

HOW DOES NATIONAL HEALTHCARE REFORM AFFECT ME AND MY BUSINESS?

APRIL 7, 2010

QUICK FACTS

MA	FEDERAL
MAXIMUM INCOME (% OF FPL)	
300%	400%
RATE OF UNINSURED	
2.6%	15%
REGULATIONS FOR YOUNG ADULTS BEING INCLUDED ON THEIR PARENTS PLAN	
EITHER UP TO 26 YEARS OLD OR UP TO 2 YEARS AFTER THEY ARE NO LONGER CLAIMED AS DEPENDENTS	UP TO 26 YEARS OLD
MINIMUM NUMBER OF EMPLOYEES NECESSARY FOR A COMPANY TO BE PENALIZED FOR NOT OFFERING HEALTH INSURANCE	
11	50
TAX CREDITS TO COMPANIES WITH 25 OR MORE EMPLOYEES WHICH OFFSET 35% OF THE MINIMUM 50% MANDATORY CONTRIBUTION TO EMPLOYEE HEALTH PLANS	

The Massachusetts Health Care Reform was enacted in 2006 with the goal of ensuring near-universal coverage to the MA population while improving both the cost and quality of healthcare. The public program Commonwealth Care provides subsidized coverage for adults with incomes up to 300% of the Federal Poverty Level with no access to employer-based coverage and MassHealth has been expanded to cover children in families with incomes up to 300% the FPL. The reform requires employers with 11 or more employees to contribute towards health coverage or pay an assessment and has created the Connector, which provides individuals and small businesses access to more affordable insurance while also setting standards and rules for insurance plans.

Since the inception of the reform, 430,000 individuals have enrolled in private or subsidized plans and employer-based coverage seeing 149,000 new enrollees.¹

¹ Massachusetts Division of Health Care Finance and Policy, *Health Care in Massachusetts: Key Indicators*, May 2009.

How will the National Health Insurance Reform affect Massachusetts residents and businesses?

Federal funding will increase by nearly \$5 billion for MassHealth and Commonwealth Care by 2020.

In 2014, people who earn up to 400% of the FPL will be helped by federal subsidies for health insurance.

The new law provides federal tax credits for small employers in 2010. Employers with a maximum of 25 employees and average annual wages of less than \$50,000 per employee qualify. They must contribute at least 50% toward the premium for the health plan for employees. From 2010 to 2013 the credit will offset up to 35% of the employer's contribution increasing to 50% in 2014

Federal penalties will eventually be phased in for eligible people not enrolled in an insurance plan.

Rules for Commonwealth Care will not change in the near future, with coverage continuing through the Connector.

Commonwealth Choice will continue without change.

The national law is less stringent with regards to young adults, allowing parents to include adult children to age 26 on their plans. Massachusetts law states that children can be included on their parents plan for up to 2 years after they are no longer claimed as dependents for tax purposes or age 26.

Penalties will start in 2014 and will apply to employers with more than 50 workers only. A \$2000 penalty will be charged per each full-time worker for employers that do not offer health insurance, coming into effect when an employee gets subsidized insurance from an insurance exchange like the Connector. (The first 30 workers will be counted in the calculation of the penalty).

There will also be a penalty if the insurance offered is not affordable. It will be fined as the lower of two options: either \$3000 for any employee receiving subsidized insurance through an exchange or \$2000 multiplied by all of the full-time employees.

The current Massachusetts penalties will continue if state law does not change.



BUSINESS INSURANCE • EMPLOYEE BENEFITS • PRIVATE CLIENT • EXECUTIVE BENEFITS

701 Edgewater Drive, Suite 230, Wakefield, MA 01880
800.531.5211 Fax: 781.224.5777 mazonson.com