



Massachusetts Health Connector and  
Department of Revenue

# Data on the Individual Mandate

Tax Year 2011

May 2014

## Contents

Key Findings .....	4
Introduction and Background .....	6
Methodology .....	8
Results .....	9
Overview of All Filers .....	9
Insurance Status of Schedule HC Filers .....	10
Full-Year Insured Filers .....	11
Full-Year Uninsured Filers .....	12
Part-Year Insured Filers .....	19
Summary .....	26

## Figures

### Overview of All Filers:

Figure 1. Total Number of Tax Filers

### Insurance Status of Schedule HC Filers:

Figure 2. Schedule HC Filers by Insurance Status

### Full-Year Insured Filers:

Figure 3. Type of Insurance Among Full-Year Insured

### Full-Year Uninsured Filers:

Figure 4. Details of Full-Year Uninsured

Figure 5. Full-Year Uninsured by Age

Figure 6. Full-Year Uninsured by Age and Affordability

Figure 7. Full-Year Uninsured by Gender

Figure 8. Full-Year Uninsured by Region and Affordability

Figure 9. Full-Year Uninsured by Filing Status

Figure 10. Full-Year Uninsured Individuals by Income

Figure 11. Full-Year Uninsured Couples by Income

Figure 12. Full-Year Uninsured Families by Income

Figure 13. Full-Year Uninsured Individuals by Income and Affordability

Figure 14. Full-Year Uninsured Couples by Income and Affordability

Figure 15. Full-Year Uninsured Families by Income and Affordability

### Part-Year Insured Filers:

Figure 16. Details of Part-Year Insured

Figure 17. Part-Year Insured by Age

Figure 18. Part-Year Insured by Age and Affordability

Figure 18b. Full-Year Uninsured and Part-Year Insured by Affordability

Figure 19. Part-Year Insured by Gender

Figure 20. Part-Year Insured by Region and Affordability

Figure 21. Part-Year Insured by Filing Status

Figure 22. Part-Year Insured Individuals by Income

Figure 23. Part-Year Insured Couples by Income

Figure 24. Part-Year Insured Families by Income

Figure 25. Part-Year Insured Individuals by Income and Affordability

Figure 26. Part-Year Insured Couples by Income and Affordability

Figure 27. Part-Year Insured Families by Income and Affordability

## Key Findings

This report provides analysis of tax year 2011 data on the health insurance status of adult tax filers in Massachusetts, and is a follow-up to the analyses of tax years 2008, 2009 and 2010 data published by the Massachusetts Health Connector (Health Connector) and the Department of Revenue (DOR).<sup>1,2,3</sup>

This analysis demonstrates that there was near universal compliance with the requirement to report health insurance information on tax filings, and a continued high rate of insurance coverage in the state. Ninety-six percent of tax filers who filed a Schedule HC were insured at some point during 2011, which was not significantly changed from the previous year. The results from 2011 are consistent with other state and federal surveys that suggest a continued high rate of insurance coverage in the state.

**Changes from 2010:** There were no significant changes in the majority of findings in this analysis when compared to those of the previous year. Similar to the report for tax year 2010 data, in this report, when a filer is described as being “uninsured,” it indicates that the filer either had no insurance, or had insurance that did not meet Minimum Creditable Coverage (MCC) standards.

### Compliance with filing a Schedule HC:

- Ninety-nine percent of tax filers required to file a Schedule HC for tax year 2011 complied with the filing requirement to report health insurance information. This percent is unchanged from 2009 and 2010.
- The number of individuals who did not file a Schedule HC or filed it with incomplete information (9,200) decreased for the third consecutive year, and was less than 1% of all tax filers.

### Full-year insured filers:

- Of those adult tax filers who complied with the Schedule HC filing requirement, 92% (4.2 million) reported being insured for all of tax year 2011.

### Full-year uninsured filers:

- Approximately 4% of filers who complied with the Schedule HC filing requirement (180,000) reported being uninsured for all of tax year 2011.
- Of the adults who were uninsured for all of tax year 2011, 64% (110,000) reported that their income was at or below 150% Federal Poverty Level (FPL) and were therefore exempt from the individual mandate penalty. Sixteen percent (29,000) reported that health insurance was not affordable for them, based on their application of the state's affordability schedule. Thirteen percent (24,000) were assessed a penalty because affordable insurance was available to them but

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<sup>1</sup> Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate: Tax Year 2008, December 2010. Available on-line at: <http://tinyurl.com/n4ec4xb>

<sup>2</sup> Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate. Tax Year 2009, November 2011. Available on-line at: <http://tinyurl.com/k5gz8an>

<sup>3</sup> Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate. Tax Year 2010, June 2012. Available on-line at: <http://tinyurl.com/mm7skmb>

not obtained. Two percent (3,900) sought to file an appeal of the penalty.<sup>4</sup> Four percent (7,200) claimed a religious exemption and less than 1% (300) reported having a Certificate of Exemption.<sup>5</sup>

**Part-year insured filers:**

- Approximately 4% of filers who complied with the Schedule HC filing requirement (160,000) reported being uninsured for part of tax year 2011.
- Of filers with part-year insurance, 29% (47,000) had income at or below 150% FPL and thus were not subject to a penalty. Fourteen percent (22,000) reported that insurance was not affordable, based on their application of the affordability schedule. Forty-three percent (70,000) had a permissible gap in coverage which lasted three or fewer consecutive months.<sup>6</sup> Thirteen percent (21,000) were assessed a penalty since insurance available to them was affordable. Two percent (3,200) sought to file an appeal of the penalty. The remaining filers with part-year insurance (1%) included filers who had a Certificate of Exemption (100) or a religious exemption (970).

**Filers who were assessed a penalty:**

- One percent of filers who complied with the Schedule HC filing requirement were assessed a penalty in 2011 (45,000), which was approximately the same number of filers who were assessed a penalty in the prior year. Those who were assessed a penalty consisted of 24,000 filers who were uninsured for the full year and 21,000 with part-year insurance, for a combined total of 45,000 filers.

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<sup>4</sup> Throughout this report the numbers of people who file an appeal describes only those who file an appeal, and does not capture the outcomes of the appeal process. The outcomes of the appeal process are mentioned in the Health Connector's FY 2013 *Report to the Massachusetts Legislature*. Available on-line at: <http://tinyurl.com/odtd553>

An appeal of the penalty can be made at the time of filing the Schedule HC if an individual could not afford insurance because they experienced a hardship such as being homeless, or incurring a significant, unexpected increase in essential expenses due to domestic violence or the death of a family member. A full list of qualifying hardships is provided in the state's instructions for completing a Schedule HC, which can be found on the website for the Massachusetts Department of Revenue (the instructions are titled, "2011 Massachusetts Schedule HC Health Care").

<sup>5</sup> A Certificate of Exemption can be obtained prior to filing the Schedule HC if the individual has experienced certain hardships such as being homeless or other hardships described in state regulations (*i.e.*, the state regulation 956 CMR 6.08, titled, "Determining affordability for the individual Mandate").

<sup>6</sup> The Health Connector's *Administrative Bulletin 03-10: Guidance Regarding M.G.L. c. 111M and M.G.L. c. 176Q as implemented by 956 CMR 6.00* clarifies that for purposes of penalty calculation, taxpayers will not be subject to the penalty if they had lapses in coverage consisting of three or fewer consecutive calendar months.

## Introduction and Background

In 2006, Massachusetts passed its landmark health reform law. The cornerstone of this law is the concept of shared responsibility whereby government, individuals and employers all assumed new responsibilities in order to expand access to health insurance in the state. A key feature of the Massachusetts reform is the requirement that most adult residents who can afford health insurance maintain coverage or pay a penalty. This requirement, which is also referred to as the individual mandate, is enforced by the Massachusetts Department of Revenue (DOR) through the income tax filing process where Massachusetts residents are required to report information about their health insurance coverage on the Schedule HC.

