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How 10 People Reshaped Massachusetts Health Care

The 'Connector' Board Makes Tough Choices For Sweeping New Law

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BOSTON -- When Massachusetts passed a pioneering law ensuring health coverage for virtually all its citizens, it punted many critical details to an eclectic group of 10 people.

Over the past year, the group, known as the Connector board, had to wrestle with the tough questions that have stymied efforts at national health-care reform. How much in premiums can low-income people afford? What about middle-class families? Should plans be required to include prescription-drug coverage?

Finding a consensus fell to a motley panel drawn from business, labor, academia and state government. On the liberal end was Celia Wcislo, a 55-year-old organizer with the Service Employees International Union who half-jokingly refers to insurers as "sleazeballs and bloodsuckers." Her frequent adversary was Jonathan Gruber, a 41-year-old Massachusetts Institute of Technology economist who had helped then-Gov. Mitt Romney develop the plan. A Democrat, Dr. Gruber was surprised to find himself on the conservative wing of the board.

The Connector board offered, in microcosm, a look at the collision of interests -- business, labor, medical professionals and needy patients -- that has derailed decades of efforts to reform the U.S. health-care system. When it comes to health-care reform, everyone's second choice, after their own plan, has been the status quo.

INSURING AMERICA

With 45 million people in the U.S. lacking health insurance, states are beginning to unveil plans to broaden coverage. See an interactive map with state-by-state numbers on the uninsured and details on how officials in eight states are addressing the issue.

In Massachusetts, board members did something unusual, finding ways to compromise on some of their most cherished positions and reach common ground. As a result, Massachusetts is poised to become the first state to achieve near-universal coverage. Registration for the new insurance plans began May 1.

Unlike Washington, the Connector compromised successfully because it was expected to, stepping in after a long struggle by state lawmakers to create a plan supported by all major parties. Says Joseph Antos, a health-policy expert at the conservative American Enterprise Institute: "They have a responsibility. They have to produce."

Reaction from the business community is mixed. Many large employers say they're comfortable with the compromises, but representatives of smaller businesses argue the Connector's standards for coverage are too strict and say it should offer more choices of health plans.

In some ways, Massachusetts is an exceptional case. It is a liberal, wealthy state, with just 10% of its population uninsured, compared with 15% nationwide.

And the plan could fail: Skeptics say it isn't tough enough on curbing costs and could ultimately be unraveled by an escalating price tag. No one knows whether the law's combination of carrots and sticks will persuade the uninsured to actually buy coverage.

From the start, Connector board members knew that success wasn't guaranteed. In the early 1990s, the universal-coverage plan spearheaded by Gov. Michael Dukakis collapsed after he left office, amid intense opposition from business interests.

In April 2006, a new plan emerged after months of wrangling between then-Gov. Romney, now running for president, and the Democratic Legislature. A blend of liberal and conservative elements, the law provides subsidized coverage for low-income residents, but offers the coverage through private insurance companies.

And while there are some requirements for employers, the law puts the greater onus on individuals to secure coverage. People who fail to have state-approved insurance by the end of 2007 face penalties that, for some, will soon top $1,000 a year.

Rather than hammer out the details itself, the Legislature left many of the toughest issues to a powerful new authority, the Commonwealth Health Insurance Connector, which was also charged with taking bids from health-insurance companies and then selling those plans to people throughout the state. The Massachusetts law also stipulated that the Connector board be made up of representatives from labor, business and consumers.

It quickly became clear that the board, a mix of appointees and administration members, would be under intense scrutiny. When it held its first public meeting in June, the staff set up 50 chairs but some 300 people showed up. The first battle erupted almost immediately. State and federal officials had allotted $472 million to subsidize premiums for low-income people. How much should this population be expected to chip in?

WHO GETS WHAT?

The Massachusetts health reform aids people in different ways:

• Expansion of Medicaid: More of the poor are eligible for the state's Medicaid program, MassHealth.

• New aid for working poor: Newly created Commonwealth Care offers subsidized coverage for low-income individuals.

• Everybody else: Commonwealth Choice sells health insurance to people who earn too much to qualify for Commonwealth Care. These private plans became available to individuals on May 1, with coverage to begin July 1.

• New young adult options: Low-cost health insurance products are being offered to people ages 19 to 26.

Dr. Gruber -- backed by the Romney administration, still in power at the time -- proposed premiums of $18 to $106 a month, depending on income. If the premiums were pushed any lower, he argued that funding for the program might be jeopardized.

Ms. Wcislo, who had to interrupt her college studies for years because of the cost, fought back. What if a husband and wife had to pay $100 each, and extra for their children? She felt she had to speak out. "You have to be stupid enough or insane enough to argue back," she says.

Nevertheless, to show board unity, Ms. Wcislo wound up voting with Dr. Gruber, though she vowed to resume fighting for lower premiums later. Her decision -- to fight hard but ultimately compromise, something rarely seen in Washington health-reform wars -- set the pattern for other board members in the following months.

This March, the board's unity was severely tested once again. The Connector's staff had recommended that state-approved plans offer prescription-drug coverage and exclude plans with caps on lifetime benefits. It also wanted the new rules to kick in quickly, a problem for businesses that were already using plans that wouldn't meet the new standards.

The board's more liberal members quickly endorsed the staff's position. One was Charles Joffe-Halpern, head of a nonprofit that helps low-income people obtain insurance. He had suffered a benign brain tumor four years ago and said that without drug coverage, his medications would have cost him more than $8,000 a year.

But Richard Lord, head of an employers trade group, was irate. Mandating such comprehensive plans would force many employers that already provided insurance to upgrade to more-expensive policies.

