



Proposed Affordability Schedule for Calendar Year 2018 (VOTE)

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Today's Focus

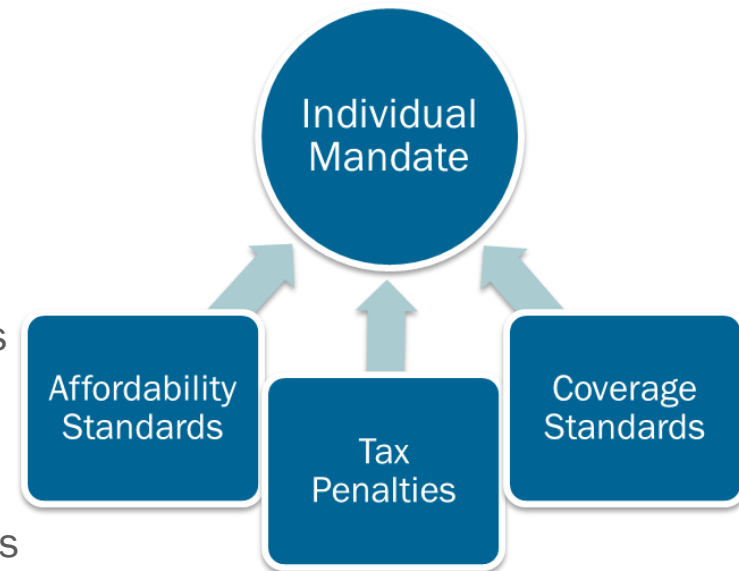


- Background on the affordability schedule
- Analysis of specific proposed approach to 2018 affordability schedule
 - For 2018, we propose minimal changes to the affordability standards
 - For individuals up to 400% of the Federal Poverty Level (FPL), we propose to update the federal poverty standards with only minor technical modifications to the affordability standards associated with some income brackets
 - For individuals over 400% FPL, we propose a small decrease in the affordability standard to maintain parity with the affordability standard used by the federal individual mandate
- Staff recommendation to be discussed:
 - That the Board vote to issue for public comment the draft 2018 affordability schedules for individuals, couples and families

Background

Massachusetts law includes an “individual mandate” that requires adults to enroll in health insurance or face potential financial penalties.

- The individual mandate involves three key policy elements, set in statute or determined by the Health Connector, with the Department of Revenue (DOR) managing administration of the mandate through the tax filing process
- Penalties arise if an individual forgoes enrollment in an available plan meeting both Minimum Creditable Coverage (MCC) and affordability standards
- The Health Connector sets affordability and coverage standards and manages appeals (the penalty formula is set in statute);
- The Affordable Care Act (ACA) includes an individual mandate that relies on similar principles but differs in its details
- The state and federal mandates exist independently of each other



The Affordability Schedule in Context



The affordability schedule determines whether an individual must pay a penalty for not having Minimum Creditable Coverage (MCC).

- Supports consumers as they make choices about coverage and their household budgets by defining the maximum amount they would be expected to contribute toward coverage or face a penalty

It is independent of other aspects of state and federal health care reform, but it is an important component of the coverage landscape.

- Does not require employers, issuers or other coverage providers to offer plans deemed affordable by the schedule or subject them to penalties if individuals fail to enroll in the affordable coverage they offered
- The Health Connector has historically aligned base enrollee premiums for subsidized individuals up to 300% FPL with the state's affordability schedule, such that the ConnectorCare program is considered affordable, but it is not required to do so under the law
- Does not affect the assessment of a federal penalty for failing to enroll in coverage

Application of the State Affordability Schedule



The affordability schedule is most relevant for the relatively small portion of Massachusetts residents who are without MCC and therefore potentially subject to a state penalty.