For tax year 2007, which was the first year of the mandate, tax filers were required to indicate if they had health insurance as of December 31, 2007. The penalty for noncompliance with the mandate in 2007 was loss of the personal income tax exemption, which was \$219.

For tax year 2008, tax filers were required to indicate whether they had coverage in each month of the year. If affordable coverage was available to the tax filer but they did not have health insurance coverage, then that person was assessed a penalty. The definition of what is deemed to be affordable coverage is provided by the state's affordability schedule, which is established by the Health Connector's Board of Directors.

Individuals with income below 150% FPL were exempt from the penalty. A religious exemption was available for individuals who had a sincerely held religious belief as the basis of their refusal to obtain and maintain health insurance coverage. An individual could also obtain a Certificate of Exemption prior to filing their taxes if they suffered a hardship which prevented them from being able to afford the lowest-cost available plan.

The penalty for noncompliance with the mandate in 2008 was up to 50% of the lowest-cost health insurance premium available through the Health Connector for every month the individual failed to comply with the mandate (*i.e.*, \$76 per month or \$912 for the entire year).

For tax year 2009, there were several updates made to the Schedule HC, which included the following: (1) a change in how “couples” and “families” were defined for purposes of the affordability schedule; (2) an increase in efforts made by DOR to communicate with individuals who did not complete a Schedule HC; and (3) improvements to the 2009 Schedule HC to make the form easier for tax filers to complete.<sup>7</sup> In addition, the most significant of the updates in 2009 was the requirement that tax filers report if they had health insurance that met MCC standards.<sup>8</sup> Prior to 2009, residents were only required to report if they had *any* health insurance for each month, whereas beginning in 2009 and including this report for 2011, when a filer is described as being “uninsured” this indicates that the filer either had no insurance, *or* had insurance that did not meet MCC standards.

For tax year 2011, just as in tax years 2008 to 2010, tax filers continued to be required to indicate whether they had coverage in each month, and the penalty for not complying with the mandate continued to be up to 50% of the lowest-cost health insurance premium available through the Health

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<sup>7</sup> For more information about these changes, see page 5 and 6 of the 2009 Report: *Massachusetts Health Connector and Department of Revenue, Data on the Individual Mandate. Tax Year 2009*, December 2010.

<sup>8</sup> For more information about MCC, see the section on “Minimum Creditable Coverage” in each of the past annual *Report to the Massachusetts Legislature* that the Health Connector has released since being founded (*i.e.*, Section 6.2 of the 2006-2008 report, Section 5.1 in the FY 2009 report, Section 6.1 in the FY 2010 report, and Section 6.1 in the FY 2011 report).

Connector. Table 1 shows the penalties for 2007 through 2011. The same exemptions were in place for individuals with income below 150% FPL, religious exemptions and Certificate of Exemptions.

<b>Table 1. Penalty Schedule for Failure to Comply with the Individual Mandate. 2007 - 2011</b>					
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	per year*	per month	per month	per month	per month
<b>150.1 - 200% FPL</b>	\$219	\$17.50	\$17	\$19	\$19
<b>200.1 - 250% FPL</b>	\$219	\$35.00	\$35	\$38	\$38
<b>250.1 - 300% FPL</b>	\$219	\$52.50	\$52	\$58	\$58
<b>Above 300% FPL, Age 18-26</b>	\$219	\$56.00	\$52	\$66	\$72
<b>Above 300% FPL, Age 27+</b>	\$219	\$76.00	\$89	\$93	\$101
* For tax year 2007, the penalty for not having insurance as of December 31, 2007 was \$219.					

For tax year 2011, there were no significant changes made to the Schedule HC, nor any significant changes pertaining to individual mandate requirements in 2011. The FPL guidelines had minor adjustments made between 2010 and 2011, and there were corresponding adjustments made in 2011 to the state’s affordability schedule.<sup>9</sup>

Previous reports have analyzed tax data for 2007, 2008, 2009 and 2010.<sup>10,11,12,13</sup> This report analyzes the data on the individual mandate for tax year 2011.

<sup>9</sup> For more details about the 2011 affordability schedule, see Section 6.2 of the Health Connector’s annual *Report to the Massachusetts Legislature* for Fiscal Year 2011.

<sup>10</sup> Massachusetts Department of Revenue, *Data on the Individual Mandate and Uninsured Tax Filers: Tax Year 2007*, October 2008. Available on-line at: <http://www.mass.gov/dor/docs/dor/news/pressreleases/2008/2007-demographic-data-report-final-2.pdf>

<sup>11</sup> Massachusetts Health Connector and Massachusetts Department of Revenue, *Data on the Individual Mandate. Tax Year 2008*, December 2010.

<sup>12</sup> Massachusetts Health Connector and Massachusetts Department of Revenue, *Data on the Individual Mandate. Tax Year 2009*, November 2011.

<sup>13</sup> Massachusetts Health Connector and Massachusetts Department of Revenue, *Data on the Individual Mandate. Tax Year 2010*, June 2012.

## Methodology

This analysis was compiled by the Health Connector using data provided by DOR, under a Memorandum of Understanding between the agencies. All individual-level identifiers were removed prior to sharing data with the Health Connector and conducting this data analysis. The methodology used in this analysis was similar to the methodology used for the preceding year.<sup>14</sup>

This report presents analyses of returns filed and processed by DOR as of March 2013. As of this date, there were approximately 3.7 million returns, representing 4.8 million tax filers.<sup>15</sup> Based on the experience from the prior three years of tax year filings, the returns processed as of March 2013 represented approximately 99% of all expected tax year 2011 returns.

Similar to previous years, this analysis relies primarily on information as self-reported by tax filers. This information is subject to tax filer reporting errors and inconsistencies, as well as post-filing verification, enforcement and audit efforts by DOR. The analysis in this report focuses on adult tax filers aged 19 and over, and thus does not reflect the health insurance status of children, individuals who are not required to file a tax return, or individuals who did not file a return despite being required to do so.<sup>16</sup> While the mandate applies to adult tax filers (age 18 and over), for purposes of simplicity this report excludes individuals who turned 18 during the tax year.<sup>17</sup>

Numbers in this report are rounded. Percentages, where provided, may not add to 100% due to rounding.

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<sup>14</sup> The analysis of the Schedule HC data for tax years 2010 and 2011 was performed with the SAS® 9.1 statistical software by Michael Chin, Senior Policy Analyst at the Health Connector. This report for tax year 2011 was written by Michael Chin, with contributions and review by Audrey Gasteier, Deputy Director of Policy & Research and Director of Employer Policy at the Health Connector.

<sup>15</sup> There may be one or two tax filers per tax return.

<sup>16</sup> A Massachusetts full-year and/or part-year resident is generally required to file a tax return with the state of Massachusetts if his/her Massachusetts gross income is in excess of \$8,000. A Massachusetts nonresident is required to file a Massachusetts nonresident tax return if his/her Massachusetts source income exceeds the smaller of \$8,000 or the prorated personal exemption. <http://www.mass.gov/dor/individuals/filing-and-payment-information/personal-income-tax-faqs/personal-income-tax-faqs.html#1>

<sup>17</sup> Individuals who turned 18 during the tax year became subject to the mandate on the first day of the month following their birthday.



