The general election is fast approaching, and the universal health care debate is back for another round. But will this year prove any different for an idea that has been batted around in this country for the last 100 years? And if the next president does achieve universal care, what will it mean? How will it affect insurance premiums, prescription drug coverage, and other basics of health care delivery?

These are critical questions for stakeholders, including the millions of consumers who have consistently ranked health care as a top election-year priority.1,2 According to a recent public opinion poll, health care reform is the third most important issue—behind the economy and Iraq—that voters want presidential candidates to address during the 2008 campaign.3 But although universal care is certainly a hot-button topic for stump speeches and press releases, it might be better addressed through a look at a real-life model of reform—the Massachusetts Health Care Law.

THE MASSACHUSETTS PLAN

In 2006, Massachusetts Governor Mitt Romney signed into law a bill that requires all residents of the state over 18 years of age (with some exceptions) to obtain and maintain a minimum level of health insurance. The individual mandate, which went into effect on July 1, 2007, includes an escalating series of fines or tax penalties for those who do not comply.

With this landmark health care initiative, enacted as Chapter 58 of the Acts of 2006 of the Massachusetts Legislature, the state became the first in the U.S. to achieve “near-universal” health insurance, guaranteeing coverage for virtually all of its residents. In addition to imposing mandates on all residents, Chapter 58 requires that employers with more than 10 employees cover their workers or pay a “fair share assessment” fee of up to $295 per employee per year.4 The law includes insurance subsidies for low-income residents, with the poorest paying no premiums. Those who do not qualify for subsidies and cannot get coverage through their jobs can buy low-cost plans offered by selected private insurers through the Commonwealth Health Insurance Connector Authority (“the Connector”), an independent state agency that links individuals and businesses with affordable health insurance products.5 Plans offered through the Connector range from $122 to more than $800 a month, depending on coverage, location, and age.6 These policies may also be purchased directly from the individual carriers.

As of January 1, 2009, the requirements for a health plan to satisfy the state’s “minimum creditable coverage” (MCC) standard become more stringent. For instance, by this deadline, an MCC-level plan must have low deductibles—no more than $2,000 a year for an individual or $4,000 for a family—and it must include prescription drug coverage.7

MANDATING PRESCRIPTION DRUG COVERAGE

Massachusetts was the first state to establish standards that apply to every resident, and it is the first to require that adults older than 18 years of age have a plan that mandates drug coverage.8 The minimum standards allow plans to charge an additional deductible for drugs of up to $250 for an individual. Many in the state’s health care community, including employer groups and insurance companies, oppose the drug mandate, calling it a burden for those who already cannot afford to add prescription benefits to their coverage.9 (Currently, approximately 160,000 people in Massachusetts have either a no-drug plan or a plan with less than the required drug coverage under the state’s new law.) In addition, there is the concern that prescription benefits, although mandatory, will still be a difficult sell to those young, healthy patients who might not think that they need to add drug coverage to their plan.8

With the January deadline looming, the state has been looking for ways to keep premium prices under control without compromising access to most prescription drugs. The Connector staff was charged with developing a feasible strategy to accomplish this and has been working with the program’s participating insurance carriers to design more affordable plans.10 Their recommendations include the use of increased member cost sharing and a more limited, therapeutically based formulary, as well as other cost-containment approaches such as step therapy, prior authorization, quantity limits, and mandatory mail order for maintenance medications.10

Health New England (HNE), a local carrier in Western Massachusetts that has been participating in the Connector program since its inception, currently offers a Silver plan option with a generic-based formulary. The “Performance Formulary” has a two-tier structure. Tier 1 includes all generic drugs, and Tier 2 includes a limited number of brand-name drugs carefully selected based on clinical efficacy and cost efficiency. At least one medication is available to treat each disease state. According to HNE Medical Director Thomas Ebert, MD, the Performance Formulary was developed in response to the state’s new prescription drug mandate. “It was a burden from a cost perspective,” he said of the mandate. “But it was an opportunity that allowed us to experiment with a robust pharmacy benefit with restrictions.”

