existing employer coverage—that is, fewer employers would offer coverage to their workers because it was offered elsewhere, or workers would drop employer coverage to take up public coverage. As the evaluation shows, those fears appear unrealized. Employer coverage remained stable for adults overall and actually increased by 5 percentage points for low-income adults, indicating that the entire increase in coverage has been drawn from the ranks of the uninsured.

## Gains in Access

In addition to coverage, interviewees were also asked about their experiences obtaining health care. Their responses indicate there were significant gains in access to care overall, with improvements concentrated among low-income adults. After reform was implemented, low-income adults in Massachusetts were more likely to have a usual source of care—critical for care coordination and continuity. The share of low-income adults who had a preventive care visit rose by 6 percentage points, and those who had a dental care visit rose by 9 points.

The level of unmet need for care attributable to cost dropped overall by 5 percentage points, and for low-income adults by almost 10 points. Other access measures did not show such improvement, however. Unmet need for care associated with trouble finding a provider or making an appointment increased for low-income adults, possibly reflecting the difficulty of navigating the health care system for those newly insured, as well as stress on providers as more people entered the system. In addition, there was no significant

change in the use of emergency departments for nonemergency care. These measures, says the author, show “there are opportunities to improve access to community-based care.”

High out-of-pocket spending dropped for all adults as a result of the reform plan, with the share of all adults reporting \$500 or more in out-of-pocket spending dropping by 4 percentage points, to 57 percent in 2007. This was largely driven by prescription drugs, the author notes, with the reduction concentrated among lower-income adults. Consistent with this decreased spending, fewer adults reported medical bill problems after the implementation of reform.

Support for the health reform efforts has remained widespread in the state: 71 percent of all adults are in favor of the plan, including large majorities across demographic and economic groups. This support will be crucial, the author concludes, in the face of costs that have exceeded expectations. Nonetheless, she says, “it appears that broad-based support exists for Massachusetts to continue to pursue health reform.”

Impact of Health Reform on the Health Insurance Status of Adults Ages 18 to 64, in Massachusetts, 2006 and 2007