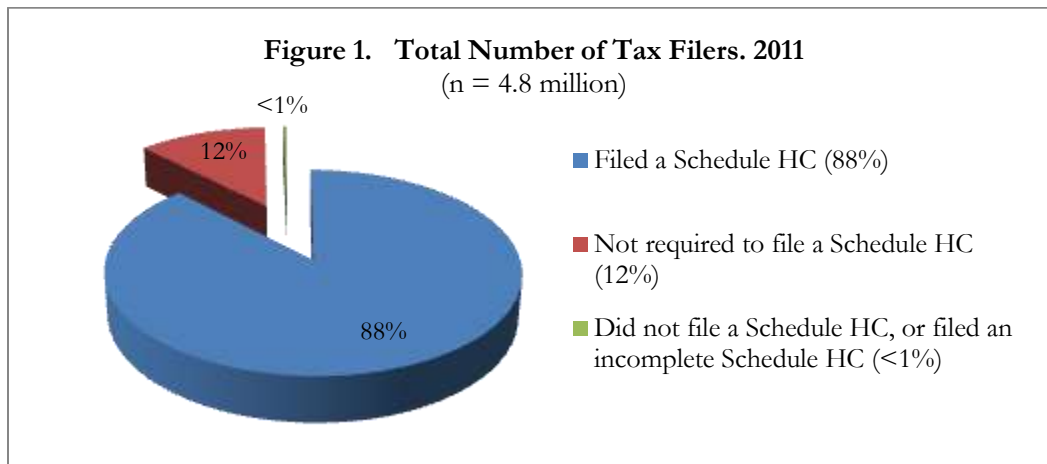
## Results

### Overview of All Filers

Figure 1 shows the total number of tax filers for tax year 2011 (4.8 million) and the percent that filed a Schedule HC. Tax filers subject to the individual mandate are required to file a Schedule HC with their income tax return in order to document their compliance with the individual mandate.

Of the 4.8 million filers, 88% (4.2 million) filed a Schedule HC. Approximately 12% (580,000) were not required to file, which includes non-residents, certain part-year residents, and individuals under age 18.

Similar to the prior two years, among the filers who were required to file a Schedule HC, 99% of these filers complied with the filing requirement.<sup>18</sup> Less than 1% (9,200) were subject to the mandate but did not file a Schedule HC or filed it with incomplete information.<sup>19</sup> This is the third consecutive year that the number decreased significantly, and in 2011 it decreased by 49% (*i.e.*, from 18,000 in 2010 to 9,200 in 2011).



The subsequent analyses presented in this report include information for only those tax filers who submitted a completed Schedule HC, and who were age 19 and older.

<sup>18</sup> Among those who are not required to file a Schedule HC includes part-year residents if they were residents of Massachusetts for less than three full months.

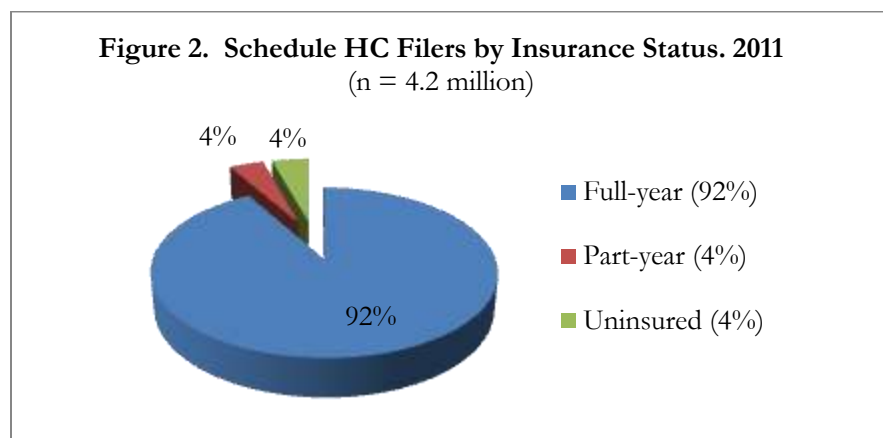
<sup>19</sup> DOR corresponds with tax filers who either did not file a Schedule HC or filed it with insufficient information to determine the applicability of the individual mandate.

## Insurance Status of Schedule HC Filers

In filing the 2011 tax return, individuals were required to indicate on the Schedule HC whether they were enrolled in an MCC-compliant plan for all, part, or none of 2011. Individuals who reported having federal government insurance were considered to have full-year insurance.<sup>20</sup>

Ninety-two percent (3.8 million) of the 4.2 million adult filers who submitted a complete Schedule HC reported having MCC-compliant health insurance for the full tax year (Figure 2).<sup>21</sup>

Four percent (160,000) of these filers reported being insured for part of the year, and 4% (180,000) reported being uninsured for the full year.<sup>22</sup> These findings corroborate state and federal survey data, which have found that insurance rates in Massachusetts have remained high since the 2006 Massachusetts health reform law was enacted.<sup>23</sup>



<sup>20</sup> Federal government insurance includes Medicare, the Veterans Administration Program, Tricare or “Other” government health coverage, as indicated in Question 4 on the 2011 Schedule HC. MassHealth and Commonwealth Care were not considered to be federal government insurance.

<sup>21</sup> The full-year insured category includes 60,000 part-year residents who met the requirements of the mandate for the entire period that the mandate applied to them.

<sup>22</sup> The part-year insured category includes 27,000 part-year residents who indicated insurance for some but not all of the period for which the mandate applied to them.

<sup>23</sup> The Massachusetts Health Insurance Survey found that the rate of insurance coverage for adults age 19 to 64 was 96.5% in 2009, 97.1% in 2010, and 95.9% in 2011. For more details see the full reports:

For the 2010 report: <http://www.mass.gov/chia/docs/r/pubs/10/mhis-report-12-2010.pdf>

For the 2011 report: <http://www.mass.gov/chia/docs/r/pubs/13/mhischartpack-1-29-13.pdf>

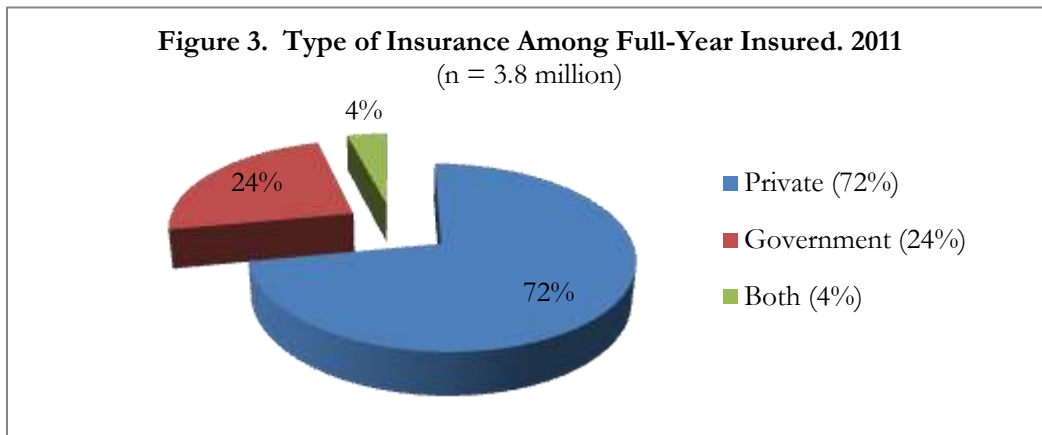
The federal Current Population Survey (CPS) estimated that the insurance rate among all Massachusetts residents was 95.7% in 2009, 94.5% in 2010, and 96.6% in 2011. For more details, see: [Health Insurance Historical Table \(HIB -4\)](#).

