



## The Vita Viewpoint Important Information for Decision Makers

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### Massachusetts Commonwealth Connector – What Employers Need to Know

#### **The Purpose of This Legislation**

In August 2006, the Commonwealth of Massachusetts passed sweeping legislation designed to ensure that all Massachusetts *workers* receive health benefits through a combination of personal responsibility, coupled with employer and government-sponsored programs. A new entity, known as the Commonwealth Connector, will monitor and enforce this legislation. The Connector will be the point of contact for all compliance requirements, and is a centralized resource for individuals who require government assistance with healthcare costs.

The regulations are designed to ensure that employers pay a “fair share” of health care costs for their employees, and to discourage them from “free riding” on government programs. “Free riders” will be subject to a surcharge calculated by the Commonwealth Connector. The surcharge will help fund the cost of government-sponsored care that such individuals receive. A detailed Employer Handbook can be downloaded here: [http://www.mass.gov/Qhic/docs/Handbook\\_v19\\_pdf.pdf](http://www.mass.gov/Qhic/docs/Handbook_v19_pdf.pdf)

#### **What Employers are Affected by This Legislation?**

Employers with 11 “full time equivalent” employees who **work in Massachusetts** must comply with this legislation. It does not matter where the employer is located, nor does it matter where those employees live. Employers with fewer than 11 full time equivalent employees working in Massachusetts are exempt from these requirements.

#### **What Must the Employer Do?**

The employer must contribute a “fair and reasonable” amount of premium toward the cost of health insurance for their employees. The formula for this calculation is relatively complex, but any employer that pays the majority of the premium will not have difficulty meeting the necessary threshold. The employer also must offer a Section 125 Premium Only Plan to cover the employee share of the premium cost. Employers who do not install a Section 125 plan by July 1, 2007 will be subject to the “Free Rider Surcharge.”

Employers who pay a fair share for group health insurance and who offer Section 125 programs need only file a “Health Insurance Responsibility Disclosure” (HIRD) with the Commonwealth Connector.

**Employers must file their first HIRD by July 1, 2007.**

The employer is also responsible for collecting a HIRD form from all Massachusetts employees who decline enrollment in the group health plan or the Section 125 Plan. As of today, June 15, 2007, neither of these documents have been finalized or distributed. Please bookmark the Commonwealth Connector website, so that you can keep abreast of the final compliance instructions and download the necessary documents before July 1!

<http://www.mahealthconnector.org/portal/site/connector/menuitem.50596a4574af0ace505da95c0ce08041/?fiShown=default>

**For questions or additional information, please contact Vita Benefits Group at (650) 968-8811**