



Health Care Reform

An Overview

Sources: Office of Medicaid, Health Care for All, ACT Coalition and Mass Law Reform Institute



The Concept: Health Insurance Coverage for Everyone

Public Expansions:

- MassHealth expansion
- Insurance Partnership expansion
- Safety Net Care Pool and Trust Fund

Private Expansions:

- Commonwealth Health Insurance Connector Authority ‘the Connector’
- Commonwealth Care Health Insurance Program (CCHIP)
- Individual and Employer responsibilities



Public Expansion July 1, 2006

- Children up to 300% fpl (\$30K for family of two) now eligible, est 16,000;
- Benefit restoration to adult members: dental, vision, chiropractic, prosthetics, certain substance abuse treatment services and special status immigrants;
- New benefits: tobacco cessation, ↑ caps for HIV, CommonHealth and Essential, create Wellness program.



Public Expansion (con't) – *Things to Watch*

Federal mandates:

- Deficit Reduction Act (DRA) includes requirement to prove citizenship and asset transfer rule.

State mandates:

- Introduction of “crowd-out” provisions
- Sponsor deeming



Crowd-Out

- There has not been an established or agreed upon definition of “crowd-out” although it generally is meant to mean “the substitution of private coverage for public”. Unfortunately studies have not used consistent definitions and some suggest that high cost of insurance is itself driving people out, not the availability of public insurance. In addition, some studies have used “take-up” rates to measure “crowd-out”.
- Provisions – requires child being uninsured for at least six-months prior to applying six exceptions: 1) special or serious health care needs of child; 2) prior coverage involuntarily terminated; 3) parent died in prior 6 month; 4) prior coverage lost due to domestic violence; 5) prior coverage lost due to becoming self-employed; and 6) existing coverage lifetime benefits reduced substantially.



Citizenship

- Lots of inaccurate reporting and coverage on this issue
- Proof of citizenship rules effective July 1
- Negative effects may be felt by US citizens and undocumented immigrants
- Implementation of much concern to state Medicaid offices



Advocates concerned about creating barriers to enrollment and maintaining coverage



Insurance Partnership

- The Insurance Partnership is a Massachusetts state program developed by the EOHHS that helps qualified small businesses, lower-income employees, and the self-employed pay for health insurance.
- Current eligibility - 50 employees or fewer, employees incomes \leq 200% fpl. Must receive comprehensive health insurance through his or her qualified employer.
- Expands existing MassHealth subsidy program to employers with up to 50 employees and their employees incomes \leq 300% fpl.



Will expansion compliment or conflict with CCHIP? Concern about affordability. Enrollment has traditionally been very low.

Quasi-Private Expansion

- Part of legislation MGL Ch. 58 created the Commonwealth Health Insurance Connector Authority aka “the Connector”
- Authority members (#11) are appointed by Governor and Attorney General, operates under Executive Office of A&F
- Role and responsibilities will be to connect businesses & individuals w/ health insurance products and establish the CCHIP (Commonwealth Care Health Insurance Partnership)



Connector is responsible for defining quality and approving plans. Advocates are concerned about the definition of quality.



Commonwealth Care Health Insurance Program (CCHIP)

- Mandate is to provide subsidies for affordable products to low-income adults
- Eligibility is for individuals or family households $\leq 300\%$ fpl not enrolled in MassHealth or Medicare
- For those $\leq 100\%$ fpl, they will be offered choice of the four existing Medicaid MCO's



Right now language for those 101- 300% fpl is weak and unclear. Advocates watching cost & quality of plans.



Individual Mandate

- All individuals required to have health insurance July 1, 2007, but must be “affordable”
- Connector will define “affordable”
- DOR will monitor and enforce mandate, tax penalties for non-compliance by Jan 2008.



Employer Responsibility

○ **Fair Share Contribution**

- Applies to businesses with 11 or more employees
- Employers who do not offer employees insurance must pay an annual fee of \$295 per full time employee

Employer Responsibility

○ Free Rider Surcharge

Employers who do not provide insurance to their employees are penalized if their employees use the free care pool.

- Charges apply if one employee uses the pool 3 times or more time or 5 or more employees use the pool once.
- The first \$50,000 is exempted
- Employer must pay between 10-100% of the cost of services



The language is weak in protecting employees from employer retribution.



The Future of UCP/Free Care

- New entity the Health Safety Net Office and Trust Fund
- Report due on new methodology for distributing reimbursements to hospitals due April 1, 2007
- October 1, 2007 go into effect. No changes until then.



Timeline

- July 1, 2006, MassHealth restoration and expansions (except Wellness Program)
- August 1, 2006 Connector Executive Director appointed – Jon Kingsdale
- September 30, 2006 Publish the CCHIP consumer price schedule & schedule of premium assistance programs
- Oct 1, 2006 begin offering plans
- July 1, 2007 Individuals age 18 and over shall obtain and maintain credible coverage so long as deemed affordable
- No changes to UCP until October 2007



Reduction of Racial and Ethnic Health Disparities

- Disparities Council
- Hospital Data Collection requirement
- Hospital Rate Increases
- Community Health Outreach Worker Program Study



Terminology and definitions

- **Co-pays** – this is the cost paid by the plan member or enrollee toward the total cost of the prescription.
- **Deductibles** – this is the amount of money a member or enrollee will pay quarterly toward their plan and is based on your annual income.
- **Premiums** – a monthly charge assessed to all members or enrollees.
- **Out-of-Pocket Limit** – this refers to the maximum amount of money the member (or enrollee) will need to actually pay each year toward the cost of their prescriptions and deductibles. An example of such costs would include all co-pays paid by a member.
- **Co-Insurance**
- **Dual-eligible**
- **Wrap coverage**



Federal Income Guidelines 2006

Person in Household or Family Size	48 Contiguous States and D.C
1	\$9,800
2	\$13,200
3	\$16,600
4	\$20,000
5	\$23,400
6	\$26,800
7	\$30,200
8	\$33,600
For Each Additional Person	\$3,400