**HealthBlawg :: David Harlow's Health Care Law Blog**

# Interview of Massachusetts State Representative Ruth Balser

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David Harlow: This is David Harlow on HealthBlawg, and I have with me today Representative Ruth Balser, a state legislator in Massachusetts. Representative Balser is a clinical psychologist by profession. She's a former Alderman in the City of Newton, Massachusetts and a leader in Massachusetts when it comes to health reform.

She's a state house veteran. She's been on Beacon Hill for over ten years and has held leadership positions in the state legislature in various key committees and has been a prime mover behind Massachusetts health reform legislation.

Representative Balser, thank you very much for joining us today on HealthBlawg.

Rep. Balser: Well thank you. I'm happy to be here. Thank for that nice introduction. I think it's more fair to say that I was one of a number of people who supported health care reform efforts. The leaders at the time of course were the Speaker of the House at the time and the Senate President and the Governor, but I was a committee chair on the Joint Committee on Mental Health and Substance Abuse at the time. I did pay particular attention in fact to protecting mental health and substance abuse within the health care reform efforts.

David Harlow: Yes. So that's often an area that is ignored or left behind or gets short shrift in the discussion.

Rep. Balser: Right.

David Harlow: I wanted to start off with a question about how the legislation in Massachusetts came to be. How it came to focus on access. There are really three key issues that people keep talking about, the three-legged stool of health reform: access, cost, and quality.

A decision was made early on in Massachusetts to address access first. I'm wondering why did we start there? How are we doing in terms of addressing access and also the other areas of cost and quality?

Rep. Balser: The fact that we focused on access had to do with reapplying for a Medicaid waiver to the federal government. We actually had to address access in reapplying for the Medicaid waiver, in my memory, so that became the initial, really financial reason for addressing the access issue.

But once the state embraced that, it really did embrace it. There was a shared goal on the part of the legislature and the governor to try to get as close to 100% health insurance coverage as possible.

We've been really successful. We have 97% of the people of Massachusetts who have health insurance plans. I believe we lead the nation. I believe that's the best rate across the country. So from that point of view, our efforts were tremendously successful.

David Harlow: So that was based on the legislation in 2006 that's led to that rate of coverage which I very believe that is the highest rate nationally. And then there was another bill two years later that was intended to address cost and quality issues as well. How has that bill been implemented? Or what can you say about that?

Rep. Balser: Well, first of all, there were some quality issues which we addressed in 2006 as well. We can get back to that a little later in the conversation if you'd like. And the more recent legislation on cost which we actually also just did this session.

In 2010, we just did some cost measures but I think it's agreed that it's only the beginning. I think there's a pretty universal agreement that the rising cost of health care is the biggest challenge that we face. There's a lot of discussion about trying to grapple with that going into next session.

There were some market reforms this past session. For instance, allowing small groups, small businesses to associate in groups which might help bring down the cost. The governor actually did some capping of rates. But I think it has been agreed in Massachusetts that we've been much more successful on the access side so far than on the cost side.

David Harlow: Yes. So in the small group reform legislation, there were some provisions that also address moving in the direction of bundled payment rates. It's really sort of, from my perspective, it looks like baby steps in that direction.

Following up on some of the agency and legislative hearings and reports that were issued over the past year, how do you think that will be going? Do you see that as a direction that we need to move in - the bundled payments?

Rep. Balser: Well, I guess to be frank, I haven't weighed in on a particular strategy yet. I think first of all, your reference to baby steps would be agreed. I think people at the legislature know that they've only just begun to tackle this. I know if you listen closely to the gubernatorial race that's going on, there's debate going on about payment reform which I think will be the hot topic next session.

One of the reasons why our health reform of 2006 was as successful as it was and why passage was so much easier here in Massachusetts than what happened nationally, was because all the stakeholders were brought to the table. The insurers, the providers,

consumers, and legislators all came together and developed a plan which eventually they could all buy into.

