

Read the latest on health care reform—inside!

fchp product diversity supports every need

Fallon Community Health Plan has earned a reputation for being as responsive and invested in our employers' health care as they are. One way we do this is to offer a variety of product and network choices that appeal to the diverse needs of many types of companies and their employees.

- **Fallon Preferred Care** is our PPO option, with access to a national network that offers the greatest flexibility when choosing a health care provider.
- **FCHP Select Care**, an HMO option, offers a choice of providers from an expansive network that includes physician practices, community hospitals and medical facilities *throughout the Commonwealth*, from Brockton to Beverly and the Berkshires.
- **FCHP Direct Care**, another HMO option, delivers up to 13% premium savings compared to FCHP Select Care products because it offers a *concentrated network* of some of the Commonwealth's highest-quality physician groups and hospitals. FCHP Direct Care includes more than 330 providers through Acton Medical Associates, Charles River Medical Associates, Fallon Clinic and Southboro Medical Group.

Within each of these products are unique plan designs with more choices that can help balance the benefits with the bottom line:

- **Premier options** are designed for those looking for the greatest

level of coverage. These options have a higher monthly premium, but lower copayments when services are received.

- **Premium Saver** options are more affordable than the premier options as they strike a balance between lower monthly premiums and slightly higher out-of-pocket expenses.
 - **Deductible options** reduce the monthly premiums even further through the use of an annual deductible for certain services. The deductible must be met before the plan begins to provide benefits.
 - **Inpatient copayment options** have no deductibles, but there is a copayment on hospital admissions.
- **Care Choice qualified high-deductible options** are one of our lowest-cost plans, which can be partnered with a health savings account to help pay for out-of-pocket costs—giving even more flexibility when it comes to cost savings.

In most cases, Select Care and Direct Care can be offered alongside each other and any of FCHP's product offerings, including Fallon Preferred Care.

For more details about our product portfolio, please contact your FCHP account manager at 1-800-333-2535. ■

we've got your out-of-state retirees covered

Fallon Companion Care is your health care coverage solution for Medicare-eligible retirees who live outside of Massachusetts.

Fallon Companion Care, our new group product that fills the "gaps" in Original Medicare Plan coverage, offers comprehensive medical and outpatient prescription drug coverage. It also includes our popular fitness reimbursement benefit, It Fits!.

And, since Fallon Companion Care doesn't have a provider network, your retirees can choose any doctor that's most convenient to them.

Fallon Companion Care, offered by Fallon Health & Life Assurance Company, acts as a secondary payer for Medicare-approved services. Members must have Medicare Part A and Part B. Companion Care is available to employers with FCHP commercial accounts.

Since 1980, we've offered health care coverage to people with Medicare. In fact, we were one of the first health plans in the nation to offer a Medicare HMO plan. Today, we continue to draw on our experience to provide you with great options for your retiree coverage. Our staff will work with you one-on-one to provide you with personal service and to customize a benefit design that best fits your needs.

Find out more about Companion Care today. Call Bob Cannon, FCHP Manager, Medicare Group Sales, at 1-508-368-9532. ■

health care reform in action

fchp here for you and your employees

Fallon Community Health Plan has a high level of involvement in all aspects of health care reform. In addition to participating in the Commonwealth Care and Commonwealth Choice programs, we're directly offering a variety of affordable health plan options to meet every need.

We're extensively reaching out to individuals to inform them of our comprehensive plan choices that vary by premium price and the costs members share.

FCHP would like to work with you if you have a high number of part-time employees needing to purchase individual products, or who may benefit from the Commonwealth Care program. For more information, please contact your sales executive today at 1-800-333-2535! ■

connector board finalizes key regulations

At its June 5 meeting, the Health Connector board approved final regulations on Section 125 plans, minimum creditable coverage and affordability—with few changes from the original proposals.

section 125 plans

The board unanimously approved the Section 125 plan regulations (that allow employees to purchase health insurance on a pre-tax basis) with the following changes:

- It clarified that an employer is exempt from setting up a Section 125 plan if it pays 100% of premiums for all "non-excludable" employees.
- Taft-Hartley plans are exempt.
- The initial time period for determining whether you have 11 or more full-time equivalent employees remained from April 1, 2006 to March 31, 2007—with an effective date of July 1, 2007.

