

HEALTH REFORM *in* MASSACHUSETTS:  
AN UPDATE  
ON INSURANCE  
COVERAGE *and*  
SUPPORT *for* REFORM  
*as of* FALL 2008

*Massachusetts Health Reform Survey*

*Policy Brief*

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*Massachusetts began an ambitious push toward near universal health insurance coverage in 2006. This policy brief provides an update of the impacts of health reform in Massachusetts on insurance coverage as of Fall 2008 for working-age adults, the primary target population of the reform initiative, along with an update on support for health reform in the state. Findings demonstrate that the state has achieved its goal of near universal health insurance coverage and that state residents continue to show strong support for health reform, even in the face of increasing program costs and the recession that began in December 2007. Given the success of the coverage expansion, Massachusetts policymakers are turning to the next phase of health reform – reigning in health care costs.*



Massachusetts' ambitious 2006 health reform initiative continues to be a proving ground for many of the elements being debated in national health reform proposals. Early evidence from Fall 2007 showed substantial gains in coverage under health reform in the state;<sup>1</sup> however, those estimates predate the implementation of some important elements of Massachusetts' initiative. Most notably, the penalty for failing to comply with the individual mandate, which requires that adults who have access to affordable coverage obtain insurance, was implemented in 2008 based on coverage as of December 31, 2007.<sup>2</sup> The penalty in 2008 was relatively small, with a larger penalty taking effect in 2009 based on coverage for all of 2008.

Other important changes between 2007 and 2008 include increases in premiums and cost-sharing under CommCare (the new subsidized insurance program) and CommChoice (the new insurance purchasing arrangement), along with increases in the

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<sup>1</sup> S.K. Long, "On the Road to Universal Coverage: Impacts of Reform in Massachusetts at One Year," *Health Affairs* 27, no. 4 (2008): w270-w284 (published online 3 June 2008); S.K. Long, K. Stockley, and A. Yemane, "Another Look at the Impacts of Health Reform in Massachusetts: Evidence Using New Data and a Stronger Model," *American Economic Review, Papers and Proceedings* 99, no. 2, (2009): 508-511. Beyond studies that attempt to estimate the impacts of health reform, administrative data and a Massachusetts state survey from summer 2008 also show high levels of insurance coverage in the state, particularly for children and elderly adults. See, for example, Massachusetts Division of Health Care Finance and Policy, "Health Care in Massachusetts: Key Indicators," February 2009. Available at [www.mass.gov/dhcfp](http://www.mass.gov/dhcfp) (accessed 3 March 2009); and S.K. Long, A. Cook and K. Stockley, "Health Insurance Coverage in Massachusetts: Evidence from the 2008 Massachusetts Health Insurance Survey," December 18, 2008. Available at [www.mass.gov/dhcfp](http://www.mass.gov/dhcfp) (accessed 3 March 2009).

<sup>2</sup> The definition of affordable varies with income. Adults with family income at or below 150% of the federal poverty level are assumed to be unable to afford any payments for insurance coverage, while those with incomes roughly 600% of the federal poverty level or higher are deemed able to afford coverage by virtue of their income. For the remaining adults, the standard for "affordability" ranged from about 3% to 11% of family income in 2008. See Commonwealth Health Insurance Connector Authority, "Affordability Information Sheet." Available at [www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/FindInsurance/Individual/Affordability%20Calculator/Connector%20Affordability%20Info%20Sheet.pdf](http://www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/FindInsurance/Individual/Affordability%20Calculator/Connector%20Affordability%20Info%20Sheet.pdf) (accessed 24 March 2009).

“affordability schedule” that determines the amount an individual is expected to be able to pay for health insurance under the individual mandate.<sup>3</sup>

This policy brief provides an update of the impacts of health reform on insurance coverage in Massachusetts as of Fall 2008 for working-age adults, the primary target population of the state’s reform initiative. It also provides an update on support for health reform in the state. Estimates of the impacts of health reform on access to and affordability of health care in the state as of Fall 2008 are reported in a companion paper.<sup>4</sup>

## {SUMMARY OF KEY FINDINGS}

We find that the 2006 health reform initiative in Massachusetts has accomplished much of what it set out to do: Nearly all adults in the state have health insurance. Between Fall 2006 and Fall 2008, uninsurance among working-age adults in Massachusetts was reduced by nearly 70%—down to only 4%.<sup>5</sup> The gains in insurance coverage reflect gains in employer-sponsored insurance (ESI) coverage and the expansion of public coverage. We find no evidence of public coverage crowding out employer-sponsored coverage under health reform in Massachusetts. The continued gains in coverage under health reform, including the gains in ESI coverage, occurred despite the economic downturn that began in December 2007.

While most of the gains in insurance coverage were concentrated among lower-income adults, a target population for many of the reform efforts, there were also significant gains among higher-income adults under health reform. In Fall 2008, the uninsurance rate was down to 7.6% among lower-income adults and 1.4% among higher-income adults. The remaining uninsured adults in Massachusetts are disproportionately young, male, single and/or healthy—populations that can be difficult to convince to obtain coverage.

Finally, support for reform in Massachusetts remains quite strong, with the levels in 2008 comparable to those of 2006. This support continued despite concerns in the state about the long-term financing of the coverage expansion and the economic downturn.

## {DATA AND METHODS}

**Data.** The study uses three rounds of interviews with adults aged 18 to 64 years old, conducted in Fall 2006 (N=3,010), just prior to the implementation of many of the key elements of reform, and Fall 2007 (N=2,938) and Fall 2008 (N=4,041). The surveys, which are described elsewhere,<sup>6</sup> collected information on insurance status, access to care, out-of-pocket health care costs, medical debt, and more general financial problems.