I think what's going to happen - that has not yet happened on the payment issue. I think that's what's going to have to happen next. There's going to have to be some real leadership in pulling together the stakeholders.

Right now, you have a blame game going on with the insurers blaming the medical community, and the medical community blaming the insurers. I think we are going to need to see some kind of process similar to what happened a few years ago when everyone came to the table and reached a plan that they could all buy into.

David Harlow: Is there a need, do you think, for an external crisis? You mentioned in '06, the issue was a deadline for getting a Medicaid waiver from federal government. Is there some external crisis or are we in the presence of one already given the cost?

Rep. Balser: I'm not aware of something analogous to the Medicaid waiver but yes, I think everyone agrees we're in the middle of a crisis. I think the cost of healthcare is unsustainable. It's breaking government. I mean at the municipal level, you hear about it. At the state level, you hear about it. Small businesses complain that it's breaking them. It has a huge impact on the economy. So I think there is definitely a sense of crisis. Although there isn't a deadline they way there was and I guess that was helpful. It's always helpful to have a deadline.

David Harlow: Sure. So one deadline that recently came and went was the end of the federal and hospital fiscal year and that seems to have brought the dispute between Boston Medical Center and the state forward, and resulted in some resolution. I don't know if that's going to be a final resolution or how it affects other hospitals and their debates with Medicaid. But there's some additional federal Medicaid money now available for Boston Medical Center, Cambridge Health Alliance.

It seems to me that's not a sustainable way of addressing these issues with stop-gap additional funds. Do you have any sense about that being a step in the right direction? Impetus for more structural change? Or what can we take away for other providers from this experience with Boston Medical Center?

Rep. Balser: You know, I'm not such an expert on that, but I think what everyone's talking about is payment reform. That's the news: changing from fee-for-service to global payments. That's one thing. Well actually that's one thing Governor Patrick is talking about.

Then you hear candidate Charlie Baker talking about transparency. He's talking about just revealing the different payments that insurers and different provider groups are negotiating. He's saying that if you just laid all that out on the table, that would lead to some change. Part of it is what's going to make a difference is who's elected governor which we're in the middle of the campaign about.

David Harlow: Now Charlie Baker, a couple of decades ago, was involved in working to dismantle the rate setting structure in Massachusetts.

Rep. Balser: That's right.

David Harlow: Do you see his current stance as being consistent with that? Is transparency going to be there just for the goal of developing more of a market for health care?

Rep. Balser: Well, I'm certainly a supporter of the governor, so I don't know if I'll give a fair- but I think you're right. He was part of breaking that down and that certainly has contributed to the problems that we're facing.

David Harlow: So I take it you see this is not necessarily something that could be solved by throwing it to the free market?

Rep. Balser: Oh, no, absolutely not. The government is going to have to play an active role in negotiating some changed relationships between the payers and the providers. That's going to have to change.

David Harlow: Do you see that role and that relationship leading to any resolution in the cost inflation side? We talked a little bit about different types of approaches to payment. Is that something that you see as being developed by regulation? Will there be a menu of approaches to payment that could be offered by the state government to the provider?

Rep. Balser: Perhaps. You know it's interesting when, you know, this is clearly a tougher problem to solve than the access problem. In 2006, there was actually explicit conversation about how we were not going to tackle the cost problem yet. It's interesting and at that time, what we were debating, I mean it's funny because the model we set up obviously had implications for cost.

There were a few different models one could choose from to set up a healthcare -- we might talk about the old Dukakis model. Maybe we should walk through the steps of the model so that we can, to get to the cost question because what had been tried in years past was this Dukakis model which was an employer mandate, requiring employers to pay. And that never got implemented. The business community rejected responsibility.

Then there were many years where there were, at least on the liberal side of the political spectrum, people advocating for a single payer system. In other words, government taking the responsibility for who would pay because the debate was always who would pay, not how much we would pay.

David Harlow: Yes.

Rep. Balser: So first, it was going to be the employers. Then there were some folks who try to argue that the government should pay. And there were hopes that at least maybe on the national level, we could expand Medicare. That issue got revisited with the public option debate.