For subsequent years, the time period shifts from October 1 of preceding year to September 30 of current year, with an effective date of January 1 of the following year. For example, an employer who has 11 or more FTEs during the period from October 1, 2007, to September 30, 2008, will need to have a Section 125 plan in place for January 1, 2009.

minimum creditable coverage

The Health Connector board approved the MCC regulations virtually as proposed, with minor changes for clarification. These are:

- Individuals will be considered to have creditable coverage when their deductibles are larger than those allowed under the regulations, but their employer has a formal arrangement to pay all or some of the deductible, so that the deductible is effectively reduced to a level within the limits of the regulation.
- Health plans may have benefit caps for non-core services—that is, services other than physician services, inpatient acute care, day surgery and diagnostic procedures and tests.
- Prescription drug coverage (mandatory starting January 1, 2009) must be provided with no more than a \$250 drug deductible for individuals, \$500 for families. Further details of prescription drug coverage will be taken up at the Health Connector board's July meeting.

affordability

The Connector board also finalized its regulations on affordability. The Connector staff had proposed few changes:

- The Department of Revenue must look at income *after all business expenses are deducted* when determining whether a self-employed person is subject to the individual mandate.
- Some definitions were revised to be more consistent with DOR definitions.

- The board adopted additional criteria for applying for waivers from the individual mandate, but noted they'll be re-examined after 2008. These criteria are:

- An individual can prove that the cost of purchasing MCC insurance would cause him to go without life necessities.
- An individual can request a waiver based on large family size.
- An individual is eligible for health care benefits through the Veteran's Administration.
- An individual has insurance that is not MCC-compliant but provides comparable coverage.

However, the Connector board **delayed voting until its July meeting on affordability schedules** that will allow individuals to determine if they are subject to the individual mandate.

ongoing issues to be addressed

The board acknowledges that particular issues were raised during the comment period and will be revisited within the next year. These topics are:

- Requiring creditable plans to count copayments of under \$100 toward the out-of-pocket cap.
- Setting a floor for lifetime caps in the MCC regulations.
- Subjecting to the MCC requirements any high deductible health plans tied to health savings accounts.
- Exempting from the individual mandate individuals who would have to pay 10% or more of their income to purchase health insurance. ■

proof of insurance

Under the law's individual mandate, individuals who can't show proof of health insurance coverage by December 31, 2007, will lose their personal income tax exemption when filing their 2007 income taxes. (The 2006 personal exemption is \$3,850 for an individual, which translates into a tax savings of approximately \$216 for an individual.)

How will an individual show proof of coverage? In early 2008, health plans will send their members a 1099 form confirming their insurance coverage. Individuals will include the form with their Massachusetts Resident Income Tax filing. Except for self-funded businesses, there is no employer involvement. ■

commonwealth care adjustments

Income thresholds will be expanded for Commonwealth Care, effective July 1, in order to align the program's guidelines with its pending affordability standards. This is the state's premium-assistance health insurance program for individuals with incomes at or below 300% of the federal poverty level.

- The income threshold for an individual who receives a full subsidy and does not have to pay monthly premiums for Commonwealth Care insurance would **increase from a limit of 100% of the federal poverty level (\$10,210) to 150% (\$15,315)**. This will cover an estimated 29,000 more people. (The change in income threshold will not alter which of the four plan types people join.)
- For those earning **between 150.1% and 200%** of the federal poverty level (\$20,420), the monthly premium for Commonwealth Care will be reduced by \$5, and **between 250.1 and 300%**, it will be reduced by \$1. There'll be no premium change between 200.1 and 250%.

As a result of the changes, premiums will be eliminated or reduced for 52,000 residents. ■

seasonal employment and fair share

What is considered seasonal employment under health care reform? For small employers, the definition may impact how they are affected by the fair share provision of the law.

For purposes of fair share, an employee is not “seasonal” just because the employer considers him or her to be so. A “seasonal” employer and employee are legally defined under Section 151A of the General Laws of Massachusetts*—which are referenced in the Division of Health Care Finance and Policy regulation 114.5 CMR 16.00 for “determination of employer fair share contribution.” An employer must meet the Sec. 151A definition, must file as a seasonal employer with the Division of Unemployment Assistance and make certain disclosures to the employee.

An individual’s employment **must not exceed 16 weeks** to be considered seasonal. If an individual exceeds this time frame, he or she could be considered a full-time employee (35 or more hours/week) under the fair share provision. (Note: the employee would be considered full time *for all of the time worked*, not just the time that is greater than 16 weeks.)

defining “fte”: seasonal in (maybe)

Under fair share, employers with **11 or more full-time equivalents** will be required to pay an assessment of up to \$295 per employee, per year if they don’t make a “fair and reasonable” contribution to employee health insurance. The DHCFCP regulations don’t define “full-time equivalents.”

