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InsideHNE

A R E S O U R C E F O R D E C I S I O N M A K E R S

**HNE Achieved the Highest Rating
in Customer Service in the Country!***

* According to the 2008 NCQA Quality Compass® Report when compared to Local and National HMO/POS Health Plans.



Thank you to our members, providers and caring staff!

**HNE Achieves
“Highest Rating” in
Customer Service**

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Published by: Health New England (HNE)

Writer/Editor: Mark Morris

Designer: Lisa Ubersax Tefft

Photographer: Patrick McColley & Lisa U. Tefft

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GREAT NEWS! YOUR RETIREES CAN STAY WITH HNE

Retirement is an exciting time. No matter what you decide to do – travel, take up a new hobby, spend more time with family – it's time to focus on you. You can help your retirees do just that. With the HNE Medicare Advantage Plans, you'll save them the effort of choosing a health plan.

HNE's Medicare Advantage plans provide the same great local, personal and accountable service HNE members are used to. And, they cover all the same benefits as Medicare and more. We also pay for things that Medicare doesn't cover, like routine exams, vision screenings, and HNE's innovative health and fitness programs.

Retirement – time to relax, do the things you've always wanted to do, and still get the same great care and service you rely on from HNE.

Here are some of the benefits you'll get from the HNE Medicare Advantage Plans:

- Routine office visits
- Emergency care anywhere in the world
- Inpatient hospitalization
- X-rays and lab tests
- Vision screenings
- Access to HNE's health and fitness programs

For more information, contact HNE at 413-787-0010, or toll free at 877-443-3314.

HNE RECOGNIZED FOR OUTSTANDING CUSTOMER SERVICE

According to a recent report released from the National Committee for Quality Assurance (NCQA), Health New

England achieved the highest rating in Customer Service among 160 commercial HMO/POS health plans surveyed across the United States.

NCQA publicly reports comparative results of health plans regionally and nationally in its annual Quality Compass® report.

In the Quality Compass® 2008 report, HNE achieved the highest ratings in the country in the "Customer Service" composite measure.

"When you call HNE, you speak with someone who lives right here in Western Mass.," said HNE President and CEO Peter Straley. "We understand how our local health care system works and we know how to help our members get the care they need to remain healthy. The Quality Compass honor reflects that commitment. I am personally very proud of our staff."

Quality Compass® is a registered trademark of the National Committee for Quality Assurance (NCQA).



GET READY FOR NEW INSURANCE STANDARDS IN 2009

Minimum Creditable Coverage Changes to Take Effect

The Health Care Reform Law does not require employers to offer specific health benefits, but your employees will be required to have insurance that meets new Minimum Creditable Coverage (MCC) standards. Massachusetts adults may face a penalty if they do not have insurance that qualifies.

Today, any health insurance legally sold in Massachusetts meets Minimum Creditable Coverage. However, this may not be the case beginning January 2009, when new MCC requirements take effect.

The Health Connector's board of directors established a floor for plans that individuals must have in order to avoid monthly tax penalties. Effective January 1, 2009, the MCC floor requires individuals to have plans that provide:

- A comprehensive set of services (e.g., doctor visits, hospital admissions, surgery, mental health and prescription drug coverage).

- Doctor visits for preventive care that are not subject to a deductible.
- A cap on annual deductibles of \$2,000 for an individual and \$4,000 for a family.
- For plans with up-front deductibles or co-insurance on core services, an annual maximum out-of-pocket spending of no more than \$5,000 for an individual and \$10,000 for a family.
- No caps on total benefits for a particular illness for a single year, with the patient responsible for all other charges.
- No caps on the dollar amount per day or stay in the hospital, with the patient responsible for all other charges.
- For policies that have a separate annual deductible for prescription drugs, it cannot exceed \$250 for an individual or \$500 for a family.



