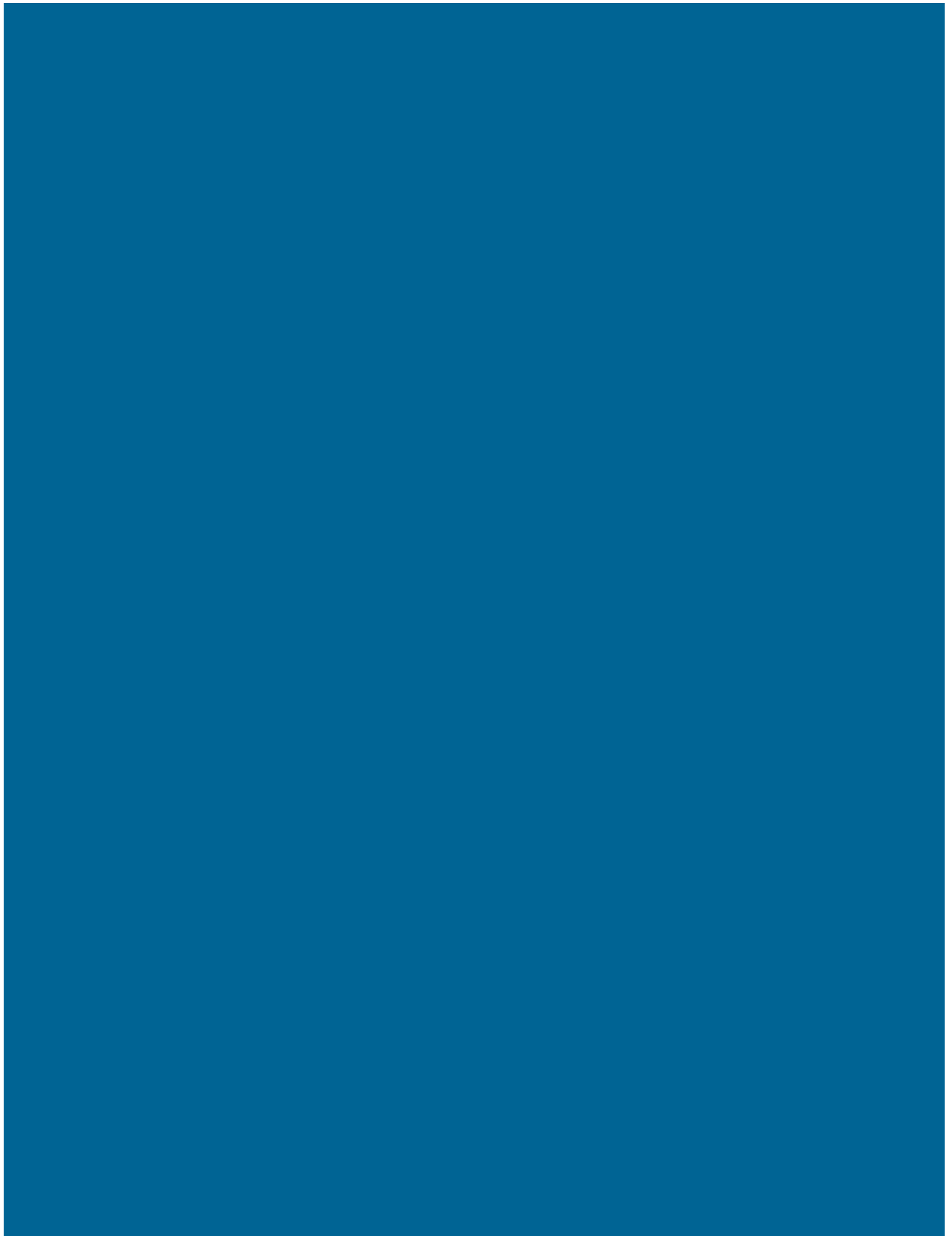




National Health Reform and Your Business

What Massachusetts Employers Need to Know About the Affordable Care Act and the Massachusetts Health Connector







In March 2010, President Obama signed into law the Patient Protection Affordable Care Act (ACA). The ACA will ensure that all Americans have access to quality, affordable health care and will transform the health care system to improve care and contain costs.

National health care reform takes major steps toward making health insurance more affordable and accessible for Americans by providing tools to help people get the coverage they need and promoting transparency and competition in the market.

Under national health reform, states and the federal government are given tools to establish health insurance Marketplaces, where consumers and employers (and their brokers, if they work with one) can easily compare

health insurance plans and choose the one that best meets their needs and budgets. These Marketplaces are modeled on the success of the Massachusetts Health Connector.