Even here in Massachusetts, people were saying perhaps we needed to do a single payer first at the state level. What we did in 2006, was decide to develop a hybrid system that would have three payers. One would be employers, another would be government, but the third and this was really the Republican contribution which the Democrats embraced, was the individual mandate.

So when we talked about who was going to pay, the model that we developed was that again, a three-legged stool, which is often the image. It was going to be employers, government, and the individual. That was the breakthrough was that we broke out of this argument, would it be employers or would it be government or would it be a combination? But the final breakthrough was actually to add the individual mandate as part of that. And that's the Massachusetts model that then got embraced nationally.

I should just mention for those who don't remember, this was debated when Hilary Clinton and Barack Obama were competing for the Democratic nomination. It was actually Senator Clinton who was pushing for the Massachusetts model and the individual mandate. Senator Obama at the time rejected it. Although later when he became president, he embraced and supported that. So now we have that at the national level.

But fast forward now, I think this is what makes the cost argument so complicated because the cost on individuals has gone up. The cost on businesses…I mean businesses got off easy in our Massachusetts health plan. We in the House had wanted a larger employer contribution. The Senate and the governor, the former governor actually didn't want employers to have to make a contribution at all. We settled on a compromise where the employers pay a much smaller contribution than we in the House would have liked.

But I think someone will have to -- maybe you'll help me figure this out. But I think that model that we set up, made it all the more complicated to now tackle the problem of cost.

David Harlow: Because of the shared responsibility for coverage?

Rep. Balser: Yeah, well and then each sort of resisting taking the full responsibility. Yeah, you'd think maybe it would make it easier because you had different people contributing or different forces contributing. But you know, let's say the government was responsible like with Medicare or whatever, well, then you would just tackle it as a federal budget problem. The businesses certainly feel they can't in this economy afford to manage to this rising cost and individuals certainly feel they can't.

David Harlow: The Massachusetts experience has been both praised and vilified nationally as the national debate continues. I guess I'm wondering whether there are

particular areas of the Massachusetts experience that you would highlight as being praiseworthy. We spoke briefly about the fact that we've achieved near-universal coverage…

Rep. Balser: Right.

David Harlow: …and an uninsurance rate on the order of two or three percent of the population which is a vast improvement. One of the criticisms of the plan early on was that we had not anticipated how many people would sign up for the various types of programs and that the cost was too great for the state to bear.

Rep. Balser: But the state has maintained its commitment and has covered the cost. Well, there were a few problems from my point of view. We always knew once we embraced this model of the individual mandate, we always knew that would only work so long as there were sufficient resources and commitment to subsidizing those individuals who couldn't afford the mandate.

So one reason for the individual mandate was because a significant portion of the uninsured were healthy - one group amongst the uninsured for instance were healthy young adults, people who could afford it actually. Forget the percentage but significant numbers of relatively young adults who are healthy and who had good jobs and were making good money but just didn't choose to buy health insurance because they [overlap]

David Harlow: Right, our young invincibles.

Rep. Balser: Yeah, that's right. So that was the model for why it would make sense to have an individual mandate. Someone's making a young, single adult who's making $60-70,000 or something about like that. They can afford to pay for some health insurance. Plus, it helps the risk pool if you have more healthy people in it. And that the idea was that it would also bring down the cost for everyone.

But it was also clear there would be people whose employers did not provide health insurance for them and had made more money than allowed them to be eligible for Medicaid, but who would not be able to pay the full amount of a private health plan. So the idea was that the state, the public sector would subsidize part of the cost of their health plan.

We always knew the success or failure of the program would sort of rise or fall with whether we could appropriately subsidize those folks because otherwise, the individual mandate becomes really unfair. You force someone to pay for something they can't afford.

So what happened was the numbers the first year or so really didn't work totally and so the state ended up exempting a bunch of people from the mandate which of course defeated the point of universal coverage but we knew it wouldn't be fair to require them to pay what they couldn't pay.

