Small Group Wellness Incentive Program Regulations – Draft for Public Comment (VOTE)

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Agenda

- Background
- Health Connector Wellness Statute & the Federal Small Business Health Care Tax Credit
- Proposed New Eligibility Criteria
- Next Steps & Timeline

Background

- Chapter 288 of the Acts of 2010 created a wellness rebate program through the Health Connector to encourage small employers to engage in wellness activities
- The Legislature was mindful that a state-funded rebate was necessary to jump-start wellness activity in the small group market
  - Small employers' premiums are generally not based on the health of their specific employees – so there are diminished premium-based incentives for them to engage in wellness activities
  - Also, the market was not investing significantly in wellness programs for the smallest of groups
- The Legislature limited this initiative to sales of coverage and participation in wellness programs through the Health Connector to promote evidence-based wellness activity and a uniform approach that is best-suited for measurement, as well as to ensure proper handling of state funds

Health Connector Wellness Statute & the Federal Small Business Tax Credit

- The original statutory eligibility criteria limited the rebate to small groups qualifying for new federal tax credits under the ACA
  - Small employers with up to 25 employees (excluding sole proprietors and family-member employees)
  - Average annual salary of up to $50,000
- These eligibility criteria have undermined incentives for participation in the wellness program because the salary requirement was very low
  - Most small employers with employees’ salaries at that level actually do not offer health insurance (and the federal small business tax credit does not yet seem to be changing this)
- To rectify this problem, last year’s budget included language allowing the Health Connector to redefine the eligibility criteria for Wellness Track

Proposed New Eligibility Criteria

- Health Connector staff is recommending the following updated eligibility criteria:
  1. Retain prior focus on small employers with up to 25 employees (with some small refinements), as this segment of the market is particularly underserved by wellness resources and lagging on wellness activity
  2. Eliminate any salary restriction
     - A salary restriction is not related to the goal of *this* program: encouraging participation in wellness activities
     - Also introduces complexity that can deter participation
  3. Make small groups eligible for rebates for three years of completing our wellness requirements
     - Provides ample time for wellness to be ingrained in the workplace, and we believe employers' commitment to wellness will extend beyond three years of the rebate as they see the benefits of a more productive workforce and the small/non-group market as a whole responds positively to new wellness initiatives inside and outside the Health Connector
  4. Make the program available for eligible small groups who shop through the Health Connector and participate in Wellness Track, either as an end-to-end Health Connector customer or through a licensed Sub-connector

Next Steps & Timeline

- We are issuing draft regulations that include these new eligibility criteria
  - There will be a period of public comment, after which we will vote on final wellness regulations in January of 2013 so that they can take effect on February 1, 2013
- We are separately planning to update the enrollment process and modify Wellness Track program requirements to qualify for the rebate, with some initial changes to take effect in February as well
  - These will not be put in regulation, but we intend to brief the Board on these changes in January

Next Steps & Timeline (cont'd)

Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013

Promulgate Regulations

- **11 / 16** BOD votes on draft Wellness regulations
- **1 / 3** Hold public hearing
- **1 / 4** Send BOD final regulation memo
- **1 / 10** BOD votes on final regulations
- **1 / 18** Final deadline for publication in Massachusetts Register
- **2 / 1** Final Regulations effective and published

Program Redesign

- **11 / 1 – 1 / 30** Modify programmatic features to offer new and different wellness activities
- **11 / 1 – 1 / 30** Modify year 2 Employer participation requirements
- **11 / 1 – 1 / 30** Modify back-end functionality to improve eligibility and enrollment processes

Web Enrollment

- **11 / 1 – 1 / 30** Redesign enrollment process in Wellness Track to align with new eligibility criteria
- **2 / 1** Wellness Track 2.0 Go Live
- **1 / 1 / 14** Wellness Track 3.0 (enrollment incorporated into HIX-IES system) Go Live

APPENDIX: Health Connector Wellness Statute

Former State Law (§ 44, Chapter 288 of the Acts of 2010)	New State Law (§134, Chapter 139 of the Acts of 2012)
Groups that purchase health insurance through the Connector	**UNCHANGED**
Offer an evidence-based employee wellness program that meets minimum criteria set by the Board in collaboration with the DPH	Enroll in (as opposed to "offer") an evidence-based employee wellness program offered through the Connector
Are eligible for the federal small business health care tax credit, which defines eligibility as limited to small groups that have 25 or fewer FTEs with annual average wages not greater than $50K (excludes sole proprietors); purchase a QHP through an Exchange (starting in 2014); and contribute at least 50% to the cost of employees' premiums	Meet certain minimum criteria, as determined by the Connector Board (as opposed to being eligible for the federal small business health care tax credit)
Meet certain minimum employee participation requirements in the wellness program, as determined by the Board in collaboration with DPH	**UNCHANGED**
Annual rebate "not to exceed 5%" (temporarily increased to 15% through annual appropriations act)	The new law permanently changes the rebate to 15% ("not to exceed 15%")
Costs eligible for the rebate limited to those eligible for the federal small business health care tax credit (*e.g.*, excludes premiums of owners and family-member employees)	The Board is now authorized to determine costs eligible for the rebate (as opposed to limiting eligible costs to those eligible for tax credits under the federal program)
Aggregate expenditures for the program not permitted to exceed $15M in a given fiscal year	Eliminated – *i.e.*, there is no longer an aggregate cap on expenditures
The Connector has the authority to cap enrollment	**UNCHANGED**
Other provisions required the Connector to provide assistance to small businesses in applying for federal grants related to wellness programs and to ensure administrative simplicity in the application so that it matched the application for the federal small business health care tax credit	Eliminated – these provisions were stricken as there was no longer a role for the federal tax credit contemplated in relation to the wellness program