



How Have Employers Responded to Health Reform in Massachusetts? Employees' Views at the End of One Year

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Synopsis

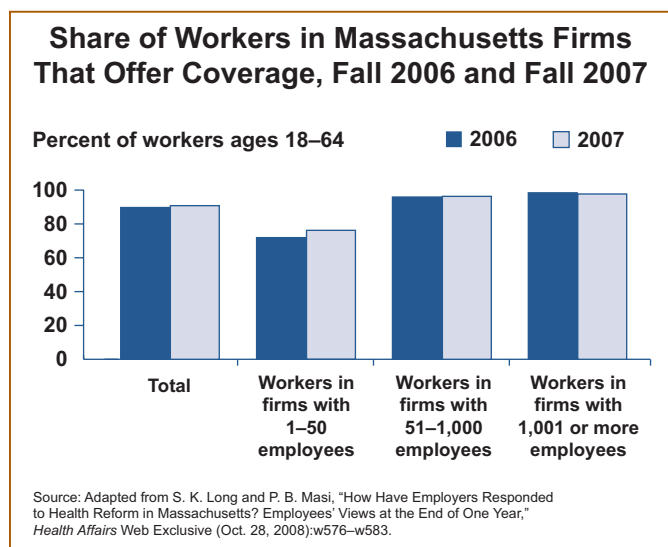
A study of working-age adults in Massachusetts reveals that employers have neither dropped coverage nor restricted eligibility for coverage in the state's first year of health reform. As reported by employees, employers have also not changed the scope of benefits, the range of provider choices, or quality of care available under their plans.

The Issue

In April 2006, Massachusetts enacted health reform legislation to move the state to near-universal coverage. Key components of the legislation target employers, both in terms of offering coverage and making a “fair and reasonable” contribution toward premiums. At the time the legislation was passed, critics voiced concerns that employers would drop coverage, tighten eligibility standards, increase workers' premiums, or scale back the scope of coverage.

Key Findings

- The researchers found no evidence of a drop in firms offering health insurance coverage. The share of firms offering coverage remained constant, at 90 percent.
- In terms of eligibility, there was no change in the proportion of workers who reported they received an offer of coverage. This was true across all workers, even for groups considered more likely to be dropped, such as part-time workers or those with short job tenure. About 57 percent of part-time workers and workers with less than a year of tenure were offered coverage in fall 2006 and fall 2007.



- To examine increases in premiums under health reform, the researchers focused on workers with relatively high premiums: one-and-a-half to two times the average contribution in Massachusetts. There were no significant increases in the share of workers with such premiums.
- No evidence was found of a drop in the scope of services covered, the range of provider choices, or the quality of care available under employer plans. On all three measures, the majority of workers continued to rate their employer plan as “very good” or “excellent” in fall 2007. In fact, workers in large firms (more than 1,000 employees) rated their employer coverage better in fall 2007 than in fall 2006 on all three measures.
- There were no increases in the share of workers who reported high levels of out-of-pocket health care costs, the share who reported medical bills for services not covered by their employer plans, the share who reported doctor costs not covered by their plans, or the share who reported high levels of unmet need because of cost.

Addressing the Problem

Achieving near-universal coverage in Massachusetts will require the continued commitment of employers to provide access to high-quality health coverage. Thus far, evidence suggests this support is present, but it will be important to continue to monitor employers’ responses to health reform as the plan moves toward full implementation.

“We found no evidence that concerns about employers’ dropping or scaling back coverage under health reform have been realized.”

About the Study

The authors conducted two rounds of interviews with about 3,000 adults ages 18–64 in Massachusetts in fall 2006, before the implementation of the health care reform plan, and in fall 2007, about one year after reform began.

The Bottom Line

After a full year of health reform, employers in Massachusetts have made few changes in the insurance coverage offered to their workers.

Citation

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This summary was prepared by Deborah Lorber.