MAHP
MASSACHUSETTS ASSOCIATION of HEALTH PLANS

June 18, 2025

Senator Cindy Friedman, Chair
Joint Committee on Health Care Financing
State House, Room 313
Boston, MA 02133

Representative John Lawn, Chair
Joint Committee on Health Care Financing
State House, Room 236
Boston, MA 02133

RE: 6/18 Joint Committee on Health Care Financing Legislative Hearing

Dear Chairs Friedman and Lawn,

On behalf of the Massachusetts Association of Health Plans and our 13 member health plans and one behavioral health organization, providing health insurance coverage to nearly 3 million Massachusetts residents, we appreciate the opportunity to share feedback on the following bills before your committee that will raise costs for small businesses and their employees. Health care affordability is the number one challenge facing individuals and small businesses in this state, driven by ever-increasing prices for prescription drugs, hospitals and providers. Without action to address the key cost drivers, the Commonwealth cannot make health care more affordable.

House No. 1405 and Senate Nos. 849, 859, 860, and 889 each take different approaches to establishing a single payer, government-run health care system or public option in Massachusetts, which will dramatically increase taxes on residents and businesses and undermine the state's hard work to reach near universal health care access, lower costs, and improve health care quality.

Massachusetts leads the nation with a 98.3% coverage rate. Our member plans provide comprehensive, high-quality coverage to enrollees in the MassHealth program, low-income seniors enrolled in Senior Care Options plans, individuals and families in employer sponsored plans, and consumers purchasing coverage on their own. The plans continually set the standard for the rest of the country in clinical quality and member satisfaction, are consistently ranked among the nation's best by the National Committee for Quality Assurance, and offer innovative programs that improve quality and health inequities and coordinate integrated medical care, behavioral health and substance abuse services, and pharmacy benefits to meet the specific needs of their members. We are deeply concerned that the efforts to establish a single payer, government-run health care system or a public option are a distraction from the hard work required to address unsustainable increases in the costs of care that will limit access to care and undermine quality.

The Costs of Financing a Single Payer System in Massachusetts

Massachusetts will need to dramatically increase taxes on residents and businesses to support a government-run single payer health care system or a public option. In turn, raising taxes will significantly affect the Massachusetts economy, making Massachusetts less competitive with other states. In 2002, a state report by LECG for the Legislature's Advisory Committee on Consolidated Health Care Financing concluded that a government-run health care system in Massachusetts would force consumers and employers to pay billions more for health care. Specifically, the report found that a government-run system in Massachusetts

would cost between $3 billion and $6 billion above current health care spending.[1] The costs would certainly be more significant today.

Over the past decade, other states have attempted to implement a state level single payer system only to abandon their efforts when the costs have been studied. Proposals in Vermont, New York, Maryland, and California all failed because of the overwhelming costs of implementing and operating a single payer system:

- A 2022 report from the California State Legislature found it would cost between $494 billion and $552 billion to create a publicly funded universal health care system. **California would have to find an additional $193 billion per year, including new tax revenues, to create a single payer system.[2]**
- A joint analysis by RAND Corporation and the New York State Health Foundation released in August 2018 estimated that to establish a single-payer program, **the state of New York would need to spend $139 billion, nearly the size of the state's annual budget.[3]**
- In December 2014, Vermont abandoned implementation of its Green Mountain Care plan for single payer health care once it determined that the financing would be impractical and require significant increases in corporate and income taxes that would be detrimental to individuals, employers, and the state's economy. **Green Mountain Care would require additional revenue of $2.8 billion, a significant increase from the state's current annual tax revenue of $2.7 billion.[4]**

Adverse Financial Impact on Small Businesses and Taxpayers in the Commonwealth

Implementation of a state-level, single payer system would rely primarily on funds generated by imposing new substantial tax obligations on Massachusetts residents, employees, and employers. Therefore, **the costs would fall squarely on individuals, families, and small businesses in the state**. To pay for comprehensive universal access to health care services for every state resident, House Bill 1405 and Senate Bill 860 estimate that the state will need to assess a 7.5% - 8% annual payroll tax on employers in Massachusetts, a 2.5% tax on employee wages, a 10% payroll tax on all self-employed state residents, and a 10% tax on unearned income above $20,000. The state should expect such tax climate would have a negative impact on individuals' residency, labor market participation, and other business investment decisions.