For a discussion regarding why insurance rates vary among different surveys, see the 2008 report from DHCFFP: *Estimates of the Uninsurance Rate in Massachusetts from Survey Data: Why Are They So Different?* Available online at:

<http://www.mass.gov/chia/docs/r/pubs/08/est-of-uninsur-rate.pdf>

## Full-Year Insured Filers

Among those who reported having full-year insurance coverage on their Schedule HC, private insurance was the most common source of health insurance coverage (Figure 3). Seventy-two percent (2.8 million) of adult filers with full-year coverage reported having private insurance. An additional 24% (920,000) reported having government insurance.<sup>24</sup> The remaining 4% (160,000) of filers with full-year health insurance coverage reported having both private and government insurance. This could be either concurrent or consecutive coverage.



<sup>24</sup> Government insurance includes federal government insurance (such as Medicare, the Veterans Administration Program, and Tricare) as well as MassHealth and Commonwealth Care.

## Full-Year Uninsured Filers

Approximately 4% (180,000) of adult filers indicated on their Schedule HC that they were uninsured for all of 2011, as mentioned previously in Figure 2. Figure 4 shows details of Schedule HC filers who reported being uninsured for all of 2011. Sixty-four percent (110,000) of full-year uninsured adult filers reported that their income was at or below 150% FPL. These individuals are exempt from the individual mandate penalty. Sixteen percent (29,000) reported that health insurance was not affordable for them, based on their application of the state's affordability schedule. Thirteen percent (24,000) were assessed a penalty because affordable insurance was available to them. Two percent (3,900) sought to file an appeal of the penalty. Four percent (7,200) claimed a religious exemption, and less than 1% (300) reported having a Certificate of Exemption.

The number of individuals in 2011 requesting an appeal decreased by approximately 10% from the prior year (*i.e.*, from 4,400 individuals in 2010, down to 3,900 individuals in 2011).

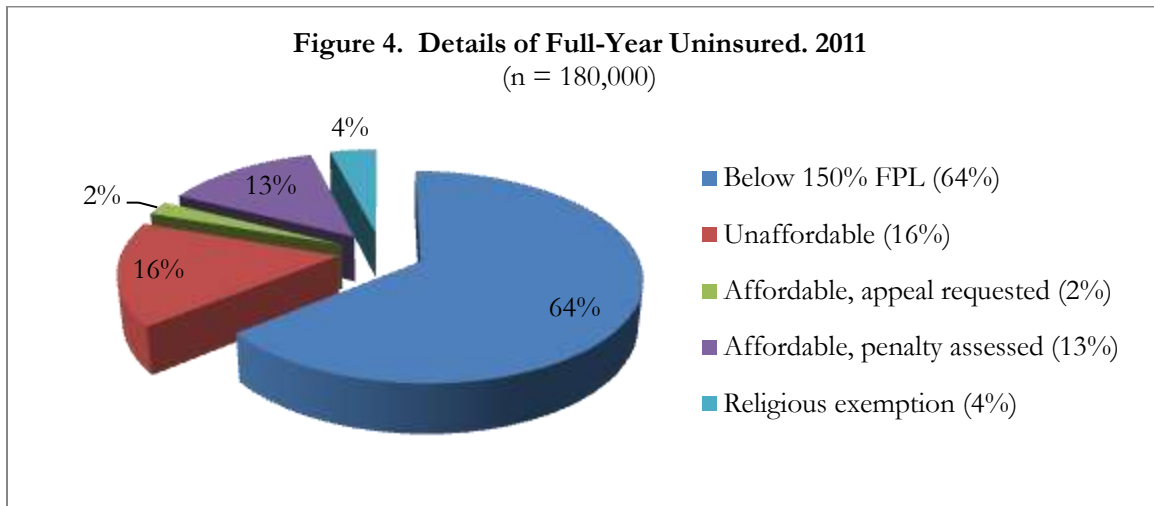
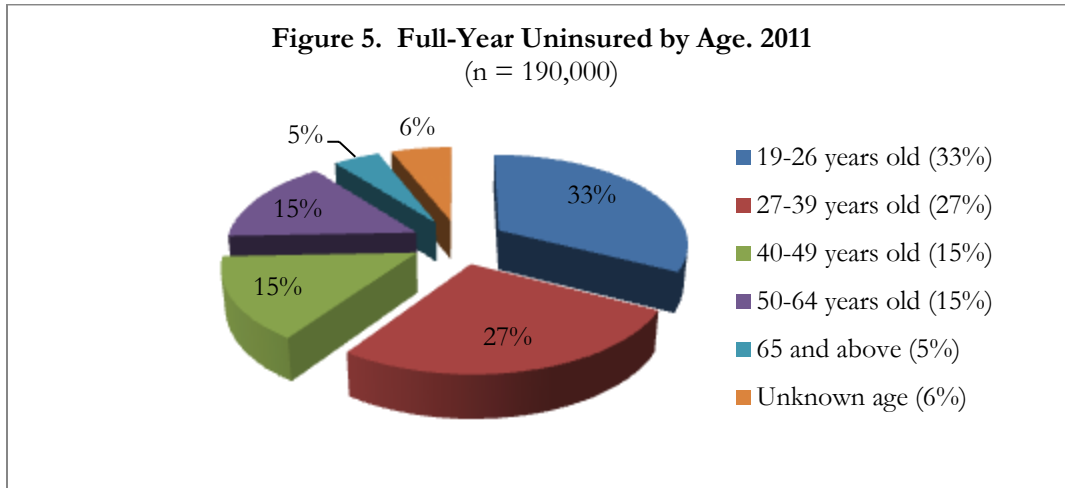


Figure 5 shows the distribution of adult Schedule HC filers who were uninsured for all of 2011 by age category. This figure also includes 6% of filers whose age could not be determined.<sup>25</sup> Consistent with findings from other state and federal surveys, and consistent with analyses of Schedule HC filings from prior years, young adults are over-represented among uninsured adults in Massachusetts. Adults aged 19 to 26 represented 15% of all adult residents aged 19 or over based on 2011 population estimates from the U.S. Census Bureau. However, they comprised 33% to 34% of full-year uninsured Schedule HC filers in 2009, 2010 and 2011.



<sup>25</sup> These filers with “unknown” age are only included in figures which show age distribution (*i.e.*, Figures 5, 6, 17, 18). The remaining analyses in this report are limited to filers with a known age that is greater than or equal to 19.

In Figure 5, the total number of full-year uninsured filers is 190,000. This differs from the total of 180,000 that is shown in Figure 4, 6 and 7 because these figures do not include the individuals with an unknown age.

Figure 6 shows the age distribution of Schedule HC filers who were uninsured for the full year by affordability. The “Affordable” category includes those who reported that they were able to afford insurance and were assessed a penalty, as well as those who reported that they were able to afford insurance but wished to appeal the penalty. The “Below 150% FPL” category includes filers who are exempt from penalty because their income is below 150% FPL. The “Unaffordable” category includes filers who reported being unable to afford coverage based on their application of the state's affordability schedule. Filers who claimed a religious exemption or a Certificate of Exemption were not included in this analysis because they were not asked to provide information about whether affordable insurance was available to them. In 2011, as was the case in previous years, among the filers who were uninsured for the full year, the majority had incomes below 150%. This is true for all age groups, as shown in Figure 6.