**Methods.** Determining the effect of health reform in Massachusetts requires comparing the outcomes under reform to the outcomes that would have occurred in the absence of reform. This study compares the outcomes for a cross-sectional sample of adults in periods following the implementation of health reform (Fall 2007 and 2008) to the outcomes for a similar cross-sectional sample of adults in Fall 2006.<sup>7</sup> Under this pre-post framework, differences between the pre- and post-implementation periods are attributed to the state’s reform efforts. An important limitation of this model is that other changes over the time period that also affected the outcomes of interest will be captured in the estimates, confounding the estimates of the impacts of health reform.<sup>8</sup>

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<sup>3</sup> Massachusetts Law Reform Institute. “July 2008 Changes in Commonwealth Care: Premium and copayment increases,” (April 25, 2008). Available at [www.masslegalservices.org/docs/July\\_2008\\_Changes\\_in\\_Commonwealth\\_Care.doc](http://www.masslegalservices.org/docs/July_2008_Changes_in_Commonwealth_Care.doc) (accessed 24 March 2009); “Health Connector Facts and Figures,” (March 2009). Available at [www.mahealthconnector.org](http://www.mahealthconnector.org) (accessed 26 March 2009).

<sup>4</sup> S.K. Long and P.B. Masi. “Access and Affordability: An Update on Health Reform in Massachusetts, Fall 2008.” *Health Affairs* 28, no. 4 (2009): w578-w587 (published online 28 May 2009).

<sup>5</sup> Data from the Massachusetts Health Insurance Survey, which collects information for all residents in the state, reported an uninsurance rate of 2.6% for all residents and 3.7% for working-age adults in 2008. See S.K. Long, A. Cook and K. Stockley, “Health Insurance Coverage in Massachusetts: Evidence from the 2009 Massachusetts Health Insurance Survey.”

<sup>6</sup> See [www.urban.org/UploadedPDF/411649\\_mass\\_reform\\_survey.pdf](http://www.urban.org/UploadedPDF/411649_mass_reform_survey.pdf).

<sup>7</sup> The Fall 2006 survey was fielded as the CommCare program was beginning for adults with family income under 100% of the federal poverty level; however, enrollment started slowly.

<sup>8</sup> An analysis using 2006 and 2007 data from the Current Population Survey found that earlier pre-post estimates of the impacts of health reform were not affected by such confounding factors. See, S.K. Long, K. Stockley, and A. Yemane. “Another Look at the Impacts of Health Reform in Massachusetts.”

This is an issue here since, as was true in the rest of the country, health care costs and health insurance premiums in the state continued to increase over the 2007 to 2008 period, while the economy began to slow with the downturn that began in December 2007.

The Massachusetts economy had slowed by Fall 2008, with the unemployment rate in October (the first month of the field period for the surveys) at 4.2% in 2006, 3.9% in 2007 and 5.4% in 2008.<sup>9</sup> Thus, the estimates reported here reflect the effects of health reform as well as rising health care costs and the early phase of the economic downturn.<sup>10</sup> Unfortunately, the analyses needed to disentangle the effects of health reform from other factors require data that will not be available until late 2009 and 2010.

An economic downturn would be expected to lead to a drop in health insurance coverage (as unemployment increased and individuals lost employer-sponsored coverage), all else equal.<sup>11</sup> As we will show below, in Fall 2008, there was no evidence of a decline in insurance coverage in the state. Thus, any early effects of the recession were not large enough to offset the gains in coverage that had been achieved under health reform.

We report estimates based on multivariate regression models that control for characteristics of the individual and his or her family and characteristics of the local health care market and economy in each year. The analysis sample is limited to observations with complete data for the regression models. Since the outcome measures we examine are binary variables (e.g., uninsured), probit regression models are estimated, controlling for the complex design of the sample using the survey estimation procedures (svy) in Stata 10.<sup>12</sup>

## {FINDINGS}

**Impact of health reform on health insurance coverage.** Despite the economic recession, Massachusetts expanded on its gains in insurance coverage under health reform between Fall 2007 and Fall 2008 (Exhibit 1).<sup>13</sup> By 2008, uninsurance among working-age adults (hereafter referred to as adults) was down nearly 70% from the pre-reform level of 13% in Fall 2006. We estimate that only 4%, or about 162,000, working-aged adults were uninsured in Massachusetts in Fall 2008. This compares to a national uninsurance rate of 19.7% for non-elderly adults.<sup>14</sup>

Strong gains in coverage were reported for lower-income adults (defined as adults with family income less than 300% of the federal poverty level), with uninsurance dropping from 24% in Fall 2006 to less than 8% in Fall 2008. Among higher-income adults, where uninsurance was much less prevalent prior to reform, uninsurance also fell. By Fall 2008, only 1.4% of higher-income adults in Massachusetts were uninsured, down from 5.3% in Fall 2006.

**Insurance coverage over the prior year.** In addition to the reduction in uninsurance at a point in time (measured as of the date of the survey), there were also reductions in persistent uninsurance in Massachusetts, defined as uninsurance over 12 months or more (Exhibit 2). By Fall 2008, the share of adults in the state who reported long-term uninsurance had dropped by nearly 80%, down to only 1.8% from 8.5%. Significant drops in long-term uninsurance were reported both among lower-income adults (down from 15.5% to 3.5%) and, to a lesser extent, higher-income adults (down from 2.5% to less than 1%).

There were also reductions in the share of adults who were ever uninsured over the prior 12 months, a measure of cycling on and off of insurance coverage (Exhibit 3). Under health reform, the share of adults who reported a period of uninsurance dropped

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<sup>9</sup> Data available at [http://lmi2.detma.org/Lmi/LmiJur\\_a.asp](http://lmi2.detma.org/Lmi/LmiJur_a.asp) (accessed 6 April 2009). The Federal Reserve's "Beige Book," which provides an assessment of local economic conditions, also reports that the state's economy had slowed by the end of 2008. See Federal Reserve Board. "Summary of Commentary on Current Economic Conditions by Federal Reserve Districts," (December 2008). Available at [www.federalreserve.gov/fomc/beigebook/2008/20081015/fullreport20081015.pdf](http://www.federalreserve.gov/fomc/beigebook/2008/20081015/fullreport20081015.pdf) (accessed 9 March 2009).

<sup>10</sup> As in the US as a whole, the impact of the recession in Massachusetts was felt most strongly after 2008.

