

Section-by-Section Summary
Massachusetts Quality Affordable Health Care Act

SECTION 1: Policies and Purposes

- Outlines the current health care crisis.
- States the Act's intention to increase access to affordable health insurance coverage for all Massachusetts residents.

SECTION 2: Establishing the Quality Affordable Health Care Program to assist small businesses and moderate income families with health care costs

- Creates the Massachusetts Quality Affordable Health Care program to assist moderate income families and small businesses with their health care costs. Uninsured individuals below 400% of the poverty line (\$38,000 for an individual) will be eligible for the program.
- Authorizes increased eligibility in the Insurance Partnership, an insurance reimbursement program that helps small businesses provide health coverage.
- Allows the Executive Office of Health and Human Services to implement a targeted reinsurance program to lower premiums for small businesses and individuals. The reinsurance pool would cover individuals with catastrophic medical costs, allowing insurers to cut premiums.
- Authorizes sliding-scale premium reductions or tax credits for middle income households up to 400% of the federal poverty level.

SECTION 3: Affordable Health Care Fund

- Establishes the Affordable Health Care Fund, which will be used to finance the Massachusetts Quality Affordable Health Care program and the expansion of MassHealth eligibility and benefits.
- The Fund will consist of revenues from the increased cigarette tax, the assessments on businesses that do not provide health coverage to their employees, and federal reimbursements.

SECTION 4: Expanding coverage for low income working adults and children

- Authorizes MassHealth to cover all adults up to 200% of the federal poverty level (\$19,000 for an individual) and children under the age of 21 up to 300% of the federal poverty level (\$58,000 for a family of 4).

SECTION 5: Lowering health care premiums by repealing the Uncompensated Care Surcharge paid by insurers and other health care purchasers

- Repeals the \$160 million Uncompensated Care Surcharge now paid by insurers and employers who purchase health coverage for their employees.

SECTION 6: Cigarette tax earmarked to fund affordable health care programs

- Raises the cigarette tax 60 cents per pack, to \$2.11.
- All revenues will be deposited into the Affordable Health Care Fund.

SECTION 7: Affordable Health Care Fair Share Assessments

- Creates an Affordable Health Care Fair Share assessment to ensure that all employers are contributing to their employees' health care costs.
- For employers with more than 100 workers, the assessment is 7 per cent of their adjusted payroll.
- For employers with 100 or fewer workers, the assessment is 5 per cent of their adjusted payroll.
- The first \$50,000 of an employer's annual payroll is not assessed.
- Money that employers already spend on health insurance benefits for employees will be considered a credit against this assessment. Thus companies covering their workers will not pay the assessment.
- The regulations enforcing these provisions will include exemptions for substantial hardship.
- Revenues will be deposited into the Affordable Health Care Fund.

SECTION 8: Restoring MassHealth benefits and eligibility

- Restores benefits which were in effect in January 2002, including:
 - dental services and dentures
 - eyeglasses
- Adds smoking and tobacco use cessation treatment and information to the MassHealth benefit package
- All residents who are lawfully residing in the United States are eligible for benefits on the same terms as citizens.

SECTION 9: MassHealth payment rates shall cover costs

- Directs MassHealth to pay hospitals, community health centers and physicians their costs for serving MassHealth recipients.
- Directs MassHealth to use the Medicare payment system in reimbursing hospitals and physicians.

SECTION 10: Severability

- Declares that if any section of this law or an application of it is deemed invalid, the invalidation will only affect that specific section.

SECTION 11: Effective Dates

- The cigarette tax increase takes effect on January 1, 2007.
- The employer assessments take effect on July 1, 2007.
- The MassHealth payment reforms take effect on October 1, 2007.