



Cheers and jeers for Mass. insurance mandate

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The message was clear: You can't get away with bypassing health insurance anymore.

In a groundbreaking move with far-reaching implications, **Massachusetts** adopted a law in April to require state residents to obtain medical insurance by July 1, 2007. Previously, no state had required people to carry medical insurance.

Industry observers gave mixed views on whether this law should or could serve as a model in other states. Grace-Marie Turner, president of the Galen Institute, suggests caution: "Other states, which are firing up their Xerox machines now, should wait to see how this works out before rushing to follow the Bay State's lead."

Universal coverage

Massachusetts Gov. Mitt Romney (R) signed the law, but vetoed a provision that would have charged businesses \$295 per employee, if they have more than 10 workers and don't offer health benefits. Legislators in the House of Representatives were quick to override that line-item veto about two weeks later. The state Senate is likely to do the same, observers say.

"**Massachusetts** is leading the way with health insurance for everyone, without a government takeover and without raising taxes," declared Romney, who is considering a run for the presidency in 2008.

Romney's spokeswoman, Corbie Kiernan, says, "The main [goal] was to cover the uninsured in **Massachusetts** and reduce the cost of health care." About 550,000 **Massachusetts** residents are uninsured, she estimates.

Starting next year, residents who don't have coverage will lose their state income tax deduction and face a monthly fee. Advocates tend to compare this individual mandate to car insurance requirements for drivers in many states. The provision seems to be aimed at younger, healthier workers who could afford health insurance, but have opted to forego it because they think they won't become sick or injured. Under the new law, low-income residents will have access to state-subsidized insurance policies.

Phil Edmundson, chairman of Affordable Care Today, an alliance of consumers, business leaders and health care providers in **Massachusetts**, comments, "This bill is good for our economy, good for the uninsured, and good for our health care system. Covering the uninsured eliminates hidden costs in everyone's insurance premium. The provisions to improve the quality of care will save costs and improve health."

U.S. Sen. Edward Kennedy (D-Mass.) agrees: "**Massachusetts** once again leads the nation with an innovative plan that will achieve our longstanding goal of expanding health care for all."

Opponents

Some unions and libertarians have criticized the individual mandate as being too heavy-handed. Others have questioned the feasibility of enforcing such legislation.

AFL-CIO President John Sweeney remarks, "It is unconscionable that **Massachusetts** has adopted this misguided individual mandate. 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.

The bill protects workers with the lowest incomes, but punishes middle-income families. **Massachusetts'** new requirement will bankrupt many middle-class families. We believe that workers have to participate in the solution to the problem, but this plan puts the entire burden on workers while letting employers off the hook."

JP Wieske, state affairs director for the Council for Affordable Health Insurance, says, "This plan is a roadmap for a single-payer system that will be a disaster for **Massachusetts** taxpayers and patients."

Michael Tanner, director of health and welfare studies at the libertarian Cato Institute in Washington, D.C., calls the **Massachusetts** bill "an unprecedented expansion of government power." He warns that an individual mandate opens the door to government interference in personal health care decisions and expanded regulation of the health care industry. Such critics tend to favor a free-market, HSA-fueled approach to health care.

Hawaii's example

Hawaii has long required employers to provide health insurance to all employees who work more than 20 hours per week.

The state Prepaid Health Care Act, passed in 1974, compels businesses to pay at least 50% of the premium for the coverage, leaving the rest to be paid by the employee. Any employer that fails to provide coverage must pay a fine to the state and remains liable for medical costs incurred by an eligible employee.

Only 9.5% of Hawaii residents and 8.5% of **Massachusetts** residents were uninsured in 2001, compared to 14.4% nationwide, according to the U.S. Census Bureau. The states with the highest uninsured rates were California (19%), New Mexico (22.4%) and Texas (23.2%).

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