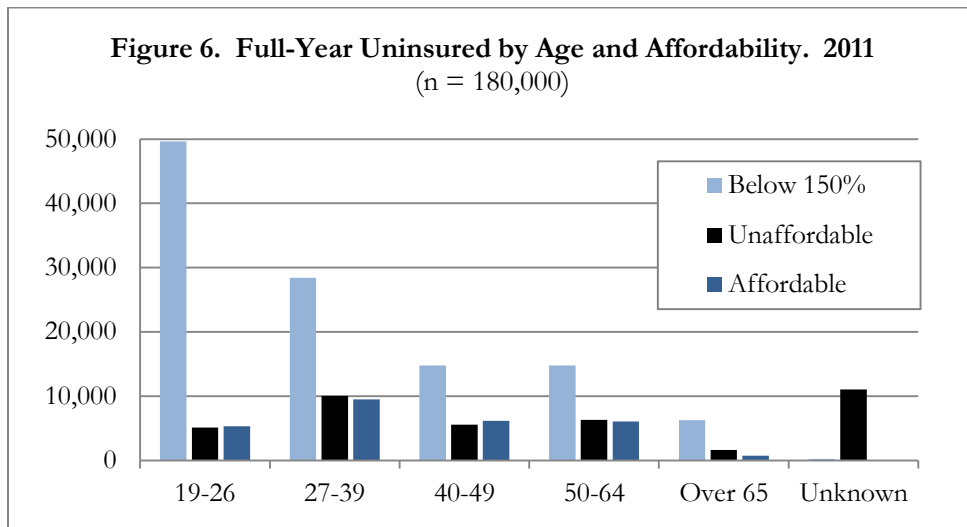


Figure 7 shows information on the gender of full-year uninsured adult Schedule HC filers. Gender information was available for 64% of filers who were full-year uninsured. As in previous years, the percent of full-year uninsured filers who were male (43%) was significantly greater than those who were female (21%). Among full-year uninsured filers for whom gender information is known, 68% were male.

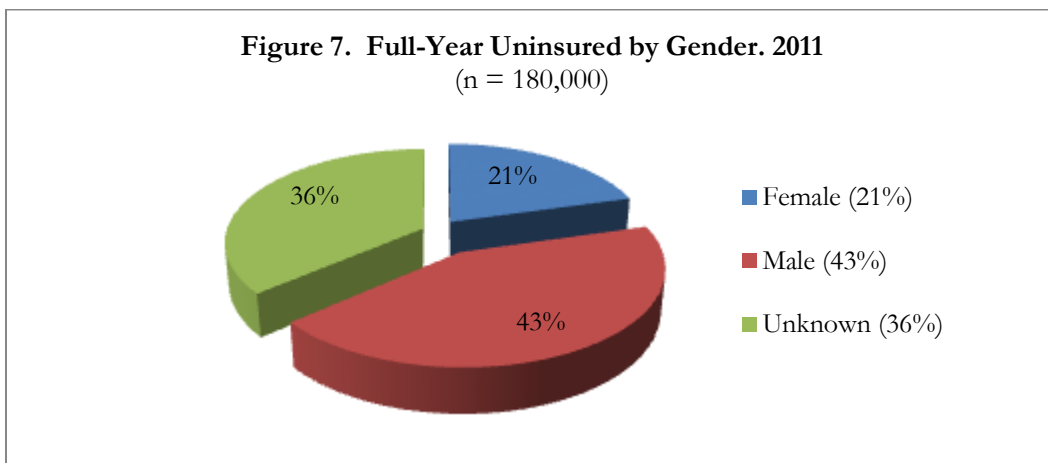


Table 2 shows the distribution of full-year uninsured filers by region. The regions are defined based on the county groupings used for the Schedule HC worksheets, and each region is composed of counties which have approximately similar insurance costs. The Schedule HC worksheets list the lowest monthly premiums that are available in each of three geographic regions.<sup>26</sup>

The last column of Table 2 presents the number of uninsured adult Schedule HC filers in each region as a percentage of the region's total adult population. Similar to the prior years of 2008 to 2010, in 2011 the percent of the population that was uninsured for the full year varied less than one percent among the three regions (*i.e.*, 2.9% to 3.8%). The percentages in Table 2 should not be interpreted as the exact uninsured rate for several reasons: first, the number of uninsured filers in each region includes only those who filed a Schedule HC, and thus excludes people who are not required to file. Second, there is a slight discrepancy in the age cut-offs used (*i.e.*, the Schedule HC data includes those ages 19 and over, whereas the Census data includes those ages 18 and over). Third, as mentioned in the methodology section of this report, filers that are categorized as uninsured could have had insurance that did not meet MCC standards.

<b>Table 2. Full-Year Uninsured by Region. 2011</b>			
	Number of Full-Year Uninsured Adult Schedule HC Filers	2011 Adult Population by Region*	Uninsured Filers as a % of the Adult Population
<b>Region 1:</b> Berkshire, Franklin, and Hampshire Counties	8,600	295,614	2.9%
<b>Region 2:</b> Bristol, Essex, Hampden, Middlesex, Norfolk, Suffolk, and Worcester Counties	130,000	4,305,572	3.0%
<b>Region 3:</b> Barnstable, Dukes, Nantucket, and Plymouth Counties	22,000	581,335	3.8%
<b>Out of State</b> <sup>27</sup>	12,000	N/A	N/A
<i>* The data in this column comes from the 2011 U.S. Census Bureau estimates.</i>			

<sup>26</sup> The 2011 Schedule HC worksheets are available on-line at: <http://www.mass.gov/dor/docs/dor/health-care/2011/hc-instr.pdf>

<sup>27</sup> The "Out of State" category includes filers who lived in Massachusetts during the tax year and have subsequently moved out of the state, or people who are temporarily out of the state at the time of filing their taxes.

Figure 8 shows the distribution of filers who were uninsured for all of 2011, by region and affordability of insurance.

In all three regions, the majority of the uninsured (63% - 67%) reported income below 150% FPL.

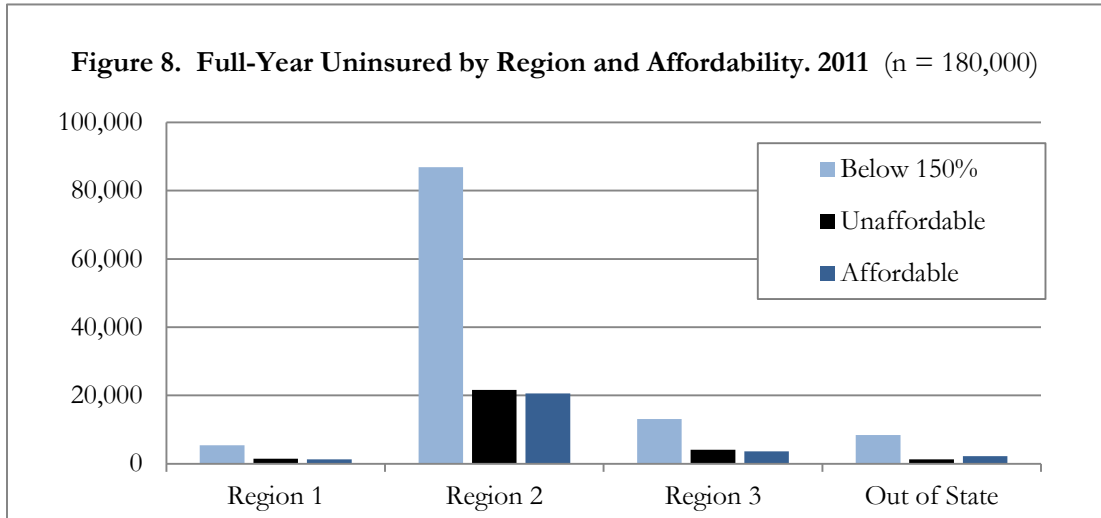
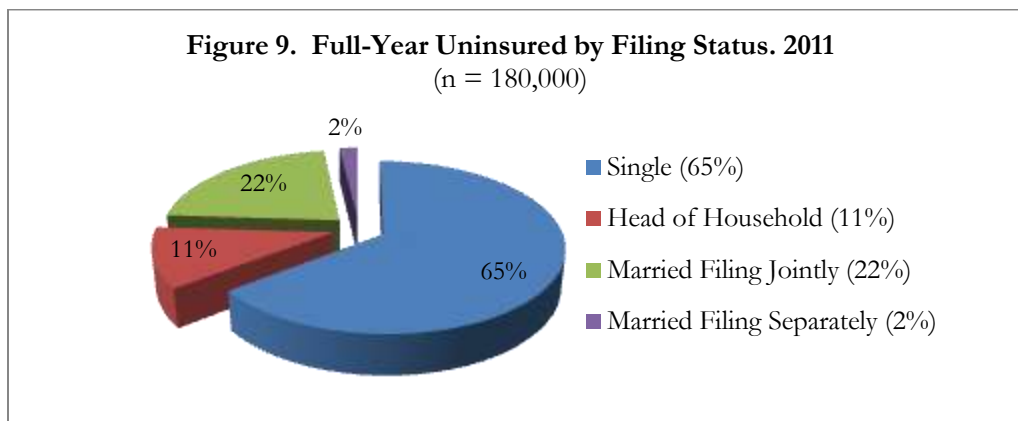


