Universal health care: Can it work here?

Shared responsibility is key to Bay State's compromise

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WASHINGTON // Massachusetts' groundbreaking legislation to make health insurance universally available may not work as a direct model for other states, but it does demonstrate that a melding of conservative and "progressive" ideas can bring political consensus, according to key players involved in designing the plan.

The Bay State has some big pluses - namely fewer uninsured than other states and an available source of funding. But the law, which takes effect next year, could usher in broader effort by the states to tackle a problem that has evaded a national solution.

"States should look at this less as a policy blueprint and more as a political blueprint," said John E. McDonough, executive director of a Massachusetts advocacy group called Health Care For All.

The Massachusetts plan, passed last week, penalizes both employers who don't offer insurance coverage and individuals who can afford insurance but don't buy it. For those who can't afford insurance, it would provide free or subsidized coverage. And it would set up a quasi-public clearinghouse to help small employers and individuals find policies.

"If you're going to ask individuals to do something, you'd better ask employers," said Salvatore F. DiMasi, the Democratic speaker of the Massachusetts House of Representatives. DiMasi was a key engineer of the compromise legislation that won bipartisan - and nearly unanimous - legislative support. DiMasi, McDonough and others spoke at a panel discussion here this week sponsored by Families USA, a national consumer group.

It's too early to tell whether the Massachusetts plan is the start of a new consensus on how to cover the uninsured or an anomaly, said Alan Weil, executive director of the National Academy for State Health Policy, a nonpartisan group that serves as a resource for states.

What is clear, Weil said, is that the passage of the law "has sparked renewed debate about what states can or cannot do."

In Maryland, two groups that want health reform - and that are usually in contention with each other - said they see many elements of their own proposals in the Massachusetts law.

Both Glenn E. Schneider, executive director of Maryland Citizens Health Initiative, and Robert O.C. Worcester, president of Maryland Business for Responsive Government,

said they thought the Massachusetts law might serve as a guide for Maryland reform.

Schneider said his group would be meeting with its technical advisory committee to "kick the tires of the Massachusetts plan," and see if its Maryland plan should be tweaked. However, he said, key details of the Massachusetts program remain to be worked out, so "it lacks guts and flesh to evaluate it fully."

Worcester described the Massachusetts bill as a modified version of a plan developed for Maryland by his group and the Heritage Foundation. He said the Massachusetts compromise - worked out by a Republican governor and heavily Democratic legislature - encouraged him to think some form of health reform might be politically feasible in Maryland. "I wouldn't have been knocking my head against the wall all these years if I didn't think it was possible," he said.

So far, at least, middle ground has been elusive in Maryland - and in most other states.

For several years, Schneider's group has backed a plan that included "play-or-pay" requirements for employers and individuals, meaning those who don't spring for insurance have to pay a penalty to the state.

Worcester's group has staunchly opposed a mandate on employers, battling against both the overall Citizens' Initiative plan, which has died annually in the General Assembly, and a limited version for large employers, the so-called "Wal-Mart bill," enacted this year over the veto of Gov. Robert L. Ehrlich Jr.

In Massachusetts, the key to building consensus for reform was to draw ideas from "all parts of the political spectrum," McDonough said. Traditionally, he said, Democrats and progressives have sought to require employers to provide coverage, but business opposition has doomed those efforts. Republicans and conservatives, he said, have stressed individual responsibility.

In other states, he said, the deadlock has resulted in doing neither; Massachusetts was the first to say, "Let's do both."

Philip J. Edmundson, chief executive officer of William Gallagher Associates, a Boston-based insurance brokerage, said that while business people instinctively don't like imposed requirements, some businesses that provide insurance supported the plan because they realized they were paying directly and indirectly "for their employees and everyone else's."

Also, he said, negotiators eventually settled on a flat annual $295 per worker penalty for businesses that don't offer coverage, down from as much as 7 percent of payroll.

"At the end of the road, the compromise was embraced by almost all mainstream business groups," Edmundson said. But he added that trade groups for retailers and restaurants - two industries that iTd[a4]TJ[-2]TJ[]TJ1.25 0 Td[m-2]TJ[a49]J[a-6]TJ[y20]TJ[h3]TJ[p]TJ[3]TJ[]TJ1[h]TJ[e4]TJ1.[3]TJ3.08 0 T

Although he signed the bill with some fanfare, Republican Gov. Mitt Romney used a line-item veto to knock out the $295 penalty and about half a dozen other provisions. DiMasi said the $295 penalty was "carefully negotiated with the business community," and that the legislature would consider the issue next week and "we intend to overwhelmingly override his vetoes."

Beyond the fate of the vetoed provisions, a number of questions remain about how the Massachusetts plan will work. Regulations will be written over the next year or so that will spell out how to measure affordability and how much subsidy the state will provide. Those, in turn, will determine how many people ultimately are covered and how much the plan will cost.

Although it's uncertain how well details of the plan will travel to other states, John Holahan, director of the health policy research center at the Urban Institute in Washington, which did feasibility studies and cost estimates for Massachusetts, said the structure of combined individual and employer responsibilities could work for other states.

However, he said, "Massachusetts could do it for relatively little new money," because it had an existing uncompensated-care fund that could be redirected and because it had a relatively low rate of uninsured - 10.8 percent, according to estimates by the U.S. Census Bureau, compared with 15.5 percent nationally and 14.0 percent in Maryland.

In other states, Holahan said, a plan similar to the one in Massachusetts might be costly enough to introduce a new layer of political complexity.

While the Massachusetts plan was approved unanimously in the state Senate and 155-to-2 in the House, it didn't win universal applause.

Labor leader John Sweeney, president of the AFL-CIO, criticized it for blocking subsidies for middle-income workers while subjecting them to heavy penalties if they don't buy coverage. "This legislation leaves middle-income families dangling without a safety net, jeopardizes families who currently have employer-sponsored health care, and gives employers a free ride," Sweeney said in a statement following passage.

Others complained that it does too much. "I don't think you can stay in the middle of the road on this," Michael Tanner, director of health and welfare studies at conservative think tank Cato Institute, said yesterday.

"You've got to tip over one way or the other, and I think it will tip in a way I don't like - to more government control," Tanner said.

How it works

Here's how Massachusetts' new law, which takes effect in July 2007, would work to cut the number of uninsured:

IMPOSE PENALTIES

Individuals: Individuals who can afford coverage and don't buy it would suffer tax penalties -- loss of the personal exemption the first year, and a penalty of a portion of the cost of coverage in the second year. The state hasn't yet decided what constitutes affordable coverage.

Businesses:Companies with more than 10 workers that don't offer coverage would pay the state $295 per worker per year. Gov. Mitt Romney vetoed this provision; legislative leaders say they will override, restoring the penalty.

MAKE AFFORDABLE COVERAGE AVAILABLE

Low-income individuals: Extends Medicaid eligibility and improves benefits, providing essentially free coverage for adults up to the federal poverty level and children up to 300 percent of that level.

Moderate-income individuals: Provides premium subsidies on a sliding scale for people between 100 percent and 300 percent of the federal poverty level.

WIDEN RISK POOL

Merge individuals and small employers: Putting individuals and small employers in the same risk pool will reduce individual premiums by about a quarter, sponsors estimate.
Insurance Connector: This clearinghouse would review insurance policies offered by private companies and certify those it considers to have good benefits and good value. Individuals and small businesses could buy the policies. Businesses could pay part or all of the premium cost, and employed individuals could pay their share with pretax dollars.