



March 2011

The Benefits of Health Care Reform in Massachusetts

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In March 2010, Congress passed and President Obama signed into law historic health care reform legislation, the Affordable Care Act. Millions of Americans are already benefitting from this law: insurers are no longer allowed to discriminate against children and others who are sick; small businesses are receiving billions of dollars in tax credits to provide health care coverage for their employees; and seniors are saving money on prescription drugs and receiving free preventive care through Medicare.

This analysis examines the benefits of the new law for Massachusetts and its residents. It finds:

- Massachusetts and its residents have already received **\$270 million** in benefits under the new law and will receive **\$9.3 billion** in benefits over the next ten years.
- Over **66,000** Massachusetts seniors have already received **\$16.5 million** to help reduce prescription drug costs, and over one million seniors in Massachusetts will receive drug, preventive care, and other Medicare savings worth **\$3.6 billion** over the next ten years.
- Up to **153,000** small businesses in Massachusetts have already earned as much as **\$54 million** in health care tax credits and will receive **\$1 billion** in tax credits over the next ten years.
- Over **570,000** Massachusetts households will receive **\$4.7 billion** in tax credits and other federal assistance to help pay for health care over the next ten years.
- Community health centers in Massachusetts will receive over **\$300 million** in new funding over the next ten years.

Benefits for Middle Class Families

Tax credits for health insurance. Starting in 2014, the health reform law gives middle class families with incomes up to \$88,000 for a family of four tax credits to help pay for health insurance. There are an approximately 570,000 households in Massachusetts that could qualify for these credits if they purchase their own health insurance or, in the case of households with incomes below 133% of poverty, receive coverage through Medicaid. These families, and the state Medicaid program, will receive \$4.7 billion in tax credits and other federal health care assistance over the next decade.

Benefits for Seniors

Reducing drug costs for seniors. In 2010, the health reform law provided a \$250 rebate to Medicare beneficiaries who entered the Medicare Part D “donut hole” and lost coverage for their drug expenses. Over 66,000 Massachusetts seniors benefited from this provision, receiving \$16.5 million in rebates. In 2011, seniors who hit the drug donut hole will receive 50% discounts on brand name drugs, and in subsequent years, this discount will increase until the donut hole is finally eliminated. A typical beneficiary who enters the donut hole will see savings of over \$550 in 2011 and over \$1,700 by 2020. Over the next decade, seniors in Massachusetts who hit the donut hole will save a total of \$1.1 billion on drug costs.

New preventive care benefits for seniors. The health reform law improves Medicare by providing free preventive and wellness care, starting in January 2011. The law also strengthens the Medicare trust fund, extending its solvency from 2017 to 2029, improves primary and coordinated care, and enhances nursing home care. There are over one million Medicare beneficiaries in Massachusetts who are already benefitting from the provisions that provide for free preventive care. Over the next decade, these Medicare improvements will save Massachusetts seniors \$2.5 billion.

Benefits for Small Businesses

Tax credits for small businesses. The health reform law provides tax credits to small businesses worth up to 35% of the cost of providing health insurance. There are up to 153,000 small businesses in Massachusetts that are eligible for this tax credit. These businesses have already earned as much \$54 million in tax credits and will receive \$1 billion in tax credits over the next decade.

Employer assistance with retiree insurance costs. The health reform law provides funding to encourage employers to continue to provide health insurance for their retirees. There are 162 employers in Massachusetts who are participating in this Early Retiree Reinsurance Program.

Community Health Centers.

Assistance for community health centers. There are 300 community health centers in Massachusetts that provide health care to the poor and medically underserved. Nationwide, the new law provides \$11 billion in new funding for these centers. If the community health centers in Massachusetts receive the average level of support, the 300 centers will receive over \$300 million in new assistance.

Grants for Massachusetts and Health Care Providers

The Affordable Care Act provides billions of dollars in new grant programs for states and health care providers to improve the health insurance market, reduce costs, and improve quality of care. Massachusetts and its health care providers have already received over \$200 million in grants under the new law. This includes \$1 million to detect, prevent, and roll back unreasonable insurance premium increases; \$740,000 million for consumer assistance programs; \$126 million to support groundbreaking biomedical research and reduce long-term growth of health care costs, \$1.1 million for home visiting programs, and \$14.4 million to support training of primary care doctors.

Benefits for Massachusetts Taxpayers

The health reform law reduces the nation's debt by eliminating waste, fraud, and abuse in the health care system, reducing the growth of health care costs, and preventing excessive profit-taking by private insurers. According to the Congressional Budget Office, the bill will reduce the deficit by over \$200 billion over the next ten years and by over a trillion dollars in the decade after that. Repeal would eliminate these cost-cutting measures, adding more than \$3,000 to the national debt for each American, including the 6.6 million residents of Massachusetts.

This analysis is based upon the following sources: the U.S. Census (data on small businesses); the Centers for Medicare and Medicaid Services (data on Medicare and Part D enrollment and Medicare savings per enrollee); the Department of Health and Human Services (Affordable Care Act grants); the Health Resources and Services Administration (data on community health centers. Estimates of the total value of tax credits for families are extrapolated from statewide information on the percentage of families with incomes below 400% of the federal poverty level, the percentage of uninsured residents, and the estimated average tax credits received by middle-income families under the legislation. This estimate takes into account new federal assistance through Medicaid for individuals and families with incomes below 133% of the federal poverty level.