



October 16, 2008

Leslie Kirwan, Chair, Commonwealth Health Insurance Connector Authority
 Secretary, Executive Office for Administration & Finance
 State House, Room 373
 Boston, MA 02108

Dear Secretary Kirwan:

We are writing on behalf of business groups and health plans who are committed to the success of the state's Health Care Reform Law and the goal of providing high-quality, affordable health care coverage to all Massachusetts residents. Since its inception, Health Care Reform has been successful in reducing the number of uninsured, with more than 439,000 people having obtained coverage since the law's passage. Much of the Commonwealth's success in expanding coverage has been due to employers embracing the challenge of Health Care Reform, with 159,000 individuals obtaining coverage through an employer.

The unprecedented economic crisis we face and the rising cost of health care threaten to undermine the continued success of Health Care Reform. It is our understanding that in issuing amended regulations, the Connector's intent was to provide clarification to the minimum creditable coverage (MCC) standards. It is imperative that the Connector not impose additional provisions that would add to the cost of health insurance and disqualify the coverage for thousands of currently insured residents and the employers that provide it to them. Toward that end, we urge that the Connector allow for the following components for MCC:

- Federally-qualified HDHPs.** It is our understanding that one of the Connector's objectives in making changes to the MCC standards was to add clarification to the requirements for federally-qualified high deductible health plans (HDHPs). As written, an individual enrolled in a HDHP that is MCC compliant would be disqualified from meeting federal requirements, thereby eliminating the tax advantage of purchasing the HDHP in conjunction with a health savings account. This would make Massachusetts the only state to effectively eliminate these products from the market, even though the Health Care Reform Law specifically allowed for them as an acceptable product. We urge the Connector to adopt a standard that ensures HDHPs are deemed to be in compliance with MCC so long as they meet federal

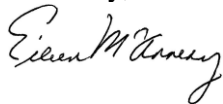
requirements, comply with the "broad range of medical benefits," and the prescription drug requirement. Further, the requirement allowing for prescription drugs to be covered as a medical benefit subject to a global deductible should be consistent with the federal requirements for HDHPs.

- **Safe Harbor.** We are concerned about the effect the revised standards will have on employers that are offering comprehensive coverage but may deviate slightly from the standards. Individuals enrolled in these types of health plans would be subject to tax penalties unless their employers adjusted the benefits to meet the standards. This may not be feasible for larger, national employers who may offer uniform benefits to employees across the country and would not be able to narrowly tailor benefits for Massachusetts-only employees. Providing for a safe harbor by setting an actuarial equivalent standard would allow companies to innovate while providing a meaningful and adequate level of benefits.
- **Emphasis on Minimum.** Employers have been stretched to their limits as they struggle to keep up with the many requirements of the Health Reform Law. Expanding the list of core services has the potential to disrupt coverage for thousands of individuals and businesses who are already insured, limit the options available to employers and consumers, and force them to purchase more expensive coverage than is necessary for them. Minimum creditable coverage should be just that – the minimal level of insurance needed to comply with the individual mandate. The requirement mandating prescription drug coverage as an element of MCC will force thousands of individuals to purchase more expensive coverage regardless of whether their existing plans meet their needs. Individuals have the ability to buy up from the MCC threshold and should have the ability to choose the options that are right for them. We urge the Connector not to impose additional requirements that will make the minimum level of coverage more expensive at a time when businesses and consumers are struggling to find affordable options.

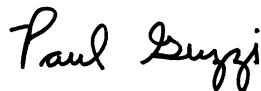
With employers and individuals grappling with rising costs and the impact the downturn in the economy will have on them still unknown, now is not the time to be adding to their health care costs. This will only exacerbate the challenges they face and is not what they need during a time of great economic uncertainty.

We appreciate the opportunity to offer comment and urge that the Connector set the standard for MCC at a level that allows for a wide range of options and avoids adding unnecessary burdens on individuals and employers.

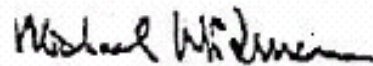
Sincerely,



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Associated Industries of Massachusetts



Paul Guzzi, President & CEO
Greater Boston Chamber of Commerce



Michael Widmer, President
Massachusetts Taxpayers Foundation




Alan G. Macdonald, Executive Director
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William Vernon, Massachusetts State Director
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Francis R. Carroll, Founder and CEO
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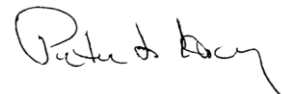
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cc: His Excellency Deval Patrick
Nonnie Burnes, Commissioner, Division of Insurance
Thomas Dehner, Director, Division of Medical Assistance
Ian Duncan, FSA FIA FCIA MAAA, President, Solucia Inc.
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