

Health Connector Status Update on Requested Federal Flexibilities

On June 24, 2017, the Health Connector announced that the Commonwealth is pursuing a number of requests for federal flexibility in order to ensure that the Massachusetts health insurance market remains stable, sustainable, and vigorous in the future. The Health Connector appreciates the thoughtful comments and suggestions from Massachusetts stakeholders it received in response to this announcement. As part of the Commonwealth’s ongoing commitment to a robust public process as it considers and pursues these requests, the Health Connector provides the following status update. The Health Connector will continue to accept public feedback on a rolling basis via e-mail at StateInnovations@state.ma.us. Submitted materials and updates will continue to be posted at <https://betterhealthconnector.com/about/policy-center/state-innovation-waiver>.

Item	Description	Vehicle	Status/Next Step
Promote Market Stability with a Premium Stabilization Fund in Lieu of Cost-Sharing Reductions	The Commonwealth seeks to establish a Premium Stabilization Fund in lieu of Cost-Sharing Reductions (CSRs), and requests authority to waive CSRs and receive any federal premium tax credit savings that will accrue in the form of a “pass-through.” The Commonwealth would use this pass-through funding to stabilize premiums via direct issuer reimbursement, an approach that would eliminate any consumer facing changes to coverage costs or benefits. Massachusetts prefers a congressional/federal appropriation or guarantee of CSR payments, but submits this waiver as a potential solution in the event that guarantee does not materialize in time for 2018 rate finalization.	Section 1332/State Innovation Waiver	Submitted on Friday, September 8, 2017
Revive State Employer Shared Responsibility Program in Lieu of Delayed and Less Comprehensive Federal Program	The Commonwealth proposes to work in partnership with the Departments to seek transition relief from the federal employer mandate and the related reporting requirement, while immediately reviving a comprehensive state approach to ensuring employers appropriately contribute to health coverage.	Letter to Secretaries Price and Mnuchin from Gov. Baker seeking transitional relief, using Section 1321(e) authority and/or Internal Revenue Code Section 7805(a) authority	Submitted on Friday, September 8, 2017

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<p>Allow for State Option to Continue to Use Select State-Based Rating Factors</p>	<p>The Commonwealth requests permission to continue, at the state’s option, the ability to allow carriers in its merged market to continue to apply state-based rating factors beyond Plan Year 2018. This flexibility is requested in the interest of preserving market continuity and stability given current rating rules, and will help support the Baker-Polito Administration’s ability to protect stability for the employer sponsored coverage market.</p>	<p>Section 1321(e) authority</p>	<p>Submitted on Friday, September 8, 2017</p>
<p>Revive Permissibility of Section 125 Plans for Non-Benefits Eligible Employees to Enhance Consumer Savings and Promote Private Coverage</p>	<p>The Commonwealth seeks to find a pathway to allow Massachusetts employers to establish Section 125 plans to allow non-benefits eligible employees to purchase their own non-group health insurance plans through public exchanges with pre-tax dollars.</p>	<p>Potential administrative pathway at state-level (under exploration)</p>	<p>While a viable pathway for reviving widespread federal permissibility of Section 125 plans has not yet been identified, the Health Connector is exploring whether it could leverage its small group platform to create, effectively, a Section 125 plan option for small employers. The Health Connector will pursue this exploration with partners at CMS and with its stakeholder community, and will share information publicly if/when it identifies a potential pathway that satisfies federal rules and meets market needs, and will seek stakeholder and public input at that time.</p>
<p>Permission for Commonwealth to Administer the Federal Small Business Health Care Tax Credit</p>	<p>The Commonwealth requests flexibility to administer the federal Small Business Tax Credit (SBTC) at the state level in order to better support Massachusetts employers’ ability to obtain the credits and help maximize their intended purpose: to help the small employers struggling the most to stay in the group market to offer commercial coverage to their workers. Administering the tax credit at the state level, aligned with the Health Connector’s existing Wellness Track program, affords Massachusetts the opportunity to craft an easy-to-use, effective and meaningful support structure for the most “coverage-vulnerable” small businesses.</p>	<p>Section 1332/State Innovation Waiver</p>	<p>The Health Connector plans to develop and file a full Section 1332 waiver to request federal authority to administer the ACA Small Business Tax Credit at a state level, and redesign it so it is easier to obtain and to be targeted at small employers with the greatest need for assistance. The required actuarial and economic impact analyses for this waiver will take through the fall of 2017 to complete. As such, the Health Connector aims to submit full 1332 by end of the calendar year, with the goal of implementation by 2019. Prior to submission of the final waiver, the Health Connector will publicly share the waiver draft for public comment.</p>