The Commonwealth of Massachusetts
Executive Office of Health and Human Services
One Ashburton Place, Room 1109
Boston, MA 02108

Tel.: 617-573-1600
Fax: 617-573-1890
www.mass.gov/eohhs

DEVAL L. PATRICK
Governor

TIMOTHY P. MURRAY
Lieutenant Governor

JUDYANN BIGBY, M.D.
Secretary

April 14, 2008

Speaker Salvatore F. DiMasi, Massachusetts House of Representatives
President Therese Murray, Massachusetts Senate
Chairwoman Patricia A. Walrath, Joint Committee on Health Care Financing
Chairman Richard T. Moore, Joint Committee on Health Care Financing
Chairman Robert A. DeLeo, House Committee on Ways and Means
Chairman Steven C. Panagiotakos, Senate Committee on Ways and Means

Dear Senators and Representatives:

Pursuant to section 132 of Chapter 58 of the Acts of 2006, I am pleased to provide the General Court with the latest 60-day report on the Patrick Administration's progress in implementing Chapter 58. The last two months have brought significant advancement in the implementation of Chapter 58 as we continue to meet the deadlines for various provisions of the law and enroll people in health insurance at historic rates.

Over the past two months, the Administration has focused on improving compliance within beneficiary and employer populations. Commonwealth Care enrollment, as in Section 2, has decreased slightly to just under 175,000 as a result of careful examination of eligibility requirements. Approximately 30% of new enrollees make monthly premium contributions. The Division of Unemployment Assistance reports (Section 7) that more than 750 employers have been found liable under the Fair Share contribution requirement of health care reform, with a total liability of $6.68 million. DUA has notified 4,582 employers of their need to file or pay an assessment. We are committed to the efficient administration and equitable enforcement of Chapter 58, while also contributing to cost containment and ensuring access to quality health care.

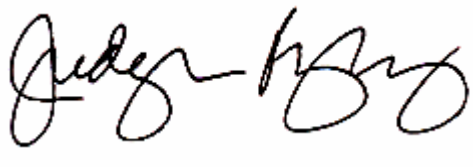
The past two months are also notable in the areas of successful outreach and policy innovation. As is described in Section 1, MassHealth has continued with the successful implementation of the Outreach and Enrollment Grant Programs, having assisted over 21,000 individuals with enrollment since November 2007. Furthermore, grants for the

second phase of the outreach program have been award to seven organizations responsible for network coordination and will fund outreach throughout the 2008 calendar year. The Health Care Quality and Cost Council, as outlined in Section 8, has also approved final recommendations and strategies for addressing cost containment; chronic disease prevention and management; end of life care; patient safety; disparities; and transparency.

Looking ahead to the next 60-day period, the Patrick Administration will focus on finalizing regulations and further exploring cost containment strategies. To ensure that the individual mandate is applied fairly across the Commonwealth, the Division of Revenue will work with insurance carriers and employers to refine tax forms and requirements for 2008, as detailed in Section 3. The Health Care Quality and Cost Council website will be launched in June 2008 and represent a significant first-step in transparency initiatives.

If you would like additional information about the activities summarized in this report, please do not hesitate to contact me or my staff.

Sincerely,



JudyAnn Bigby, M.D.

cc: Senator Richard R. Tisei
Representative Bradley H. Jones
Representative Ronald Mariano
Representative Robert S. Hargraves

Chapter 58 Implementation Report
Update No. 12

Governor Deval L. Patrick

Lieutenant Governor Timothy P. Murray

Secretary of Health and Human Services
JudyAnn Bigby, M.D.

April 14, 2008

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Section 1: MassHealth Update

The Office of Medicaid reports the following progress on Chapter 58 initiatives:

Insurance Partnership
MassHealth successfully implemented an increase in the income limit for eligibility in the Insurance Partnership from 200% to 300% of the federal poverty level (FPL), on October 1, 2006. This expansion allowed a larger number of low-income Massachusetts residents who work for small employers to participate in the IP program. As of February 2008, there are over 8,270 policies through the Insurance Partnership with close to 18,254 covered lives. More than 6,555 employers participate in the program.