This guide is intended to help businesses understand coverage options at the new and improved Massachusetts Health Connector, as well as to help employers prepare for the broader implementation of national health reform, which includes a number of new policies that will affect them.



National health reform has its roots in Massachusetts

Massachusetts implemented a historic law in 2006 that expanded access to health insurance for individuals and small businesses. The law also created the Massachusetts Health Connector—a health insurance Marketplace that helps residents and small businesses compare and enroll in high-quality, affordable health insurance plans.

Massachusetts' employers have been key partners in reform since the beginning. The percentage of the Commonwealth's businesses offering coverage to employees grew from 69 percent in 2001 to 76 percent in 2011. In addition to taking steps to help promote private, employment-based coverage, Massachusetts employers helped educate their workforces about the new law. As a result of their efforts, more than 97 percent of residents are now covered by health insurance in Massachusetts—the highest percentage in the nation.

Starting in January 2014, many of the provisions of national health reform, which is modeled on the Massachusetts approach, will take effect. Several of these changes will directly affect Massachusetts employers.

The best place for small businesses to shop, compare and choose the right plan is at MAhealthconnector.org

KEY CHANGES FOR EMPLOYERS

National health reform brings new opportunities and responsibilities for Massachusetts employers, notably:

- Tax credits for up to 50% of the cost of offering health insurance for businesses with fewer than 25 full-time equivalent employees who earn on average \$50,000 a year or less in 2014, only for businesses that buy coverage through the Health Connector
- Enhancements to the Health Connector's small business offerings, including more health plans with more features to choose from
- Increased support for workplace wellness programs that promote healthy lifestyles to keep employees healthy, augmenting the Health Connector's 15% rebate for eligible small businesses that participate in wellness programs through the Health Connector
- Financial consequences, beginning in 2015, for mid-to-large sized employers who do not offer affordable, comprehensive coverage to workers
- New eligibility guidelines which may allow more workers to qualify for help paying insurance for the first time through the Health Connector or MassHealth
- Workplace accommodation requirements related to breastfeeding
- Reporting and noticing requirements for employers to ensure that employees understand their health care costs and health coverage options



1. SMALL BUSINESS TAX CREDIT

New federal tax credits are available to help small businesses with workers who earn \$50,000 per year or less pay for the cost of health insurance. These tax credits are available to small employers with fewer than 25 full-time equivalent workers. Studies estimate that tens of thousands of small businesses in Massachusetts could be eligible for the small business health care tax credit.

In 2013, small employers that pay at least half of the cost of individual coverage for their employees are eligible for a tax credit of up to 35 percent of their share of the employee premium, depending on the number of full-time equivalent employees and their annual salary. These tax credits are a meaningful way for small businesses to offset some of the costs of providing employees with health insurance.

In 2014, the maximum tax credit will increase to 50 percent, but will only be available to employers who purchase health coverage for their employees through a Marketplace like the Massachusetts Health Connector.

If you have fewer than 25 full-time equivalent employees making an average of about \$50,000 a year or less, your business may qualify for a small business health care tax credit.

2. ENHANCEMENTS TO THE SMALL BUSINESS MARKETPLACE AT THE HEALTH CONNECTOR

To prepare for the implementation of national health reform, the Health Connector is improving the shopping experience for Massachusetts small businesses (and their brokers, if they work with one). Now employers with 50 or fewer employees will find it much easier to find the right plan for their employees.

These improvements include:

Greater selection of plans—more than 100 plans from 10 of the state’s leading health insurance companies and 5 leading dental companies.

- Fully updated portfolio of market-leading products through the Health Connector
- Innovative plan designs, such as tiered network products
- In 2014, the Health Connector will offer small businesses the ability to offer more than one plan to their employees
- New benefits, such as dental plans, both with and without orthodontia
- A streamlined shopping experience at the Health Connector website: MAhealthconnector.org
- New and improved decision support tools: instructional videos, a cost calculator, and “plan helper” tools



*Special wellness programs help keep your employees healthy and may help employers save money. Find out more at **MAhealthconnector.org***

3. EXTRA SUPPORT FOR WORKPLACE WELLNESS

New incentives are created by the national health reform law to help promote employer wellness programs and encourage healthier workplaces. Helping employees and their families stay healthy can also help control health care spending. Employers can learn about new flexibility and incentives for such programs enabled by national health reform by visiting: dol.gov/ebsa/healthreform

Wellness Track. Massachusetts is also doing its part to help promote workplace wellness. The Health Connector's Wellness Track is a free program that connects eligible employers and their employees to a website with a suite of tools, such as health and nutrition trackers, exercise videos and health information. Eligible employers may qualify for a Wellness Track rebate of 15% on their group's health insurance premium contribution for coverage purchased through the Health Connector.