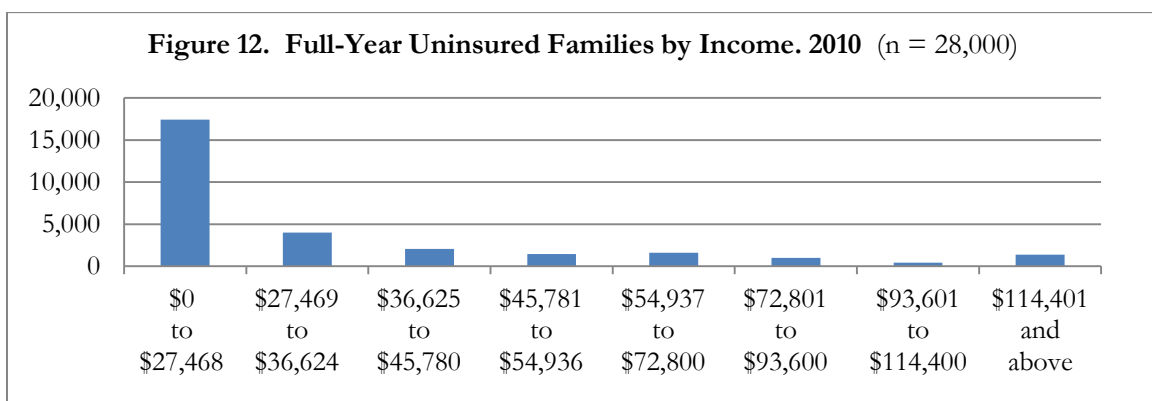
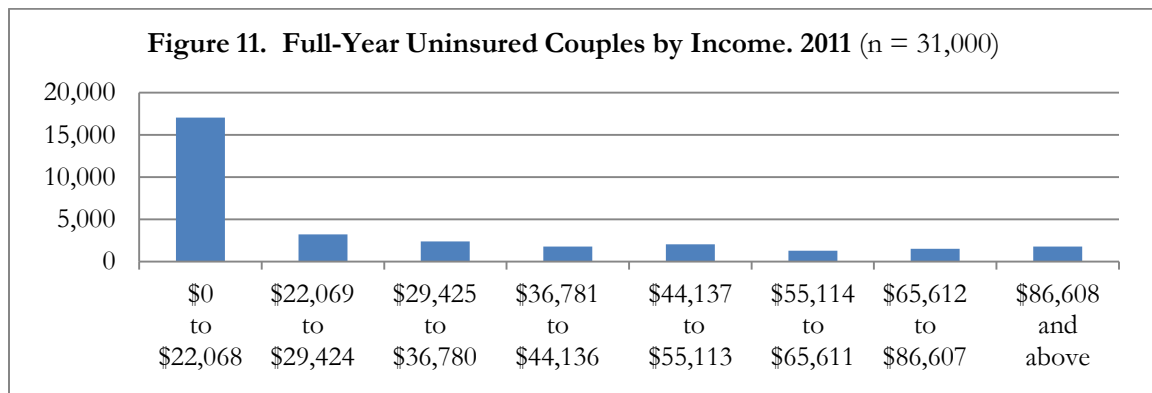
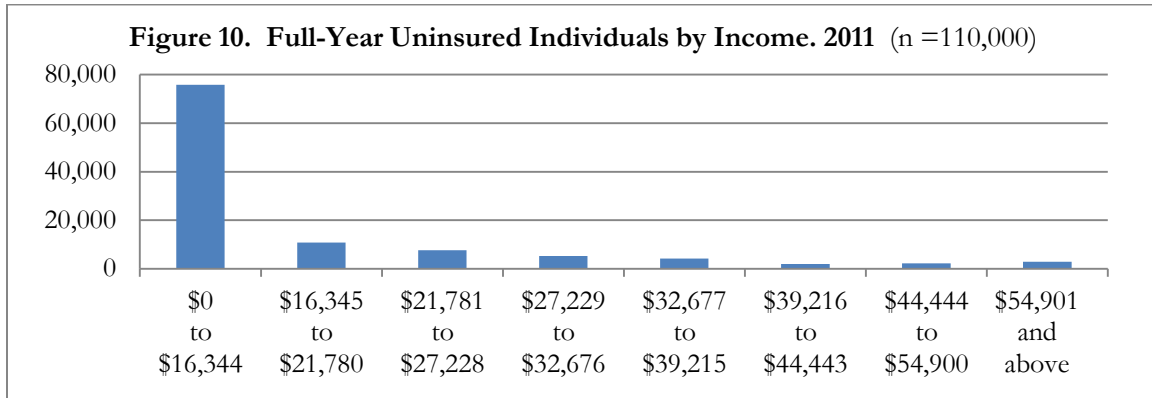
Figure 9 shows the distribution of filers who were uninsured for all of 2011 by filing status. Sixty-five percent (110,000) of full-year uninsured filers were single, 22% (39,000) were married filing a joint return, 11% (20,000) were a head of household, and 2% (3,400) were married filing separate returns.





To analyze the distribution of full-year uninsured adult Schedule HC filers by income, filers were categorized into one of three categories based on filing status and family size: individuals, couples, or families.