Children's Expansion up to 300% FPL
On July 1, 2006, MassHealth implemented expansion of MassHealth Family Assistance coverage to children in families with income greater than 200%, and up to 300% of the FPL. As of February 2008, there were 59,600 children enrolled in Family Assistance, up from 31,000 in June 2006. More than 20,000 of those children are new members and/or converted Children's Medical Security Plan members enrolled as a result of the income expansion.

MassHealth Essential
Effective July 1, 2006 the enrollment cap for MassHealth Essential was increased from 44,000 to 60,000. This allowed MassHealth to enroll more than 12,000 applicants who were on a waiting list at that time. As of February 2008, Essential enrollment was 59,400.

Wellness Program
Section 54 of Chapter 58 requires that MassHealth collaborate with the Massachusetts Department of Public Health (DPH) to implement a wellness program for MassHealth members. It specifies five clinical domains: diabetes and cancer screening for early detection, stroke education, smoking cessation, and teen pregnancy prevention. The law mandates co-payment and premium reduction for members who meet wellness goals. However, since members do not pay significant co-payments or premiums, alternative incentives have been recommended.

The Wellness Program has completed research and data analysis to set a baseline for accurate tracking of MassHealth members' wellness behaviors. This work is essential for effective measurement and evaluation of the success of the Wellness project.

In February 2007 the Wellness Program project management team developed a two-phase implementation process in order to permit the development of a flexible and sustainable incentive program and to ensure that MassHealth

members and providers support and buy-in to the idea of wellness. Phase one focuses on promoting and educating MassHealth members about the concept of wellness and healthy lifestyle activities. This education is coordinated with the MassHealth providers and with support from the Department of Public Health. Phase two of the Wellness Program, the incentive system, is in the planning stage. It will be implemented after proven methods for encouraging healthy behavioral changes among MassHealth members have been determined through a survey of current employer incentive programs. The survey will be accomplished with a formal Request for Information (RFI) to vendors throughout the state.

MassHealth has met and continues to meet as scheduled with the Wellness Program External Advisory Group to discuss outreach and education ideas and incentive options for members. Additionally the Wellness Program management staff has met with MassHealth executives and CMS to discuss federal support for the member incentive system being investigated through the RFI.

The outreach and education phase of the program began in early April 2007, when the Wellness Program Team developed an English and Spanish wellness brochure and an all-provider bulletin to educate providers about the program. In June 2007 the brochure was mailed to over 600,000 MassHealth member households. In September the brochure was added to the PCC plan materials catalog and the MassHealth customer service team received a supply to distribute to providers and members. In December of 2007, MassHealth convened a series of workgroups to inform the selection of targeted messages. By mid February 2008, messaging and strategies for outreach and education had been prioritized and plans were made for implementation. The Team is currently working with MassHealth publications to translate wellness materials for Elder Affairs and to develop and print messaging for members and for provider offices. In addition, the Wellness Team is working to implement training for providers in how to deliver effective wellness messages.

Planning for the incentive phase is also moving forward as anticipated. The final RFI was posted to Comm-pass in early December 2007. Responses to the RFI have been received, reviewed and summarized. As of March 2008 the Team specified the next steps towards an RFR. It is anticipated that over coming months MassHealth Executive Team will prepare and review the draft of the RFR. Distribution of the RFR for internal review will then take place. Current target date for complete review of RFR and posting to Comm-pass is for summer of 2008.

As previously reported; the co-payment/premium reduction requirement in the law in Chapter 58, as originally passed, proved problematic. Most MassHealth members pay no premiums, and those who do generally pay negligible amounts. Consequently, MassHealth and DPH concluded that such an incentive structure would have little impact on member compliance, and therefore recommended

changes to the legislation to allow for alternative wellness incentives. The legislature endorsed this approach in the FY 08 budget in line 4000-0700, "…that the executive office may reduce MassHealth premiums or co-payments or offer other incentives to encourage enrollees to comply with wellness goals".

EOHHS Outreach and Enrollment Grant Programs

In the FY08 budget, $3.5 million was appropriated for the MassHealth, Commonwealth Care and Commonwealth Choice grant project to award grants to community and consumer-focused public and private non-profit organizations for activities directed at reaching and enrolling eligible Commonwealth residents in MassHealth and Connector Authority programs.

