



Massachusetts Health Care Reform Client Update

May 25, 2006

Special Open Enrollment

Effective July 1, 2007, all residents of Massachusetts must be covered by health insurance. This is a mandate of the Mass Health Care Reform Act. To assist in this process, many carriers, including Blue Cross Blue Shield, Harvard Pilgrim Health Care, and Fallon Community Health Plan, have designated July 1, 2007 as a special Open Enrollment date for employees who have previously opted out of employer sponsored coverage.

Under federal regulations (Section 125), employees generally cannot opt to make pre-tax contributions to fund health coverage in the middle of a plan year. They must wait until the plan's next *regularly scheduled* open enrollment date. However, Massachusetts and other interested parties are seeking a blanket exemption from the IRS to allow employees to begin pre-tax contributions as of 7/1/07, the *special* open enrollment date. We will keep you posted on this issue.

Health Connector Enrollment

Under the Massachusetts Health Care Reform Act, all residents must have health insurance coverage by July 1, 2007. Residents who do not have coverage by December 31st (December 1st for plans with monthly coverage) will lose their personal income tax exemption when they file their 2007 Massachusetts income tax return. For 2008 and thereafter, residents without coverage will be fined an amount equal to 50% of the premium for the least costly insurance plan that meets the state standards for each month they lack coverage.



Employees who are not eligible for your group medical plan (part-time, temporary etc.) are subject to this rule. However, they can obtain coverage directly from the Commonwealth Health Insurance Connector Authority (Connector). They can visit Connector website, www.MAhealthconnector.org, compare various plans and their costs and enroll for coverage. They can also call a toll-free number, 1-877-MA-ENROLL (1-877-623-6765).

Once an employee has enrolled in a Health Connector plan, he/she can ask to have some or all of the plan's premium deducted from his/her pay under your Section 125 plan.

Soon, we will be distributing a separate communication package to all clients dealing exclusively with the new Section 125 plan requirements.

Marketing Campaign

The Health Connector and other state agencies have begun their marketing campaign to inform and enroll all uninsured MA residents. The Department of Revenue is mailing postcards to every taxpayer in the Commonwealth. Letters are also being sent to each business in the state. You and your employees should expect to see and hear a lot more on Mass Health Care Reform during the next 4 to 5 weeks.

If you have any questions or concerns regarding these topics or any other aspects of Massachusetts Health Care Reform, please contact your Benemax Account Executive or our Compliance Officer, Walter G. Hiltz (800-528-1530 x120).