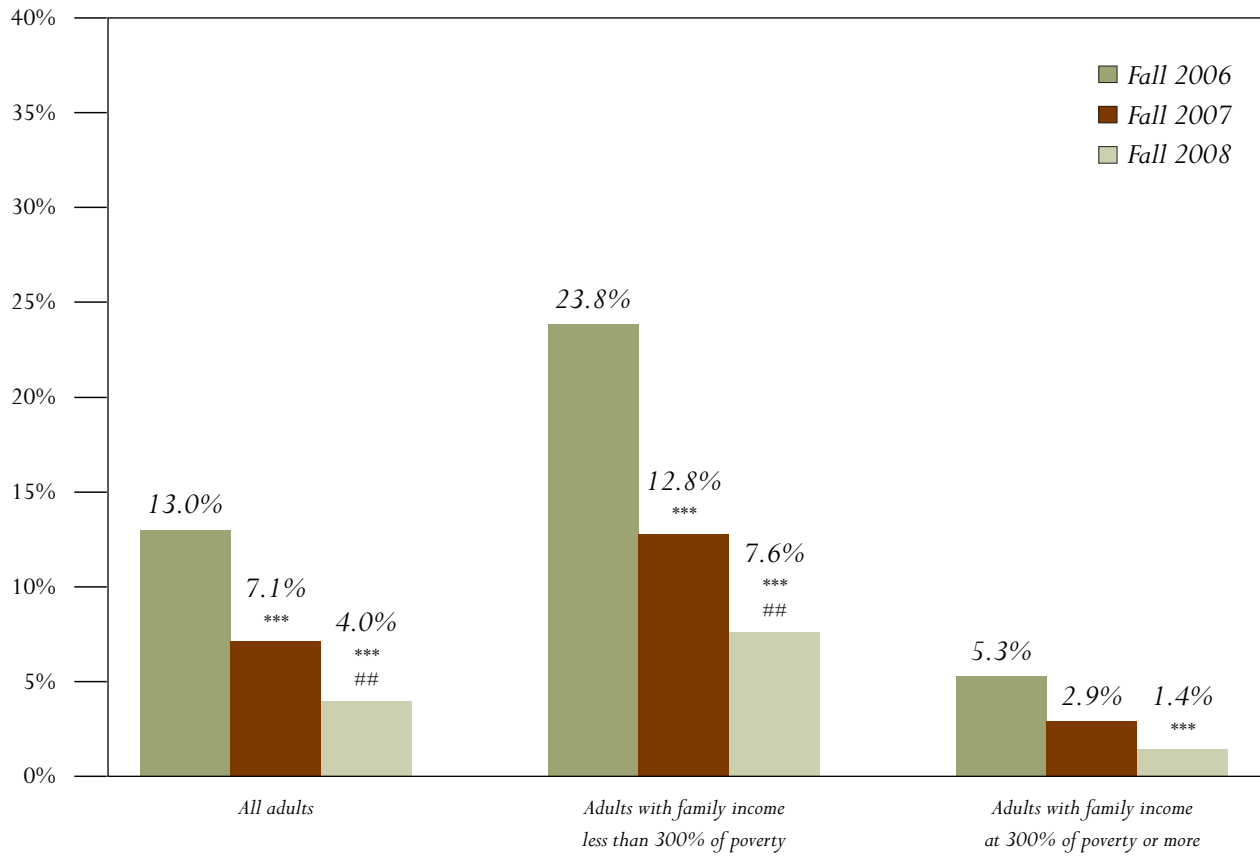
<sup>11</sup> Although some would obtain other coverage (e.g., coverage through a spouse, public coverage), others would become uninsured.

<sup>12</sup> StataCorp. *Stata Statistical Software: Release 10*. (College Station, TX: StataCorp LP, 2007).

<sup>13</sup> A more detailed presentation of the results is provided in Appendix Exhibit 1.

<sup>14</sup> R.A. Cohen and M.E. Martinez. "Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, 2008." National Center for Health Statistics, June 2009.

{EXHIBIT 1} Uninsurance at the Time of the Survey Among Adults 18 to 64 in Massachusetts, 2006 to 2008



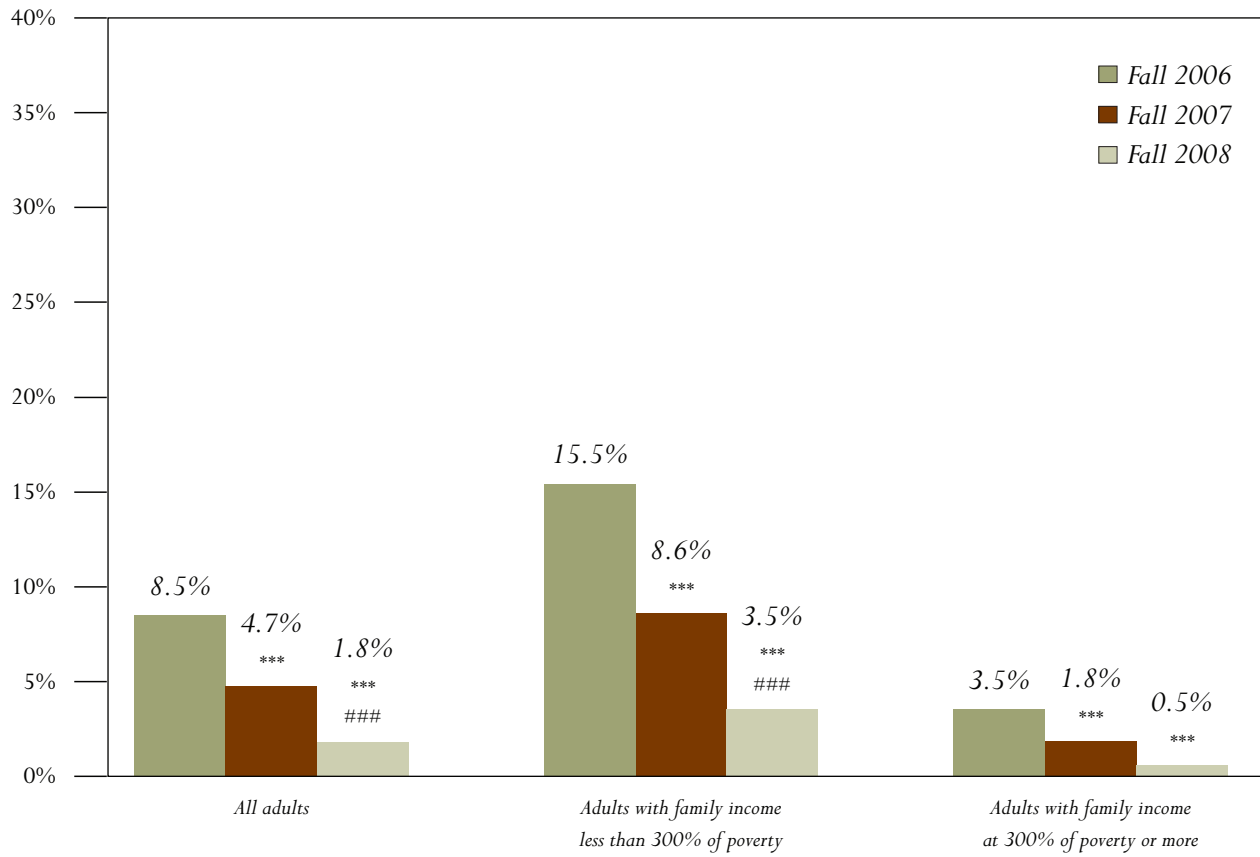
Source: 2006, 2007, 2008 Massachusetts Health Reform Surveys

