

overview: wrapping up 2007 and planning for 2008

After working feverishly to get health care reform provisions in place for the July 1, 2007, effective date, the Commonwealth focused in the third quarter on wrapping up details of its regulations and procedures and planning for the future.

The Health Connector issued an Administrative Bulletin to clarify Section 125 regulations while the Division of Health Care Finance & Policy and the Division of Unemployment Assistance finalized regulations concerning the free rider surcharge, fair share assessment and the HIRD filing. DHCFP issued an Administrative Bulletin that modified and/or simplified some requirements in its original regulations.

As the Health Connector steps up its awareness campaign about the law and its consequences, it is renegotiating contracts with health plan carriers for mid 2008 and surveying employers and brokers to plan its final small group product for the coming months. In different forums, Health Connector Executive Director Jon Kingsdale and Senate President Therese Murray voiced some of the challenges that must be faced for long-term success.

On Beacon Hill, a mental health parity bill supported by Gov. Patrick received a hearing before the joint Committee on Mental Health and Substance Abuse. On Capitol Hill, the U.S. Senate unanimously passed its mental health parity bill while the full U.S. House of Representatives still awaits its version out of committee.

At press time, controversial funding for the State Children's Health Insurance Program (SCHIP) remains a moving target.

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health care reform update—

■ kingsdale expresses optimism at fchp program

On October 31, 2007, Fallon Community Health Plan welcomed Jon Kingsdale, Executive Director of the Commonwealth Health Insurance Connector Authority, as guest speaker at its Fallon Speaker Series. He reviewed how health care reform has developed over the past year, what role it's playing in the marketplace and what challenges lie ahead.

Kingsdale thinks health care reform is "going reasonably well" with more than 200,000 newly insured in the state and nearly 90% public awareness since its enactment. Estimates are that we have 127,000 new enrollees in the state-subsidized Commonwealth Care, 55,000 in MassHealth (Medicaid) and another 30,000 estimated in private insurance.

"Commonwealth Choice, Commonwealth Care and MassHealth enrollments continue to grow," said Kingsdale. "We have one of the few working non-group markets in the country."

There will continue to be changes and challenges to reform, Kingsdale noted. "We have yet to see how employers will respond to new rules (fair share, Section 125 plans, etc.), whether the primary care capacity will be available and if health care inflation can be tamed."

■ senate president addresses boston businesses

In a speech October 24 to the Greater Boston Chamber of Commerce, Senate President Therese Murray noted that expanding access to health care is "only the first part of true health care reform. Now comes phase two: Our health care costs are squeezing young people, families, small and large businesses, and our state finances. So, how do we make health care sustainable and affordable for the next 20 years?"

Sen. Murray made the following suggestions:

- "First, we need to increase our workforce capacity of nurses and primary care physicians. In Massachusetts, the shortage of primary care professionals is reaching a crisis. ..."
- "The second way to make health care sustainable and affordable is to require more public information and transparency. Hospitals and insurance companies need to do more to justify how much we are paying. ..."
- "The third principle for creating a more cost-effective health care system is to expand our use of new technology that will streamline administrative functions and reduce the duplication of services. ..."
- "Fourth, we need to readjust the financial incentives that are the foundation of the current system and make smarter use of the money we are already spending. ..."

To read Murray's [complete remarks](#), see pages 4 to 7 of her speech to the Greater Boston Chamber.

■ small businesses turning to insurance partnership

The *Boston Business Journal* reported in October that **enrollment jumped 32%** over the past year in the [Insurance Partnership Program](#)—to a total of 18,000 adults and children. In addition, employer membership during the same period increased from 5,200 to 6,400.

The IPP, which helps small business subsidize employee health insurance costs, received extra funding under the health care reform law to grow membership. Business owners with fewer than 50 full-time employees can participate in IPP if their employees haven't had insurance before. Half of an employee's premium is paid by the employer and half is subsidized by IPP.

■ section 125 clarified

In early September, the Health Connector issued [Administrative Bulletin 03-07](#), which both **changed and clarified certain points** in its earlier regulations on Section 125 plans. Most notably, it eliminated a requirement that covered employers must file with the Health Connector copies of the paperwork establishing their Section 125 plan. The Health Connector still has the authority to request a copy of an employer's Section 125 document if it has a specific need to review it.

