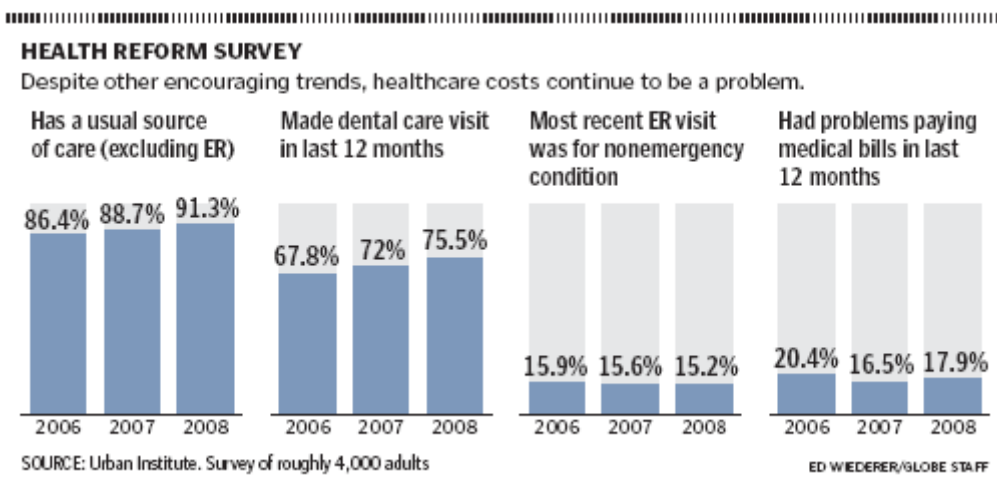


Costs snarling health overhaul

Study finds more are struggling to pay; Gains at risk in state's foray into insurance

By Kay Lazar, Globe Staff | May 28, 2009



Soaring healthcare costs, combined with the recession, are threatening to undermine the gains from Massachusetts' 2006 healthcare overhaul, according to the third annual "Update on Health Reform in Massachusetts" published today.

The survey of roughly 4,000 adults found that, after seeing initial gains in affordability, an increasing percentage of residents are now reporting problems paying medical bills. It also found that a rising number of residents, especially those with lower incomes, are reporting that they did not get needed care because of costs, which are rising faster than inflation.

The cost factor is likely to be central to a discussion today as healthcare leaders come to Boston, in part for a briefing on the findings. Massachusetts' pioneering experiment is being closely watched as a potential model for a national health insurance mandate.

"You can see Massachusetts as a kind of crystal ball for what some of the implementation challenges might look like in national health reform . . .," said Drew Altman, chief executive of the Kaiser Family Foundation, a California-based nonprofit that researches healthcare trends.

While the state is facing cost challenges, he said, implementation of near-universal coverage in 2006 still put consumers here in a better position than in other states. "We should be lucky enough to have those problems [nationally]," Altman said of the challenges outlined in the Urban Institute survey. "If we get to a point where everyone is insured, then we can move on to worry about the affordability of care."

The survey was conducted by the Urban Institute, a social policy think tank, and funded by the Blue Cross and Blue Shield of Massachusetts Foundation, Robert Wood Johnson Foundation, and the Commonwealth Fund.

It found that public support for the state's healthcare initiative is holding strong.

Overall, about 70 percent of those surveyed in 2006 through 2008 said they back the first-of-its-kind law.

The survey, published in the health policy journal *Health Affairs*, identified many bright spots in the state's massive new system, which requires nearly everyone to have health insurance or pay a hefty tax penalty. In the United States, Massachusetts now has the lowest percentage of uninsured residents, less than 3 percent, compared with an average of about 15 percent elsewhere.

That coverage helped fuel a significant boost in the percentage of people who have been able to visit doctors and dentists, the study found.

Roughly 91 percent of residents said they have a regular healthcare provider, compared with 86 percent in 2006, when the health law went into effect. And three quarters of those surveyed said they had been to a dentist in the past year, up substantially from 68 percent just three years ago.

The study compares results from 2006, when many of the key elements of reform were just getting underway, to the fall of 2007 and 2008.

Overall, it reveals striking gains in access to care and affordability in the first year of the state's near-universal coverage plan.

But by the fall of 2008 - when the recession started taking a toll in Massachusetts - the gains began to erode. The latest survey shows that 17.9 percent of residents reported that they had medical bill problems in 2008, up from 16.5 percent in 2007.

Still, access to care is "generally good in Massachusetts and health reform made it better," said study author Sharon Long.

The affordability problems that have started to resurface, she said, can not be blamed on the state's overhaul, but on a much larger and troubling national trend.

"Healthcare costs, in general, are increasing faster than inflation," Long said.

One number that remained unchanged, the report found, was the roughly 15 percent of Massachusetts residents who reported throughout the surveys that they used hospital emergency rooms for nonurgent care. One key goal of the state's initiative was to drive down ER use - which can be expensive - by extending insurance to nearly everyone, so they could regularly visit their family physicians.

When asked why they used ERs for nonemergency conditions, roughly 55 percent of the adults reported going because they were "unable to get an appointment as soon as one was needed," the report found.

Difficulties finding a physician were much more common for low-income than higher-income residents. And adults with state-subsidized health insurance were much more likely to be told that a physician was not taking their type of insurance - 24 percent - compared with those with private insurance, 7 percent.

But cost remained the overarching concern.

A special state commission, created last year, is racing to identify ways to slow soaring healthcare costs in Massachusetts, where spending is growing by more than 8 percent annually, driven largely by the high price and heavy use of hospitals.

The high price of healthcare is a hurdle the Boston-based Access Project hears about daily from families who increasingly find that medical bills are eating larger portions of their budget. Yet the project's executive director, Mark Rukavina, said that while the percentage of Massachusetts residents reporting problems is creeping up toward 20 percent, again, that figure is closer to 28 percent nationally.

"We have a much more generous safety net here in Massachusetts than is the case in most other states," he said.

That safety net, expanded during the state's healthcare overhaul, extended help paying insurance to more working poor families and also provided more money to community health centers and, until recently, urban hospitals that typically serve poorer neighborhoods.

"At the same time," Rukavina said, "the fact that nearly one in five people in Massachusetts are accruing medical debt in such a large, insured population is unacceptable. It certainly is a measure that policy makers in Massachusetts should pay attention to, to ensure those medical debt numbers are declining and not increasing."

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