Note: Detailed results are available in Appendix Exhibit 1.

\* (\*\*) (\*\*\*) Regression-adjusted estimate significantly different from 2006 at the 0.10 (0.05) (0.01) level, two-tailed test

# (##) (###) Regression-adjusted estimate significantly different from 2007 at the 0.10 (0.05) (0.01) level, two-tailed test

{EXHIBIT 2} Persistent Uninsurance over the Prior 12 Months Among Adults 18 to 64 in Massachusetts, 2006 to 2008



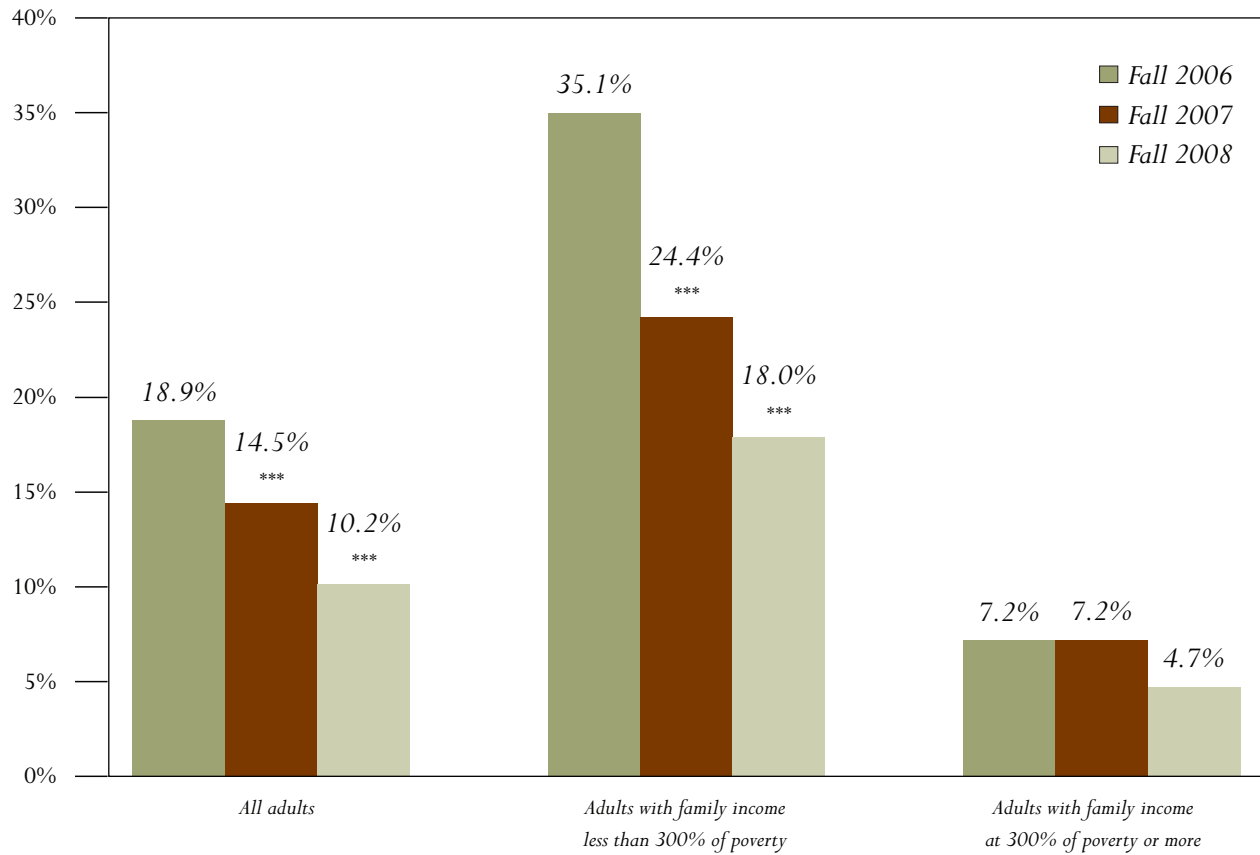
Source: 2006, 2007, 2008 Massachusetts Health Reform Surveys

Note: Detailed results are available in Appendix Exhibit 1. Persistent uninsurance is defined as uninsured for all of the last 12 months.

