



**IMPORTANT NOTICE REGARDING HEALTH CARE REFORM
FOR RESOURCE MANAGEMENT CLIENTS**

The Massachusetts Division of Health Care Finance and Policy (DHCFP) adopted emergency regulations on June 20, 2007 for two key areas under health care reform:

- (1) Health Insurance Responsibility Disclosure (HIRD), and
- (2) Employer Surcharge for State-Funded Health Costs ("Free Rider Surcharge").

Both regulations are effective July 1, 2007.

■ **HEALTH INSURANCE RESPONSIBILITY DISCLOSURES (HIRD)**

The regulation states that each employee of an employer with 11 or more full-time equivalent employees who:

- declines to enroll in his/her employer-sponsored insurance; or
- declines to use his/her employer's Section 125 plan

must complete an Employee HIRD Form. The employer must provide a copy of the signed Employee HIRD Form to the employee and retain a copy for three years. The regulation also specifies information that employers will be required to submit. **Instead of sending a separate form to the DHCFP,** employers will submit Employer HIRD information to the Division of Unemployment Assistance at the same time as their Employer Fair Share Contribution filing.

PLEASE BE ADVISED THAT IF YOU ARE AN RMI CLIENT, THE HIRD FORMS WILL BE SENT TO ALL EMPLOYEES BY RMI, AND YOU NEED NOT TAKE ANY ACTION AT THIS TIME.

■ **FREE RIDER SURCHARGE**

Called the "Employer Surcharge for State-Funded Health Costs" this regulation **includes the method the Division will use to assess a surcharge** on an employer that does not adopt and maintain a Section 125 plan for health insurance payroll deductions.

An employer with 11 or more full time equivalent employees that does not comply with the requirement may be assessed a surcharge if its employees or dependents of its employees receive health care paid for by the Uncompensated Care Pool or Health Safety Net Trust Fund.

PLEASE BE ADVISED THAT IF YOU ARE AN RMI CLIENT, RMI MAINTAINS A SECTION 125 PLAN THAT ALLOWS EMPLOYEES TO MAKE PREMIUM CONTRIBUTIONS TO GROUP HEALTH PLANS WITH PRE-TAX DOLLARS. THIS MEANS THAT YOU ARE IN COMPLIANCE WITH THIS REGULATION AND YOU NEED NOT TAKE ANY ACTION AT THIS TIME.

HUMAN RESOURCE DEPARTMENT