

Basic drug coverage OK'd in universal health plan Board votes to delay stringent new rules

The Boston Globe

By Alice Dembner, Globe Staff | March 21, 2007

Massachusetts is poised to become the first state to require that all adults have health insurance that includes prescription drug coverage.

A state board voted unanimously yesterday to require drug coverage as part of draft rules for the minimum insurance that everyone older than 18 must have, under the state's universal health insurance law. The rules apply unless residents obtain a waiver or have other qualifying insurance, such as Medicaid, Medicare, or health savings accounts.

Jon Kingsdale, the board's executive director, called the vote a landmark. "All the [minimum] requirements are significant steps in setting precedents for what other states are going to be looking at," he said after the meeting.

The Commonwealth Health Insurance Connector Authority also voted to give residents until Jan. 1, 2009, to comply with the stringent new rules. All individuals who do not obtain a waiver must buy some insurance by July 1 or face a tax penalty in 2008.

The postponement of the more stringent requirements was designed to allow businesses more time to voluntarily improve their health insurance plans and give insured individuals time to upgrade.

The rules, which the Connector Authority board has been debating since last fall, will be the topic of public hearings in May and will be approved in final form in June.

The minimum requirements would also make the state the first to require nearly all individuals to have insurance plans with no limits on annual benefits or on payments for any specific disease, Kingsdale said. Also unique is the \$2,000 annual limit on deductibles for individuals and a \$5,000 limit on out-of-pocket spending. Both limits apply only to spending within the health plans' networks of doctors and hospitals.

"I'm proud to see us leading the nation," said Celia Wcislo, a board member who is assistant division director of Local 1199 of the Service Employees International Union.

The board declined to support a last-minute plea from business leaders and insurers to allow plans without drug coverage and to extend the deadline to July 2009.

In the end yesterday, even the business representative on the board voted for the requirements.

"We moved a long way from where we were last week," said board member Richard Lord, president of Associated Industries of Massachusetts. "I'm still uncomfortable mandating that drugs be included, but, in the spirit of compromise, it was a reasonable alternative."

However, other business leaders said they would continue to press for changes.

"We remain concerned that the proposed standard will in the future eliminate affordable products currently available in today's marketplace," Jon B. Hurst, president of the Retailers Association of Massachusetts, and William Vernon of the National Federation of Independent Businesses, said in a statement yesterday.

The minimum standards allow plans to charge an additional deductible for drugs of up to \$250 for an individual. In June, the board plans to consider a less-expensive requirement for drug coverage that might allow higher deductibles, but that would provide drugs that prevent disease or treat chronic illness before the deductible applies. The board hopes that alternative would add no more than 5 percent to the premiums of health plans. A typical drug plan adds about 15 percent.

Until the stringent rules go into effect, people can maintain or buy any health insurance plan that meets current state or federal rules to avoid the penalty included in state law. To meet the January 2009 deadline, however, individuals who get their insurance through work will have to start buying upgraded policies by February 2008, since most companies only allow workers to change their insurance once a year.

While businesses are required to offer insurance or pay their own penalty under the law, they do not have to offer coverage that meets the new standards. Kingsdale said the board would consider exemptions for individuals whose employers do not offer coverage that meets the new minimums.

The board agreed to continue to accept certain plans that don't meet the new standards, even after January 2009. Those plans include special policies for young adults 19 to 26 whose employers do not provide insurance; federally sanctioned high-deductible plans with health savings accounts; Medicare, even without drug coverage; and plans provided by religious groups.

Also, the board will set standards next month for granting waivers to individuals for whom even low-cost plans are unaffordable.

Before the meeting yesterday, advocates urged the board to consider delaying the penalty for all low-income individuals lacking insurance until the state determines if the mandate will be a severe hardship.

"We don't want to do harm to working families," said Brother Jack Rathschmidt of Our Lady of Lourdes Catholic Church in Jamaica Plain, a leader of the Greater Boston Interfaith Organization, a coalition of 80 congregations.

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