\* (\*\*) (\*\*\*) Regression-adjusted estimate significantly different from 2006 at the 0.10 (0.05) (0.01) level, two-tailed test

# (##) (###) Regression-adjusted estimate significantly different from 2007 at the 0.10 (0.05) (0.01) level, two-tailed test

{EXHIBIT 3} Any Uninsurance in the Prior 12 Months Among Adults 18 to 64 in Massachusetts, 2006 to 2008



Source: 2006, 2007, 2008 Massachusetts Health Reform Surveys

Note: Detailed results are available in Appendix Exhibit 1.

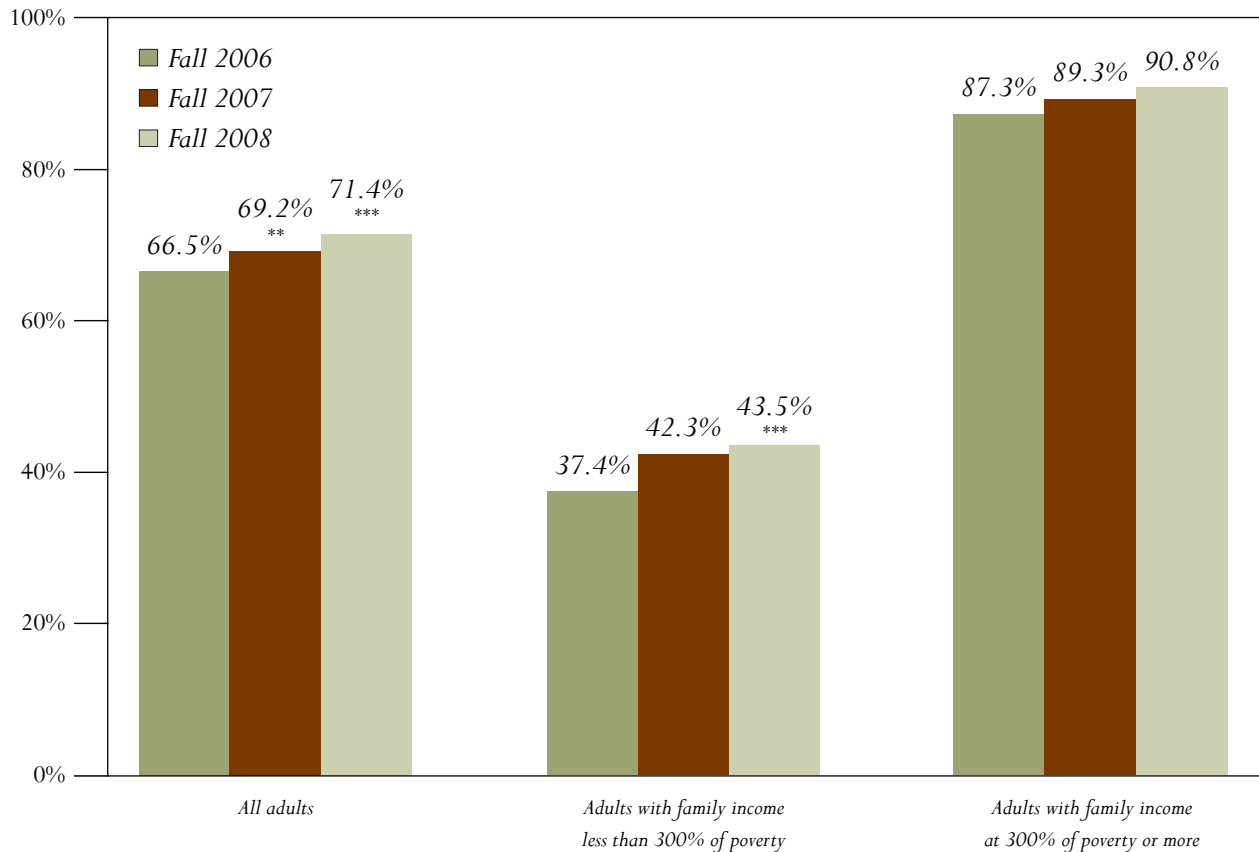
\* (\*\*) (\*\*\*) Regression-adjusted estimate significantly different from 2006 at the 0.10 (0.05) (0.01) level, two-tailed test

# (##) (###) Regression-adjusted estimate significantly different from 2007 at the 0.10 (0.05) (0.01) level, two-tailed test

by almost 50%, from nearly 1 in 5 adults in Fall 2006 to 1 in 10 adults in Fall 2008. A substantial reduction was also reported by lower-income adults, with the share ever uninsured down from 35.1% to 18.0% between Fall 2006 and Fall 2008.

**Employer-sponsored insurance.** Employer-sponsored coverage remains strong under health reform in Massachusetts, with ESI coverage significantly higher in Fall 2008 than prior to health reform across all adults (up from 66.5% to 71.4%) and for lower-income adults (up from 37.4% to 43.5%) (Exhibit 4). With ESI coverage higher under health reform, there continues to be no evidence that any expansion in public insurance coverage under health reform is “crowding out” or replacing ESI coverage, as is often the case in reform efforts that focus on public expansions.<sup>15</sup> Further, to the extent the recession was affecting ESI coverage by Fall 2008, any negative effects were not strong enough to offset the overall gains in ESI coverage under health reform.

{EXHIBIT 4} Employer-Sponsored Insurance Among Adults 18 to 64 in Massachusetts, 2006 to 2008



Source: 2006, 2007, 2008 Massachusetts Health Reform Surveys

Note: Detailed results are available in Appendix Exhibit 1.

\* (\*\*) (\*\*\*) Regression-adjusted estimate significantly different from 2006 at the 0.10 (0.05) (0.01) level, two-tailed test

# (##) (###) Regression-adjusted estimate significantly different from 2007 at the 0.10 (0.05) (0.01) level, two-tailed test

<sup>15</sup> This is consistent with findings from a survey of employers in Massachusetts. See J.R. Gabel et al. “After the Mandates: Massachusetts Employers Continue to Support Health Reform as More Firms Offer Coverage,” *Health Affairs* 27, no. 6 (2008): w566-w575 (published online 28 October 2008).