Regulations proposed by other agencies, however—most notably regulations *proposed* (but not yet finalized) by the Division of Unemployment Assistance concerning calculation and collection of the fair share assessment amount—contain a formula that an employer can use to determine the number of full-time equivalents.

Under these regulations, an employer would add the total number of hours worked by *all employees*—full-time, part-time and **seasonal**—then divide by 2,000. (An employee who works more than 2,000 hours/year

should be counted as working a maximum of 2,000 for this calculation.) Thus, even employees who do meet the legal definition of “seasonal” outlined above are included in the calculation of the number of full-time equivalents.

“fair and reasonable” contribution: seasonal out

The Division of Health Care Finance and Policy’s final regulations state that an employer with 11 or more full-time equivalents would use only full-time employees to calculate whether he/she is meeting the “fair and reasonable” contribution—25% enrollment or 33% toward the plan premium. Employees who meet the legal definition of “seasonal” outlined above do not need to be included in these calculations.

assessment: seasonal in

If the employer is required to pay an assessment, however, the proposed regulations indicate that its amount will be calculated using all, **including seasonal**, employees.

With health care reform progressing at a fast and furious pace at many levels of the state government, inconsistencies in definitions and guidelines seem inevitable. How to define “full-time equivalent” for fair share purposes is one example. Many concerned organizations, including the Massachusetts Association of Health Plans, are working with government agencies to clarify and resolve discrepancies as they arise. ■

* See www.mass.gov/legis/laws/mgl/151a-1.htm; specifically Section 1, subsections (z), (aa), (bb) and (cc). Note: These subsections are at the very end of Section 1; scroll down towards the bottom of the page.

call us!

If you have questions
or need information
about health care reform,
please call your FCHP
account manager at
1-800-333-2535.

business buzz

caregivers at work: finding the balance

Nearly 25% of the U.S. workforce now cares for an older family member or loved one—and experts agree that this trend will continue to accelerate. The cost to employers of lost productivity and other factors related to caregiving is high—more than \$33 billion each year, according to the *2006 MetLife Caregiving Cost Study*. Employees in a caregiving role often need to modify their work schedules, and may unexpectedly come in late, leave early or even miss work altogether.

Most caregivers provide unpaid care to a parent or grandparent—for an average length of time of nearly four years. Often in their mid to late 40s, approximately 60% of caregivers are women, 40% men. More than 7 million employed caregivers are involved in providing “intense care,” accounting for half (\$17 billion) of the total lost productivity cost to employers.

What services would these employees value and use? Caregivers look for flextime, telecommuting and job-sharing; information, referral and educational programs; and programs to provide respite care, adult day services and caregiver support groups.

That’s where Fallon Community Health Plan can help.

Sponsored by FCHP, Summit ElderCare is an insurance, medical care and social services program in one convenient package. This Program of All-inclusive Care for the Elderly (PACE) provides a welcome alternative to nursing home placement by supporting independent living for frail elders.

Staffed by professionals in geriatric care, the program includes adult day care, home care, personal care, medical care and prescription drugs for its participants, as well as extensive support for their caregivers. The program, now in its twelfth year, serves residents of Worcester County, Marlborough and Hudson with locations in Worcester and Charlton, and is coming soon to Leominster.

Most participants are eligible for Medicare and Medicaid, which contribute toward the plan premiums. In some cases, there may be a monthly premium required based on a participant’s income or assets.

For more information **or to arrange a workplace visit by Summit staff**, call Marketing Director Judy Mackey at 1-508-368-9741 (or 1-800-698-7566—ask for Judy by name). Be sure to also visit www.summiteldercare.org. ■

Resource: The MetLife Caregiving Cost Study: Productivity Losses to U.S. Businesses, July 2006, by MetLife Mature Market Institute® and the National Alliance for Caregiving. The study is available to download or print at the Institute’s home page under “studies.”

why choose fchp?

Our current advertising promotes “the power of FCHP,” a power that our members have to take better care of themselves with unique benefits* like \$0 wellness copayments, It Fits! and Walk Across America.

- We offer **\$0 copayments for annual checkups** with a primary care physician or gynecologist. Well-child visits for dependent children also are covered in full.
- Exercise improves overall health and well-being for you and your employees. FCHP is doing its part by encouraging our members to get moving through our **It Fits! program, which reimburses families up to \$300** for memberships at a fitness center or in Weight Watchers®, or for school, town and summer sports programs, aerobics, Pilates classes or yoga classes, and more.