The outreach grants help support the overall goal and mission of health care reform – ensuring that all Massachusetts residents have access to and are enrolled in affordable and quality health care programs. Grantees are responsible for educating and assisting with the application processes for potentially eligible residents for MassHealth, Commonwealth Care, Commonwealth Choice and other health programs such as QSHIP, the Medical Security Plan and employer sponsored insurance.

During planning stages of this project, MassHealth in consultation with the Connector Authority, concluded that a two model approach would yield more efficient and effective outreach and enrollment. The first model has allotted funding for "on the ground" direct service outreach and enrollment efforts. These organizations are responsible for one-on-one education and application assistance. The second model will allot funding for community and consumer-focused public and private nonprofit organizations to serve as lead organizations to a network of organizations working to reach and enroll potentially eligible people in state-subsidized and non-subsidized health insurance programs. The lead organizations will be responsible for establishing or expanding its network of organizations, and for ensuring coordination and collaboration of outreach and enrollment efforts among the participating network organizations. Examples of participating network organizations may include typical health care enrollment sites such as hospitals and community health centers, enrollment assistance organizations, and social service organizations. EOHHS, through the RFR, has encouraged the inclusion of organizations not commonly or exclusively used for health care outreach efforts, such as local community colleges/universities, local business associations, and other civic organizations. This model has been developed in order to avoid duplication and overlap of services taking place out in the community.

Forty-five (45) community-based organizations were awarded funds in November 2007 for the direct service grantee model. These grantees have quickly implemented this program, performing outreach and enrollment activities in their regions. All 45 grant organizations submit monthly progress status reports. As of February 2008, over 20,000 individuals were assisted with the application

process, and more than 21,000 newly eligible individuals have been approved for benefits.

In addition to application and enrollment assistance, grantees are conducting education around minimal credible coverage, the individual mandate and consequences involved for those who do not sign up for insurance.

These grantees are also ensuring members they have assisted retain their health insurance. Grantees assist members with annual eligibility review paperwork and responding to information from insurers. The importance around member responsibilities and rights are also conveyed by grantees to members and applicants.

EOHHS announced awards to the second model of grantees responsible for network coordination grants in March 2008. A kick-off orientation was held in early April 2008. Seven organizations have been provided funding to serve as lead organizations to a network of groups conducting outreach and enrollment activities. The lead organizations will ensure efforts are well-planned, coordinated, non-duplicative, efficient and sustained. The grantees are:

- Action for Boston Community Development, Inc.
- Community Partners
- Health Care for All
- Latin American Health Institute
- Community Action Committee of Cape Cod and the Islands
- Massachusetts League of Community Health Centers
- Montachusett Opportunity Council

The network grant activities will conduct this work throughout calendar year 2008.

Health Care Reform Outreach and Education Unit

The Health Care Reform Outreach and Education Unit, as required in line item 4000-0300 of the FY08 budget, has been formally established in the Office of Medicaid, to coordinate statewide activities in marketing, outreach, and dissemination of educational materials related to Health Care Reform and to collaborate with the executive office of administration and finance, the department of revenue, the division of insurance, and the Commonwealth Health Insurance Connector Authority to develop common strategies and guidelines for providing informational support and assistance to consumers, employers, and businesses.

The Unit's overall functions currently include: Supporting and Managing EOHHS Outreach and Enrollment Grant Programs; Supporting and Managing Training and Technical Assistance to community providers, partners, and grantee organizations around health care reform policy and program changes;

Coordinating and collaborating with state agencies around health care reform policies, messaging and outreach activities.

Training and Technical Assistance to Providers

The Unit currently manages and supports the MassHealth Training Forum program. This program holds quarterly training sessions in five regions of the state to providers and partners in the community on the latest program and policy changes relevant to health care reform. The Unit is responsible for assisting in identification of presentation topics and updates and the coordination of finalizing these educational materials. April 2008 training presentations include:

- MassHealth Policy Updates
- Commonwealth Connector Updates
- Health Safety Net Program Updates
- MassHealth Third Party Liability – FAQ's Answered
- Virtual Gateway Updates

The Unit is also in an information gathering stage of learning what other training and technical assistance programs among state agencies exist and in ways the Unit can help supplement and bring greater awareness of these resources.