INSURANCE PARTNERSHIP: RESOURCE FOR SMALL GROUPS

The Insurance Partnership is a Massachusetts program that helps small business owners provide health insurance for their uninsured employees. Self-employed workers also are eligible. The Partnership pays part of the employer share of health insurance costs and also pays part of the employee monthly premiums.

Employers choose the health insurance plan they want to offer, and must pay at least 50% of the cost. Employees must meet income limits and other eligibility requirements.

To qualify for the Insurance Partnership program, employers and employees must meet eligibility requirements.

To be qualified, employers must:

- have no more than 50 employees
- offer comprehensive health insurance to their employees
- pay 50% or more of the employee health insurance costs
- have one or more eligible employees (see below)

To be eligible, employees must:

- be age 19 through 64
- be residents of Massachusetts
- be U.S. citizens, qualified noncitizens, or noncitizens with special status
- be uninsured (and were not offered health insurance within the past 6 months by their current employer or spouse's employer)
- meet the income limits
- work for a qualified employer (see above)

For more information on any of these subsidies, contact the Insurance Partnership at:

In State: 800-399-8285

Out of State: 781-830-8282 or insurancepartnership.org

For other small group resources:

- Visit the Commonwealth Health Insurance Connector website at mass.gov/connector.
- Visit the Division of Health Care Finance & Policy website at mass.gov/dhcfp.



NEW REGULATIONS ANNOUNCED FOR FAIR SHARE CONTRIBUTION

The Division of Health Care Finance and Policy released its final Employer Fair Share regulations for 2009. An employer's Fair Share contribution is calculated in the following ways:

Employers with 50 or fewer Full-Time Employees:

Must make a 33% contribution to a group health plan for employees

OR

25% of the employees must be enrolled in the employer's group health plan

Employers with 51 or more Full-Time Employees:

Must make a 33% contribution to a group health plan for employees

AND

25% of the employees must be enrolled in the employer's group health plan

There is no exemption for employers (51 or greater category) with employees that obtain health insurance elsewhere, either as a dependent or through a spouse.

HNE ON FACEBOOK.COM

You've seen HNE out and about in the Community – well, now we're out and about on the internet! Check out our new *Facebook* profile. Just go to *facebook.com* and type "Health New England" in the search field. You'll find information about health insurance, staying healthy, what's going on in our community, and lots more. You can participate in discussions or post items on our wall. So become a fan – and we'll donate a dollar for each of the first 1,500 fans we get between now and December 31, 2008 to Rays of Hope. (Rays of Hope supports state-of-the-art breast cancer diagnosis and treatment services, community outreach and education programs, breast cancer research, complementary therapy, and support groups based in Western Massachusetts.)



Winter is the time for comfort, for good food and warmth, for the touch of a friendly hand and for a talk beside the fire: it is the time for home.

~Edith Sitwell



HEALTH CARE REFORM: A REVIEW FOR EMPLOYERS

Since the Massachusetts Health Care Reform Law went into effect, many questions have been asked about how to stay compliant. Because of the complex nature of the law, we are printing a review of some of the fundamental aspects of health reform that every employer should know.

Of course, details of the law will often change. Please check mass.gov/connector for the latest updates.

CAFETERIA PLANS: OFFERING COVERAGE ON A PRE-TAX BASIS

A section 125 plan is a plan set up by an employer that allows employees to pay for health insurance on a pre-tax basis. Section 125 refers to the section of the Internal Revenue Service (IRS) tax code that governs these plans. An employer with 11 or more full-time equivalent employees in Massachusetts must establish a section 125 cafeteria plan.

To set up a cafeteria plan, the employer must:

- establish and maintain a written plan document;
- distribute a Summary Plan Description to plan participants; and
- comply with ERISA non-discrimination requirements.



The requirements are complex, so we encourage you to seek appropriate professional advice to assist with initial plan set-up, preparation of plan documents, and ongoing maintenance.