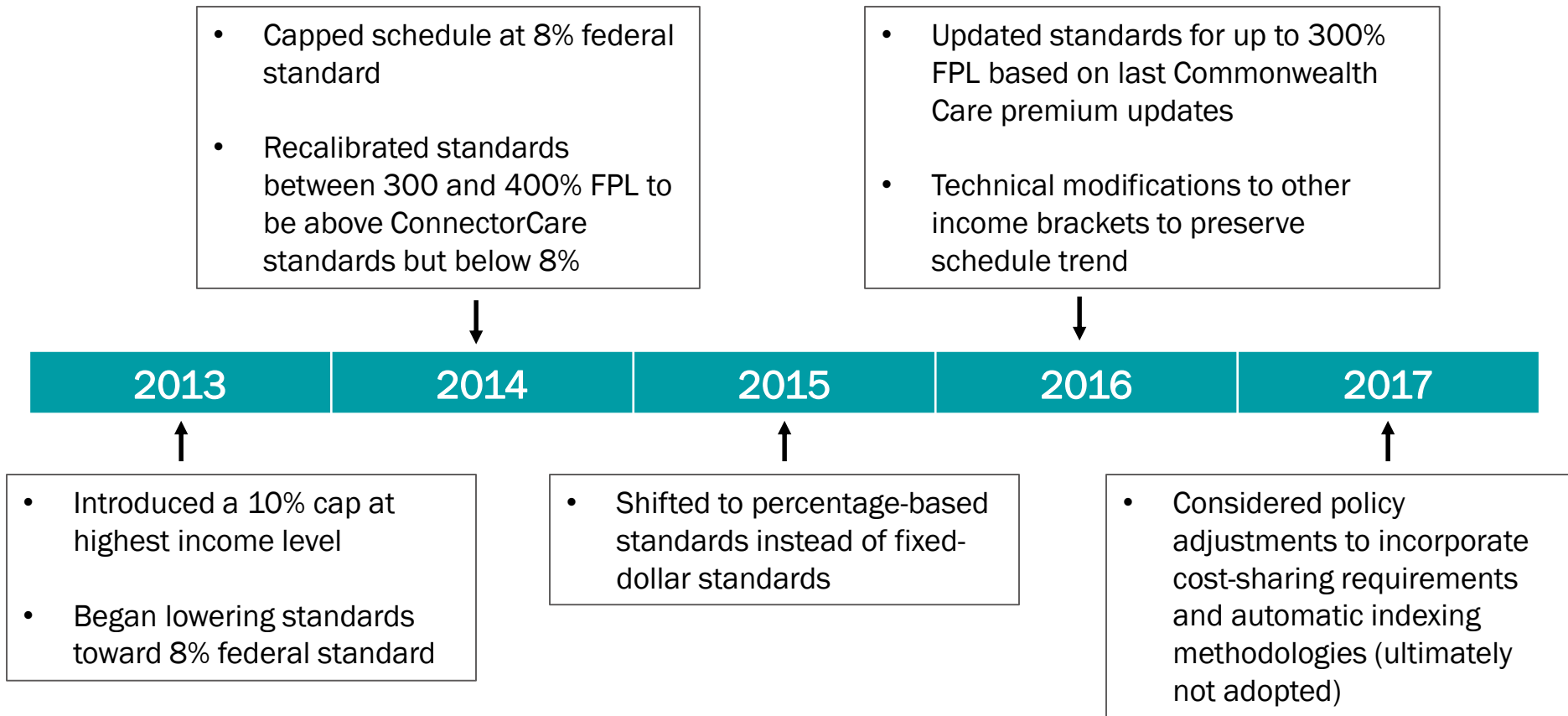
- Those who are completely uninsured
 - The most recent Center for Health Information and Analysis (CHIA) Health Insurance Survey estimates ~97% of Massachusetts residents have health insurance
- Those with coverage that does not meet MCC standards
 - In Tax Year 2015, 93% of tax filers completing a Schedule HC reported having MCC for the entire year

Sources: CHIA. (2015.) Findings from the 2015 Massachusetts Health Insurance Survey. <http://www.chiamass.gov/assets/docs/r/survey/mhis-2015/2015-MHIS.pdf>.

and Massachusetts Department of Revenue

2018 Schedule: Context

The affordability schedule has undergone a series of modifications over the last five years in response to changes accompanying the ACA



2018 Schedule: Proposed Approach



To maintain the goals of the affordability schedule, including simplicity and progressivity, we recommend stability in the 2018 schedule without modification to the core approach.

- Apply the 2017 affordability standards to updated FPL standards
 - Results in \$1 increase to dollar-based premium amounts considered affordable for the 150-250% FPL range and \$2 increase for 250-350% FPL bracket, which we would recommend to carry over to ConnectorCare premium schedule
- Make minor technical adjustments to the affordability standards as needed to preserve affordability of ConnectorCare plans across family sizes as well as to maintain progressivity through the schedule
 - Increases were .05% of income and produced minimal change in the dollar amount of a premium considered affordable for a given household
- Slightly decrease the affordability standard for households over 400% FPL from 8.16% to 8.05% to match the 2018 federal affordability standard

2018 Schedule Modifications

2017 Schedule: INDIVIDUALS					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$11,880	0%		
100.1 - 150%	\$11,881	\$17,820	0%		
150.1 - 200%	\$17,821	\$23,760	2.90%	\$ 43	\$ 57
200.1 - 250%	\$23,761	\$29,700	4.20%	\$ 83	\$ 104
250.1 - 300%	\$29,701	\$35,640	5.00%	\$ 124	\$ 149
300.1 - 350%	\$35,641	\$41,580	7.40%	\$ 220	\$ 256
350.1 - 400%	\$41,581	\$47,520	7.60%	\$ 263	\$ 301
Above 400%	\$47,521		8.16%	\$ 323	

