

Daily Policy Digest

Health Issues

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MASSACHUSETTS MIRACLE OR MASSACHUSETTS MISERABLE

When Massachusetts passed its pioneering health care reforms in 2006, critics warned that they would result in a slow but steady spiral downward toward a government-run health care system. Three years later, those predictions appear to be coming true, says Michael Tanner, a senior fellow at the Cato Institute.

Although the state has reduced the number of residents without health insurance, 200,000 people remain uninsured, says Tanner:

- Moreover, the increase in the number of insured is primarily due to the state's generous subsidies, not the celebrated individual mandate.
- Health care costs continue to rise much faster than the national average; since 2006, total state health care spending has increased by 28 percent.
- Insurance premiums have increased by eight to 10 percent per year, nearly double the national average.
- New regulations and bureaucracy are limiting consumer choice and adding to health care costs.
- Program costs have skyrocketed despite tax increases, and the state is considering caps on insurance premiums, cuts in reimbursements to providers, and even the possibility of a "global budget" on health care spending -- with its attendant rationing.
- A shortage of providers, combined with increased demand, is increasing waiting times to see a physician.

Overall, the program has failed in its main goal of achieving universal coverage. It has failed to restrain the growth in health care costs. And it has greatly exceeded its initial budget, placing new burdens on the state's taxpayers.

With the "Massachusetts model" frequently cited as a blueprint for health care reform, it is important to recognize that giving the government greater control over our health care system will have grave consequences for taxpayers, providers, and health care consumers. That is the lesson of the Massachusetts model, says Tanner.

Source: Michael Tanner, "Massachusetts Miracle or Massachusetts Miserable: What the Failure of the "Massachusetts Model" Tells Us about Health Care Reform," Cato Institute, Briefing Paper, No. 112, June 9, 2009.

For text:

<http://www.cato.org/pubs/bp/bp112.pdf>

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