

What's with this health law?

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It's been an extraordinary year for health care in Massachusetts, with the approval of landmark legislation that makes the state a pathfinder toward near-universal health insurance coverage for its residents. The law mandates that everyone obtain insurance, establishes a new authority to manage the insurance programs, and has already expanded coverage to thousands of people. Yet most of those who will be affected by the law have yet to feel its impact. Here are some frequently asked questions (and answers) on what individuals and businesses can expect during 2007.

Who's been covered so far?

The greatest achievement of the law to date is the creation of the Commonwealth Health Insurance Connector Authority, which is the vehicle that will offer new coverage to most of the 500,000 to 600,000 people in the state who now do without health insurance.

The connector devised the new Commonwealth Care insurance program, and offered it first to the 47,000 people who are eking out a living below the poverty line (\$9,804 for a single person) but do not qualify for Medicaid coverage. Most of them had been receiving care at hospitals whenever they got sick, and the state defrayed those costs through the Uncompensated Care Pool. Under Commonwealth Care, they will not be paying monthly premiums and will only be liable for minimal co-pays. About 29,000 people have signed up for the program so far.

Esperanza Castro of Jamaica Plain, for instance, was able to get a physical exam, a battery of tests, and some prescription drugs for only a \$1 co-pay. Instead of encountering the healthcare system on an episodic basis via the Uncompensated Care Pool, this group will be able to get unlimited wellness visits and regular tests to uncover health problems before they worsen.

What comes next?

On January 1, the Connector will open up Commonwealth Care to people making up to 300 percent of the poverty limit (\$29,412 for a single person), and they will be expected to pay for it every month on a sliding scale based on income.

The premiums will start out small, \$18 a month for single people making up to 150 percent of the poverty line (\$14,700 a year), but then they rise quickly. Somebody earning 300 percent of the poverty line would be paying at least \$106 a month.

That last figure could pose a challenge, especially if it is doubled to pay for insurance for a husband and wife. For a two-person family, 300 percent of the poverty line comes to \$39,600. And adding \$212 a month for health insurance to food, transportation, and housing costs in this high-cost state might well prove an unsupportable burden. Many people surveyed by the Greater Boston Interfaith Organization, a coalition of religious groups, thought that \$50 a month was a reasonable premium. The legislature will need to watch closely this year to determine whether people above the poverty line are avoiding Commonwealth Care because of the high premiums. More money may be needed, and the legislature

should be prepared to protect its landmark achievement if necessary.

What about more affluent people?

Most have health insurance already, but for those who don't, the Connector is asking the major health insurers in the state to offer a variety of plans, called Commonwealth Choice, which will come without subsidies. The insurance companies are working on the details of the plan now, and will present them to the Connector for approval on January 16. If they get the OK, the insurers will begin offering the plans through the Connector on July 1. No one outside the insurance companies knows what these plans will contain or what they will cost, so it's impossible now to know whether they will be affordable to those making, say, \$50,000 to \$70,000 a year.

What can my employer do?

The law is crafted so that all employers are encouraged to offer health insurance, including Commonwealth Care and Commonwealth Choice. Those with more than 10 employees will have to make a state-approved insurance plan available to their employees and make a modest contribution to the premium. If they don't, they will face a \$295 annual penalty for each worker. Employees' premiums are paid in so-called "pre-tax" dollars, so that workers do not have to pay any federal or state income tax on this amount. Even if employers make only a minimal contribution to premiums, the pre-tax treatment ought to take some of the sting out of the monthly cost.

What about children?

One of the little noticed aspects of the law is that all children in families up to 300 percent of the poverty line are covered by Medicaid. But families at the upper end of this income range will be expected to pay for this coverage, perhaps \$20-\$28 per month for each child. Combined with the Commonwealth Care premium, this total amount could tip a family insurance burden into unaffordability.

The advocacy group Health Care for All would like the Legislature to waive the children's premium in families where the adults are covered by Commonwealth Care. Lawmakers should take a serious look at this proposal to make sure families of limited means are not impoverished by the cost of insurance.

Anyone exempt?

Commonwealth care and Commonwealth Choice are not intended to crowd out the existing health insurance that most employers offer their workers. So people are not eligible if they or a family member work in a company that provides health insurance. Neither are they eligible if they are illegal immigrants, or under 19 years of age. (People 18 and under can usually get Medicaid if they are not covered by regular insurance.)

What if I am just starting in the workforce?

You may be healthy and young, but you still can get sick or get into an accident, and it is only fair that you contribute to the cost of care, rather than rely on the Uncompensated Care Pool. As part of Commonwealth Choice, people ages 19 through 26 will be offered a basic plan, with lower premiums. This will still provide for a yearly check-up, to get young people involved in the health care system.

What if I still don't enroll?

There's where the individual mandate comes in. Beginning with the 2007 state income tax return, those who refuse to enroll in a health insurance plan will lose their personal exemption, worth roughly \$200 a year. And beginning on January 1, 2008, uninsured people will be subject to penalties of roughly \$150 a month. That's tough, but it's necessary to change the behavior of people who are used to going without insurance, either because they are healthy or are accustomed to relying on the Uncompensated Care Pool to pay for their care.

However, there is a way out of the mandate. The board of the Connector can make exceptions if it finds that an individual's circumstances make coverage unaffordable. And people can appeal to the Connector on their own if they think they can't afford the policies.

Why is it all so complicated?

The law is trying to fill in the cracks in an already complex system without increasing broad-based taxes, for which there is no appetite in the Legislature. But the federal government controls a near-majority of health care spending, and private companies defray most of the rest. This law attempts to reduce the number of uninsured in the state without disturbing the major revenue sources.

The state is fortunate to have one of the highest rates of insurance coverage in the country, at almost 90 percent. People in Massachusetts appreciate the importance of comprehensive health insurance to improve their lives, but they need the help of government to keep it affordable.

The Legislature will have to watch implementation to make sure that enough money is available to keep the Connector solvent. The administration of Governor-elect Deval Patrick will have to negotiate with the federal government to renew the waiver that has allowed the state to use \$385 million in Medicaid money for the new insurance plans. Despite potential problems, the new law represents a strong commitment by state government to extend health care coverage to those in Massachusetts who now do without this essential benefit of modern society.

A Helping Hand

Massachusetts residents with questions about the new law can call the Connector at 1-877-MA-ENROLL (1-877-623-6765) (TTY: 1-877-623-7773 for people with partial or total hearing loss). Or, for assistance from a knowledgeable group outside the government, call Health Care For All's Helpline at 800-272-4232