



# Compliance Alert

January 17, 2008

## Massachusetts Health Care Reform Act of 2006

The above **Act** became law on April 12, 2006 and requires Massachusetts residents to have health insurance and penalizes those who do not obtain health care coverage. This Act requires that Massachusetts residents age 18 and older obtain and maintain health insurance that meets the state's minimum creditable coverage standard by December 31, 2007. Members living in Massachusetts will face tax penalties if they are unable to demonstrate a "creditable" status for their health care coverage.

Employer groups are responsible for providing written notice to their employees and/or retirees living in Massachusetts regarding the status of their current health care product no later than January 31, 2008 and annually thereafter. Employer groups are also responsible for assessing whether or not the current health benefits that are provided to their employees and/or retirees meet the minimum creditable coverage standard.

Massachusetts has deemed that anyone with health care coverage in 2007 and 2008 has creditable coverage for the purposes of filing their income tax return as long as they maintain their current coverage, with no breaks in coverage over 63 days.

Impacted employees and/or retirees residing in Massachusetts will need the **MA-1099 Health Care Coverage** information to complete their 2007 state income tax returns, along with the "creditable coverage" status of their current health plan. If the employee/retiree is unable to prove "creditable coverage" he/she may lose personal exemption when filing 2007 state personal income taxes.

Guidelines for the minimum creditable coverage standards will change for the 2009 tax year. An assessment will need to be completed annually beginning with the tax year 2009 to determine if the health care coverage offered meets the minimum requirements for creditable coverage as established by Massachusetts law.

For those employers that have employees residing in Massachusetts, GBS will be providing you a list of those employees as well as a sample letter you may use to send to the employees.

**Note:** You will need to notify those employees living in Massachusetts that are currently **not** enrolled in your benefit plan.

This information should also be included in your "new employee packet".

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**Below is a list of additional resources that will help you understand this new law.**

**General Laws of Massachusetts: Chapter 111M. INDIVIDUAL HEALTH COVERAGE**

<http://www.mass.gov/legis/laws/mgl/gl-111m-toc.htm>

**General Laws of Massachusetts: Chapter 62c**

<http://www.mass.gov/legis/laws/mgl/62c-8.htm>

**Massachusetts Department of Revenue Health Care Information (Form 1099-HC)**

[http://www.mass.gov/?pageID=dorterminal&L=3&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&sid=Ador&b=terminalcontent&f=dor\\_healthcare\\_healthcare&csid=Ador](http://www.mass.gov/?pageID=dorterminal&L=3&L0=Home&L1=Individuals+and+Families&L2=Personal+Income+Tax&sid=Ador&b=terminalcontent&f=dor_healthcare_healthcare&csid=Ador)

**956 CMR 5.00 – Minimum Creditable Coverage Standard**

<http://www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/Health%2520Care%2520Reform/Regulations/documents/956%2520CMR%25205.00%2520Final%2520060507.pdf>

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