We recommend you contact one of the following for more information:

- Your tax advisor or accountant
- Your payroll administrator, attorney, or insurance broker
- MA Business Association
800-696-8167 or mbamembership.com
- The Small Business Service Bureau
800-343-0939 or sbsb.com
- Employers' Association
877-662-6444 • 413-789-6400 or eane.org
- Health Connector
1-877-MA-ENROLL • 1-877-623-7773 or mass.gov/connector

HEALTH INSURANCE RESPONSIBILITY DISCLOSURE (HIRD) FOR 2008

These forms confirm an employer's compliance with key parts of the Health Care Reform Law. They are administered by the Massachusetts Division of Health Care Finance & Policy (DHCFP).

The Employer Form

- All Massachusetts employers with 11 or more full-time equivalent employees must complete the Employer HIRD Form.
- This form tells the state whether or not you offer a section 125 cafeteria plan.
- Employer HIRD reporting is combined with "Fair Share Contribution" reporting for employers.
- The unified reporting is managed by the Division of Unemployment Assistance.
- Employers can complete the unified reporting on or before November 15 online at fsc.detma.org.

1099HC UPDATE

The Massachusetts Health Care Reform Act of 2006 requires all Massachusetts residents 18 and older to be enrolled in a health insurance plan that meets minimum creditable coverage. We survived the implementation of this for the 2007 tax year and are preparing for the 2008 tax year requirements.

Health New England has been participating in a pilot project with the Massachusetts Department of Revenue and other Massachusetts carriers to help define the year 2 requirements for the state's health care initiative. While the requirements are not finalized, several points have been addressed:

Determination of Coverage

In 2007, a person who had coverage on December 31, 2007 was considered to have creditable coverage for the 2007 tax year. The 2008 requirements are based on creditable coverage in each of the 12 months of the tax year. A person will be considered to have creditable coverage for the entire month if they were covered for 16 days or more during that month.

Penalties

A penalty will be assessed for each month the individual did not meet the requirement of creditable coverage. However, the penalty will not be triggered by a lapse in coverage of 63 days or less. In the case of an individual with a lapse in coverage exceeding 63 days, the penalty will be assessed for the period in excess of 63 days. In other words, a penalty will be triggered by three or more consecutive months of non-coverage and will be assessed up to 50% of the premium of the lowest cost plan available to the individual through the Commonwealth Health Insurance Connector Authority (the Connector). The penalty will be assessed for each month the individual did not meet the requirement of creditable coverage. The penalties, which

will be imposed through the individual's personal income tax return shall not exceed 50% of the minimum monthly insurance premium for which an individual would have qualified through the Connector. The maximum penalty will be \$912.00. Once again, this applies to all Massachusetts residents who will be 18 years of age or older during the 2008 tax year.

Notice to Subscribers

All carriers again will be required to send a copy of form MA 1099-HC to subscribers. This form will include the health insurance company information, subscriber name, address and date of birth, and 12 check boxes, one for every month. The corresponding dependent information for all dependents residing at the same

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One Monarch Place, Suite 1500
Springfield, MA 01144-1500
hne.com

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A RESOURCE FOR DECISION MAKERS

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address will be included. The box for a particular month will be checked off if the member had coverage for 16 days or more during that month. If three boxes in a row are unchecked, it will be evidence that the 63 day gap has been exceeded. There also will be a set of Yes/No check boxes for full year coverage. A check in the ‘Yes’ box will indicate that the member had continuous coverage from Jan. 1, 2008 to Dec. 31, 2008, and there will be no need to use the 12 monthly check boxes. All carriers will be required

to transmit the membership information to the DOR electronically, which will then be used to validate taxpayer filings.

Pharmacy Benefits

The pharmacy requirement for minimum creditable coverage will not go into effect until the 2009 tax year. At this time, all plans offered by Health New England meet the Massachusetts DOR definition of minimum creditable coverage.

The first year of implementation of the Massachusetts Health Care Reform Act has been a learning

experience for the insurance carriers, their members, and the Massachusetts DOR. Now that we’ve gone through the process for 2007, year two should be a little easier for everyone.

Further information can be found at mass.gov/dor.