Employers can register for Wellness Track through the Health Connector if they:

- Purchase health insurance coverage for up to 25 employees;
- Pay at least 50 percent of the premium for an individual employee's health plan and at least 33 percent of the premium toward an employee plan that includes dependents

Wellness Tax Credit. Massachusetts also offers a special program, the Massachusetts Wellness Tax Credit Incentive, that gives small businesses in Massachusetts a state tax credit for having an employee wellness program.

Massachusetts businesses that employ 200 or fewer workers may qualify for the tax credit for up to 25 percent of the cost of implementing a certified wellness program for their employees. Employers must meet eligibility requirements in addition to wellness program criteria. For more information on the program, go to: mass.gov/wellnesstaxcredit

4. POTENTIAL FINANCIAL PENALTIES FOR LARGE BUSINESSES NOT OFFERING AFFORDABLE AND COMPREHENSIVE COVERAGE TO FULL-TIME WORKERS

Employers with 50 or more workers may be subject to penalties if they have full-time employees who qualify for and access publicly subsidized health insurance at a health insurance Marketplace like the Health Connector. This can happen when a full-time worker who is at or below 400% of the federal poverty level is not offered coverage, or is offered unaffordable coverage (defined by the ACA as requiring the employee to spend more than 9.5% of their household income), or is offered coverage that does not cover at least 60% of the costs of covered benefits.

Employers can learn more by visiting business.usa.gov/healthcare. This penalty will not go into effect until 2015.

5. NEW WORKPLACE ACCOMODATION REQUIREMENTS RELATED TO BREASTFEEDING

National health reform also strengthens breastfeeding support in the workplace by requiring employers of all sizes to offer adequate break time and space for mothers who are breastfeeding. Employers are required to give female employees who are nursing children up to age one a reasonable amount of break time and a space for pumping breast milk. The location must be a private space, other than a bathroom, that is shielded from view and free from intrusions from coworkers or the public. Also, insurance companies are required to cover comprehensive breastfeeding support counseling and costs of breastfeeding equipment without charging a co-payment, co-insurance or a deductible.



LET THE HEALTH CONNECTOR HELP YOU

The Health Connector is a resource for Massachusetts businesses—both in terms of being a destination for buying high quality, affordable health and dental insurance plans, but also as a resource to help Massachusetts businesses learn more about health reform and what it means for them.

Visit MAhealthconnector.org to buy health insurance for your employees and for information on health reform. You can also talk to your broker about finding insurance for your employees through the Health Connector. You can also visit MAhealthconnector.org for additional resources and information about health reform and how to stay informed.

6. NEW EMPLOYER REPORTING REQUIREMENTS

National health reform recognizes the important role that employers play in informing employees about health care options. Some of the following new employer reporting requirements reflect this important role:

- The new law requires employers to notify employees of coverage options available through the Health Connector. This notice needs to be issued to existing employees prior to October 1, 2013, and in a timely fashion to new hires after that. To help employers meet this requirement, the Health Connector offers employers a template that can be downloaded in advance of fall open enrollment. Go to MAhealthconnector.org to download the form
- Employers will need to report the total annual cost of employer subsidized health coverage on employee W-2 forms

OTHER CHANGES OF NOTE FOR EMPLOYERS

Some important new requirements and changes ushered in by the national health reform law will change the way health plans are administered in Massachusetts. Many of these changes do not necessarily require any action on the part of employers, but are important for employers to understand. These include:

- Changes in the way premiums are priced for small businesses
- Requirements that plans must offer preventive services with no cost sharing or co-pays
- Young people can stay on their parents' insurance plans until age 26

RESOURCES

- **Massachusetts Health Connector:** MAhealthconnector.org
- **Massachusetts National Health Care Reform Implementation website:** mass.gov/nationalhealthreform
- **For businesses with questions about MassHealth:** mass.gov/MassHealth
- **National Health Reform website:** healthcare.gov
- **Center for Consumer Information and Insurance Oversight:** cms.gov/cciiio/
- **Business USA's "one-stop-shop" where employers of all sizes can go for information on the Affordable Care Act:** Business.USA.gov/healthcare
- **US Department of Labor web page on national health reform policies:** dol.gov/ebsa/healthreform
- **Breastfeeding Information:** amchp.org/programsandtopics/data-assessment/projects/Documents/HealthReformBreastfeeding.pdf
- **Internal Revenue Service:** irs.gov/uac/Affordable-Care-Act-Tax-Provisions
- **The Massachusetts Division of Insurance:** mass.gov/doi. You can also contact DOI Consumer Services at doicss.mailbox@state.ma.us
- **Talk to your broker, if you work with one, about your questions about national health reform**



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