State Agency Collaboration

The Unit is in the process of holding introductory meetings with various state agencies to collaborate around outreach and dissemination of educational materials. In late March and early April 2008, introductory meetings were held with the Connector Authority, Department of Revenue and Division of Health Care Finance and Policy to identify current priority areas. Other state agency introductory meetings are underway. These collaborative efforts are increasing agency to agency awareness around various processes and efforts across the secretariat as well as identifying important information to disseminate to providers, partners and grantees.

Section 2: Connector Authority Update

Connector Authority Update

The Connector continues to make significant progress in implementing many of the important initiatives contained in the landmark health care reform law.

Commonwealth Care
As of April 1st, 174,595 people are enrolled in Commonwealth Care, 48,557 of whom are responsible for making monthly premium payments (27.8% of total enrollment). This marks the second consecutive month of net decreases in the number of members due to eligibility re-determinations, which have resulted in case closings.

At its March 20th meeting, the Connector Board made three critical decisions related to Commonwealth Care, unanimously approving changes to monthly premiums, enrollee contributions and co-payments.

The changes approved by the Board will take effect on July 1, 2008. Work on implementation has already begun. Open enrollment communications have begun in advance of the July 1st changes. Staff will be traveling state-wide to share information with individuals and organizations who work with our members. Members will begin to receive plan-specific marketing materials at the end of April, and their enrollment packages will begin arriving soon thereafter.

Work also continues on aligning the premium billing system with program design, particularly in the area of information provided to members.

Commonwealth Choice
As of April 1st, 17,907 individuals have obtained coverage through Commonwealth Choice. This figure includes 13,967 subscribers and 3,940 dependents. Commonwealth Choice Voluntary Plan subscribers (people who are purchasing their health insurance on a pre-tax basis through their employer) account for 920 of the total.

At its April 10th meeting, the Connector Board issued Seals of Approval to the six current Commonwealth Choice carriers. This reflected approval of new rates for Choice products (all of the approved rates carried only single-digit increases across all tiers of coverage). Most of the newly approved 37 plans included no or modest changes to benefits.

The Commonwealth Choice team continues to work on the design and development of the Contributory Plan for sale to small employer groups. First coverage effective dates on Contributory Plan products are anticipated for late summer 2008.

Additional Updates

The mandate appeals process for tax year 2007 has been implemented. Staff is prepared to handle the appeals that will be submitted as tax-filing time winds down.

Following the peak in traffic that occurred in mid-November, the volume of visits to the website has stabilized at around 17,000 per week. A round of site upgrades was recently completed. These were intended to improve ease-of-use, the layout of the home page and the overall shopping experience.

The Connector's outreach, marketing and public education efforts continue to be robust and creative. Notably, a new advertising campaign was started in April on radio and television outlets and in print. New display ads have been posted in public transit systems, thanks to strong partnerships with the MBTA and the Pioneer Valley Transit Authority.

Partnerships continue to be a key part of the Connector's public education strategy. An informative mailer highlighting the 2008 tax penalties under the individual mandate will be sent by the Department of Revenue to tax filers who reported being uninsured at the close of the 2007 tax year.

The Registry of Motor Vehicles has begun notifying new Massachusetts residents about the individual mandate through posters, flyers, displays and, soon, mailings. The Massachusetts Association of Realtors is helping to reach the same audience by offering Connector flyers and posters to its members. The Commissioner of Higher Education is actively assisting with outreach to graduating seniors at the state's colleges and universities, and some of the key partnerships that helped the Connector gain high levels of public awareness in 2007 are being renewed for 2008.

Section 3: Individual Mandate Preparations

The Department of Revenue (DOR) reports the following progress on Chapter 58 initiatives:

Individual Mandate Penalties for Tax Year 2008:
Massachusetts law requires residents age 18 and older who can afford health insurance to have health coverage or pay a penalty through their tax returns. In 2008, penalties accrue for every month that a person lacks health insurance. There is no penalty in the case of a lapse in coverage of 63 days or less. In March, DOR finalized the penalty schedule for individuals who fail to comply in 2008 with these requirements. Penalties will apply only to adults who can afford health insurance, based on separate standards established by the Health Connector on an annual basis and subject to hardship appeals. The penalties are generally based on half of the lowest priced premiums available in each income bracket, using the premium prices of the Connector's programs (Commonwealth Care and Commonwealth Choice) as of January 2008. Under the guidelines, the penalties range from zero to $912 for an entire year without coverage. The 2008 penalty schedule is available on DOR's website at: www.mass.gov/dor/hcinfo.

