

health care reform: the big picture

This spring, Gov. Mitt Romney signed into law landmark health care reform that requires all Massachusetts residents to have health insurance by **July 1, 2007**.

"This health care reform initiative will drive affordability and access, as well as clinical and financial soundness for the foreseeable future," FCHP President and CEO Eric Schultz commented at a recent FCHP broker event. "It's a dynamic time to be in health care."

Schultz revealed that FCHP has been active in presenting ideas and benefit plan designs to the state regulators as part of the health care reform activity. As the law becomes

reality, FCHP will have the flexibility to develop a variety of affordable, high-quality health plan options. For example, we'll be able to offer lower-cost, specially designed plans for young adults ages 19 to 26 and plans that allow individuals and businesses to buy health insurance with pre-tax dollars.

There are obviously many details to work out—and quickly—that will require collaboration among many parties. FCHP will work closely with everyone involved to put health care reform into action. Please turn to page 2 for a health care reform overview and timetable.

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fchp adds more than 600 physicians

Fallon Community Health Plan made another significant expansion to its FCHP Select Care network, effective June 1, 2006, that will boost physician access for your employees who live or work in communities around Boston.

FCHP has added three new physician groups and two hospitals to the network.

north of boston

- **Highland Healthcare Associates IPA** gives FCHP members inside Route 128 access to approximately 330 health care providers, including more than 100 primary care physicians. The IPA is affiliated with **Winchester Hospital**, a 200-bed acute care, community hospital already in our network. The hospital and its physicians serve more than a dozen communities in the region.

south of boston

- **Bridgewater Goddard Park Medical Associates** is a multi-specialty and multi-site physician group practice in Plymouth County with approximately 80 physicians—39 PCPs, 28 specialists and 13 other providers.
- **Brockton PHO** is a strong physician-hospital organization, also in Plymouth County, that adds approximately 192 providers to our network—21 PCPs and 171 specialists.
- **Brockton Hospital**, in Brockton, is a 268-bed teaching hospital that offers virtually every medical specialty,

a large emergency department and 26 adult primary care and specialty outpatient clinics.

- **Caritas Good Samaritan Medical Center**, also in Brockton, is a full-service, acute care, Catholic hospital with 258 beds. The medical center recently scored in the top 7% of hospitals nationwide for patient satisfaction.

These providers serve approximately 20 communities in southeastern Massachusetts.

FCHP is currently working with the three physician group practices to credential their physicians. Additional information will be available to our members once the credentialing process is complete. ■

are your employees taking advantage of www.fchp.org?

Our Web site has a new section, called **My FCHP**, which allows members to interact with us more easily and access important health information. It is designed for secure customer interaction.

Members can find a doctor, request a new ID card, change their account address and phone number, review their benefits and wellness programs, compare hospitals—and much more.

Spread the word! ■

For your easy reference, here are key components of the law.

- Creation of the Commonwealth Health Insurance **Connector**, a centralized agency that certifies, sells and enrolls individuals and groups into insurance products
 - Certifies products as good value
 - Enrolls membership into various health plans
 - Allows small businesses and their employees to buy health insurance with pre-tax dollars by requiring establishment of Section 125 plans
 - Allows business to contribute monies on behalf of employees for their health insurance
 - Allows establishment of sub-connectors to outsource administrative responsibilities of the Connector
- **Plan design guidance**, including:
 - Limited and tiered networks
 - Promotion of cost and quality information
 - Tobacco use rate adjustment and wellness program discount adjustments
 - No changes to existing mandated benefits
 - No deductibles permitted in plans designed for the Commonwealth Care Health Insurance Program (subsidized plans)
- **Changes to MassHealth (Medicaid)**
 - Increases eligibility to children in families earning up to 300% of the federal poverty level
 - Restores dental, vision, chiropractic and prosthetic benefits
- Creates the **Commonwealth Care Health Insurance Program** for low-income residents
- Additional **product designs**—available through the Connector—**specifically for 19- to 26-year-olds** who don't have access to a group product
- The **dependent age for health care coverage was increased immediately** to age 26, or two years past the loss of dependent status, whichever comes first
- Effective July 1, 2007, the **small group and individual markets will merge** under the Connector. Multiple employers may pay into one person's premium, and coverage will be portable for employees.
- **Employers with 10 or more employees** who don't contribute towards insurance will be subject to a **"fair share employer contribution"** of \$295 per employee and may be assessed a **"free rider surcharge"** if their employees access free care and they don't allow pretax contributions for health insurance premiums.
- **Massachusetts residents who do not have insurance by July 2007** will lose their personal income tax exemption for 2007 and, beginning the next year, be penalized 50% of what an individual would have paid toward an affordable premium. ■

