



Federal Health Care Reform and Your Company

Preparation and Implementation in Massachusetts

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*...And a special thanks to the Blue Cross
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Massachusetts Restaurant Association

Massachusetts Small Business Association

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National Federation of Independent Business

New England Employee Benefits Council

North Shore Chamber of Commerce

Northeast Human Resources Association

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The Affordable Care Act, the Health Connector and Massachusetts Employers

Jean Yang, Executive Director
Commonwealth Health Insurance Authority

Overview of the Affordable Care Act

- Three years ago, President Obama signed into law the Patient Protection and Affordable Care Act (ACA)
 - Some changes were effective right away, but many key provisions will become effective in 2014
- Massachusetts laid the groundwork for national health reform, and the ACA will continue to have a positive impact on health care in Massachusetts
 - Today Massachusetts has over 97% of its population covered by health insurance
 - The ACA will help us expand subsidies to individuals who aren't currently eligible, helping even more Massachusetts residents obtain coverage
- The ACA makes a number of significant changes across the health care system – changes that will affect consumers, employers, providers, and health insurance carriers
 - Together, these changes are designed to help ensure that all Americans are able to access and afford health insurance coverage
- Key changes for employers: some new policies and requirements, also new opportunities for savings (tax credits and ability to shop/compare more easily)

Overview of Health Connector

- What is the Massachusetts Health Connector?
 - Massachusetts' state-based health insurance Marketplace
 - Sell private non-group and small group health insurance from state's leading carriers
 - Administer subsidized health insurance program to low and middle-income individuals not eligible for affordable employer-based coverage
 - Also play a policy-making role in state-level health reform

- What role does the Health Connector play in ACA implementation?
 - Changes in subsidized health insurance coverage landscape
 - HIX-IES and major upgrades and improvements to eligibility determination system
 - “SHOP” – Small Business Health Options Program
 - Only source for small businesses to obtain Small Business Health Insurance Tax Credit (up to 50%) starting in 2014
 - New ways of buying coverage
 - Addition of dental
 - Source of information and support to Massachusetts businesses
 - Educational/information materials
 - “Massachusetts-ified” Marketplace Notice

Key Employer-Related Components of the ACA

- Making coverage more affordable
 - Small Business Insurance Tax Credit
 - Above and beyond the Health Connector's existing Wellness rebate
- Incentivizing private coverage
 - Employer Shared Responsibility Assessment (50+ employers)
- Noticing requirements
 - W2 reporting
 - Marketplace Notifications
- Insurance market reforms
 - Consumer protections
 - Rating factor changes and Massachusetts transition period
 - Coverage standards in small group market
- Expansions of subsidies for low-income workers not eligible for benefits
- Investments in improving the health care system, reducing costs, and improving public health – which all benefit employers and the economy

Changes in State-Level Employer Responsibility Policy

What Will Stay and What Will Go?

- State-level employer policies have been streamlined in light of the passage and implementation of the ACA
- ACA passage allowed the Commonwealth to take a fresh look at its own employer-related policies

Fair Share Contribution	• Repealed
Employee HIRD	• Repealed
Employer HIRD	• Maintained but less frequent
Section 125 Req. and Free Rider Surcharge	• Maintained
Medical UI Contribution	• Lowered
Federal Rules and MCC	• Streamlined



Premiums Under the ACA

Kevin Beagan, Deputy Commissioner, Health Care Access Bureau
Massachusetts Division of Insurance

Massachusetts and the ACA

- The ACA impacts coverage issued or renewed on and after January 1, 2014.
- Many features of the ACA were based on Massachusetts health reforms.
- Massachusetts has taken numerous statutory, regulatory and procedural steps to allow for the orderly implementation of the ACA, including changes to the rates that are charged.



MA Small Group Health Rating Rules

On 12/31/2012,
15 carriers covered 700,000 persons

- Guarantee issue market since 1992
 - Employers w/1-25 employees 1992-1996
 - Employers w/1-50 employees 1997-2007
 - Individuals & employers w/1-50 employees 2007+
- Modified Community Rating since 1992
 - Rates not based on any one individual/small employer's actual or projected health claims
 - Premiums vary based on permissible rating factors within a 2:1 rating band



ACA Rating Rules for 2014

Beginning January 1, 2014

- Guarantee issue market
 - Individuals and small employers
- Modified Community Rating
 - Rates not based on any one individual/small employer's actual or projected health claims
 - Premiums vary based on permissible rating factors within up to a 3:1 rating band



Changes to Permissible Rating Factors

- **ACA-permitted rating factors:**
 - age, geography, smoking status; family size, and benefits in the plan.
- **Other MA factors not allowed under ACA**
 - industry, group size, participation-rate, intermediary, and group purchasing cooperative membership.
- **Elimination of factors could be disruptive**
 - Estimated 180,000 in small employer plans would see greater than a 10% increase
- **MA approached the federal government granted 2-year transition period to reduce the impact of elimination of factors**
 - industry, group size, participation-rate, intermediary, and group purchasing cooperative membership permitted at 2/3 level in 2014 and 1/3 level in 2015



