

Western Massachusetts

Health Access Network Notes



COMMUNITY PARTNERS, INC.

January 4, 2008
Jones Library – Amherst, MA

STATE PROGRAM AND POLICY NEWS: *Jennifer Chow, Health Care For All*

Health Care Reform

Individual Mandate

The first deadline for the individual mandate passed on December 31, 2007. Individuals who did not have health insurance as of that day and had access to affordable insurance will be subject to loss of their personal exemption on their taxes. It is important to remind clients that in 2008, tax penalties will be different: for every month a person with access to affordable coverage does not have insurance, they will be fined based on a schedule established by the Department of Revenue (DOR). The draft penalty schedule and other important information can be found on the Community Partners web site at www.compartners.org/node/917

In order to understand the schedule and how it applies to people, it is helpful to think of Massachusetts residents as belonging to one of three categories:

1. Individuals who will not be penalized:

- Those earning below 150% of FPL who do not have health insurance in year 2008 (The above is ONLY true for 2008; people in this category for 2007 still could lose their individual tax exemption.)
- People who are eligible for Commonwealth Care but do not sign up
- Those who do not have affordable Employer Sponsored Insurance (ESI) available to them

2. Individuals who will be penalized regardless of their age (between 150%-300% FPL):

- Those earning 150-200% FPL Penalty = approximately \$17/mo.
- Those earning 201-250% FPL Penalty = \$35/mo
- Those earning 251-300% FPL Penalty = \$52.50/mo.

The amount of each penalty is 50% of the least expensive Commonwealth Care premium available to them, which reflects the sentiment of the law.

3. Individuals who will be penalized with age taken into account (over 300% FPL):

There are two age categories:

- Those between 18 – 26 Penalty = \$56/mo.
(50% of the least expensive Young Adult Plan premium)
- Those 27 and older Penalty = \$76/mo.
(50% of the least expensive Bronze plan w/o drugs)

It is important to remember that only people who can afford coverage and don't buy it will face a penalty.

Money collected from these penalties will go to the Commonwealth Care Trust Fund to help pay for cost of subsidized coverage; none of it will go to the Health Safety Net. Penalties will be collected via the tax collection process by the Department of Revenue; the Connector will not collect penalties. The DOR has the ability to garnish income from people who owe. At the end of the day, some people may owe taxes while others will be due refunds.

Things to watch for:

- New federal poverty guidelines will come out this spring (traditionally April for Medicaid/SCHIP). Some people will benefit from the new guidelines, others will not.
- There is a possibility that the Connector may re-consider the affordability schedule based on the new FPLs. If so, the amount of a person's penalty may change during the course of a year as their financial status changes in relation to the FPL or affordability schedule.

The penalty schedule is in draft form. Anyone wanting to submit comments has until Jan. 15 to submit them to DOR. They can be emailed to RulesandRegs@dor.state.ma.us.

Schedule HC Tax Form

Clients rely on outreach workers to provide some guidance about filling out the new tax form – Schedule HC – to prove they have health care coverage. Some resources are available to help provide information.

- The DOR website – www.mass.gov/dor – will have user-friendly online tools available starting in January. These tools, including videos, will guide taxpayers through the process of completing Schedule HC.
- DOR's home page will feature a top-ten list of items you should bring in with you to complete a tax form, including Schedule HC.
- DOR will not offer a Schedule HC specific hotline; all questions from taxpayers will be handled by DOR's main hotline for tax filers.
- *Community Partners update:* Health Care For All has created an easy-to-read guide to filling out Schedule HC. It is available, along with other helpful information, at <http://www.compartners.org/node/937>

HSN Medical Hardship

It is still unclear whether eligibility determination for a HSN Medical Hardship status can include unpaid bills in addition to paid bills.

Resources/Events

Commonwealth Care versus MassHealth covered services

Health Care For All has created a side-by-side comparison of covered services offered by Commonwealth Care and MassHealth. Some optional services differ between MCO's; this chart also identifies what level of care is offered by each of the four Commonwealth Care MCO's. The chart is available at www.compartners.org/pdf/news/1-14-08_cc_mh.pdf.

HCFA will be holding its annual Policy and Organizing Conference in Boxborough on Friday March 28. More information will be forthcoming.