health care reform timeline

2006		2007	
Now	Dependent coverage age has increased to 26, or two years past loss of dependent status, whichever comes first.	April 1	Enrollment becomes effective for 19- to 26-year-olds. Enrollment becomes effective for small groups.
October 1	Enrollment for Commonwealth Care program becomes effective.	July 1	Individual market enrollment and mandates become effective. All Massachusetts residents are required to have health insurance. ■

clinical corner

Are your employees taking advantage of FCHP's Every Day Health programs, like Quit to Win? These types of programs help to improve quality of life while, at the same time, reducing overall health care costs.

You've heard the statistics. Lung cancer, predominantly caused by smoking, is the leading cause of cancer death in the United States for both men and women. And according to all estimates, smoking-related medical costs are in the billions—in fact, \$75.5 billion according to the American Cancer Society's latest figures (for 1998).

In view of these statistics, we're thrilled to report that FCHP's tobacco treatment program, called *Quit to Win*, is giving people the tools they need to succeed. **Participants in *Quit to Win* have achieved a one-year abstinence rate of 32%, which is more than twice the quit rate the National Cancer Institute considers to be successful.** In addition, we have increased our new participation by 45%, and ongoing attendance in the program is very high.

Group sessions are free (your employees don't have to be FCHP members to join us), and members can buy nicotine patches at a greatly discounted rate. Phone counseling is an option for those who cannot attend our group sessions. We have several locations. Regrettably, we no longer offer sessions at Fallon Clinic on May Street in Worcester. However, we are pleased to have added the Milford Regional Medical Center as another meeting site. Meetings there began June 1.

To find out more, call our *Quit to Win* program at 508-368-9540 or 888-807-2908 and choose option 2, or talk to your account manager at 800-333-2535. ■

premium increases mirror health care spending

A key finding of a recent report by PricewaterhouseCoopers is that the overall health care premium increase of 8.8% between 2004 and 2005 was more than *one-third lower* than increases PwC reported in its comparative 2002 study.

PricewaterhouseCoopers revisited the underlying drivers of health care costs and how premium dollars are being spent in *The Factors Fueling Rising Healthcare Costs 2006*.

According to PwC's estimates, "approximately 86 cents out of every premium dollar go directly towards paying for medical services such as hospital care, physician care, medical devices and prescription drugs."

Of the remaining costs:

- Five cents go to other consumer services, provider support, and marketing (including prevention, disease management, care coordination, investments in health information technology and health support).
- An estimated six cents are attributable to costs associated with government payments, regulation and other costs associated with administration (e.g., claims administration).
- Three cents of the premium dollar represent health plan profits.

The report concludes, "Premium increases very closely follow health care spending increases over time. Over the most recent 10-year period (1993-2003) for which data are available, premiums grew at an annual rate of 7.3%, while the cost of health care services grew at an annual rate of 7.2%."

PwC adds that "current health plan trends to promote provider pay-for-performance, transparency, consumer engagement and healthy lifestyles have the potential to mitigate future cost increases and address some root cost drivers."