Individual Mandate Regulations:
Also in March, DOR promulgated regulations on the individual mandate, 830 CMR 111M.2.1: Health Insurance Individual Mandate, Personal Income Tax Return Requirements. The regulation explains the various aspects of the health insurance individual mandate, including the need for taxpayers to declare health insurance coverage on their Massachusetts income tax return, exceptions to the mandate, calculation of any applicable penalties, employer reporting responsibilities under G.L. c. 62C, § 8B, and appeal rights of taxpayers in connection with the penalty under G.L. c. 111M, § 2. For a copy of this regulation, please visit DOR's website.

Tax Year 2008 Preparations:
Activities to implement the individual mandate process for Tax Year 2008 are underway. Over the next few months, DOR will work with insurance carriers and employers to refine the MA 1099-HC requirements and the Schedule HC for Tax Year 2008. In addition, DOR expects to release further guidance to taxpayers on the permitted 63-day lapse of coverage in 2008.

Section 4: Health Safety Net Trust Fund and Essential Community Provider Trust Fund Grants

Health Safety Net Trust Fund Regulations

The Division of Health Care Finance and Policy implemented the Health Safety Net Trust Fund in October 1, 2007. The regulations can be found on the Division's website, www.mass.gov.dhcfp, under regulations, 114.6 CMR 13.00. They address eligibility criteria for reimbursable services, the scope of health services eligible for reimbursement from the fund, the standards for medical hardship, the standards for reasonable efforts to collect payments for the cost of emergency care and the conditions and methods by which hospitals and Community Health Centers are paid by the fund. In advance of this regulatory proposal, the Division conducted a consultative session on June 19, 2007.

The Division also implemented regulation 114.6 CMR 14:00 Health Safety Net Payments and Funding. This regulation sets out the conditions and methods by which acute hospitals and Community Health Centers can file claims for services and receive payments from the Health Safety Net Trust Fund. The regulation implements the requirements of Chapter 58 to pay hospitals based upon claims using a Medicare based payment method. The regulation also implements the requirement that the Health safety Net trust Fund pay Community Health Centers using the Federally Qualified Health Center visit rate. The regulation can be found on the Division's web site, www.mass.gov.dhcfp under regulations, 114.6 CMR 14.00.

Essential Community Provider Trust Fund

Another responsibility of the Health Safety Net Office under Chapter 58 and as amended by Chapter 118G Section 35 (b)(6) is to administer the Essential Community Provider Trust Fund. The purpose of this fund is to improve and enhance the ability of hospitals and community health centers to serve populations in need more efficiently and effectively including but not limited to the ability to provide community-based care, clinical support, care coordination services, disease management services, primary care services and pharmacy management services. The criteria for selection includes the institution's financial performance; the services they provide for mental health or substance abuse disorders, the chronically ill, elderly, or disabled; and the pace, payer mix, prior years awards, cultural and linguistic challenges, information technology, twenty-four hour emergency services and extreme financial distress.

The Division of Health Care Finance and Policy, working with the Executive Office of Health and Human Services, developed a grant application process and scoring/review system, similar to the process employed last year. This process considered applicants financial and essential characteristics in order to determine grant allocation amounts from the $28 million dollar fund. A cover letter, grant application and instructions were sent to providers and posted on EOHHS/DHCFP websites on July 13, 2007. Hospital and Community Health

Center applications were due on July 31, 2007. Over 80 hospitals and community health centers have applied and requested over $108 million in funding.

A supplemental budget appropriation passed by the legislature and approved by the Governor included additional funding of $9.5 million for the Essential Community Provider Trust Fund, for a total of $37.5 million.

In October 2007, the EOHHS announced 69 provider grants from the Essential Community Provider Trust Fund. The distribution of grants awards included:

- Twenty-five acute care hospitals for a total of $26.7 million representing approximately 72% of the funding available. The average grant award was $1.1 million

- One non-acute care hospital received a $2 million grant. This represents approximately 5% of the total funding available.

