

Healthcare lesson from Massachusetts: Deal with costs from Day One

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In 2006, Massachusetts instituted the most ambitious healthcare reform of any state. Today, the program's expenses are strangling the state's budget and threaten to undo the reform itself. As we work on national healthcare reform, the big lesson is: "Deal with costs from Day One."

In the Bay State, a Republican governor and Democratic legislature together rebuilt the health insurance market in pursuit of universal coverage. But to complete the deal, Massachusetts took a huge calculated risk - seek broader coverage now and deal with costs at an unspecified date in the future. Rather than repair the payment system to give consumers and providers incentives to economize, they established commissions to study how to do that in the future. Jon Kingsdale, who runs the Connector, presented a reasoned defense of this "sequenced" approach in [Health Affairs](#) (5/28/09) and suggested that policy-makers consider a similar path at the national level.

Unfortunately, this coverage-before-cost gambit now imperils the state's fiscal stability and the long-term success of the healthcare reform itself. The [Boston Globe](#) (6/24 /09) reports state officials have cut 12% from the budget of Commonwealth Care, which subsidizes premiums for needy residents. This seems to mean cutting dental coverage for the poor and perhaps insurance for legal immigrants. As they note in [another article](#) (6/28/09), "Massachusetts doesn't have enough money to pay for the coverage envisioned by the law." A [Rasmussen poll](#) (6/29/09) in Massachusetts suggests profound skepticism about the state's healthcare reforms. Twenty-six percent (26%) say the effort is a success, while 37% call it a failure. Ten percent (10%) say quality has improved, while 29% say it's worse. Twenty-one percent (21%) see coverage as more affordable today, and 27% find it less affordable. Keep in mind that all this spending hasn't bought bliss. Some people are still uninsured, and there 's evidence ([6/22/09](#) and [6/29/09](#)) that others are only insured intermittently. Patients are also experiencing long [wait times](#) ([6/9/09](#)) to get a doctor's appointment.

But the big lesson is this: Lawmakers must deal with costs on Day One. They can't underestimate the costs of reform or assume funds will just show up on their doorstep later. They can't rely on quick revenue grabs, like employer pay-or-play, that kill off long-term funding sources. And they must enable patients and providers to reinvent the way we purchase and deliver healthcare. That requires reimbursement, delivery and information systems that have not yet been imagined, and neither Boston nor Washington alone can develop them.