

HEALTH REFORM FACTS AND FIGURES

MAY 2010

Signed into law on April 12, 2006, the landmark Massachusetts healthcare reform represents a comprehensive effort to complement existing coverage programs. The goal is to provide near-universal coverage of the Massachusetts population.

KEY ELEMENTS

- Provides for legal residents who are not eligible for other public or employer-sponsored health insurance:
 - ✓ Completely subsidized, comprehensive health insurance to adults earning up to 150% of the federal poverty level (fpl).
 - ✓ Substantial premium subsidies to people earning above 150% and up to 300% of fpl.
 - ✓ Completely subsidized comprehensive coverage to children of parents earning up to 300% of fpl.
- Reforms the non-group and small-group health insurance markets to effectively lower the price and offer more choices for individuals purchasing unsubsidized products on their own.
- Requires adults in Massachusetts who can obtain affordable health insurance to do so.
- Requires employers of 11+ full-time equivalent employees in Massachusetts to make a fair and reasonable contribution toward coverage for full-time employees, or pay a Fair Share Assessment, and to offer both full-time and part-time employees a pre-tax, payroll deduction plan (a section 125 plan) for their own health insurance premium payments..

PROGRAMS

Commonwealth Care is a subsidized program for adults who are not offered employer-sponsored insurance, do not qualify for Medicare, Medicaid or certain other special insurance programs, and who earn up to 300% of fpl. In 2009, 300% of fpl is \$32,508 for an individual; \$66,168 for a family of four.

There are plans available with *no monthly premiums* for adults earning 150% or less of the federal poverty level. That's \$16,620 for an individual; \$33,084 for a family of four.

Plans are currently available for \$39 a month for an individual earning between \$16,261 and \$21,672; \$77 for an individual earning between \$21,673 and \$27,096; and \$116 if earning between \$27,097 and \$32,508.

There are no monthly premiums for the children of adults covered by Commonwealth Care, as the children are covered by MassHealth (Medicaid).

Commonwealth Choice is an unsubsidized offering of six private health plans, selected by competitive bidding, and available through the Health Connector to individuals, families and certain employers in the state. The private plans have received the Connector's "Seal of Approval" to offer a range of benefits options, grouped by level of benefits and cost-sharing at the Bronze, Silver and Gold levels. There is also a special, lower priced Young Adults Plan offering from the same six carriers, exclusively for individuals between the ages of 18 and 26.

These plans are offered directly through the Health Connector by seven health insurance carriers, six of which are non-profit, Massachusetts based:

- ✓ Blue Cross Blue Shield of Massachusetts,
- ✓ CeltiCare,
- ✓ Fallon Community Health Plan,
- ✓ Harvard Pilgrim Health Care,
- ✓ Health New England,
- ✓ Neighborhood Health Plan and
- ✓ Tufts Health Plan.

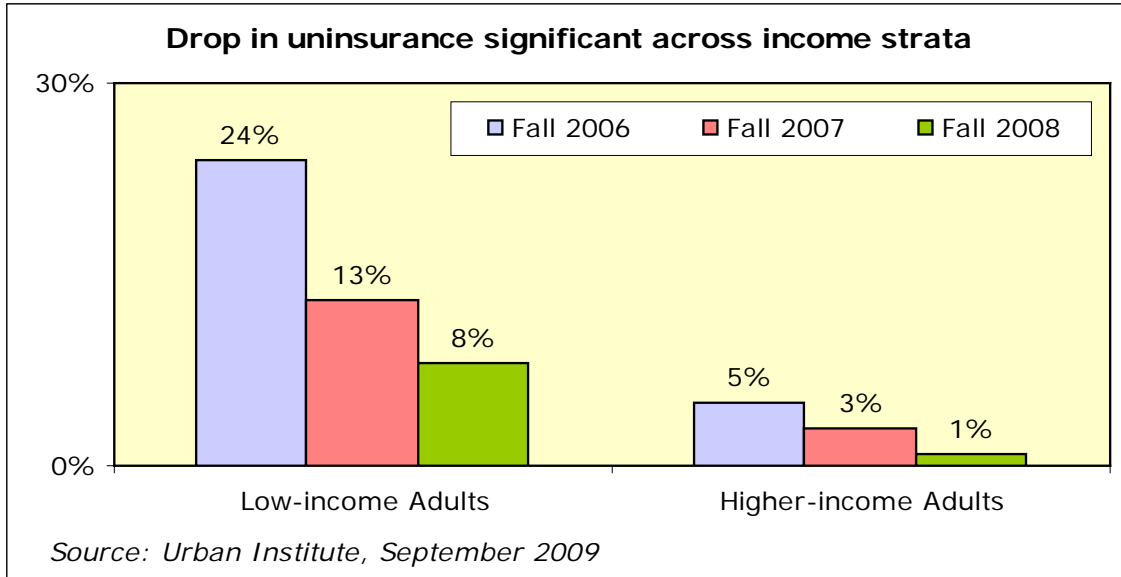
Together, these plans represent about 90% of the commercial, licensed health insurance market.