- Forty-three community health centers received a total of $8.8 million. The average grant award is $205,000 representing approximately 24% of the funding available.

The Division has contracted with all 69 hospitals and CHCs and has distributed approximately $34.8 million of the total $37.5 million in funding as of April 8, 2008. All providers are required to complete a standard report on the use of the funds in February and in April. These reports will be reviewed by the Division and used to determine the timing of any additional payments to providers from the ECPTF.

Section 5: Public Health Implementation

Community Health Workers (CHWs)

Community Health Workers are critical to the ongoing success of Health Care Reform and Section 110 of Chapter 58 requires the Massachusetts Department of Public Health (MDPH) to make an "investigation relative to a) using and funding of community health workers by public and private entities, b) increasing access to health care, particularly Medicaid-funded health and public health services, and c) eliminating health disparities among vulnerable populations."

The *Community Health Worker Advisory Council* is chaired by DPH Commissioner John Auerbach and met for the first time in February 2008. Nearly 50 people from across the state attended and will meet again in May. The Council is expected to finalize the legislative report in the coming months.

The Council consists of four work groups:

1. Survey
2. Research
3. Workforce Training and Certification
4. Finance

The work groups have met or held conference calls weekly. Highlights of recent activities include:

Survey of CHWs in Massachusetts

- The Survey was administered to 500 current and potential employers of community health workers.
- It was developed and administered by the University of Massachusetts Center for Health Policy and Research.

Research

- Qualitative research, using focus groups at 6 sites across the state, site visits and/or interviews will assess areas not "discernable" through the survey or the literature review.
- A comprehensive review of national literature on Community Health Worker practice, cost and efficacy as well as the effect of CHWs on health disparities, quality of care and access to health care.
- Continued research about other state models of CHW training, certification, reimbursement, and utilization to identify best practices that can be applied in Massachusetts is also ongoing.

Workforce Training and Certification

- Assess current training needs and training opportunities for CHWs in Massachusetts.

- Investigate CHW certification models in other states, as well as certification models in other comparable professions.

Finance

- Continue to investigate existing funding sources and funding mechanisms for CHWs in Massachusetts and other states, and develop possible funding strategies.

Section 6: Insurance Market Update

Health Access Bureau

Chapter 58 of the Acts of 2006 directs the Division of Insurance to establish a Health Access Bureau within the Division of Insurance. The actuary for the Health Access Bureau started with the Division on February 11, 2008. The research analyst began with the Division on March 30. 2008. The financial analyst position has been posted. To complete some of the responsibilities of the Health Access Bureau, the Division of Insurance has contracted with outside actuaries to develop targeted reports.

Minimum Standards and Guidelines

Chapter 58 of the Acts of 2006 directs the Division of Insurance, in consultation with the Connector, to establish and publish minimum standards and guidelines at least annually for each type of health benefit plan provided by insurers and health maintenance organizations doing business in the Commonwealth. The Division of Insurance has provided information to the Connector on common elements in health policies.

Section 7: Employer Provisions

Division of Health Care Finance and Policy

Division of Health Care Finance and Policy (DHCFP) reports the following progress on implementation of the requirements imposed on employers by Chapter 58.

Employer Fair Share Contribution

The Division of Health Care Finance and Policy adopted 114.5 CMR 16.00: Employer Fair Share Contribution on September 8, 2006. This regulation governs the determination of whether an employer makes a fair and reasonable premium contribution to the health costs of its employees, as required by Chapter 58. The Division has determined that Section 16.03 (2) (a), "Employee Leasing Companies," requires clarification. Under that section, employee leasing companies will be required to perform the fair share contribution tests separately for each client company. Although the employee leasing company is responsible for collecting and remitting the Fair Share Contribution on behalf of its client companies, the client company is responsible for any Fair Share Contribution liability.

The Division of Unemployment Assistance held a public hearing on its proposed regulations governing the administration and collection of the Employer Fair Share Contribution. The regulations were subsequently adopted.

Employer Surcharge for State-Funded Health Costs

The Division of Health Care Finance and Policy initially adopted Regulation 114.5 CMR 17.00: Employer Surcharge for State Funded Health Costs on December 22, 2006, with an effective date of January 1, 2007. This regulation implemented the provisions of M.G.L. c. 118G, § 18B. Following enactment of Chapter 450 of the Acts of 2006 on January 3, 2007, the Division repealed this regulation. Chapter 450 changed the effective date of M.G.L. c. 118G, § 18B from January 1, 2007 to July 1, 2007.