■ reaching out for small group products

The Health Connector has been conducting market research with small group employers and brokers to prepare for the creation of a different small-group product to be available in early to mid 2008. Currently, the Health Connector is selling Commonwealth Choice plans to small groups who *do not* make a contribution towards the cost of their employees' coverage. Now it is developing a product for small groups who *do* make a contribution. This will be the last core product offered by the Health Connector under health care reform.

■ health plan negotiations in progress

During the coming months, the Connector will be engaged in the **contract renewal process** with health plan carriers for both Commonwealth Care (subsidized plans) and Commonwealth Choice (merged-market plans). Fallon Community Health Plan participates in both programs. Current contracts expire July 1, 2008.

■ getting the word out

The Health Connector is acting on recent research showing that while awareness of health care reform is quite high, **awareness of the financial penalties for those without health insurance is low**. The Health Connector's awareness campaign includes revised media spots that highlight the existence of tax penalties. Also, there is a second mailing to all taxpayers in the state to remind them of the requirement to have health insurance and the existence of the tax penalty for those who do not have coverage. Households began receiving the postcard in early November.

Earlier this month, reports indicated that the Health Connector was being flooded with calls, with the volume being four times what the state predicted. As a result, a high number of calls went unanswered or resulted in caller abandonment due to extended on-hold waiting. The state contractor handling the calls said it was adding staff. The call volume is expected to remain high through December.

■ selling to red sox nation

On Saturday, September 15, the Boston Red Sox hosted a **Cover your Bases – Connect to Health Day** at Fenway Park. Fans had the opportunity to hear how health care reform has made a difference in the lives of six previously uninsured individuals who recently purchased health insurance through the state's Health Connector. A video with personal accounts aired on the Jumbotron during the pre-game ceremony, and Justin Ziobro, a recent enrollee in a state insurance plan, threw out the first pitch.

The Commonwealth teamed up with the Red Sox and New England Sports Network (NESN) in September as part of an integrated public education campaign to help reach uninsured individuals and provide them with information about plans available through the Health Connector. A two-page spread on health care reform appeared in the September issue of the Red Sox program. The Health Connector staffed an information booth on the Main Concourse at every home game.

■ comings and goings on the board

In our last issue, we noted that actuary Bruce Butler had stepped down from the Health Connector board due to a conflict of interest. Gov. Patrick has since replaced him with the appointment of actuary **Ian Duncan**. Mr. Duncan is founder and president of Solucia, Inc., a provider of actuarial and consulting services to the health care financing industry. He has 30 years of experience in health care and insurance product design, management, financing, pricing and delivery. See a complete [list and biographies of the board](#) on the Health Connector Web site.

stateside—

■ state regulatory activity

During the third quarter, the two state agencies responsible for key employer mandates under health care reform—the Division of Health Care Finance & Policy (DHCFP) and the Division of Unemployment Assistance (DUA)—took a number of steps to clarify requirements for employers.

- Following public hearings in September, the DHCFP hasn't announced any further changes to its regulations on the **free rider surcharge** and Health Insurance Responsibility Disclosure (**HIRD**) forms. Both regulations were issued on an emergency basis in late June. They were effective immediately, pending the public hearing.
- In July, the DUA finalized the regulations ([430 CMR 15.00](#)) it had previously issued concerning collection of the **fair share assessment**.
- DHCFP and DUA this quarter issued extensive **guidance for employers** on the requirements of the above regulations. In response to feedback from a pilot group of employers, DHCFP issued an [Administrative Bulletin](#) on September 14, 2007, modifying and/or simplifying some of the requirements in its original regulations. In brief, Massachusetts employers with 11 or more full-time equivalent employees are required to complete a fair share contribution and Health Insurance Responsibility Disclosure (HIRD) filing to DUA by November 15, 2007. Employer HIRD information is incorporated into this filing. (The filing had to be completed online at <https://fsc.detma.org>.) Sample [employee HIRD forms](#) also are available.
- The DHCFP recently finalized regulations ([114.6 CMR 13.00](#) and [114.6 CMR 14.00](#)) to govern the operation of the **Health Safety Net Trust Fund**, which replaced the Uncompensated Care Pool on October 1, 2007, as the funding source for free care in Massachusetts.
- In late September, the **Health Care Quality & Cost Council** finalized its regulations ([129 CMR 2.00](#)) concerning the annual collection of data from health insurers. It will use this data to establish a consumer health information Web site and undertake other projects to improve the availability of information related to cost and quality in health care. This marks the first significant undertaking of the Council, a new agency created by the health care reform law. At a meeting in early October, the Maine Health Information Center was selected as the vendor for the project. The regulations call for the **first submission to be made by December 1**.
- Executive Office of Health and Human Services Secretary JudyAnn Bigby recently appointed Barbara Leadholm as **Commissioner for the Department of Mental Health**. Leadholm has more than 30 years of experience in behavioral health, including six years at DMH in the 1990s. Most recently, she was a Vice President at Magellan Health Services.