Each of the plans offered through the Health Connector by the six carriers may also be purchased directly from the individual carriers.

Small employers with 50 or fewer workers are also able to purchase directly through the Health Connector's Business Express program and the Contributory Plan.

ENROLLMENT

There are now more than **400,000** newly insured in the Commonwealth of Massachusetts since the outset of healthcare reform. Between the fall of 2006 and 2008, as measured in a survey by the Urban Institute, uninsured working-age adults declined from 13% to 4%. Large declines were evident across income categories, for both those earning above and below 300% of fpl.

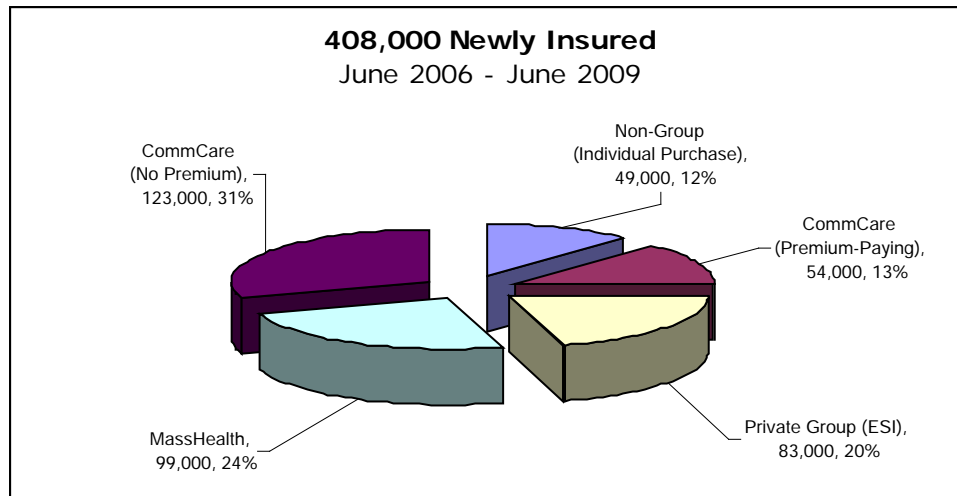


As of June 30, 2009, about 132,000, or one-third of the newly insured, are in private commercial insurance, purchasing either through the Commonwealth Choice offering (21,000) or a private health plan through their employer or directly on their own from private insurance carriers. The Commonwealth Choice membership represents over 40% of the statewide growth in the non-group market since July 2007 when Commonwealth Choice came on the market. As of May 1, 2010, CommChoice membership is approximately 31,000.

Of the approximately 157,000 enrolled in Commonwealth Care as of May 1, 2010, about 66,000 contribute toward the monthly cost of premiums, and the remainder receives free coverage. In addition, there are currently 24,000 enrolled in the Commonwealth Care Bridge program, which is for certain legal immigrants who lost coverage in the traditional Commonwealth Care program this fiscal year.

There are also approximately 99,000 new members in MassHealth, the state Medicaid program, since the inception of healthcare reform.

June 30, 2009, New Enrollment

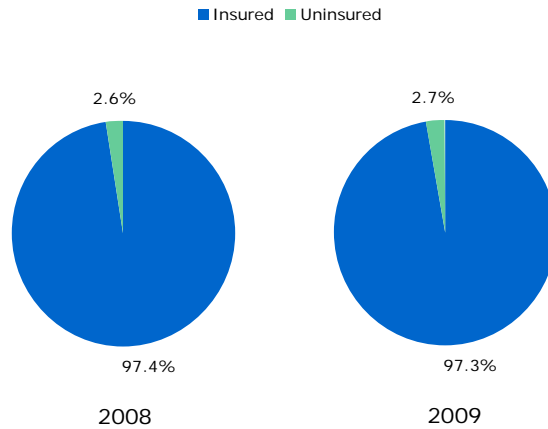


THE UNINSURED

Estimates of how many uninsured there were in Massachusetts when the landmark legislation was signed into law on April 12, 2006, range from 400,000 to 650,000. Just 5% of some 3.2 million taxpayers reported being uninsured as of Dec. 31, 2007, according to the Massachusetts Department of Revenue. Three percent were deemed able to afford health insurance, but self-assessed a penalty for not having it. The remaining 2% were exempt from the requirement to have insurance either because they could not afford to buy it or because of their religious beliefs.