The Division adopted regulation 114.5 CMR 17.00 on an emergency basis on July 1, 2007. The regulation reflects the amended legislation, clarifying that a "non-providing employer" subject to surcharge is an employer that does not comply with the requirement in M.G.L. c. 151F to offer a Section 125 cafeteria plan in accordance with the rules of the Connector. The effective date of the regulation is consistent with the July 1, 2007 effective date of the Section 125 cafeteria plan requirement implemented by the Connector. The Division conducted a public hearing on the emergency regulation on September 6, 2007 and has subsequently certified the regulation.

Health Insurance Responsibility Disclosure

The Division of Health Care Finance and Policy initially adopted 114.5 CMR 18.00: Health Insurance Responsibility Disclosure as an emergency regulation effective January 1, 2007, but subsequently repealed the regulation. The regulation implemented M.G.L. c. 118G, § 6C, which was previously effective on January 1, 2007. Chapter 450 of the Acts of 2007, which became effective on January 3, 2007, changed the effective date of M.G.L. c. 118G, § 6C from January 1, 2007 to July 1, 2007.

The Division adopted regulation 114.5 CMR 18.00 Health Insurance Responsibility Disclosure on an emergency basis on July 1, 2007. The regulation incorporates the provisions of Chapter 324 which significantly reduce the amount of information the Division is required to collect from employers. In addition, only employees that have declined to enroll in employer sponsored insurance or to participate in a Section 125 cafeteria plan are required to sign an Employee HIRD form. Employers will retain Employee HIRD forms and will submit them upon request by either the Division of Health Care Finance and Policy or the Department of Revenue. The Division has posted a copy of the Employee HIRD on its website at:

http://www.mass.gov/Eeohhs2/docs/dhcfp/g/hcr/employee_hird_08.pdf

The Division conducted a public hearing on the emergency regulation on September 5, 2007 and subsequently certified the regulation.

Division of Unemployment Assistance

The Division of Unemployment Assistance at the Executive Office of Workforce and Labor Development reports the following progress on the implementation of the provisions of Chapter 58 affecting employers.

Employer Fair Share Contribution (FSC)

As of early April 2008, the majority of employers who received a notice to file from DUA have completed their on-line Fair Share Contribution report (due on Nov. 15, 2007).

Over 56,000 employers have filed as of early April 2008. More than half of the filers had fewer than 11 full-time equivalent (FTE) employees. Of the employers with 11 or more FTE's, the majority met the standard set in DHCFP regulation for making a "fair and reasonable contribution" to their employees' health insurance. A small portion of filers, 756 employers, did not meet the requirement and have a combined liability of over $6.68 million, the majority of which is payable in 4 quarterly installments, as allowed by statute.

On March 7, 2008 DUA created FSC tax assessment notices that were mailed out to 4582 employers who had failed to file by that date. These notices resulted in 736 more employers completing their filings during the two week period after the notices were mailed out vs. 244 completing their filings two weeks before the notices were sent out. DUA will continue to pursue the remaining non-filers by issuing additional delinquency notices and estimated tax assessments, and by utilizing additional tools to promote full compliance to the FSC reporting and/or payment requirements

Section 8: Health Care Quality and Cost Council

Statewide Goals for the Commonwealth

The Council approved final recommendations in the areas of strategies for addressing Cost Containment, Chronic Disease Prevention and Management, End of Life Care, Patient Safety, Disparities, and Transparency. These recommendations include broad strategies aimed at controlling the rapid growth in health care costs, including:

- Analyzing the causes of increases or decreases in health care costs;
- Adopting a standard measurement of total annual Massachusetts health care spending (the "Massachusetts Global Health Cost Indicator"); and
- Developing legislative and regulatory recommendations to control health care costs, considering a wide range of health care clinical, service delivery, payment, technology, administrative, and legal opportunities.

