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Massachusetts Can Afford Health Care for All

Estimating the cost of comprehensive health coverage for all Massachusetts residents, a detailed new study documents that basic health payment reforms would permit covering everyone while saving money.

In the report, entitled *Massachusetts Can Afford Health Care for All*, researchers at the Boston University School of Public Health conclude that cutting administrative waste could free up fully 10 percent of today's health care spending. "We can get more care for less money," said Professor Alan Sager, one of the authors. "In 1999, Massachusetts caregivers could have used \$2.4 billion more for actual care. And \$1 billion would still be saved overall."

The analysis, prepared jointly with colleagues at Solutions for Progress, a Philadelphia consulting firm, put the added costs of universal access to comprehensive benefits at \$1 billion to cover the uninsured and \$2.8 billion to eliminate under-insurance. That would mean filling the many gaps in current coverage, to assure access to needed prescription drugs, long-term and dental care, and other health services.

That \$4.2 billion in total added costs would be more than offset by the savings available in a system covering everyone but with simplified administration.

The study estimates that Massachusetts could have cut \$3.6 billion in administrative waste in 1999, while saving \$1.6 billion more by cutting drug prices and inappropriate care.

Pooling together today's health care payments and replacing 80 percent of out-of-pocket payments with public funding would make the administrative savings possible, the study says.

The report cites new evidence that Massachusetts physicians face growing expenses for claims processing and other financial administration. The proposed reforms would devote 25

more money to actual physician care, with substantial increases for home care, nursing home care, and other services as well.

Other approaches—those that incrementally expand coverage—simply add expenses, without reforming the private insurance bureaucracy or cutting waste to use health spending better, the researchers note. Managed care has failed, so soaring costs now burden employers, families, and government. “More money for business as usual is not affordable,” says the study.

Criticizing other recent estimates of the cost of health care for all, the report observes that one from the Massachusetts Taxpayers Foundation is “fatally flawed” and “starkly wrong.” It “assumed only the most costly method of expanding insurance coverage” and “failed even to mention the possibility of offsetting savings.” The Foundation did not develop independent cost estimates for ballot question 5, the report points out. The Foundation merely asked HMOs how much they would raise premiums if question 5 passes.

Health care spending in Massachusetts—over \$36 billion in 1999—is the world’s highest, yet the system is in crisis, the report states. “Waiting for federal action is dangerous and unnecessary. The time to start planning is now.”

“The reforms that we suggest could provide secure coverage for patients and families, with secure funding for caregivers, and security for employers and employees,” commented co-author Deborah Socolar, “because health care costs would be capped and predictable.”

The report will be available on the Internet, at <http://dcc2.bumc.bu.edu/lcmerr/aamp.htm>

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