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Several Onerous Massachusetts Health Care Reform Act Requirements Eliminated

Recent changes to the Massachusetts Health Care Reform Act (MHCRA) remove several employer requirements.

BACKGROUND - RULES PRIOR TO CHANGE

Mandatory Cafeteria Plans. Under the MHCRA, employers with 11 or more full-time equivalent (FTE) employees in Massachusetts must offer cafeteria plans to enable their employees, including employees who may not be eligible for the employer's group health plan, to purchase health insurance on a pre-tax basis either through an employer-sponsored plan or the Massachusetts Health Connector.

Filing HIRD. The MHCRA also requires covered employers to file an Employer Health Insurance Responsibility Disclosure (HIRD) form and collect an Employee HIRD form from all employees who decline employer-sponsored insurance and/or participation in the employer-sponsored cafeteria plan.

Employer Contributions and Reporting. Under the MHCRA, covered employers must make a fair and reasonable premium contribution toward the cost of an employer-sponsored health plan for its full-time employees and file a Fair Share Contribution (FSC) report quarterly.

RECENT CHANGES

Cafeteria Plan Not Required for Ineligible Employees. Under Health Care Reform, employer-sponsored cafeteria plans cannot allow employees to make pre-tax contributions for health insurance offered through a governmental exchange on or after December 31, 2013. Due to these requirements, the Massachusetts Health Connector recently announced that it will no longer enforce the MHCRA requirements to offer a cafeteria plan to employees ineligible for employer sponsored coverage.

Fair Share Contribution and Disclosure Requirements Repealed. Effective July 1, 2013, the Massachusetts legislature repealed the FSC and the employer and employee HIRD form disclosure requirements. The last filing period for the FSC program is for the April 1, 2013 – June 30, 2013 filing quarter. Please note that the Department of Unemployment Assistance can still enforce FSC liability for past quarters.

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