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News Release

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MTF Study: Question 5 Will Have Dramatic Impact on Health Costs for Taxpayers, Employers and Consumers

In a major study released today, the Massachusetts Taxpayers Foundation concludes that Question 5 on the November ballot will cost state taxpayers, employers and consumers between \$2.8 and \$5.6 billion per year.

Because Question 5 eliminates most if not all of the elements of managed care, employers and consumers would experience an average 43 percent increase in their HMO premium costs, according to the study. Even the "best case" lower estimate would produce a 26 percent jump in premiums. These dramatic increases are on top of the large rise in health insurance premiums that employers and individuals are already experiencing.

The study concludes that Question 5 would increase costs to taxpayers by between \$1.5 and \$2.5 billion, the equivalent of a 15-25 percent increase in the personal income tax or an additional \$800 a year for each taxpayer in the state. The higher taxpayer costs result from a combination of Question 5's undermining of managed care and the creation of a major new universal health insurance program.

"These cost increases are staggering and would send a tidal wave through the state's health care system," said MTF President Michael J. Widmer. "Everyone in the Commonwealth would feel the impact."

The Foundation's detailed analysis drew on a wide variety of publicly available data as well as a survey of HMOs conducted by the Massachusetts Association of Health Maintenance Organizations.

The study adopted a conservative approach in calculating the costs of Question 5. For example, in estimating the impact of the universal health care proposal MTF used the smaller state estimate for the number of uninsured individuals in Massachusetts rather than the much larger federal estimate which would have added approximately \$1 billion to the study's cost conclusions. Nor do the cost projections account for the almost certain jump in the ranks of the uninsured if Question 5 is adopted.

The specific findings are summarized in the following table:

Question 5 Financial Impacts			
(millions)			
	<u>Minimum</u>	<u>Maximum</u>	<u>Average</u>
Private	\$1,334	\$3,060	\$2,197
Public	1,456	2,553	2,005
Medicaid	396	862	629
State employee health	86	190	138
Local employee health	157	356	256
Uninsured health coverage	817	1,146	981

The Massachusetts Taxpayers Foundation is an independent, non-profit organization which conducts research on state and local taxes, government spending, and the economy. Founded in 1932, MTF ranks as one of the largest and most effective organizations of its kind in the country.