

# Massachusetts Health Care Reform and Impact to BMC

*April 27, 2009*



EXCEPTIONAL CARE. WITHOUT EXCEPTION.

# Principles of Massachusetts Health Care Reform

- 1. Near-universal coverage**
- 2. Shift DSH funding to coverage**
- 3. Increase Medicaid rates**
- 4. Business does its share**
  - Provide coverage, or pay a Fair Share “Tax”
- 5. Cost & Quality Review**

# Coverage

Newly insured to date:

Expand Medicaid

New subsidized product

New individual/small group options

Employer based insurance

## *Results*

Est. 2.6% remain uninsured,  
 432,000 growth in insured

76,000 growth

169,000 enrolled

39,000 enrolled

168,000 growth

# Coverage

## Eligibility process challenging for Low-Income population

Annual eligibility determination required

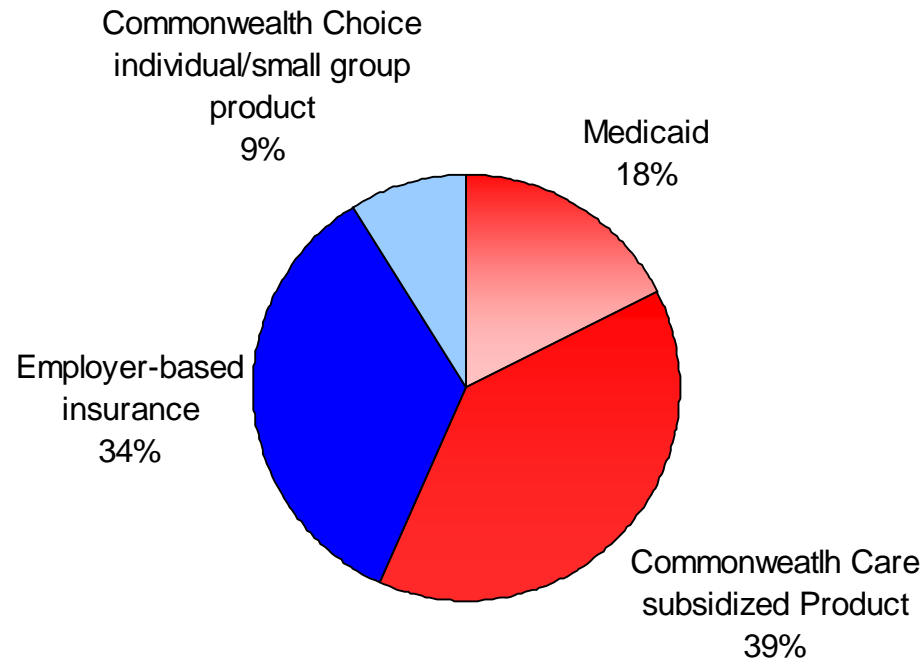
- Manual, mail-based process results in thousands inappropriately losing eligibility

Peak enrollment of 175,000 down to 169,000 resulting from:

- Ongoing churning
- Manual system

# Coverage

## 57% newly insured are in Subsidized Products



# Newly Insured in Massachusetts by Region

Geographic distribution of newly insured in Massachusetts is only available for the new subsidized product, Commonwealth Care.

## Commonwealth Care enrollment distribution

Greater Boston	44,064
Northern Massachusetts	35,511
Southern Massachusetts	37,325
Central Massachusetts	28,253
Western Massachusetts	23,847
Total Massachusetts	169,000

# Funding

## Shift DSH Funding

## Increase Medicaid Rates

Reform intent to increase hospital rates from 80% to 95% of costs.

## *Results*

Safety Net financial support devastated, impacting hospitals serving a disproportionate share of low-income.

Mass. Hospital Assoc. reports actual rate decreased to 70% of costs.

# Business, Cost & Quality

## *Results*

### Business Does its Share

-Provide coverage

168,000 additional employees  
purchased insurance

-Pay Fair Share “Tax”

Limited revenue collected

### Cost & Quality Review

Efforts recently launched  
Chapter 305



# BMC's Role in Health Care Reform

## Coverage

- Moved more patients to coverage than all other hospitals in Massachusetts combined
- 150,000 low-income patients served annually
- BMC HealthNet Plan is the largest insurer of care to Medicaid and Commonwealth Care with 250,000 members.

## Financial Impact

- Payments to BMC are down to 64 cents/dollar
- FY 2010, BMC to receive \$221 payments cut for low-income patient care

# BMC's cost increases averaged only 4% per year while payments fell dramatically below cost for the same volume of low income patients