*The remaining uninsured in Fall 2008.* Relative to insured adults in Massachusetts, the roughly 162,000 adults who remained uninsured in Fall 2008 were more likely to be young (less than 35 years; 55.0%), male (72.6%), single (55.3%) and/or healthy<sup>16</sup> (54.5%) (Exhibit 5). These groups can be difficult to convince of the need for insurance.

{EXHIBIT 5} *Characteristics of Insured and Uninsured Adults 18 to 64 in Massachusetts in Fall 2008*

	<i>Uninsured Adults (%)</i>	<i>Insured Adults (%)</i>	<i>Difference</i>
<i>Health status is fair or poor</i>	16.3	12.5	3.8
<i>Activities are limited by health problem</i>	18.7	17.4	1.3
<i>Has a chronic condition</i>	38.8	50.0	-11.2**
<i>Age (years)</i>			
18 to 25	32.0	13.1	18.9***
26 to 34	23.0	17.4	5.6*
35 to 49	25.3	38.3	-13.0***
50 to 64	19.6	31.1	-11.5***
<i>Race / ethnicity</i>			
White, non-Hispanic	71.8	80.0	-8.2***
Black, non-Hispanic	6.2	6.1	0.2
Other, non-Hispanic	8.6	6.4	2.2
Hispanic	13.3	7.5	5.8***
<i>Female</i>	27.4	52.3	-24.9***
<i>U.S. citizen</i>	90.9	94.3	-3.4*
<i>Marital status</i>			
Married/partnered	44.7	66.7	-22.0***
Divorced, separated, widowed	10.3	10.6	-0.3
Never married	45.1	22.8	22.3***
<i>Education</i>			
Less than high school	12.3	6.3	6.0**
High school graduate (includes some college)	63.1	47.6	15.5***
College graduate or higher	24.6	46.0	-21.4***
<i>Work status</i>			
Full-time	37.9	52.0	-14.1***
Part-time	27.1	21.2	5.9
Not working	35.0	26.8	8.2*
<i>Family income relative to the Federal Poverty Level (FPL)</i>			
Less than 150% FPL	41.4	22.1	19.3***
150 to 299% FPL	36.3	17.8	18.6***
300 to 499% FPL	13.6	21.3	-7.7***
500% FPL or more	8.7	38.9	-30.2***
<i>Region</i>			
Boston	14.4	11.3	3.1
Metrowest	29.6	33.2	-3.6
Northeast	10.0	11.2	-1.2
Central	7.9	12.8	-4.9**
West	13.8	12.3	1.5
Southeast	24.3	19.2	5.1
<i>Sample size</i>	448	3,593	

Source: 2008 Massachusetts Health Reform Survey

\* (\*\*) (\*\*\*) Difference is significantly different from zero at the .10 (.05) (.01) level, two-tailed test.

<sup>16</sup> For this tabulation, individuals are categorized as healthy if they have good, very good, or excellent health, no activity limitations, and no chronic conditions.

Uninsured adults in Massachusetts in Fall 2008 also tended to have less education and were less likely to be working than were insured adults. They were also less likely to be U.S. citizens.<sup>17</sup> Not surprisingly given these traits, uninsured adults were much more likely to be from lower-income families than were insured adults, with about three-quarters from families with incomes below 300% of poverty.

*Insurance coverage over the prior year.* Nearly half (45%) of those uninsured at the time of the survey reported being uninsured for all of the past 12 months (Exhibit 6). This is well below the estimate of 68% for full-year uninsurance among uninsured adults from Fall 2007 (data not shown). When asked about their prior insurance coverage, more than half (55%) reported that they had had ESI coverage before becoming uninsured. Almost 40% reported their prior coverage as public or other coverage.<sup>18</sup> As would be expected, prior ESI coverage was more common among uninsured adults with higher incomes, while prior public or other coverage was more common among lower-income uninsured adults (data not shown). Only 16% of the uninsured adults reported that they currently could have access to ESI coverage through their job, with cost the primary reason they did not take up that coverage (data not shown). Note that individuals with access to coverage from other sources, including ESI, and those who have been offered ESI coverage from their current employer within the last six months are not eligible for CommChoice.

