

MASSACHUSETTS ASSOCIATION OF HEALTH UNDERWRITERS

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Statement
of
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Regarding
Proposed Amendments to Regulation 114.5 CMR 16.00
Fair Share Contribution

Before
The Division of Health Care Finance and Policy
One Ashburton Place 21st Floor
Boston, Ma

Date: September 5, 2008

Good Morning. For the record, my name is Daniel J. Foley, Jr. I am Legislative Counsel for the Massachusetts Association of Health Underwriters (MassAHU). MassAHU is a state trade association whose membership is comprised of independent insurance brokers, who specialize primarily in health insurance and employee benefits for hundreds of businesses, families and individuals across the Commonwealth. Our association and its member insurance brokers have and continue to be active participants in the health care reform efforts and remain very concerned over the cost drivers, the need for transparency, the efficient use of resources and technology and other surrounding issues that continue to challenge the affordability and success of health care reform.

On behalf of the members of MassAHU, I wish to present testimony in opposition to the proposed changes to the employers Fair Share Contribution (FSC) test in Regulation 114.5 CMR 16.00, recently filed by the Patrick Administration. We believe that these proposed changes to the FSC as implemented under the health care reform law runs counter to the understanding and agreement reached with the passage of the law and what was expected of employers and their responsibilities under the law.

According to the Administration, these proposed changes would raise approximately \$45 million this fiscal year to help fund the health care law due to a shortfall. Yet, the premise that this additional money is needed is baseless. We have not seen any report or analysis that has been undertaken to determine if this \$45 million is actually needed. Circumstances have changed. In August, it was estimated that there were 173,000 insured and this number has appeared to have leveled off. In addition, the FY 09 Budget has funding in it to support the growth of the number of insureds for up to 225,000. If these numbers are accurate, there doesn't appear to be a money shortfall.

What appears to be driving the change is from the consumer advocates who are arguing that insurers' co-pays for consumers were increased by \$22 million, so employers should increase their contributions. But with the changes brought about the HCR law, employers have contributed their fair share to pay for HCR and have increased their co-pays for their employees.

The focus of these proposed changes to the FSC regulations, along with proposed changes to the "Minimum Creditable Coverage" regulations that will be the subject of a hearing on September 9, 2008 before the Health Care Connector, is on cost-shifting to employers and not on cost control. State government's focus should be on curtailing the yearly increases in the costs of health care by focusing on actual utilization and cost of services via the Health Care Cost and Quality Council (HCC&QC), created under the Health Care Reform law.

Since the passage of Chapter 58, the Health Care Reform law, the independent insurance brokers of MassAHU have been assisting and advising their clients, who are small businesses across the Commonwealth, on how best to incorporate the requirements of the new law into their businesses to benefit their employees. This legislative session has already been very expensive for employers. If these changes to the employers' FSC are adopted, requiring employers to meet both tests, we believe this would cost small businesses thousands of dollars more in providing health insurance for their employees, resulting in an administrative nightmare.

Therefore, on behalf of the MassAHU and its members, I would respectfully urge the Division not to adopt the proposed changes to the employers' Fair Share Contribution test.

Thank you for the opportunity in allowing us to present testimony setting forth our concerns regarding these proposed changes.