In addition, a single payer system would only be possible if the federal funds currently received by the Commonwealth on behalf of all Medicare, Medicaid, and Affordable Care Act (ACA) enrollees are retained and other federal health care programs, such as the Veterans Health Administration and the Indian Health Service, continue paying claims for beneficiaries in the state. Today, the federal government reimburses Massachusetts for 50% of most MassHealth spending. Moreover, approximately 200,000 state residents purchase coverage through the Health Connector and qualify for federal tax credits and generous financial subsidies that reduce the cost of their health care coverage as a result of the ACA. However, continued federal payments for the coverage of Medicare, Medicaid, and ACA enrollees will be contingent on the state' submission and approval of federal waiver applications to redirect existing federal funding.

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[1] https://www.healthcare-now.org/single-payer-studies/massachusetts-lecg-2002/ https://calmatters.org/wp-content/uploads/2022/03/220026.pdf?utm_source=CalMatters+Newsletters&utm_campaign=f5a4d0cbf1-WHATMATTERS&utm_medium=email&utm_term=0_faa7be558d-f5a4d0cbf1-150293419&mc_cid=f5a4d0cbf1&mc_eid=9e867256b8

[3] https://www.rand.org/pubs/research_briefs/RB10027.html

[4] https://www.baltimoresun.com/2018/07/17/maryland-analysts-single-payer-health-care-proposed-by-jealous-could-cost-state-24-billion-a-year/

Establishment of a Public Option

Implementation of public option in Massachusetts would have the same damaging effects as a single payer system, including limiting access, undermining quality, and increasing the cost of care. As with a single payer system, the success of public option would depend on the state's ability to cap reimbursement rates to hospitals and providers, likely at some percentage of Medicare rates. A 2021 report by FTI Consulting found that a national public option would only reduce the national uninsured rate by a mere 0.7%. However, any increase in the number of individuals with public coverage characterized by reduced reimbursement rates would lead to drastic financial challenges for the health care system. The report found that 50% of hospitals in the nation would lose money, totaling over $1.3 billion.[5] Further, as the dramatic revenue losses impact all sectors of the health care system, increased market changes are projected to occur resulting in reduced access to care for vulnerable communities and reduced lines of services and staffing, disproportionately impacting vulnerable populations including racial and ethnic minorities and rural communities.

Other states that have attempted to implement a state public option health plan have experienced increased costs, disruptions in access to care, limited coverage gains for residents, and increased financial risk for health plans, providers, and hospitals.

- In its first year of operation, Washington's health insurance exchange sold only 1,443 public option plans, representing less than 1% of all exchange policies in the state. In 2021, public option premiums were nearly 30% higher than private plans7. Washington capped provider reimbursement rates at 160% of Medicare rates in public option plans, representing a 50% reduction in commercial reimbursements for hospital services; after two years, public option plans are only available in 25 of the state's 39 counties, causing the state to introduce legislation to force providers to participate in the public option, even if the reimbursement rates don't cover their costs.[6]
- Colorado's public option has had no impact on Colorado's benchmark premium rates, as they were unchanged from 2022-2023, according to a 2023 analysis by the Urban Institute. However, issuers in Colorado's private health insurance market delivered significant premium savings to consumers, with an average annual decrease of over 10%, in the four years immediately prior to implementation of the Colorado Option.[7]
- A 2023 analysis by Wakely Consulting Group found that premium reductions required under the Nevada public option program cannot be fully realized in the state and would exacerbate the state's provider shortage and reduce access to care. To achieve a 16% reduction in premiums in the public option plan by 2026, Nevada would need to reduce hospital reimbursements by 30% and restrict professional fees to 100% of Medicare, drastically impacting the market and further exacerbate the state's significant provider shortage.[8]

Additionally, a state-run health care system or public option will continue to face the same frustrating challenges that persist in our health care system - increasing prices for prescription drugs, greater demand for new technology, and costs incurred by advances in treatment procedures. While proponents argue that a government-run, single payer system could address these costs and be financed from savings in administration and from bulk purchasing, any administrative savings associated with a single payer system will not be sufficient to ensure coverage for every resident of the Commonwealth without a massive tax increase. Administrative costs cover vital functions, such as care management programs for

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[5] https://americashealthcarefuture.org/wp-content/uploads/2021/07/FTI-National-Public-Option-Report.pdf
[6] https://www.forbes.com/sites/sallypipes/2023/02/13/washingtons-public-option-is-nothing-to-cheer-about/?sh=8bb408d5464e
[7] https://www.urban.org/research/publication/changes-marketplace-premiums-and-insurer-participation-2022-2023
[8] https://s3.documentcloud.org/documents/24120195/wakely-nevada-public-option-1332-application-findings-final-102423-1.pdf