**{EXHIBIT 6}** *Past Health Insurance Experiences of Uninsured Adults 18 to 64 in Massachusetts, Fall 2008*

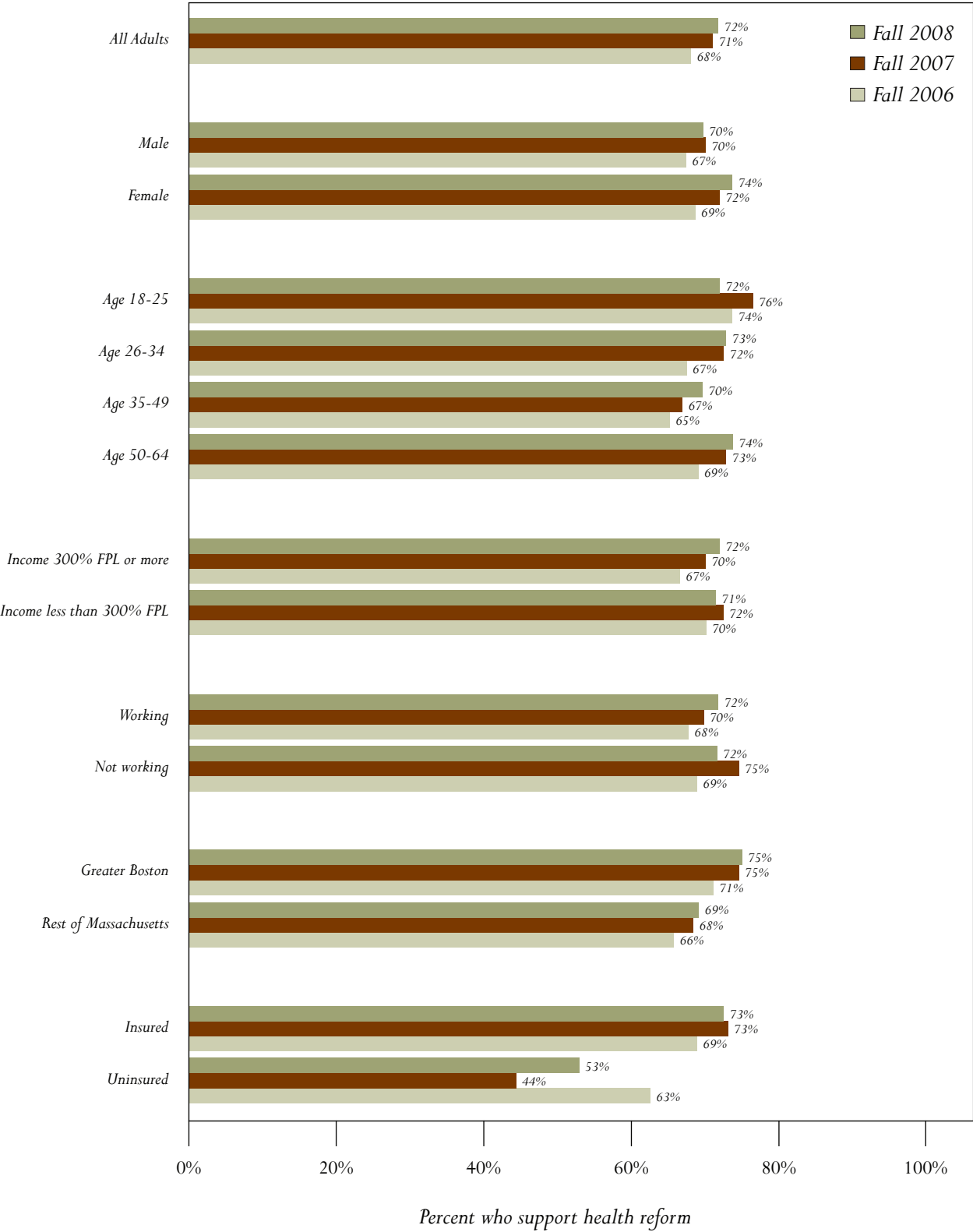
	<b>Percent</b>
<i>Uninsured for all of past 12 months</i>	45.3
<i>Prior health insurance coverage was:</i>	
<i>Have never had insurance</i>	5.5
<i>ESI coverage</i>	54.9
<i>Public or other coverage</i>	39.6
<i>Had access to ESI coverage through own job</i>	15.7
<i>Considered obtaining MassHealth, CommCare, Commonwealth Choice or non-group coverage</i>	79.3
<i>Reported it would be somewhat or very difficult to come up with the funds needed to get health insurance</i>	83.0
<i>Had problems paying other bills in last 12 months</i>	43.8
<i>Impact of individual mandate</i>	
<i>Tried to obtain coverage but couldn't find affordable coverage</i>	40.9
<i>Decided not to obtain coverage and pay the penalty</i>	11.1
<i>Not aware of the individual mandate</i>	28.2
<i>Did not answer question</i>	19.8
<i>Paid a penalty in 2008 for not having insurance coverage by December 31, 2007</i>	17.5
<i>Sample Size</i>	448

Source: 2008 Massachusetts Health Reform Survey

<sup>17</sup> Undocumented immigrants and immigrants with special status who have had that status for less than five years are not eligible for CommChoice. We cannot distinguish between different groups of noncitizens in this survey.

<sup>18</sup> The remaining uninsured adults (5.5%) said they had never had insurance coverage.

{EXHIBIT 7} Support for Health Reform Among Adults 18 to 64 in Fall 2006, 2007 and 2008



Source: 2006, 2007 and 2008 Massachusetts Health Reform Surveys, N=9,676

*Cost as a barrier to obtaining coverage.* Most of those who remained uninsured in Fall 2008 (83%) reported that it would be difficult to come up with the funds needed to obtain coverage. Consistent with this finding, 44% reported that they had had problems paying other bills (e.g., rent, mortgage or utilities) in the last 12 months. The cost of obtaining coverage was reported as an issue by uninsured adults at all income levels, as were problems paying other bills (data not shown).

*The role of the individual mandate.* When asked about the impact of the individual mandate, 41% of the uninsured adults reported that they tried to find coverage but were not able to find coverage that they felt was affordable and another 11% reported that they had decided to just pay the penalty for not having coverage. The remaining uninsured adults either reported that they were not aware of the individual mandate (28%) or did not provide an answer to the question (20%). The share of adults reporting that they were unaware of the mandate in Fall 2008 was quite similar to that of Fall 2007 (data not shown). Finally, almost 1 in 5 of the adults who were uninsured at the time of the survey reported that they had paid a penalty in 2008 for not having insurance coverage by December 31, 2007.

**Support for reform.** Support for health reform among working-age adults in Massachusetts remains high—about 72% of adults reported support for reform in Fall 2008 (Exhibit 7). Support also remains widespread, including men and women, younger and older adults, higher- and lower-income adults, working and non-working adults, and adults across the state. Further, support for health reform among uninsured adults, which had dropped from 63% in Fall 2006 to 44% in Fall 2007, rebounded to 53% by Fall 2008. That rebound in support may reflect the gains in part-year coverage reported by the uninsured over the past year, as many more of the uninsured reported intermittent coverage than was true in earlier years.

## {DISCUSSION}

Massachusetts' 2006 health reform initiative continues to provide guidance to national health reform efforts. Findings to date on health reform in Massachusetts demonstrate that comprehensive, bipartisan reform (the law was passed by a Democratic-majority legislature and signed by a Republican governor) is possible, that near universal health insurance coverage is possible, and that state residents will support health reform, even in the face of increasing program costs and an economic downturn. By Fall 2008, only 4% of non-elderly adults in Massachusetts remained uninsured, well below the national uninsurance rate of 19.7%.<sup>19</sup> At the same time, almost three-quarters of Massachusetts adults supported the state's reform efforts, demonstrating strong and continued support for reform over time.