On March 14, Mr. Lord gathered some 30 lobbyists and industry representatives, including the Chamber of Commerce, health-plan officials and retailers. They denounced the proposal in a tense meeting. "We decided we needed to go public," Mr. Lord says. On

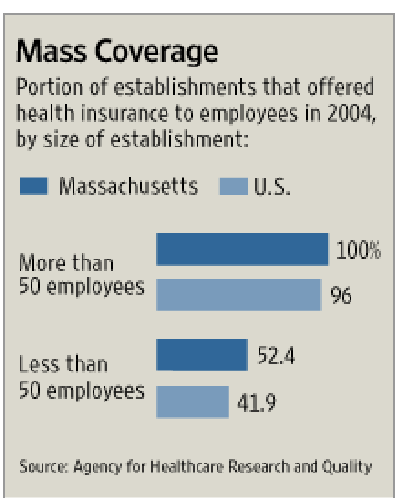
March 20, the day the board was slated to vote on the issue, businesses' concerns turned up in an article published on the front page of the Boston Globe.

Operating behind the scenes was the board's executive director, 58-year-old Jon Kingsdale. A former top executive at Tufts Health Plan, a health insurer, Mr. Kingsdale struggled to come up with a compromise, as he called board members to test various proposals. The board ultimately went along with his suggestion to require slimmed-down drug coverage but delay implementation of the new requirements. In a meeting, Ms. Wcislo dropped her opposition to the lifetime caps after receiving an email on her BlackBerry from another board member. He asked if she realized that her own union insurance had a lifetime cap. She hadn't.

On March 20, the morning of the vote, Mr. Lord was still planning to cast his ballot against the compromise, but changed his mind on the way to the meeting. "I had gotten what I needed," he says, adding that a unanimous vote "sent a strong message that we're all trying to work this out together."

Over the months, Ms. Wcislo and Dr. Gruber grew closer. After discovering that they lived a few blocks away from each other in suburban Boston, they even got together for a half-dozen lunches at a local Thai restaurant. "He comes into meetings with all these numbers -- studies and numbers, numbers and studies," she says. "At the end, you're not sure what you're talking about anymore." But both say Dr. Gruber taught the union leader something about economics and Ms. Wcislo taught the economist something about politics.

In April, the board set upon making its final major policy decision, and once again it was divided. At issue was how many residents could afford the premiums the Connector had negotiated with private insurance companies. The cheapest plan was $175 a month for those in their late-30s. Could most residents afford that? The answer was critical because those deemed too poor to pay wouldn't be penalized for failing to purchase insurance.



Dr. Gruber, who calls himself the "Grinch," took a tough line, arguing that most people could afford the premium and saying it was important that almost everyone be required to have insurance. "I dared to say the poor people can afford to pay for health insurance," he says. Board member Lou Malzone, manager of a union health plan, disagreed. "In Massachusetts, you have to make $30[000] or $40,000 a year just to survive," he said.

Liberal activists seized on the issue, launching a public campaign. The Greater Boston Interfaith Organization, an activist group of churches and synagogues, argued that half the state's population -- for instance, a family of three making as much as $85,850 a year -- couldn't afford the insurance. Meanwhile, Affordable Health Care Today, a coalition of liberal groups that lobbies on health-care issues, began running radio ads: "No one should have to pay so much for health care that they can't afford life's basic necessities," the announcer said.

On a Sunday, four days before the April 12 board vote, Mr. Joffe-Halpern was an "anxious wreck," he says, trying to decide how to vote. Staunchly progressive and a longtime advocate for the uninsured, Mr. Joffe-Halpern worried that he might be compromising too much. But if he opposed the plan, a splintered Connector board could lose momentum and the plan could fall apart.

Another deal orchestrated by Mr. Kingsdale was in the works. His industry experience taught him the importance of attracting healthy people who might otherwise skip insurance into state-sponsored plans, so the cost of covering the sick would be balanced out by the healthy who cost less. Mr. Kingsdale felt strongly that the mandate should apply to as many people as possible.

So he suggested increasing premium subsidies by $13 million for those eligible for state aid to make it more affordable for them.

That wasn't enough to placate Ms. Wcislo, so Mr. Kingsdale played another card. He got the governor to agree to suspend $3 million a year in insurance premiums for children already enrolled in the state's version of the Children's Health Insurance Program, easing the burden on their low-income parents. That helped resolve Ms. Wcislo's earlier concern on the cost of premiums for low-income families. "It seemed like a great way to keep the coalition together and do right by the people," Gov. Deval Patrick says.

The night before the April 12 meeting, Mr. Joffe-Halpern began his three-hour drive to Boston, stopping for dinner at a Pizza Hut. There he got a call saying people on both sides had agreed to the deal. Tears filled Mr. Joffe-Halpern's eyes as he realized that the state plan might actually work. "Thank you, at last," he thought.

The next morning, Dr. Gruber walked into the meeting feeling some "buyer's remorse." Like Mr. Joffe-Halpern a couple days earlier, Dr. Gruber wondered whether he had gone too far in accepting a compromise. Still everyone voted for the deal; the board members would agree that the compromises were fair to all interests involved.

"People fought hard for a middle ground," Ms. Wcislo told her colleagues.

The final package increased subsidies and concluded that 80% of the state's uninsured residents could afford the insurance requirement. The remaining 20%, roughly 65,000 people, won't be penalized for not purchasing insurance. Still, if everyone deemed by the Connector to be able to afford insurance buys in, 99% of residents will have insurance.

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