2018 Proposal: INDIVIDUALS					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$12,060	0%		
100.1 - 150%	\$12,061	\$18,090	0%		
150.1 - 200%	\$18,091	\$24,120	2.90%	\$ 44	\$ 58
200.1 - 250%	\$24,121	\$30,150	4.20%	\$ 84	\$ 106
250.1 - 300%	\$30,151	\$36,180	5.00%	\$ 126	\$ 151
300.1 - 350%	\$36,181	\$42,210	7.45%	\$ 225	\$ 262
350.1 - 400%	\$42,211	\$48,240	7.60%	\$ 267	\$ 306
Above 400%	\$48,241		8.05%	\$ 324	

2017 Schedule: COUPLES					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$16,020	0%		
100.1 - 150%	\$16,021	\$24,030	0%		
150.1 - 200%	\$24,031	\$32,040	4.30%	\$ 86	\$ 115
200.1 - 250%	\$32,041	\$40,050	6.20%	\$ 166	\$ 207
250.1 - 300%	\$40,051	\$48,060	7.40%	\$ 247	\$ 296
300.1 - 350%	\$48,061	\$56,070	7.40%	\$ 296	\$ 346
350.1 - 400%	\$56,071	\$64,080	7.60%	\$ 355	\$ 406
Above 400%	\$64,081		8.16%	\$ 436	

2018 Proposal: COUPLES					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$16,240	0%		
100.1 - 150%	\$16,241	\$24,360	0%		
150.1 - 200%	\$24,361	\$32,480	4.35%	\$ 88	\$ 118
200.1 - 250%	\$32,481	\$40,600	6.25%	\$ 169	\$ 211
250.1 - 300%	\$40,601	\$48,720	7.45%	\$ 252	\$ 302
300.1 - 350%	\$48,721	\$56,840	7.45%	\$ 302	\$ 353
350.1 - 400%	\$56,841	\$64,960	7.60%	\$ 360	\$ 411
Above 400%	\$64,961		8.05%	\$ 436	

2017 Schedule: FAMILIES					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$20,160	0%		
100.1 - 150%	\$20,161	\$30,240	0%		
150.1 - 200%	\$30,241	\$40,320	3.45%	\$ 87	\$ 116
200.1 - 250%	\$40,321	\$50,400	4.90%	\$ 165	\$ 206
250.1 - 300%	\$50,401	\$60,480	5.90%	\$ 248	\$ 297
300.1 - 350%	\$60,481	\$70,560	7.40%	\$ 373	\$ 435
350.1 - 400%	\$70,561	\$80,640	7.60%	\$ 447	\$ 511
Above 400%	\$80,641		8.16%	\$ 548	

2018 Proposal: FAMILIES					
Income Bracket		Affordability Standard	Monthly Dollar Amount		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$20,420	0%		
100.1 - 150%	\$20,421	\$30,630	0%		
150.1 - 200%	\$30,631	\$40,840	3.45%	\$ 88	\$ 117
200.1 - 250%	\$40,841	\$51,050	4.95%	\$ 168	\$ 211
250.1 - 300%	\$51,051	\$61,260	5.95%	\$ 253	\$ 304
300.1 - 350%	\$61,261	\$71,470	7.45%	\$ 380	\$ 444
350.1 - 400%	\$71,471	\$81,680	7.60%	\$ 453	\$ 517
Above 400%	\$81,681		8.05%	\$ 548	

- Updated FPL standards shown in green
- Resulting changes to ConnectorCare base enrollee premiums shown in yellow
- Affordability standards that were modified shown in orange

Next Steps

- Request Board vote to approve proposed CY 2018 Affordability Schedules for public comment
- At an upcoming Board meeting, summarize public comments and revisit vote on final CY 2018 Affordability Schedules

2018 Proposed Schedule: Individuals



CY 2018 Affordability Schedule: INDIVIDUALS

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200.1 - 250%	\$24,121	\$30,150	4.20%	\$84	\$106
250.1 - 300%	\$30,151	\$36,180	5.00%	\$126	\$151
300.1 - 350%	\$36,181	\$42,210	7.45%	\$225	\$262
350.1 - 400%	\$42,211	\$48,240	7.60%	\$267	\$306
Above 400%	\$48,241		8.05%	\$324	

2018 Proposed Schedule: Couples



CY 2018 Affordability Schedule: COUPLES

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2018 Proposed Schedule: Families



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VOTE



Move that the Board approve the issuance for public comment of the Draft Affordability Schedules for Individuals, Couples and Families for Calendar Year 2018, as set forth in the staff proposal.

Appendix: CY2017 Affordability Schedule

2017 Schedule: Individuals



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