

Beacon Hill Byline by Mary Rogeness

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Health insurance for Massachusetts

Everyone knows by now that our state has passed a new health insurance law. Television cameras from national networks crowded into Faneuil Hall to record the bill-signing ceremony. Editorial writers and pundits have written thousands of words about the law, praising or condemning, hopeful or dismissive of its substance. Now that the commotion has slowed down, here's a look at what we can expect from the new law.

Its goal is revolutionary: to provide health insurance coverage to virtually all residents of Massachusetts by reducing costs, subsidizing policies, and requiring purchase. This week I will concentrate on its application to individuals, saving its employer effects for another Byline.

The law will not change insurance for most of us. If you receive Medicare or have private health insurance, your insurance remains. If you are enrolled in MassHealth, you will even qualify for enhanced benefits. And if you have just graduated from school, you will gain the option to remain on your family's plan for up to 2 years.

It is the 500,000 uninsured residents whose lives will change. They must sign up for an insurance plan by the summer of 2007 if an affordable plan is available. Employers have an incentive to offer insurance plans, facing a \$295 charge if they refuse to do so, but the final responsibility rests with the employee. The state now has the challenge of authorizing and approving affordable health insurance plans for those individuals to purchase.

The law establishes "The Connector," a new office to oversee many aspects of the law. For starters, it assesses new lower cost insurance products. No product can be sold until the Connector approves it. The new policies, which should be available by October of this year, may offer limited networks and lower costs. But they will offer all mandated benefits.

The Connector will also serve as a junction between individuals and insurance companies. It will help find appropriate policies, and it can allow two part-time employers to contribute to a single insurance plan.

If you earn less than 300% of the federal poverty level, you will qualify for subsidies on a sliding scale. Those income levels are presently \$29,400 for an individual and \$60,000 for a family of 4. The subsidies are not yet set, but for low income workers premiums should be as low as a few dollars a week. The subsidies carry a substantial cost, but much of the funding will come from diminished use of the Free Care Pool. The Pool has long paid to provide medical and hospital care for uninsured individuals.

If you work for a small business that offers a new plan, you will be able to deduct the cost of premiums with pre-tax earnings. The new law will still help you buy coverage, however, even if your employer does not offer an insurance plan. Today's individual policies will be merged with small groups, bringing an immediate rate reduction in excess of 25%. High-deductible policies, now banned, will be available to those who enroll in health savings accounts. Those accounts will for the first time be deductible on state tax returns.

As you can tell from this article, the new law is complex. Its implementation will be complex as well, and its success is not guaranteed. I take hope from the recently implemented Medicare D program. Equally complex, it is judged as a remarkable success as initial enrollment closes. Costs are lower than projected; multiple insurers participate. Most important, millions of seniors now have prescription insurance.

I will do all in my power to provide the same success for our new Massachusetts health insurance law. Please contact me with any questions you may have at Mary@rogeness.com or 567-1661.