The Council also recommended specific strategies for improving the quality and management of health care for Massachusetts citizens, while containing the growth in health care costs, including:

- Developing a blueprint for implementing a statewide model system of care that improves the health status of people with, or at risk for, chronic conditions;
- Adopting and displaying on the Council's website comparative measures of quality and cost information;
- Publicly reporting hospital-associated infections and serious reportable events;
- Developing and publicly reporting a whole system hospital mortality measure;
- Implementing a process for communicating patients' wishes for care at the end of life, and ensuring these wishes are followed;
- Increasing the availability and use of hospice and palliative care programs;
- Ensuring that each of these initiatives includes targeted programs to reduce racial and ethnic disparities; and
- Establishing performance benchmarks to measure progress toward meeting these goals.

The Council detailed its recommendations in its Annual Report to the legislature.

Website Development

The Council made considerable progress toward developing a website that will provide comparative cost and quality information about health care services in a user friendly format, as required by M.G.L. c.6A, s.16L. The Council approved an initial set of quality and cost measures to post on this website by June 2008. Over time, the Council will expand the data available on its website to include

additional cost and quality measures calculated from its claims dataset, including measures for a broad range of health care facilities and services.

Most Massachusetts health insurance carriers have submitted 15 months of health care claims and eligibility data to the Council's data collection vendor, the Maine Health Information Center (MHIC). The MHIC has begun aggregating this data by health care provider and creating a data warehouse for analysis.

The Council approved a design for the health care quality and cost information website, including the home page design, look and feel, layout and functionality of each page; navigation; and site map. The Council's Web Application Developer, Medullan, Inc., began building the web application in accordance with the design specifications.

Section 9: STATUTORY CHANGES TO CHAPTER 58 SINCE ENACTMENT

The Legislature has enacted three “technical amendment” bills since Chapter 58 first became law in 2006. The most recent technical amendment bill enacted was Chapter 205 of the Acts of 2007, which aimed to ensure that health care reform works as intended. It addressed some operational challenges encountered or anticipated by state and independent agencies charged with implementing various aspects of reform, including provisions that:

- Enable the Health Care Quality and Cost Council to protect the confidentiality of health care claims and other data submitted to the Council, while also allowing it to release some data through a carefully controlled process in furtherance of a public purpose (Section 1)

- Expand the membership and clarify the mission of the Health Disparities Council (Section 2)

- Permit information-sharing between state agencies that is vital to effective implementation of health reform (Sections 3, 7 and 8)

- Correct statutory references to the Health Safety Net Office, which was transferred from M.G.L. c. 118E to M.G.L. c. 118G in the FY08 budget (Sections 4, 9, 10, 11, 18, 25)

- Clarify the definition of "dependent" for purposes of existing requirement that insured health plans offering family policies provide coverage to dependents under the age of 26 or for 2 years following the loss of dependent status under the IRS, whichever occurs first. The law also excludes imputed income resulting from this requirement from Massachusetts gross income for state tax purposes (Sections 5, 6, 31-38, 46)

- Clarify that S-CHIP coverage satisfies the individual mandate (Section 12)

- Clarify the operation of the individual mandate and its application to every adult who files "or is required to file" an individual tax return (Section 13-16)

- Clarify that requirements to offer a Section 125 plan (pre-tax health insurance) and complete the Health Insurance Responsibility Disclosure (HIRD) form apply to employers with "11 or more full-time equivalent employees" (conforming statutory language to existing regulations and the statutory "fair share" requirement) (Sections 22, 23 and 30)

- Require the Health Safety Net Office to enter into an ISA with the Office of Medicaid to enhance oversight and improve operations of the Health Safety Net Trust Fund (Section 26)

- Clarify the definition of an employer covered by the "fair share" requirement (Section 27)

- Eliminate requirements for employers to automatically file Section 125 plan documents with the Connector, though the Connector can still secure copies of plan documents on request (Section 30)

- Expand eligibility for Young Adult Plans offered through the Connector to eighteen year-olds (eligibility was previously reserved only for those ages 19-26) (Section 40)

- Create a special commission to investigate and study the role of Connector in providing access to health insurance, including its use of private sector entities (Section 41)

- Extend the deadline for Health Care Quality and Cost Council to post detailed comparative cost and quality information on its website (Section 42)

- Direct the Connector to report on implementation of M.G.L. c. 118H sec. 3(b) (Section 43)

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