

Division of Health Care Finance and Policy Health Care Reform Update (June 2007)

The following health care reform update is meant to inform Massachusetts employers about the Division of Health Care Finance and Policy's recent activities regarding the following regulations:

- 114.5 CMR 16.00: Employer Fair Share Contribution
- 114.5 CMR 17.00: Employer Surcharge for State-funded Health Costs
- 114.5 CMR 18.00: Health Insurance Responsibility Disclosure (HIRD)

114.5 CMR 16.00: Employer Fair Share Contribution

The Division of Health Care Finance and Policy ("the Division") adopted Regulation 114.5 CMR 16.00: Determination of the Employer Fair Share Contribution, effective October 1, 2006. This regulation governs the determination of whether an employer makes a fair and reasonable premium contribution to the health costs of its employees. An employer with 11 or more full time equivalent employees that does not make a fair and reasonable premium contribution is required to pay a per employee Fair Share Contribution (FSC) of up to \$295 annually.

The Executive Office of Labor and Workforce Development Division of Unemployment Assistance (DUA) is responsible for administering this program. More information about the Employer FSC Filing requirements and payment procedures is available on the [Executive Office of Labor and Workforce Development website](#).

114.5 CMR 17.00: Employer Surcharge for State-funded Health Costs

The Division adopted emergency regulation 114.5 CMR 17.00: Employer Surcharge for State-Funded Health Costs on June 20, 2007. This regulation, effective July 1, 2007, includes the method the Division will use to assess a surcharge on an employer that does not adopt and maintain a Section 125 Plan (A cafeteria plan that meets the criteria defined in Title 26, Subtitle A, Chapter 1, Subchapter B, Part III, Section 125 of the Internal Revenue Code) for health insurance payroll deductions, in accordance with regulations issued by the Commonwealth Health Insurance Connector Authority. An employer with 11 or more full time equivalent employees that does not comply with the requirement may be assessed a surcharge if its employees or dependents of its employees receive health care paid for by the Uncompensated Care Pool or Health Safety Net Trust Fund.

The Connector's final regulations regarding an employer's obligation to adopt and maintain a Section 125 Plan are available on the [Commonwealth Connector website](#).

114.5 CMR 18.00: Health Insurance Responsibility Disclosure (HIRD)

The Division adopted emergency regulation 114.5 CMR 18.00: Health Insurance Responsibility Disclosure (HIRD) on June 20, 2007. This regulation, effective July 1, 2007, states that each employee of an employer with 11 or more full time equivalent employees that declines to enroll in his/her employer-sponsored insurance or declines to use his/her employer's Section 125 Plan must complete an Employee HIRD Form. The employer must provide a copy of the signed Employee HIRD Form to the employee and retain a copy for three years.

The regulation also specifies information that employers will be required to submit. There will be no separate Employer HIRD Form. An employer will be required to submit the Employer HIRD

information in the Division of Unemployment Assistance Employer FSC Filing. For more information on this filing please visit the [Executive Office of Labor and Workforce Development website](#).