MA Small Group Market

Avg Weighted Rate Increases

CARRIER	1st Qtr. '12	1st Qtr. '13	1st Qtr. '14
BCBS MA, HMO BLUE	5.9%	3.4%	1.1%
BCBS MA, INC.	5.9%	6.9%	-24.6%
BMCHP, INC.	NA	1.7%	-9.7%
CELTICARE	2.2%	-4.1%	4.0%
CONNECTICARE	-2.0%	1.8%	Not Complete
FALLON HMO	1.5%	0.4%	4.9%
FALLON INSUR. CO.	1.2%	0.4%	4.9%
HARVARD HMO	5.2%	4.7%	4.4%
HARVARD INSUR CO	3.0%	3.9%	4.9%
HNE	-0.5%	4.7%	4.3%
NEIGHBORHOOD	4.3%	0.8%	-9.8%
NETWORK HEALTH	NA	NA	4.2%
TUFTS HMO	2.6%	2.6%	4.7%
TUFTS INSUR. CO.	4.0%	2.2%	4.9%
UHC INSUR. CO.	5.9%	0.5%	4.9%
Avg. Weighted Inc.	4.9%	3.6%	1.9%





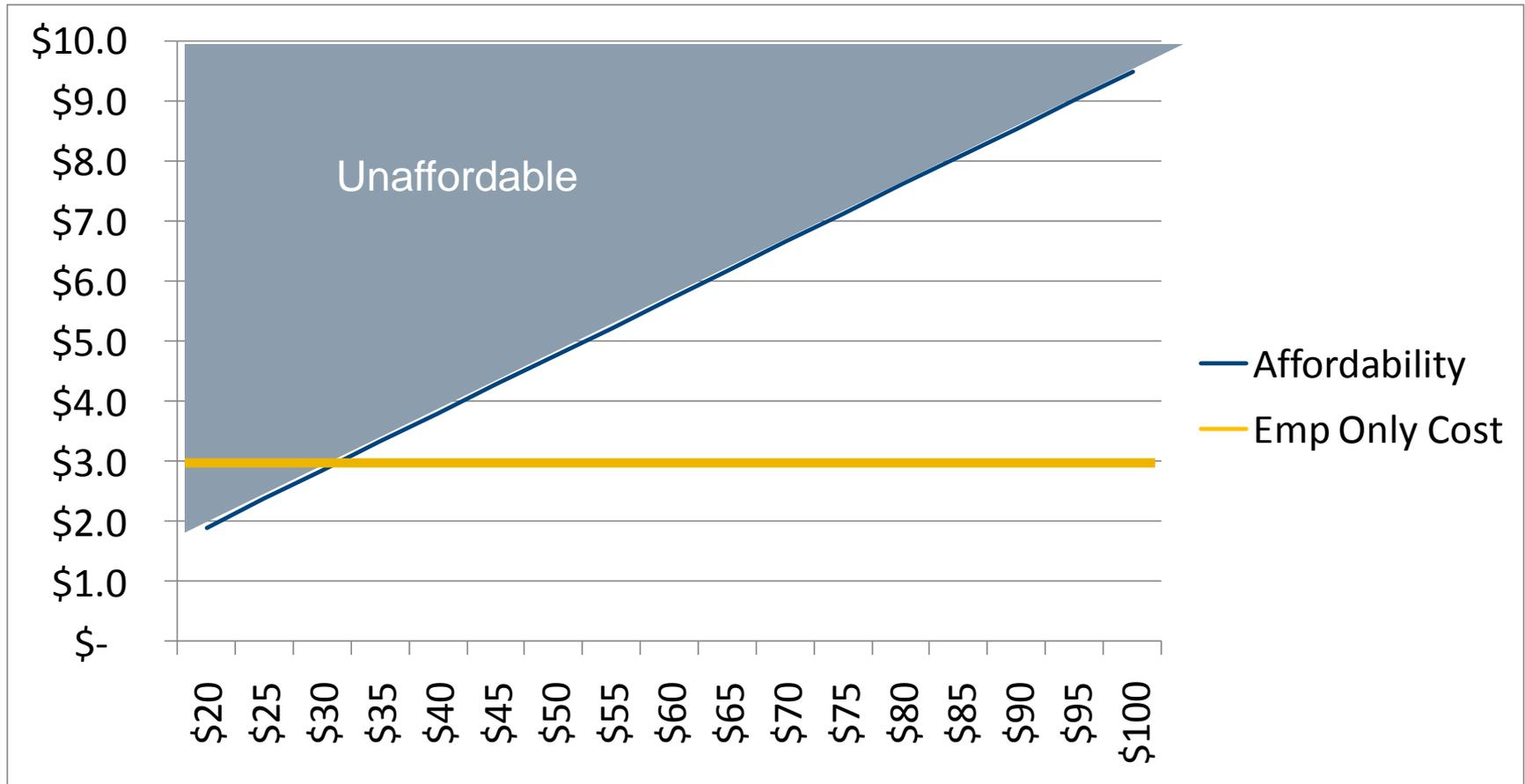
The Affordable Care Act and Your Health Care Strategy

Russ Sullivan, VP Health Care Solutions
Associated Industries of Massachusetts

Set the cost of your lowest cost individual plan of minimum value

- Employees have options
 - Key difference from MA Health Care Reform
 - Premium tax credits
 - Cost sharing subsidies
- Employers have decisions
 - Financial - Employer contributions v. ESR assessments
 - Recruitment – value of employer sponsored insurance
 - Retention – value of employer – employee relationship

Affordability



Get your documentation in order

- Applicable Large Employer
 - Full time and full time equivalents
- Full time employees
 - Measurement periods – initial and on-going
 - Stability periods – initial and on-going
 - Administrative periods
- Affordability Safe Harbors
 - W-2
 - Rate of pay
 - Federal poverty level

Use Wellness Incentives to promote health and control costs

■ ACA Incentives

- Tobacco related – 50% of individual premium
- Non Tobacco related – 30% of individual program
- Apply to premiums and out of pocket expenses
- Drive change through out of pocket incentives

■ MA Wellness Tax Credits

- MA employers with 200 or fewer employees
- 25% of wellness plan costs
- Maximum credit = \$10,000

Questions?



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