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“For Professional Recognition of the Health Actuary”

Update on Massachusetts Health Care Financing Reform

by *Bela Gorman*

In April of 2006, Massachusetts passed groundbreaking legislation that restructured a portion of the health care system. The main focus of Chapter 58 of the Acts of 2006, An Act Providing Access to Affordable, Quality, Accountable Health Care (the Act), was to extend affordable health insurance coverage to the uninsured population. Strategies to increase coverage included creating a new subsidized insurance program, introducing insurance market reforms, establishing a Commonwealth Health Insurance Connector Authority (the Connector) and developing new health insurance products in the market.

The legislation is unique in that responsibility for coverage is shared by individuals, government and employers. The intent of the Act was to fund these new programs through state and federal funding (which included a redistribution of funds from the free-care pool and a federal waiver to the funding of subsidized insurance products), new state funds and employer assessments.

Now, many states are looking at portions of Chapter 58 of the Acts of 2006 as a potential model for health reform in their own state. In particular, many states have been interested in market reforms, introduction of an exchange (such as the Connector), the individual mandate and employer assessments. This article focuses on the key components of the



Act, and also provides a status update regarding implementation in Massachusetts.

Subsidized Insurance Programs

For adult residents that do not have access to employer-sponsored insurance, with income at or below 300 percent of the Federal Poverty Level (FPL)¹ and otherwise ineligible for the Massachusetts' Medicaid program (MassHealth), the Act created a subsidized insurance program called the Commonwealth Care Health Insurance Program (Commonwealth Care). Premiums for the program are set by a ten member Board on a sliding scale based on household income.



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¹ In 2007, 300 percent of the federal poverty level is \$30,630 for an individual and \$61,950 for a family of four.

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