

Beacon Hill Byline by Mary Rogeness

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### **Health Insurance Reform (Conclusion)**

Here is one more health insurance article, and it should be my last word on it for a while. I will stand aside while the state assembles new personnel and establishes standards to implement the law.

The new state health insurance law places requirement for employers to offer and individuals to purchase health insurance. As promised, I'm writing this week about how it will affect Massachusetts employers.

First of all, the employer mandate is not absolute. The cost of non-compliance, however, can be steep. You must offer an insurance plan if your payroll includes more than 10 full time equivalent (FTE) employees *who do not have insurance through another source*. You will be assessed \$295 per year per FTE if you do not offer insurance, and you may face an additional surcharge if your uninsured employees use more than \$50,000 through the state's free-care health services.

Now that we've covered the risks of non-compliance, here are ways you can use the new law to offer coverage to your workers.

The state establishes a Health Insurance Connector as a sort of clearinghouse for insurance offerings. This new entity approves new insurance plans and provides a link between insurers, employers and individuals. Employers will find plans through the Connector, removing the necessity to deal with individual insurance companies. The Connector can also work to split employer contributions for a worker with two part time jobs. It should reduce costs both because of the flexible new products and the expanded population in the insurance pool. You can rely on any approved plan.

Employers will be able to offer a "Section 125" plan, named its section in the IRS code. That plan gives an immediate benefit to employees by allowing them to deduct their premiums from pre-tax dollars. The employer's contribution is required to be "fair and reasonable," with that amount to be determined by the state. Because those plans will come through the Connector, they should be much more affordable than present policies.

Other items that may affect you: If you are in the Insurance Partnership, you will have minor changes to make its provisions mesh with the new law. New lower cost insurance policies can for the first time include high deductibles if they are linked with health savings accounts.

After you go through all the work of determining your requirements, finding insurance and offering it to employees, you have one more step. You and your employees must complete and sign "Health Insurance Responsibility Disclosure" forms under oath. The forms state whether you offer and contribute to insurance and whether your employee has accepted that offer. You are not responsible for any employee who has declined your insurance offering.

Over the coming months, the state will set up the mechanisms to establish the new insurance program. An important first step was the announcement last week that Jon Kingsdale has agreed to head the Connector Authority. He comes from Tufts Health Plan and is an experienced health insurance strategist, well qualified for the critical setup of operations.

"The devil is in the details," says an old warning, and the health care details are indeed critical to its success. We have come through the many complex steps to arrive where we are today, and I believe our shared commitment to a successful program will carry Massachusetts to this historic achievement.