A more recent estimate by the Division of Health Care Finance and Policy published in October 2009 showed that only 2.7% of Massachusetts residents remain uninsured as of spring of 2009.

Uninsurance Rate for All Massachusetts Residents



Uninsurance was low among Massachusetts residents, with less than 3% uninsured at the time of the survey in both 2008 and 2009. This corresponds to roughly 171,000 people in 2009 and 165,000 people in 2008.[†] The 2009 estimate of the uninsurance rate is not significantly different from the estimate for 2008.

Source: Urban Institute tabulations on the 2008 and 2009 Massachusetts HHS
[†]These population estimates are based on estimates of the total civilian non-institutionalized population in Massachusetts from the March Current Population Survey for the relevant year.

Massachusetts Division of Health Care Finance and Policy

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ACCESS TO CARE

The Massachusetts Health Care Access Survey conducted by the University of New Hampshire Survey Center for the Blue Cross Blue Shield of Massachusetts Foundation and The Boston Globe in October 2008 reported that 92% of Massachusetts residents say they have a person they think of as their primary health care provider. Only 5% of Massachusetts residents said there was a time in the past year that they needed medical care, tests or treatments which they did not get. Only 1% of Massachusetts residents said they were unable to get needed counseling or mental health services.

COMMONWEALTH CHOICE PREMIUM TRENDS

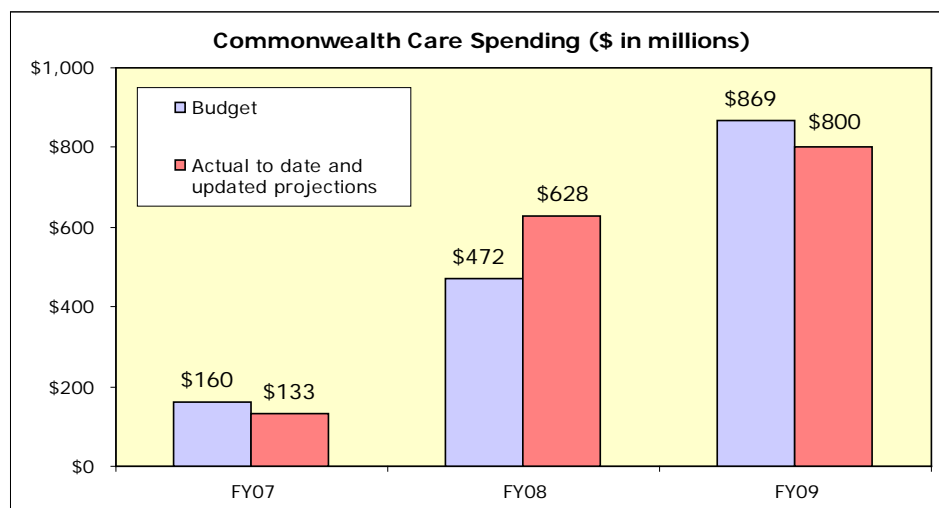
Beginning July 1, 2008, premiums for the unsubsidized Commonwealth Choice program rose by an average of 5% over July 1, 2007. This is in sharp contrast to the typical double-digit percent annual increases experienced by employer-sponsored and non-group plans in Massachusetts prior to healthcare reform.

COMMONWEALTH CARE PROGRAM COST

The Commonwealth Care program is funded by both the state and federal governments.

Spending during FY08, the first full year of implementation, was higher than projected because more members enrolled than had been anticipated. This suggests that the number of uninsured at the outset was closer to the federal estimate of more than 600,000 rather than the state's original estimate of 400,000.

As enrollment leveled off during FY 2009, spending came in at \$69 million less than the budgeted \$869 million. When the legislative conferees who crafted the healthcare reform legislation in 2006 looked at future spending, they estimated it would cost \$725 million in FY09. Again, the difference is due to the number of eligible enrollees in Commonwealth Care.