The author is a medical writer living near Philadelphia, Pennsylvania.

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The plan’s Silver option also uses a limited network of providers, or a subset of those providers that participate in HNE’s standard provider network, to maximize efficiency and increase cost-effectiveness.

Along with the other six carriers approved to offer their products through the Connector, HNE has been faced with the challenge of meeting the state’s price target for premium increases. This means being asked to do some difficult things and making some hard choices, said Dr. Ebert.

“We are trying to balance a law designed to provide individual health insurance through the Connector with the rest of insurance that is employer-based.”

A BLUEPRINT FOR NATIONAL HEALTH REFORM?

As Massachusetts continues to consider alternative benefit designs that make insurance affordable for all of its residents, its new health care system shows early signs of effectiveness, providing critical support for the idea of a national plan. Since the implementation of the Massachusetts law almost two years ago, the state has enrolled more than 340,000 newly insured residents—more than 5% of its population and more than half of its uninsured. The number includes 110,000 enrolled in private plans.5

But while the Commonwealth may have made great strides in covering the uninsured, it is also feeling the financial pain that comes with such an ambitious undertaking. The number of needy Massachusetts, or those who are getting free or heavily subsidized coverage (about 175,000 residents), is reportedly more than the state had originally anticipated, and the health plan is now expected to exceed state budget estimates by $400 million in 2009, or about 85% more than projected.11

With its hefty price tag and other hurdles, does universal health care still remain a viable option for the rest of the country? Indeed, a handful of other states, including California, Missouri, and Wisconsin, have tried to pass similar health care laws but without success. Now, more than two years since its implementation and with the presidential election around the corner, all eyes remain on Massachusetts for a possible answer to this question.

Senator Barack Obama, the Democratic Party nominee, has no doubt been looking to Massachusetts as he touts his own universal care plan. Of course, there is one large difference between the Massachusetts plan and the Obama plan: Obama’s does not include an individual mandate—only a requirement that parents obtain coverage for their children up to age 18—a distinction that became a bitter point of contention between him and Senator Hillary Clinton during the primary campaign. Beyond that, a quick comparison of the two plans reveals several notable similarities as well, including income-related federal subsidies and mandatory employer contributions.

The Obama plan also includes the creation of a National Health Insurance Exchange to provide businesses and individuals with access to public or private coverage, similar to Massachusetts’s Connector.12 And although the Senator has rejected an individual mandate, explaining that his plan is designed not to penalize people with modest incomes, a health advisor to the Obama campaign has suggested that the candidate might well consider a mandate at a later stage if his president plan does not achieve its goal of universal coverage.13

If the Massachusetts plan is indeed an outline upon which the Obama health proposal is at least partly based, it may give a glimpse into what to expect in terms of a health care system overhaul should he take office in 2009. Not surprisingly, any similarities to the Massachusetts plan end with the Democratic health care proposal.

Senator John McCain, the Republican Party’s nominee, is opposed to universal health insurance coverage, particularly mandated coverage. The key to health care reform, he believes, is a free market system in which competition in the marketplace will help reduce costs and improve the quality of health insurance. He proposes that incentives such as tax credits and tax-advantaged health savings accounts be offered to make it easier for employers to offer coverage and easier for individuals to afford it.14 Critics of this approach say that it would not make insurance more affordable or more available and might prevent individuals with pre-existing conditions from getting any coverage at all.15

The outcome of the 2008 elections will no doubt have a significant impact on what type of health care changes are made, if any. According to polls, a majority of Americans are in favor of expanding health care coverage and they support universal care,16 but it remains to be seen how much the issue will count in their choice for the next president. And, of course, if they do elect Senator Obama, there is the question of whether he will be able to learn from the successes and failures of plans like the Massachusetts reform law and work effectively with Congress to adopt a universal health care system that succeeds. One thing is certain, however: as the general election campaign enters its most intense phase, health care reform is sure to surface as a major policy matter and it is likely to make for some lively debates this fall. Insurers, employers, consumers, and other stakeholders will be watching closely.

REFERENCES


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