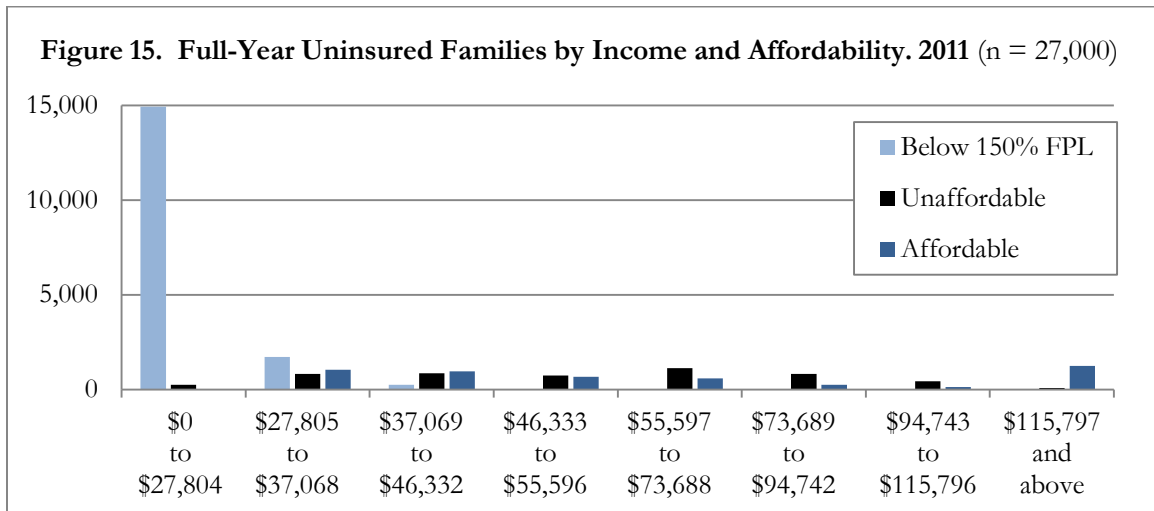
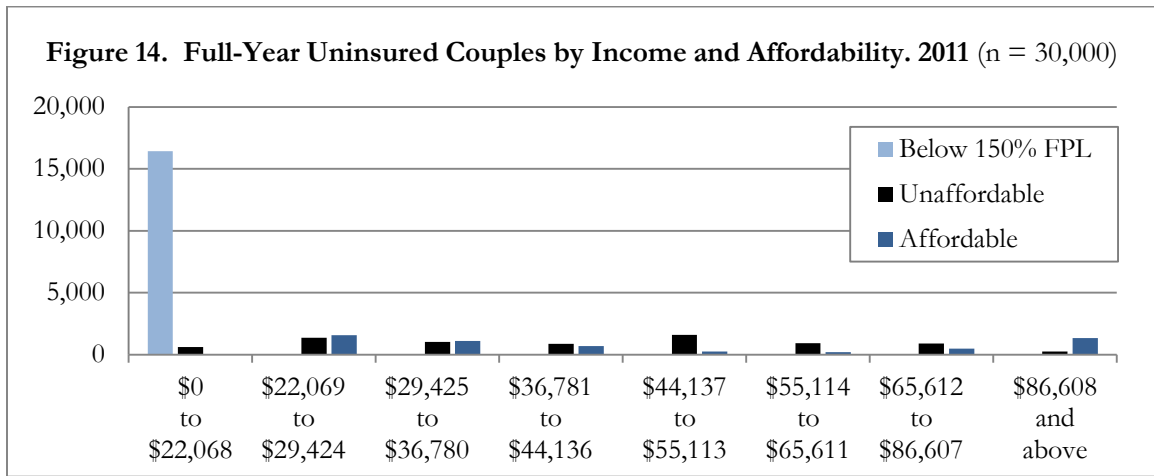
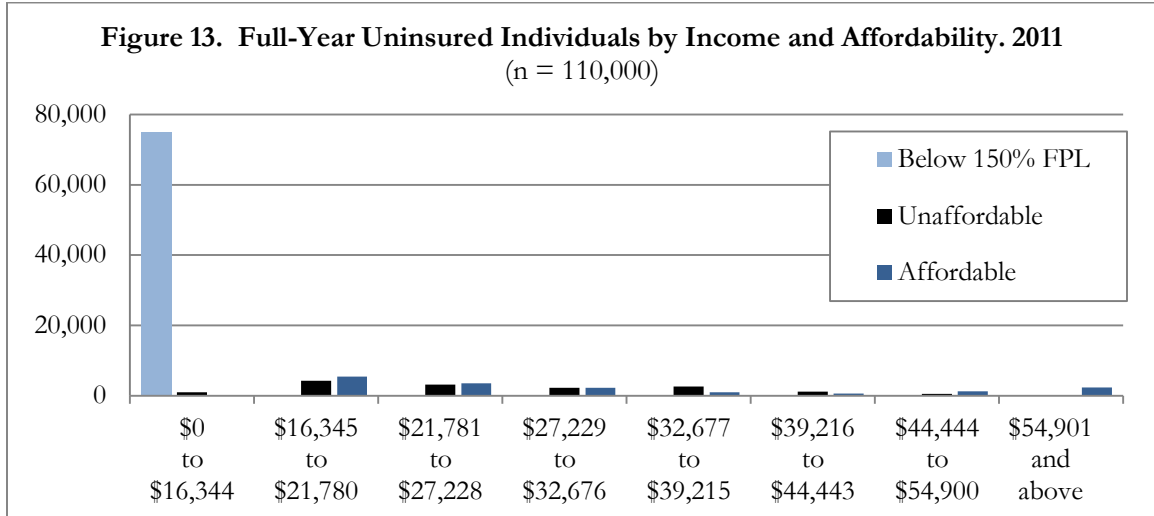
Figures 10, 11 and 12 show the distribution of full-year uninsured individuals, couples, and families by income.<sup>28</sup> Among adult Schedule HC filers uninsured for the full year, 62% (110,000) were categorized as individuals, 18% (31,000) as couples, and 16% (28,000) as families. In all three of these categories, the majority of uninsured filers were in the lowest income category. There were an additional 4% (7,600) of filers who could not be categorized as individuals, couples, or families on the basis of the information provided on the Schedule HC.<sup>29</sup>



<sup>28</sup> In Figures 10, 11 and 12, the lowest income bracket represents 0-150% FPL, and the subsequent income brackets represent increments of approximately 50% FPL. Therefore the second income bracket represents 151-200% FPL, and the third income bracket represents 201-250% FPL.

<sup>29</sup> Filers who could not be categorized as individuals, couples or families included filers who reported a family size of zero.

Figures 13 through 15 show the distribution of full-year uninsured individuals, couples, and families by income category and affordability.

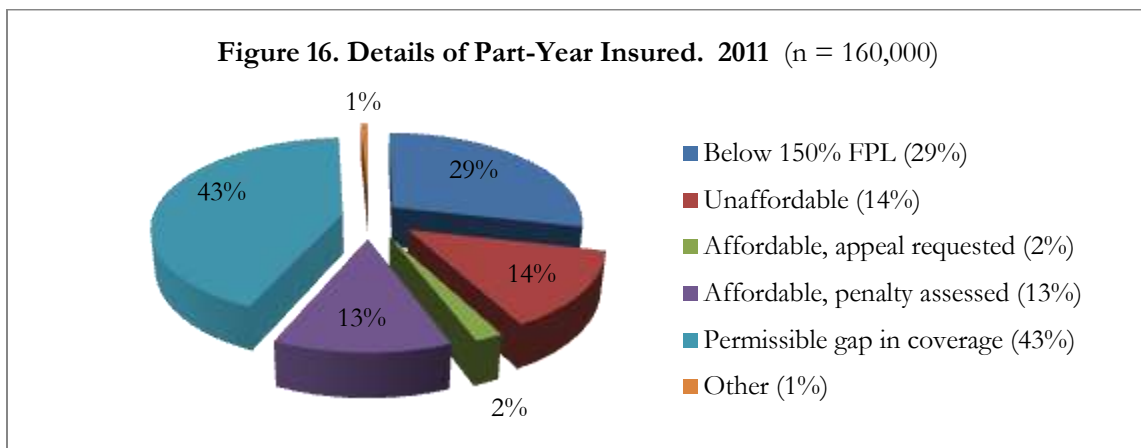


## Part-Year Insured Filers

Approximately 4% of Schedule HC filers (160,000) reported having insurance for only part of tax year 2011, as previously mentioned in Figure 2. Figure 16 shows details of Schedule HC filers who reported having part-year insurance. Forty-three percent (70,000) had a permissible gap in coverage which lasted three or fewer consecutive months.<sup>30</sup> Twenty-nine percent (47,000) of filers with part-year insurance reported that their income was at or below 150% FPL and thus were not subject to a penalty. Fourteen percent (22,000) reported that insurance was not affordable, based on their application of the affordability schedule. Thirteen percent (21,000) were assessed a penalty since insurance was affordable, and 2% (3,200) sought to file an appeal of the penalty. The remaining filers with part-year insurance (1%) included filers who had a Certificate of Exemption (100) or a religious exemption (970).

When the part-year insured filers (which are represented in Figure 16) are combined with filers with full-year insurance (which are represented in Figure 4), a total of 96% of filers reported having insurance at some point during the year, which was not significantly changed from the previous year.