■ state legislative activity

- Gov. Patrick signed into law in July the [Act to Reduce the Reliance on Property Taxes Through Municipal Health Care](#), which allows municipalities to enroll their members in the Group Insurance Commission's (state employees') health plans rather than procure their own health insurance. Due to a tight deadline (October 1) and the need to obtain various internal approvals, **few municipalities were expected to take advantage of the law this year**. It's been hinted that the legislature might loosen some of the requirements for next year.
- See information about mental health parity bill [below](#), under federal legislative activity.

the feds—

■ medicaid

MassHealth has moved forward in its implementation of the *Rosie D. v. Patrick* settlement. In response to the case, MassHealth introduced a **new requirement related to the behavioral health screening component of well-child care visits** for children between birth and age 21. Recent activity is centered on provider education. Provider training forums will be conducted statewide during November to educate primary care physicians and other providers about the use of standardized behavioral health screening tools for children under 21, and when to refer for behavioral health treatment. The screening mandate is effective December 31, 2007.

■ federal legislative activity

- The U.S. Senate unanimously passed its **mental health parity bill** (S. 558) in mid September. The House side is lagging behind as the Energy and Commerce Health Subcommittee in mid October approved its version (H.R. 1424) on a voice vote, sending the bill to the full committee before it goes for a vote by the House of Representatives.

Under the bills, group health care plans must provide the same coverage for mental health disorders as they do for other medical conditions. The law would apply to both fully insured and self-funded plans of companies with more than 50 employees—estimated to affect about 60% of the insurance plans in Massachusetts.

The most significant difference between the two bills is that the Senate bill lacks the House provision dictating the type of mental health care services that plans would have to cover. Once the House passes its bill, it will go to a joint Congressional committee to work out the differences.

(In **Massachusetts**, one of the proposed mental health parity bills (H.B. 1871) received a hearing before the joint Committee on Mental Health and Substance Abuse. On this issue, the state regulates *fully-insured employers of all sizes*, and also nongroup coverage. Gov. Deval L. Patrick supports the bill, which as it now stands would expand the current law to include coverage for any mental disorder listed under key resources, such as the International Classification of Diseases. The new definition would encompass post-traumatic stress disorder, eating disorders and substance abuse, for example. The Massachusetts Association of Health Plans released a statement opposing the bill, saying that it would lead to “significant increases in the cost of health.”)

- **Funding for the State Children’s Health Insurance Program (SCHIP) remains a moving target.** SCHIP is a subsidized program for children, which is administered as part of the MassHealth program in Massachusetts. President Bush vetoed Congress’ first funding bill and Democratic leaders were unsuccessful in overriding the veto. A new version (a \$35 billion bill paid for by raising tobacco taxes) is pending, but support falls short for overriding its likely veto. Congress temporarily extended SCHIP in its current form through mid-November.

coming soon—

- Re-contracting process continues with carriers for Health Connector products effective July 1, 2008.
- Inspector General releases report on implementation of health care reform law.
- The Health Connector creates small group product to be available in early to mid 2008.
- The Health Connector develops a strategy to communicate the minimum creditable coverage plan benefit requirements that take effect on January 1, 2009. It will stop selling the bronze plan without Rx, effective February 2008 so that enrollees will be in compliance on January 2009. Similarly, these plans won’t be renewed and will be converted to bronze plans with Rx.

for more information

For details on health care reform and FCHP products, turn to our Web site, www.fchp.org, and click on our home page link. You also can download FCHP's brochure, *Get in the Know: Health Care Reform and Your Business*, or contact your sales executive or account manager for a copy.

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