- One of FCHP’s popular Wellness Works programs is **Walk Across America**. This is a great *free* program for promoting healthy habits and behavior for your employees. Walk Across America is a complete package, available on CD, that gives you the ideas and information you need to set up a program that’s quick and easy to administer for your company. You’ll get sample material to introduce the program to your employees, ideas to inspire your walkers and help them monitor their progress, and more. Take the first step. To request the program and for help setting it up, call Emily Eaton, Manager, Health Promotion Services, at 1-508-368-9786 (or toll-free at 1-888-807-2908). ■

** Benefits and features may vary by employer and plan.*

Weight Watchers® is a registered trademark of Weight Watchers International, Inc.

state mandates certain prosthetics

Did you hear? A new state-mandated benefit is available to our members.*

Previously, *all* prosthetics were covered under the durable medical equipment limit of \$1,500 per year. Now, FCHP covers medically necessary prosthetic (artificial) limbs that replace, in whole or in part, **an arm or leg**. For most HMO plan design options, the member would be responsible for a 20% coinsurance. ■

** The new mandate does not apply to members of MassHealth, Commonwealth Care, ASO groups (benefit is at the employer group’s discretion) or Fallon Senior Plan™.*

in our corner

30th fchp anniversary— spreading the goodwill

Employees at Fallon Community Health Plan have distributed \$30,000 to their favorite charitable organizations in honor of our 30th anniversary. Based on an idea popularized in the novel and movie, *Pay It Forward*, 30 FCHP employees were randomly chosen to receive \$1,000 that they, in turn, donated to one or more organizations of their choice.

The extensive list includes nonprofits who provide support for children with cancer and their families; shelter for homeless women and families, AIDS victims, school and library programs, summer youth camps, and much more. Now we hope we've inspired other employees—and other businesses—to do the same! ■

new online tool checks drug interactions

Here's another great tool for your employees. Healthwise® Knowledgebase is an online health resource available free by clicking the link on FCHP's home page, www.fchp.org. Now we've added a new feature called the **Drug Interaction Checker** that lets visitors create a personal drug list and check for drug-to-drug and other interactions. Prescribed drugs may be affected by over-the-counter drugs, foods, vitamins, herbal supplements or other medicines. Some of these interactions can even be dangerous—and this new tool is an easy way to learn about the risks and help prevent them. ■

save the date

On September 24, FCHP will host its second annual **Golf FORE a Goal** tournament at Worcester Country Club. Last year we raised \$115,000 to benefit Boys & Girls Clubs throughout Massachusetts. This year's event will benefit food pantries and hunger relief programs in the state. If you or your business would like to be a sponsor, please call Cheryl Schmaltz at 1-508-368-9834 or send an e-mail to golf@fchp.org. ■

fchp introduces new community mini-grants

We recently announced a new philanthropic initiative, the **FCHP Mini-Grants Program**. Unlike our annual Community Benefits grants, we'll award two mini-grants of up to \$1,000 each every month. For information about applying for a mini-grant, organizations can download an application from the FCHP Web site at www.fchp.org. ■

walking for a cause

Team FCHP, a total of 70 individuals, raised more than \$6,000 in the annual **Central Massachusetts Heart Walk** in April. This walk is the American Heart Association's premier fundraiser to benefit heart and stroke research.

Several members of FCHP Account Management team raised \$1,600 in **WalkAmerica®**, the annual March of Dimes walk, which locally was held in Worcester on April 22. The team was pleased with its first-year effort and vows to do even better next year. FCHP also donated \$1,500 in sponsorship. The March of Dimes' mission is to improve the health of babies by preventing birth defects, premature birth and infant mortality. ■

read us online!

For your convenience, we now have on our Web site the current issue, as well as past issues, of **Employer Edge**. If you'd like to refer to a previously published article or share this publication with a colleague, you may quickly turn to the "Employer" section of www.fchp.org and click on "Employer Edge newsletter" in the middle of the page. Enjoy! ■

summer in the city

FCHP will hold its annual **Movies in the Park** series in Worcester during August. We'll be featuring: *Over the Hedge* on August 9, *Harry Potter and the Goblet of Fire* on August 16 and *The Goonies* on August 23.

Once again, FCHP was the presenting sponsor of Worcester's **Independence Day Celebration** on Tuesday, July 3 (rain date July 5) at Cristoforo Colombo Park. In addition to many kids' activities and a concert by the Massachusetts Symphony Orchestra, residents were treated to a spectacular fireworks display. ■



www.fchp.org

Employer Edge is published quarterly to provide employers with the latest news, trends and marketplace information in health care. Please share this issue with your coworkers. E-mail your comments on *Employer Edge* to Employer.Edge@fchp.org. For information about products or programs, ask for your account manager at 1-800-333-2535.