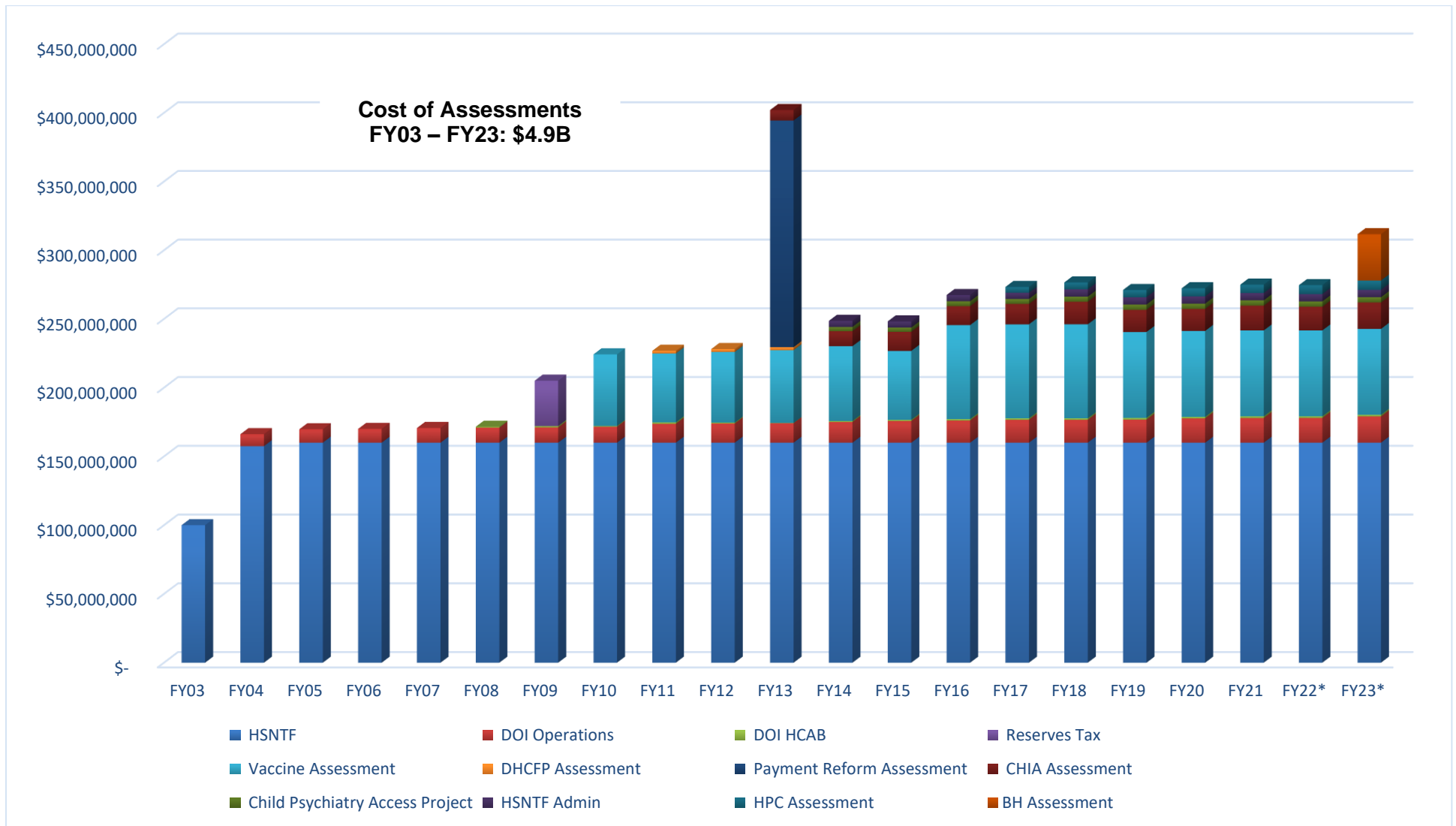


Assessments on Health Plans & Employers to Fund State Programs: FY03 – FY23



Health Safety Net Trust Fund (HSNTF): The HSNTF (previously the Uncompensated Care Pool) is a program for Massachusetts residents who are not eligible for health insurance, do not have coverage for all medically necessary services, or cannot afford to buy insurance. Sometimes referred to as the Free Care Pool, the HSNTF is funded in part by hospitals, health plans and employers, and the state. The FY04 state budget increased health plans and employers' contributions by \$57.5 million from \$100 million to \$157.5 million and lowered the amount hospitals fund from \$170 million to \$157.5 million. In FY'05, the amount was

increased to \$160 million for health plans and employers and hospitals. The amounts are retrieved from the HSN annual reports.ⁱ The amounts for FY22 & FY23 are an estimate based on prior years.

HSNTF Administration (HSNTF Admin): Funding for the Administration of the Health Safety Net Trust Fund

The FY14 state budget required that payers (health plans and employers) and hospitals be assessed for the cost of the administration of the Health Safety Net Trust Fund. Funding for this purpose previously had existed in the administrative budget of the Division of Health Care Finance and Policy, which administered the Health Safety Net Trust Fund in past years and the assessment is estimated at \$4.5 million - \$5.3 million on health plans and employers. The amounts are retrieved from the HSN annual reports.ⁱⁱ The amounts for FY22 & FY23 are an estimate based on prior years.

Division of Insurance Operations: Line Item 7006-0020 funds Division of Insurance operations - The amount appropriated to the Division of Insurance in the General Appropriations Act for each fiscal year, plus associated fringe benefit costs are assessed upon the companies that the Division currently regulates, except for licensed business entity producers and certain excluded companies. This assessment shall be in addition to any and all assessments currently assessed upon companies under this line item. The assessment is a flat dollar calculation and not a proportional calculation based on premium.

