



FOR IMMEDIATE RELEASE

Contact: Ann Carter
617-443-9933 x318
ACarter@rasky.com

LANDMARK STUDY ANALYZES COST OF MEDICAL CARE FOR UNINSURED IN MASSACHUSETTS

**Study Estimates More Than \$1 Billion in Care for State's Uninsured;
Cites Social and Economic Benefits of Expanding Coverage**

Boston, MA (November 16, 2004) – The Blue Cross Blue Shield of Massachusetts (BCBSMA) Foundation today released a new report by the Urban Institute that – for the first time – analyzes all of the medical care provided to uninsured patients by hospitals, community health centers and physicians in Massachusetts. The report, which was released at a health care summit at the JFK Library, is the first product of the BCBSMA Foundation's *Roadmap to Coverage*, a new initiative to inform the public debate about how to provide health coverage for the uninsured in Massachusetts and generate a practical roadmap for achieving this goal.

Rising health care costs and cutbacks in public programs and employer-sponsored coverage, among other factors, are contributing to the growing problem of the uninsured in the Commonwealth. More than 450,000 Massachusetts residents are uninsured, a 25 percent increase from 2000, according to a recent state survey. U.S. Census Bureau estimates put the number of uninsured in the state even higher, at more than 650,000 in 2003.

Key findings of the study include the following:

- Hospitals, community health centers and physicians provided \$1.1 billion in medical care to uninsured patients in Massachusetts in fiscal year 2004. This figure was verified against the amount of medical care reported in surveys of people who do not have health insurance.
- If the uninsured in Massachusetts had health coverage, the annual cost of the additional medical care they would receive would be between \$374 million and \$539 million, which would increase the share of the state's economy devoted to health care by less than one-third of one percentage point.
- Expanding coverage to the uninsured in Massachusetts could result in as much as \$1.2 to \$1.7 billion in economic and social benefits from improved health. These benefits, the authors noted, "could exceed the incremental medical costs of expanded coverage by a ratio of 3:1."

“The cost to society of an uninsured population extends far beyond the cost of the medical care they receive,” said John Holahan, Ph.D., the lead author of the study and director of the Urban Institute’s Health Policy Center. “Research has shown that not having health insurance results in poorer health which leads to reduced wages and productivity.” The authors said that other benefits of expanded coverage include: reduced financial problems, including bankruptcy; reduced pressure on emergency rooms and public health programs; and lower costs to public insurance programs such as Medicare.

“This study confirms that allowing half a million people in the state to go without health insurance places a tremendous burden on individuals, our health care system, and society,” said Andrew Dreyfus, president of the BCBSMA Foundation. “It also tells us that expanding coverage to the uninsured would not result in large increases in new medical spending.”

In a separate finding, the report calculated that federal, state and local government funding, together with assessments on hospitals and health plans, total \$1.9 billion to support an array of “safety net” institutions, programs and services, many of which are targeted to people without health insurance in Massachusetts.

The report estimates that \$1 billion of that spending could potentially be reallocated to support expanded coverage for the uninsured. The remaining funding, the report concluded, would need to be retained to support safety net and public health programs even if most Massachusetts residents had health insurance.

“The first step in solving the problem of the uninsured is to understand how much we are spending today and who is paying for it. With this knowledge, we can tackle the more difficult question of how to design a system where everyone in the state has health coverage,” said Dreyfus.

“Massachusetts is in a unique position to attempt a coverage expansion,” said Holahan. “Although the number of uninsured in the state is growing, Massachusetts still has a relatively low percentage of its population without coverage and a series of well-funded safety net programs.”

The Washington D.C.-based Urban Institute had previously analyzed the national cost of caring for the uninsured, but this is the first time it applied its research methodology to an individual state. Randall Bovbjerg, J.D., and Jack Hadley, Ph.D., of the Urban Institute co-authored the report.

The report is the first product of the BCBSMA Foundation’s *Roadmap to Coverage*, a new initiative to inform the public debate about how to provide health coverage for the uninsured in Massachusetts and generate a practical roadmap for achieving this goal. Major funding for the project is being provided by Blue Cross Blue Shield of Massachusetts with additional support from Partners HealthCare.