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Health Care Reform - It's All About Accountability

by George W. Gonser Jr., MBA, CDHC

I was speaking to members of a dental office recently, and they told me that they have three employees who declined to take the office's health insurance because it was "too expensive" and they have 10 employees who are ineligible because they work less than the 35 hours required for eligibility in their office. The dentist asked me: "I don't have to concern myself in terms of Health Care Reform with these 13 employees, do I?"

In the past, I would have provided counsel to the dentist that since the 10 employees were ineligible and the three employees didn't want the insurance, the office would be okay. However, with the Massachusetts Health Care Reform Law, all Massachusetts residents need to have health insurance as of July 1, 2007. Using the above-mentioned case as an example, what does this dental office need to do to comply?

Simply put, businesses have to account for all of their employees. What this means is that each business needs to know, in writing, what each employee is doing for his or her own health insurance. The reason for the Health Care Reform mandate is to have all residents enrolled in a health insurance plan. Previously, people who were uninsured knew that they had a safety net: the uninsured pool, which would cover them if they needed care. Therefore, many people, an estimated 380,000 Massachusetts residents, decided not to get insurance. In the event the uninsured got sick or injured, they went to the hospitals, which are mandated to provide care to all people, and this care would be covered under the state's uncompensated care pool.

So, in effect, those with health insurance, carriers, and hospitals have been funding the care of these uninsured people. The cost of care at hospitals is very expensive. If an uninsured person went to the hospital with a sore throat or a headache, the cost to treat this condition was far more expensive than treatment at a doctor's office or clinic.

So Health Care Reform is here. What must a dental office do? First off, take an accounting of all of your employees. You will have four categories:

Category 1—Eligible insured. Meet office eligibility requirement and are enrolled in office group health insurance plan.

Category 2—Eligible spousal waiver. Meet office eligibility requirement but waive off the plan because they are covered by their spouse's plan.

Category 3—Eligible not insured. Meet office eligibility requirement but choose not to get office group health insurance plan for a variety of reasons. This group is considered uninsured.

Category 4—Ineligible. Do not qualify under the office eligibility requirement; either get insurance on their own, are covered by their spouse's plan, or are uninsured.

Regardless of the size of your business, it is imperative that you identify which of the four categories your employees fall into. If they fall into Categories 3 or 4, be aware that the rules have changed. The employee/dental office can do the following, based on the category: Category 3 employees can either enroll in the group health plan offered through the office and subsidized by the office or get insurance through the insurance connector offered by agents such as MDS Insurance Services, Inc. (MDSIS). They will be required to utilize the Section 125 Plan to help pay for the insurance. Note that if enrolled under the dental office's health insurance plan, the employer, based on the terms set forth by the business, may subsidize some of the cost. If the employees obtain insurance through the connector, they must pay the entire premium themselves.

Category 4, uninsured employees, can get insurance directly through an insurance agent or the connector that fits their individual needs. They will not be eligible for subsidized insurance through the business, but depending on their income level, they may be able to receive subsidized insurance premiums through the connector or, if not eligible for subsidized

insurance, can enroll in an individual connector insurance product offered by agents such as MDSIS.

As you can see by the information outlined above, you must be precise in the management of your health insurance benefits. It means that you have to account for all of your employees, from those who work one hour to those who work 50 hours a week. To do so will require a small investment in time and management, but the payoff is that you will document your office structure. Failure to do so can result in fines.

With the Health Care Reform Law, it is all about accountability. My recommendation is to get on it immediately. If you need help, contact MDSIS at (800) 821-6033.

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