Division of Insurance Health Care Access Bureau (DOI HCAB): This assessment is billed to the carriers licensed under M.G.L. c. 175, 176A, 176B and 176G. The assessment shall be at a rate sufficient to produce \$600,000 annually. In addition to that amount, the assessment shall include an amount to be credited to the General Fund, which shall be equal to the total amount of funds estimated by the secretary for administration and finance to be expended from the General Fund for indirect and fringe benefit costs attributable to the personnel costs of the HCAB. If the Commissioner fails to expend for the costs and expenses of the HCAB in a fiscal year, the total amount of \$600,000 for the purposes set forth in this section, any amount unexpended in that fiscal year shall be credited against the assessment to be made in the following fiscal year, and the assessment in the following fiscal year shall be reduced by that unexpended amount. The assessment shall be allocated on a fair and reasonable basis among all carriers licensed under M.G.L. c. 175, 176A, 176B and 176G. As part of the state's Health Care Reform Law, Chapter 58 of the Acts of 2006 created the Health Care Access Bureau within the Division of Insurance. The HCAB Assessment was first billed in FY08 following the statutory creation of the Health Care Access Bureau within the Division of Insurance. The FY23 amount is an estimate based on prior year.

Reserves Tax: Chapter 302 of the Acts of 2008 included a \$33 million assessment on health plan reserves. The Reserves Tax was described as a one-time assessment intended to provide funding for the Commonwealth Care program and other state health programs.

Vaccine Assessment (Vaccine Purchase Trust Fund): The FY10 state budget included a provision assessing health plans and employers to fund the cost of the state's Universal Immunization program. Chapter 28 of the Acts of 2014 codified the assessment into statute, permitting the states Vaccine Purchasing Advisory Council to make recommendations to the Commissioner of Public Health on the types of vaccines to be purchased and for the Department to assess health plans and employers for the cost of those vaccines. The amounts listed for FY15 and FY16 are based on the Pediatric Immunization Program Assessment Revenue Requirement. The FY17 and FY18 amount is an estimate based on FY16 assessment revenue requirement retrieved from the legislative report.ⁱⁱⁱ The amount listed for FY19 is the Pediatric Immunization Program Assessment Revenue Requirement. The FY20-23 amount is an estimate based on FY19 assessment revenue requirement.^{iv} The Department has increased the payor surcharge for FY20 above the health care cost growth benchmark to address an increase in certain vaccines and a decrease in the population covered by the federal VFC Program.

Division of Health Care Finance and Policy (DHCFP) Assessment: The FY11 state budget included a surcharge on employers and health plans to fund a portion of the Division of Health Care Finance and Policy's budget equal to not less than 10 percent of the DHCFP line item (4100-0059 & 4100-0060), shifting approximately \$2 million of the agency's budget onto employers and health plans.

Payment Reform Assessment: The state's Payment Reform Law (Chapter 224 of the Acts of 2012) included a one-time assessment on health plans of \$165 million to provide support to the Distressed Hospital Trust Fund, the Prevention and Wellness Trust Fund and the e-Health Institute Fund. The amount may be paid in a single payment no later than June 30, 2013, or in four equal annual installments to be paid on or before June 30 of each year beginning on June 30, 2013. Chapter 224 prohibits health plans from including the cost of this assessment in premiums.

Center for Health Information & Analysis (CHIA) Assessment: Line item 4100-0060 funds the Center for Health Information & Analysis (CHIA). Chapter 224 intended that funding for CHIA be apportioned equally among the Commonwealth, surcharge payers (health plans and employers), and hospitals and ambulatory surgical centers (ASCs), with each contributing one-third. However, under its assessment regulations CHIA split the cost for funding its activities on payers and providers.

Child Psychiatry Access Project: Assessment to Fund the Child Psychiatry Access Project: The FY14 state budget included in line item 5042-5000 a provision that the Department of Mental Health expend not less than \$3.1 million for the Massachusetts Child Psychiatry Access Project and to assess health plans and employers for the cost of the program. The amounts for the FY16-FY23 increased and ranged between \$3.6 million - \$3.8 million respectively and further expended amounts for Project for moms statewide to address mental health concerns in pregnant and postpartum women.

Health Policy Commission (HPC) Assessment: From 2013 – 2016, the Health Policy Commission had been funded by a portion of the Payment Reform Assessment and a portion of gaming license fees. Beginning in 2017, the HPC can collect an annual assessment from acute hospitals, ambulatory surgical centers, and surcharge payors to fund its operations and programs. Chapter 224 intended that funding for HPC be apportioned equally among the Commonwealth, surcharge payers (health plans and employers), and hospitals and ambulatory surgical centers (ASCs), with each contributing one-third. However, in its assessment regulations the HPC split the cost for funding its activities on payers and providers.

Behavioral Health (BH) Assessment: The FY23 budget (Section 69A) included a \$33 million assessment on health plans. The Behavioral Health assessment was described as a one-time assessment intended to provide funding for behavioral health access and crisis intervention services in the Commonwealth.

ⁱ Health Safety Net (HSN) annual reports. Accessed from <https://www.mass.gov/lists/health-safety-net-hsn-annual-reports>

ⁱⁱ *Id* at i.

ⁱⁱⁱ MA Department of Public Health. Vaccine Purchase Trust Fund FY2015 & 2016 Report. (2016) Accessed from <https://www.mass.gov/doc/dph-legislative-report-fy15-fy16-vaccine-purchase-trust-fund/download>

^{iv} MA Department of Public Health. Vaccine Purchase Trust Fund FY 2019 Report. (2020) Accessed from <https://malegislature.gov/Bills/191/SD2995>