

HEALTH CARE FOR MASSACHUSETTS CAMPAIGN

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HEALTH CARE REFORM SAVES MONEY

OVERVIEW AND SUMMARY OF FINDINGS

The Health Care for Massachusetts Campaign asked Dr. Kenneth Thorpe, a nationally respected health care economist, to look at Massachusetts health care spending over the next ten years. Dr. Thorpe analyzed three options using conservative assumptions for the growth of health care spending, wages and the economy overall. The options do not reflect any particular piece of legislation currently before the Legislature but are designed to meet the standards set out in the Health Care Constitutional Amendment – affordable, comprehensive, equitably financed coverage for medically necessary health and mental health care for every Massachusetts resident. They illustrate the potential costs of inaction and the potential savings the two most frequently discussed reform approaches could generate when combined with modest clinical and administrative savings initiatives plus a public health initiative to cut the obesity growth rate to zero. The three options analyzed are:

- Inaction
- An employer and/or individual mandate combined with a MassHealth expansion
- A publicly financed health care system

Dr. Thorpe's basic findings are:

- **Option 1: Inaction**
 - Health care spending will double over the next 10 years – growing 1 ½ times faster than the economy and more than twice as fast as wages.
 - The number of uninsured will increase to 900,000.
- **Option 2: Expansion of existing public/private system with savings initiatives**
 - Saves \$800 million in the first full year of implementation after paying for expanded coverage;
 - Cuts health care spending by 4% in 2015 for a cumulative savings of \$30 billion over ten years;
 - Cuts the number of uninsured to virtually zero.
- **Option 3: Publicly financed system with savings initiatives**
 - Saves \$6 billion in the first full year of implementation;
 - Cuts health care spending by 13% in 2015 for a cumulative savings of \$105 billion over ten years.
 - Cuts the number of uninsured to virtually zero.

Savings are generated through initiatives the Commonwealth can adopt for state-funded health care programs. All of them are proven techniques for cutting administrative or clinical costs. Some Massachusetts providers have already adopted them and are saving money. Some states have already adopted one or more of them or are in the process of designing programs based on them. They include:

- 100% electronic billing by physicians seeking reimbursement from state programs (MassHealth, GIC, etc.);
- Incentives to hospitals to adopt automated patient safety reporting systems;
- Chronic care management in all state health programs;
- Reducing avoidable hospitalizations for patients in state programs; and
- Zero growth in childhood and adult obesity rates.

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Paid for by The Committee for Health Care for Massachusetts • 649 Massachusetts Avenue Suite 8 • Cambridge MA 02139