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Non-Partisan Report Affirms Potential of Achieving Universal Coverage in Massachusetts
Report released by BCBS of Massachusetts Foundation suggests uninsured could be covered for between \$700 million and \$900 million in new government spending with benefits of \$1.5 billion

Boston, MA (June 21, 2005) - A new report, combining health reform ideas often proposed by leading Democrats and Republicans, concludes that Massachusetts could achieve universal coverage with a relatively modest increase in public investment. The report also suggests the state should begin by developing voluntary measures to make health insurance more affordable for small businesses and low- and moderate-income families. The report goes on to outline and evaluate two options for achieving full coverage: a requirement that all individuals purchase health insurance; or a requirement that employers either offer coverage or pay a fee to the state.

The analysis also estimates that Massachusetts could cover all of its uninsured residents for between \$700 million and \$900 million in new government spending, resulting in \$1.5 billion in economic and social benefits due to improved health as well as other positive effects on the state's economy.

Released today at a health care leadership summit at the JFK Library, the report is the second product of the Blue Cross Blue Shield of Massachusetts (BCBSMA) Foundation's "Roadmap to Coverage" initiative funded by Blue Cross Blue Shield of Massachusetts with additional support from Partners HealthCare. The research and policy analysis is being conducted by the Washington D.C.-based, non-partisan Urban Institute.

"This report offers two viable paths to achieve universal coverage in Massachusetts, and focuses our immediate attention on the greatest need: making health coverage more affordable for small employers and low-wage workers," said Andrew Dreyfus, president of the BCBSMA Foundation.

Expanding Coverage Through Voluntary "Building Blocks"

According to the Urban Institute researchers, in order to begin the process of universal coverage, the state needs to first introduce a series of voluntary measures or "building blocks" to expand coverage. These measures include:

- An expansion and simplification of the state Medicaid program for the poorest individuals and families;
- State tax credits for low- and moderate- income workers and families to help buy private health insurance;

- A public “reinsurance” program to lower premiums for smaller employers by paying for a portion of the most expensive cases; and
- A voluntary purchasing pool to administer the new tax credit subsidy and to bargain on behalf of low-income families and small, low-wage firms.

Such a proposal incorporates ideas often advanced by Democrats – such as expanding public programs – with ideas favored by Republicans – such as using tax credits to help low wage workers purchase private coverage.

Achieving Universal Coverage: Two Possible Paths

The Urban Institute researchers analyzed two possible paths to universal coverage. The first would require all individuals to purchase health insurance. The second would require that employers either offer coverage or pay a fee to the state, coupled with a requirement that individuals purchase coverage.

Using its nationally-recognized Health Insurance Reform Simulation Model, which allows detailed analysis of the cost and coverage impacts of health reform proposals, the Urban Institute researchers estimate that after accounting for resources already in the system, the individual mandate option would result in universal coverage and increase government spending by \$700 million while the combined individual/employer mandate would increase government spending by \$900 million.

“Massachusetts is in a unique position to expand coverage. The state has one of the lowest rates of uninsurance in the country and a well-funded safety net with resources that could be reallocated to fund coverage expansions,” said John Holahan, Ph.D., a lead author of the study and director of the Urban Institute’s Health Policy Center. “If political leaders can agree on an approach, Massachusetts could be the first state to bring health insurance to all of its citizens.”

Earlier analyses by the Urban Institute for the Foundation’s *Roadmap to Coverage* initiative concluded that there were 532,000 uninsured people in the state, and the Commonwealth’s hospitals, physicians, and community health centers were providing more than \$1 billion a year in care to patients without insurance. Much of the funding supporting care for the uninsured could be reallocated to fund an expansion of coverage, they concluded. The earlier analysis also found that expanding coverage to the uninsured could result in \$1.5 billion in economic and social benefits from improved health.

Roadmap to Coverage

The “Roadmap to Coverage,” is a BCBSMA Foundation initiative to inform the debate about how to best provide health coverage for the uninsured in Massachusetts and generate a practical roadmap for extending health coverage to most, if not all, residents of the Commonwealth. Major funding for the project is being provided by Blue Cross Blue Shield of Massachusetts with additional support from Partners HealthCare.

In November 2004, the Foundation released an Urban Institute analysis of what we currently spend on care for the uninsured, who pays for it, and what full coverage would add to medical spending. In the fall, the Foundation will release the “Roadmap” – a phased-in implementation plan to expand health insurance coverage to every resident of the Commonwealth.

The Blue Cross Blue Shield of Massachusetts Foundation

Since its inception in 2001, the Blue Cross Blue Shield of Massachusetts Foundation (www.bcbsmafoundation.org) has awarded grants of nearly \$12 million to spark innovation and strengthen services for uninsured and low-income individuals and families in Massachusetts. The Foundation is governed by its own 17-member Board of Directors and operates separately from Blue Cross Blue Shield of Massachusetts. The Foundation has an endowment of more than \$73 million making it one of the largest health philanthropies in Massachusetts.

The Urban Institute

The Urban Institute is a Washington D.C.-based, nonprofit, nonpartisan policy research and educational organization established to examine the social, economic, and governance problems facing the nation.

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