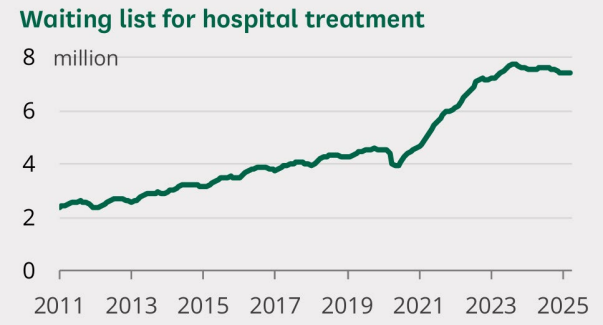
individuals with chronic conditions, claims administration, and health information technology, as well as government assessments, taxes, and reporting requirements. A government-run system is unlikely to lead to significant long-term administrative savings. Regardless of the number of payers, the assumed administrative savings are not likely to materialize as claims will continue to need to be billed by providers and processed by the payer or payers, and systems will be needed to support these processes.

Impact on Access and Quality of Care

For over a decade, Massachusetts has had the highest health insurance coverage rate in the nation with nearly 98.3% of residents covered. MAHP and our member plans are committed to making health care affordable and accessible, and improving quality of care for all residents. According to the U.S. Census Bureau, only 2.7% of Massachusetts residents did not have coverage in 2023, the lowest rate in the nation and much lower than the 7.9% national average.[9] Efforts to create a government-run health care system in Massachusetts ignore our state's record of providing universal health care coverage and distract from efforts to focus on cost containment.

There are also serious quality concerns associated with government-run, single payer systems. The evidence demonstrates that these systems fail to provide timely access to high-quality, innovative medical care to all individuals. Often, patients have less access to the latest medical technology and breakthroughs, fewer choices, and longer wait-times to receive basic and specialty care. A 2020 report from the Congressional Budget Office (CBO) found that implementation of a government-run system would increase demand for access to care, resulting in longer wait times for care. While effects on access to care may differ based on geographic regions, increased demand coupled with the potential for reduction in workforce would trigger delays in treatment, particularly for specialty care.[10] Below are examples from countries with these systems:

- The United Kingdom's single payer system, the National Health Service (NHS), struggles to provide timely, quality care. The number of patients waiting for hospital treatment in England reached a record high of 7.8 million In September 2023, with some patients waiting more than 18 months for routine hospital treatment.[11] The 18-week treatment set by NHS has not been met since 2016.



- A 2024 study by the Fraser Institute, a non-partisan research and educational organization based in Canada, found that Canada's median health care wait time hit 30 weeks, the longest wait time ever recorded.[12] The survey of specialist physicians reported a median waiting time of 30.0 weeks between referral from a general practitioner and receipt of treatment in 2024, up from 27.7 in 2023, more than 222% longer than the median wait time of 9.3 weeks in 1993. The median wait

[9] https://www.kff.org/statedata/custom-state-report/?i=32234%7Ca3df3e94&g=ma&view=3
[10] https://www.cbo.gov/system/files/2020-12/56811-Single-Payer.pdf
[11] https://researchbriefings.files.parliament.uk/documents/CBP-7281/CBP-7281.pdf
[12] https://www.fraserinstitute.org/studies/waiting-your-turn-wait-times-for-health-care-in-canada-2024

times also demonstrate a great deal of variation, with the shortest total wait in Ontario at 23.6 weeks and the longest total wait time in Prince Edward Island at 77.4 weeks. The survey found that there is wide variation among specialties, with patients waiting 57.5 weeks between a general practitioner referral and orthopedic surgery, while those waiting for radiation oncology begin treatment in 4.5 weeks.

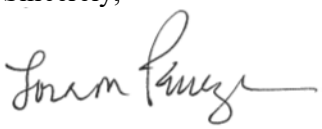
- Further, patients also experience significant waiting times for various diagnostic technologies, including waiting 12.6 weeks for a magnetic resonance imaging (MRI) scan, 5.2 weeks for an ultrasound, and 8.1 weeks for a computed tomography (CT) scan.

In closing, MAHP and our member plans are committed to making health care more affordable, accessible, and equitable for our residents. A single payer system in Massachusetts will not address cost drivers but instead exacerbate access issues and impact quality of care for residents. We strongly oppose efforts to move towards a government-run health care system, as they will undermine the work Massachusetts has done to reach near universal access, lower costs, and improve health care quality.

For the above reasons, we urge the Committee to **oppose the following bills: House No. 1405 and Senate Nos. 849, 859, 860, and 889.**

Thank you for the opportunity to share our concerns. Please do not hesitate to contact me for additional information or to discuss these bills further.

Sincerely,



Lora M. Pellegrini, President and CEO
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