

The Washington Post

Rick Santorum's claims about Massachusetts health reforms

Posted by **Josh Hicks** at 12:10 PM ET, 01/30/2012

"There was just a survey that came out and said one in four [Massachusetts residents] don't get the care they need because of the high cost. So you have a card, you're covered, but you can't get care.

"In Massachusetts, everybody is mandated -- as a condition of breathing in Massachusetts -- to buy health insurance, and if you don't, you have to pay a fine. What has happened in Massachusetts is that people are now paying the fine because health insurance is so expensive. And you have a preexisting condition clause in yours, just like Barack Obama. So what is happening in Massachusetts, the people that Governor Romney said he wanted to go after -- the people that were free-riding -- free ridership has gone up fivefold in Massachusetts. Five times the rate it was before."

-- Rick Santorum, during the GOP debate in Jacksonville, Fla., Jan. 26, 2012

Santorum made these comments as part of a long exchange with rival Mitt Romney over the merits of the former Massachusetts governor's health-care reform plan. He said the "free rider" problem grew worse when the law was supposed to alleviate it.

Romney defended his overhaul by pointing out that 98 percent of Bay State residents are now insured, and that "half of those people got insurance on their own; others got help in buying the insurance."

Santorum has tried to discredit Romney's health-care reforms in the past two GOP primary debates, insinuating that the former governor will be a liability challenging President Obama in the general election. We researched recent reports on the Massachusetts reforms to find out whether the former Pennsylvania senator had any basis for his most recent claims.

The Facts

The Santorum campaign did not respond to requests for information that would prove high costs have barred one in four Massachusetts residents from receiving care, although a spokesman did explain where the free-rider claim originated -- we'll address that next.

The most recent data we could find on unmet need in the Bay State suggests Santorum was wrong about his first assertion. A report from the Blue Cross Blue Shield of Massachusetts Foundation showed 13.6 percent of adults said they didn't receive necessary care in 2010 because of costs. That's a drop from 16.6 percent in 2006, despite the economic downturn and the rising cost of health care in the state.

As for the free-rider issue, Santorum and Romney appear to be talking about different problems. And they're both correct in their own regard.

Santorum's campaign pointed to an op-ed in the Wall Street Journal to support the claim that Massachusetts saw a fivefold increase free riders. Michael Cannon, the author of that column and the health policy director for the libertarian Cato Institute, told us he borrowed information from a Boston Globe article.

The Globe piece confirms Cannon's assertion, detailing a Massachusetts Division of Insurance analysis that said the number of people buying insurance and dropping it within six months had risen from 3,508 in 2006 to 17,177 in 2008 -- a nearly fivefold increase.

Santorum and Cannon count these people as free riders, although the insurance industry refers to them as "jumpers and dumpers," due to their habit of purchasing coverage when they're sick and getting rid of it after receiving care.

Such behavior exacerbates the problem of rising health-care premiums, as loyal customers end up footing most of the bill for those who come and go.

Cannon said that Santorum's version of the free rider problem presents more of a threat to affordable coverage than Romney's. "It can cause the insurance market to collapse" by driving up premiums, he said.

Cannon's fears may be overblown. The Division of Insurance report estimates that jumping and dumping, technically known as "adverse selection," has increased costs for the state's newly merged individual and small-group insurance market by just 0.5 percent to 1.5 percent.

Still, the Department of Insurance report suggests premium rates would have gone in the other direction without jumpers and dumpers. It says that "if high-cost individuals who terminated within one year were not covered in the Merged Market, the Merged Market loss ratio would have improved by 0.7 percentage points."

Massachusetts lawmakers passed legislation last summer to address this problem, implementing a limited enrollment period to prevent people from buying insurance any time they suddenly need it.

Romney appears to have been talking about a different type of free rider: the people who forgo insurance altogether while letting the state cover their hospital expenses. This problem seems to be on the decline, just as the former governor suggested. A November report from the Massachusetts Blue Cross foundation shows a 46 percent decrease between 2006 and 2010 in the number of people using the Health Safety Net, which pays for those who don't have coverage.

But volume matters less than costs in this regard. A state report shows that the state's Health Safety Net fund suffered a \$70 million shortfall in 2010 (see page 24), suggesting the state has struggled to meet demand. A separate report from the Division of Healthcare Finance and Policy shows that expenditures for the program rose sharply between 2009 and 2011 (see page 6).

Experts have suggested it's too early to tell whether the Massachusetts reforms are helping to control premium hikes. Harvard School of Public Health professor John McDonough told the Boston Globe in November, "We're in this unsettled period where there are varied and contradictory indicators out there giving good news and bad news at the same time."

The Pinocchio Test

Santorum suggested that Romney's reform law exacerbated the problem of sick people missing out on care because of high costs. He's only right to the extent that any amount of unmet need poses a problem. But the fact remains that Massachusetts has shown improvement in this area, at least according to the latest statistics we could find. We found no proof of the candidate's one-in-four claim.

In terms of the free-rider issue, we can't fault Santorum for using a different metric than Romney to gauge the problem. He used factual information to pinpoint a problem under the Massachusetts system. Romney used equally legitimate data to suggest his plan has alleviated a different type of free riding. Overall, the two candidates came to a draw. There are more ways than one to take advantage of a government safety net, and Romney's plan appears to have tackled only one of them.

On balance, Santorum earns two Pinocchios for his remarks. His first comment was unfounded, while the second comment appears to be correct.