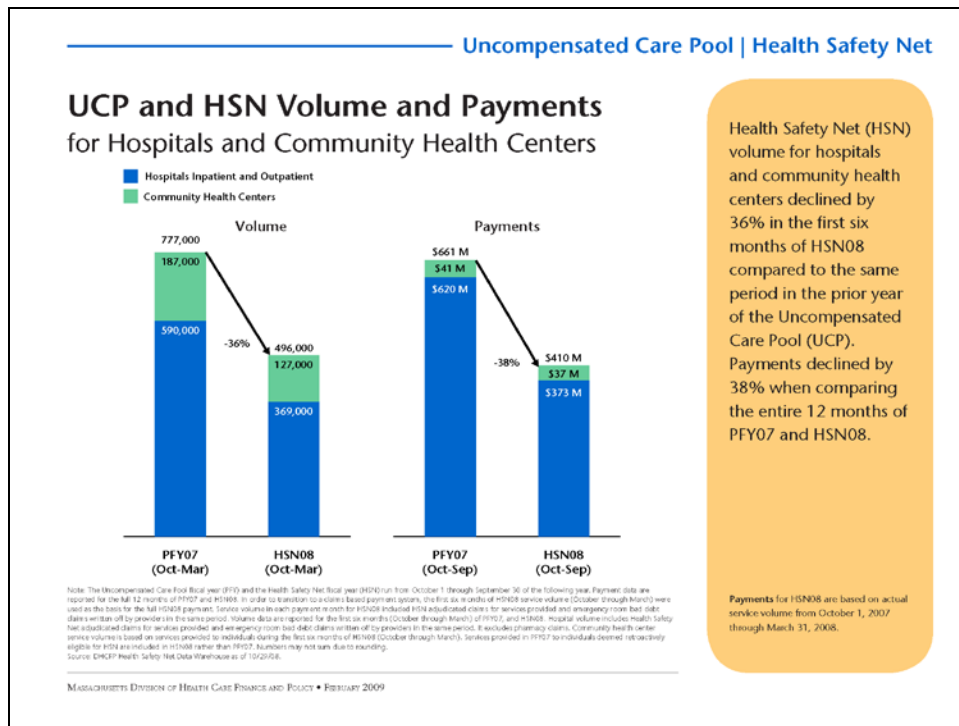


For FY10, which began July 1, 2009, the budget is \$724 million. In addition, the Legislature approved spending of \$40 million to provide Commonwealth Care Bridge program coverage for the estimated 26,000 aliens with special status whose traditional Commonwealth Care coverage was eliminated because this population does not qualify for federal matching funds. In his FY11 budget request to the Legislature, Gov. Patrick has proposed spending of \$838 million in Commonwealth Care with growth anticipated as people lose unemployment benefits and auto assignments for Plan Type 1 eligibles are re-instituted. The governor has also requested \$75 million for the Bridge program, which reflects the budget annualization of that program and the lifting of the current restriction which allows membership to only those people who were eligible for it on Aug. 31, 2009.

Without reducing benefits or increasing cost-sharing for members, base enrollee contributions remain flat in FY10. Most of those in higher-priced plans are seeing a decrease. Since the inception of the program in 2006, the average annual rate of increase in premiums per covered person has been held under 5 percent.

HEALTH SAFETY NET

Formerly known as the Uncompensated Care Pool, the Health Safety Net Fund provides medical services for residents whose income is below 400% of fpl and do not qualify for MassHealth and Commonwealth Care. During the first two quarters of HSN FY08, HSN-financed visits to hospitals and community health centers declined by 36% when compared to the first two quarters of FY07. Over the same period, HSN payments declined by 38%. These savings will be used to support several aspects of the Massachusetts healthcare reform effort, including Commonwealth Care.



Since health insurance provides a broader range of care, including visits to private doctors and specialists, than the episodic visits paid through the pool, reductions in free care spending will not cover the total cost of subsidies.

PUBLIC SUPPORT

Support for the initiative to insure nearly all Massachusetts adults has grown since implementation in 2006, according to surveys done by the Harvard School of Public Health and the Blue Cross Blue Shield Foundation of Massachusetts. In September 2006

support among likely voters was measured at 61%. Three years later, support remains strong at 59%. In another survey, support is estimated as high as 75%.

There is also broad support among the business community. A November 2007 survey commissioned by the Blue Cross Blue Shield of Massachusetts Foundation and the Robert Wood Johnson Foundation showed that 77% of employers in the state agreed that employers bear some responsibility for providing health benefits to their workers.