**Moving closer to universal coverage.** The rapid gain in insurance coverage in Massachusetts under health reform reflects significant outreach and education efforts in the state that involved government, business and community-based organizations.<sup>20</sup> Reaching the remaining uninsured adults in Massachusetts will be challenging. Many are from population groups that are difficult to convince to obtain coverage—young, male, single, and/or healthy. Most are also lower-income and nearly all report the cost of coverage as a major barrier to obtaining coverage. For some lower-income adults, the high cost of available coverage likely reflects their lack of eligibility for CommCare or CommChoice, as some of those who have access to ESI coverage and undocumented immigrants, among others, are not eligible for those programs. To move closer to universal coverage for these populations, changes in program eligibility standards may be required. More targeted outreach and education efforts may be needed as well since more than a quarter of the adults who remained uninsured in Fall 2008 reported that they were not aware of the individual mandate, a key component of Massachusetts' health reform initiative that has encouraged increased insurance coverage in the state.

Despite the challenges to moving closer to universal coverage, health reform does appear to be encouraging at least intermittent insurance coverage among many of the uninsured. Almost half of those uninsured at the time of the survey reported that they

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<sup>19</sup> R.A. Cohen and M.E. Martinez. "Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, 2008."

<sup>20</sup> J.E. McDonough, B. Rosman, M. Butt, L. Tucker, L.K. Howe. "Massachusetts Health Reform Implementation: Major Progress and Future Challenges." *Health Affairs* 27, no. 4 (2008): w285-w284 (published online 3 June 2008).

had had coverage at some point in the prior year, up significantly from before health reform. More research is needed to identify strategies to help those adults maintain that insurance coverage for longer periods of time.

***Addressing health care costs.*** Beyond demonstrating that near universal health insurance coverage is possible, Massachusetts also demonstrates that the market will not address rising health care costs on its own. Massachusetts made the decision to expand insurance coverage and access to care first and then turn to health care costs. Having reached near universal health insurance coverage, Massachusetts is now facing the challenge of reigning in health care costs. While not driven by health reform, the continued rapid increase in health care costs threatens the stability of the Massachusetts model, just as health care costs nationwide threaten the stability of the public health programs in the other 49 states and the District of Columbia as well as the bottom line of businesses offering health insurance coverage to employees. In the next phase of health reform in Massachusetts, policymakers will attempt to transform the state's health care payment system from a fee-for-service model to one of bundled-payments based on best practices and health outcomes.

{APPENDIX EXHIBIT 1} *Impact of Health Reform on Health Insurance Status of Adults 18 to 64,  
Overall and by Family Income, 2006–2008*

	Fall 2006	Fall 2007	Fall 2008	Unadjusted Impact (Simple Difference)			Regression-adjusted Impact		
				2007- 2006	2008- 2007	2008- 2006	2007- 2006	2008- 2007	2008- 2006
<b>All adults (N=9,676)</b>									
<i>Insurance status at the time of the survey</i>									
Uninsured	13.0%	7.1%	4.0%	-5.9***	-3.2***	-9.1***	-5.4***	-2.4**	-7.9***
Had employer-sponsored insurance	66.5%	69.2%	71.4%	2.7**	2.2	4.9***	3.0**	1.5	4.4***
Had other insurance	20.5%	23.6%	24.6%	3.1**	1.0	4.1***	2.7*	0.8	3.5**
<i>Ever uninsured in the last year</i>									
Ever uninsured in the last year	18.9%	14.5%	10.2%	-4.3***	-4.3***	-8.7***	-4.2***	-2.2	-6.4***
Always uninsured in the last year	8.5%	4.7%	1.8%	-3.8***	-2.9***	-6.7***	-3.7***	-2.5***	-6.1***
<b>Adults with family income less than 300% of poverty (N=4,643)</b>									
<i>Insurance status at the time of the survey</i>									
Uninsured	23.8%	12.8%	7.6%	-11.1***	-5.2***	-16.2***	-10.0***	-5.4**	-15.4***
Had employer-sponsored insurance	37.4%	42.3%	43.5%	4.9*	1.1	6.1**	4.2	4.4	8.6***
Had other insurance	38.7%	44.9%	48.9%	6.1**	4.1	10.2***	6.3**	1.0	7.3**
<i>Ever uninsured in the last year</i>									
Ever uninsured in the last year	35.1%	24.4%	18.0%	-10.8***	-6.4***	-17.2***	-10.5***	-4.6	-15.1***
Always uninsured in the last year	15.5%	8.6%	3.5%	-6.9***	-5.1***	-12.0***	-6.6***	-4.7***	-11.3***
<b>Adults with family income at 300% of poverty or more (N=5,033)</b>									
<i>Insurance status at the time of the survey</i>									
Uninsured	5.3%	2.9%	1.4%	-2.4***	-1.5***	-3.8***	-2.0***	-0.5	-2.6***
Had employer-sponsored insurance	87.3%	89.3%	90.8%	2.0	1.5	3.5**	1.6	-0.3	1.3
Had other insurance	7.4%	7.8%	7.7%	0.4	-0.1	0.3	0.5	0.6	1.1
<i>Ever uninsured in the last year</i>									
Ever uninsured in the last year	7.2%	7.2%	4.7%	0.0	-2.5**	-2.5**	-0.2	-0.1	-0.4
Always uninsured in the last year	3.5%	1.8%	0.5%	-1.7***	-1.3***	-3.0***	-1.5***	-0.9	-2.3***

Source: 2006, 2007 and 2008 Massachusetts Health Reform Surveys

Note: The regression-adjusted impacts are derived from regression models that control for age, gender, race/ethnicity, citizenship, marital status, parent status, education, literacy, employment, firm size, health status, disability status, whether the individual has chronic conditions or is pregnant, family income, and the following county characteristics: unemployment rate, number of physicians per 1000 population, number of hospital beds per 1000 population.

\* (\*\*) (\*\*\*) Significantly different from zero at the .10 (.05) (.01) level, two-tailed test.