But there's still the devil in the details. The premium's cost has gone up and there are a lot of folks, the working poor who are out there working two full-time jobs and raising kids and who can't afford. So that's a problem.

I do remember during the presidential debate when Senator Clinton defended basing the national model on the state. She pointed out that the federal government would have more resources available and probably could do the right thing as far as subsidizing people who couldn't fully afford it. We'll see how that ends up playing out with what the Congress did.

You were asking how has it worked out. So that's still a problem is that the resources aren't there to really get the right amount of subsidy for people who are struggling to pay, the individual.

The other problem was that to keep plans affordable, we ended up supporting and by we, I'm being generous because I actually opposed this. But we ended up allowing high deductibles. I actually had filed some amendments during the debate to limit the increase in the deductibles and those failed because that seemed like a way to bring down the cost of the plans. But when you have very high deductibles, people end up not really getting services because they can't afford the outpatient care to get up to the level of the deductible. So that's been another problem.

David Harlow: Right. There's some research that has shown that people who could use the combination of high-deductible health plans and health savings accounts the most are the people who don't use them. They aren't able to put the money away or are unwilling to pay those first dollar expenses for services that would be helpful, maybe preventive services. So that does seem to be a problem.

Rep. Balser: Right. But I will tell a story if you're interesting in a role I played that I'm actually particularly proud of which is when the process first began, and we were talking about how to get to universal coverage, of course different people had different ideas. Just like now we're going to have different ideas about how to manage the cost. Then we had different ideas about how to provide access.

Governor Romney at the time, released his bill first. One of the sentences in his bill was that all new health plans created under his plan would be exempt from all the current state mandates. And so in other words, he wanted to insure people by creating what I would call cheaper and less adequate health plans because they would be exempt from the mandates.

I was particularly concerned about the mental health and substance abuse mandates but there was a whole list -- I think there's more than 20 mandates that over time have passed. You know, that the legislature at one point or another felt it was important that all health plans be required to cover these different aspects of healthcare. So there was

this little sentence in his bill that would have set all these new plans could be created that would really result in people being under-insured.

So I was watching for this and the Senate then came out with their plan and it had the same language in it. And then the House and it goes to the House and the House came out with a plan that initially had that same sentence in it which I was watching for. I was chairing the mental health and substance abuse committee at the time and I was watching for this issue because I wanted to make sure that the insurance would be comprehensive and include good mental health and substance abuse coverage.

So when I saw that same language was being mirrored, I filed an amendment in the House to remove it and to say that any new plan created under health reform would have to live up to the same mandates that all our previous plans had. And that was quickly supported in the House. The chairperson of the health care finance committee who was mainly overseeing this supported me in that. Speaker DiMasi also very quickly supported it. So the House went on record saying that if were going have universal health care, we wanted to make sure that health care would be comprehensive.

So in terms of your original point about the three-legged access, cost and quality, we were trying to deal with both access and quality. And the House led the way on that saying if we're going to cover everyone, it's got to be comprehensive, quality insurance. And the Senate then embraced it and Governor Romney did sign it that way.

David Harlow: And now we're facing a similar issue in the national front as some large employers and others are trying to find exceptions to allow for these mini-plans to be seen as adequate under the national rules. So the conversation continues.

Rep. Balser: Right. You know it's tough. It's always tempting I guess for people to cut cost by reducing quality. What we were trying to say around that issue was we got to try to cut the cost through perhaps market reforms or changes in the way you know, payment reform but not in terms of reducing quality.

David Harlow: As you said, that remains front and center and that's the next set of issues to be addressed here.

Rep. Balser: Right.

David Harlow: Well thank you very much. I've been speaking with Representative Ruth Balser, state legislator in Massachusetts on the question of health reform and the Massachusetts experience and what we can hope to see in the future in Massachusetts and on the national stage. Thank you again Representative Balser.

Rep. Balser: Thank you. Bye now.