BHI Policy Analysis: Massachusetts health care law fails to promote consumer choice, tax equity and portability; Other states offer lessons for Bay State on Medicaid

BOSTON – Having failed to curb insurance costs in the Commonwealth, Chapter 58, the Massachusetts universal health care law, should turn to more market-oriented policies such as Health Savings Accounts and tax credits according to a new paper by the Beacon Hill Institute. The Institute also recommends that the state not voluntarily expand Medicaid under the Patient Protection and Affordable Care Act.

BHI reviewed several consumer driven policies from others states. These include establishing Health Savings Accounts (Indiana and Georgia), eliminating the tax bias in favor of employer sponsored health plans (Missouri) and reforming guaranteed issue and community rating (Maine). The paper entitled Lessons for Massachusetts from State Health Care Reforms in Other States: What Chapter 58 Missed also suggested that following Medicaid Reform in Florida and tort reform along the lines of Mississippi and Texas.

The study also examined Utah Exchange, that state’s private alternative to the Massachusetts Connector. The Utah Exchange offers high deductible plan choices which lowered overall premium costs rather than the more stringent ‘seal of approval’ plans vetted by the Connector.

“Because it has been able to shift costs to the federal government, Massachusetts ‘successful’ health care law is unsustainable,” says Director of Research Paul Bachman. “Chapter 58 is not consumer-friendly and certainly has not cut the rate of health care spending. The price controls which dominate proposal passed by the legislature and signed by the Governor will prove to be ineffective or lead to longer wait times to see doctors.

“With or without the PPACA, the health care consumer will demand more options in a system that is dominated by employer sponsored plans and publicly funded insurance,” he continued. “It is up to the states to clear the path for more market-oriented policies that level the playing field for consumers by eliminating the tax bias against individual and families.”

The study is the fourth and last in a series on the effects of the Massachusetts universal health care law. It will be available at http://www.beaconhill.org.