For a closer look at *The Factors Fueling Rising Healthcare Costs 2006*, go to www.ahip.org/redirect/PwCCostOfHC2006.pdf. ■

business buzz

legislators proposing better pay and leave for workers

While health care reform was getting all our attention, Massachusetts legislators introduced two bills that would make our state one of the most generous in the nation.

minimum wage hike

While the federal government continues to debate a new minimum wage, Massachusetts House and Senate negotiators quickly reached a compromise agreement to set the minimum at \$8 by January 1, 2008—which would make it the highest in the country. At press time, the deal had passed the Senate and was predicted to get House approval. The measure could face Gov. Romney's veto. The Senate's original proposal to link future wage hikes to inflation was dropped—a move endorsed by much of the business community.

paid fmla

The Senate also introduced a bill that would require paid family and medical leave for all eligible Massachusetts workers—their full salary (up to \$750/

week) for up to 12 weeks. The U.S. Family and Medical Leave Act gives 12 weeks of job protection *without* pay for employees of larger companies. The Senate's version would be the most aggressive FMLA approach in the country. The plan would be funded by a mandatory employee contribution of perhaps \$1.50 to \$2.50 a week. House leaders have withheld comment, but many believe this proposal will not be so widely endorsed by our representatives. ■

in our corner

dependent and student coverage update

In our last issue of *Employer Edge*, we informed you that FCHP had recently simplified its student recertification process. Shortly afterwards, Massachusetts passed its health care reform legislation that increased the dependent age for coverage to age 26 or two years past the loss of dependent status, whichever comes first.

This measure directly impacts our coverage for unmarried dependents (age 19 and over) that are enrolled as full-time students at accredited institutions. FCHP has sent a letter to employers explaining in detail how the new guidelines affect you and your employees.

If you have any further questions, please call your account manager at 800-333-2535. ■

fchp offers help with medication management

Fallon Community Health Plan has introduced a new medication therapy management program in collaboration with Medicare. The program is designed to help our Fallon Senior Plan™ members who are taking multiple prescription medications to maintain good health.

FCHP's program is for those members who are managing at least 10 prescriptions per month, have three or more chronic conditions* and are spending more than \$4,000 on prescriptions each year. An FCHP pharmacist provides education, monitoring and support for the members in the program.

We have contacted Fallon Senior Plan members who are eligible. The program is free and voluntary.

* Chronic conditions identified for this program are COPD, depression, diabetes, osteoporosis, high cholesterol and high blood pressure. ■

fchp support for high-risk pregnancies

Fallon Community Health Plan has introduced a new obstetrical program, *Special Deliveries*, which offers extra support to pregnant women at risk for complications—including premature delivery. We offer the program at no additional cost to our members.

Special Deliveries provides case management support throughout the pregnancy. We also offer education, home health services and identification of community resources to support or supplement care.

The practical and emotional costs of premature delivery are immense. Our goal is to help these mothers and their babies have the healthiest pregnancy possible and to help mothers deliver closer to full term. We're encouraging our providers to refer appropriate FCHP members to the program.

The *Special Deliveries* program extends our support for new parents. Through our *Oh Baby!* program,

members* who are expecting or planning to adopt a baby may receive prenatal vitamins, a child care book, a convertible car seat and more—all at no additional cost.

* The Oh Baby! program is for members of FCHP Direct Care, FCHP Select Care, FCHP Flex Care Direct and FCHP Flex Care Select. ■

in the community

• On Monday, September 25, Fallon Community Health Plan will host its first **Golf FORE a Goal** tournament at Worcester Country Club. In keeping with our mission—*making our communities healthy*—all net proceeds from this event will benefit the Boys & Girls Clubs throughout Massachusetts. We invite you to join us in supporting this worthy cause while you enjoy a fabulous day of golf on the legendary Worcester Country Club fairways. **A variety of sponsorship types and levels are still available.** If you or your business would like to be a sponsor, please call Kate McEvoy-Zdonczyk, Director, Community Relations, at 508-368-9523.

• Once again, FCHP was the presenting sponsor of Worcester's **Independence Day Celebration** at Cristoforo Colombo Park. In addition to many kids' activities and the rousing music of the Worcester Symphony Orchestra, attendees were treated to a spectacular fireworks display. It was another memorable party.

• FCHP is proud to be a major sponsor again this season of the Can-Am League's 2005 champion **Worcester Tornadoes**. If you go to a game, look for the prominent FCHP banner along the first-base line and our ad on the back page of the team's program book.

• FCHP is presenting our annual **Movies in the Park** series at Institute Park in Worcester during August. We'll be featuring *Star Wars III: Revenge of the Sith* (August 5), *Harry Potter and the Prisoner of Azkaban* (August 12) and *Madagascar* (August 19). ■



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