In tax year 2011, the percentage of filers reporting a permissible gap in coverage for three or fewer months increased by four percent (*i.e.*, from 39% in 2010, to 43% in 2011). The percentage of part-year insured tax filers with income at or below 150% FPL decreased by five percent (*i.e.*, from 33% in 2010, to 29% in 2011).



<sup>30</sup> The Health Connector's *Administrative Bulletin 03-10: Guidance Regarding M.G.L. c. 111M and M.G.L. c. 176Q as implemented by 956 CMR 6.00* (which is available on-line at: <http://tinyurl.com/lhnyl8b>) clarifies that for purposes of penalty calculation, taxpayers will not be subject to the penalty if they had lapses in coverage consisting of three or fewer consecutive calendar months.

The age distribution of filers with insurance for part of tax year 2011 is shown in Figure 17. Filers between ages 19-26 and 27-39 were the largest categories of those with part-year insurance (26% and 38%, respectively). Similar to the full-year uninsured population described previously in Figure 5, these young adults are also over-represented among part-year insured adults in Massachusetts.

The percent of the part-year insured filers who were age 19-26 years old decreased from 34% in 2010, down to 26% in 2011.

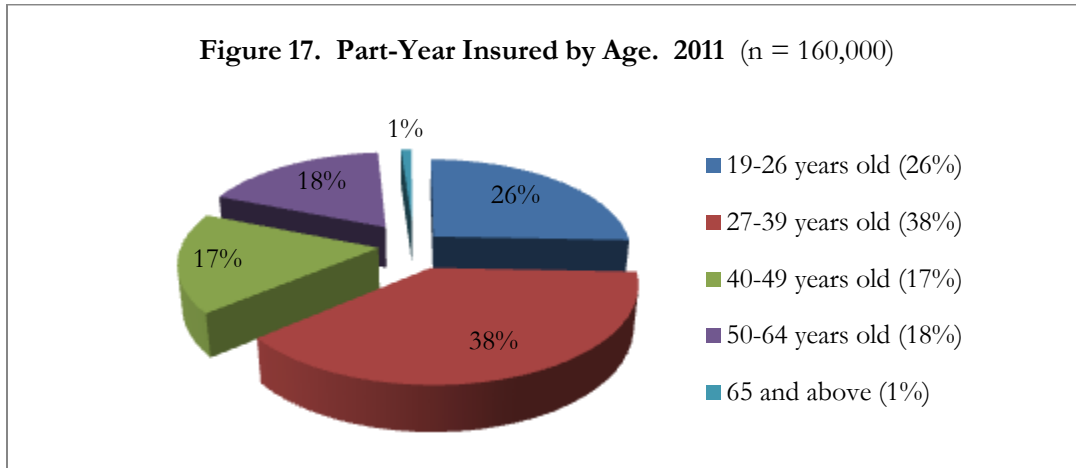


Figure 18 shows the age distribution of part-year insured tax filers by affordability.

The “affordable” category includes those who reported that they were able to afford insurance and were assessed a penalty, as well as those who reported that they were able to afford insurance but wished to appeal the penalty. The “below 150% FPL” category includes those tax filers who reported an income below 150% FPL. The “unaffordable” category includes tax filers who reported that insurance was not affordable to them, based on the state’s affordability schedule. Filers with a Certificate of Exemption or a religious exemption are excluded from Figure 18. In addition, a significant number of filers (70,000) had a permissible gap in coverage and could not be classified into the “affordable” and “unaffordable” categories because they were not asked to provide information about whether affordable insurance was available to them.

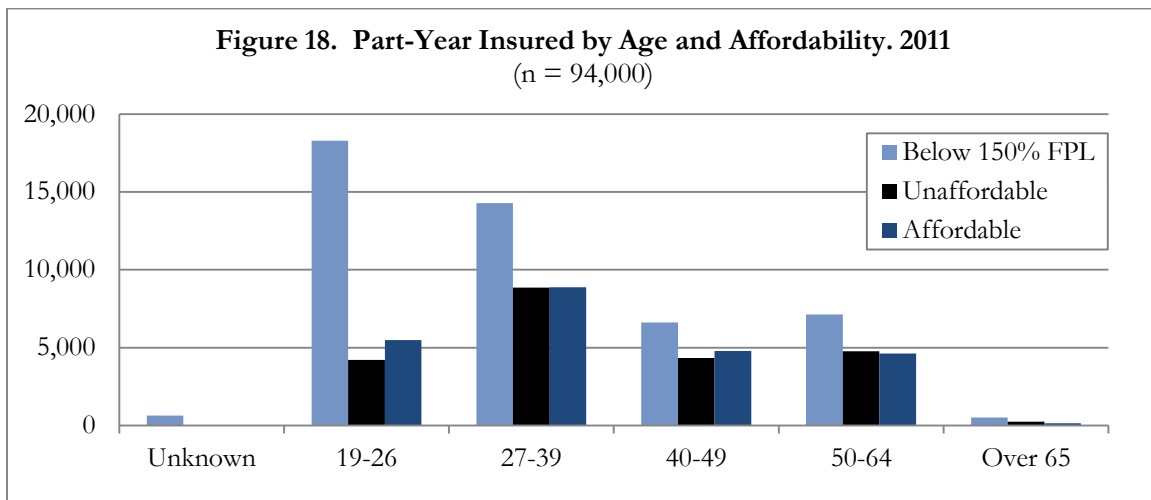


Figure 18b shows that when compared to filers who were uninsured for the full year, a higher percentage of filers who were uninsured for part of tax year 2011 reported being able to afford coverage (*i.e.*, 26% of filers with part-year insurance, compared with 15% of filers who were uninsured for all of 2011).

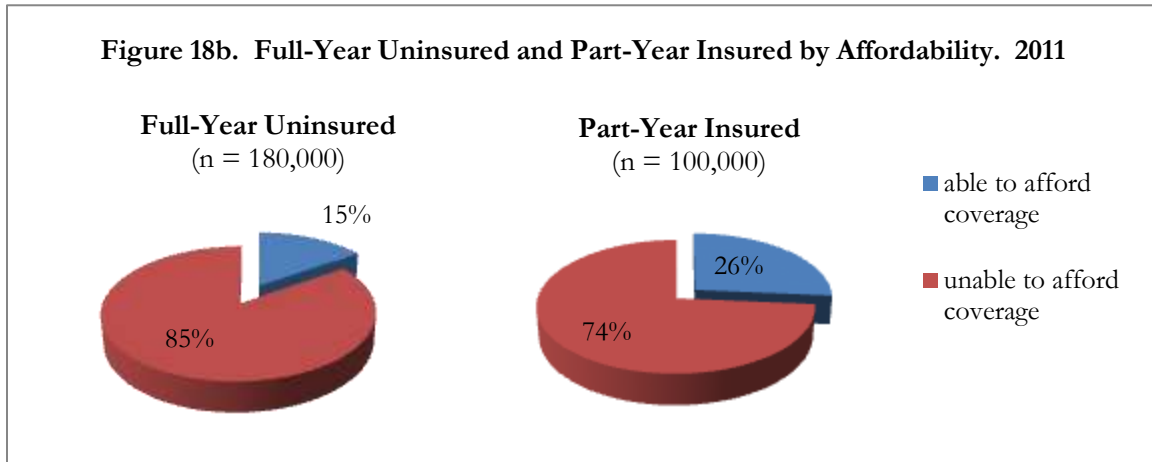


Figure 19 shows the distribution of part-year insured Schedule HC filers by gender. Gender information was available for 71% of filers who were part-year insured. Similar to the full-year uninsured filers described in Figure 7, the percent of part-year insured filers who were male (42%) was significantly greater than those who were female (29%). Among part-year insured filers for whom gender information is known, 59% were male.

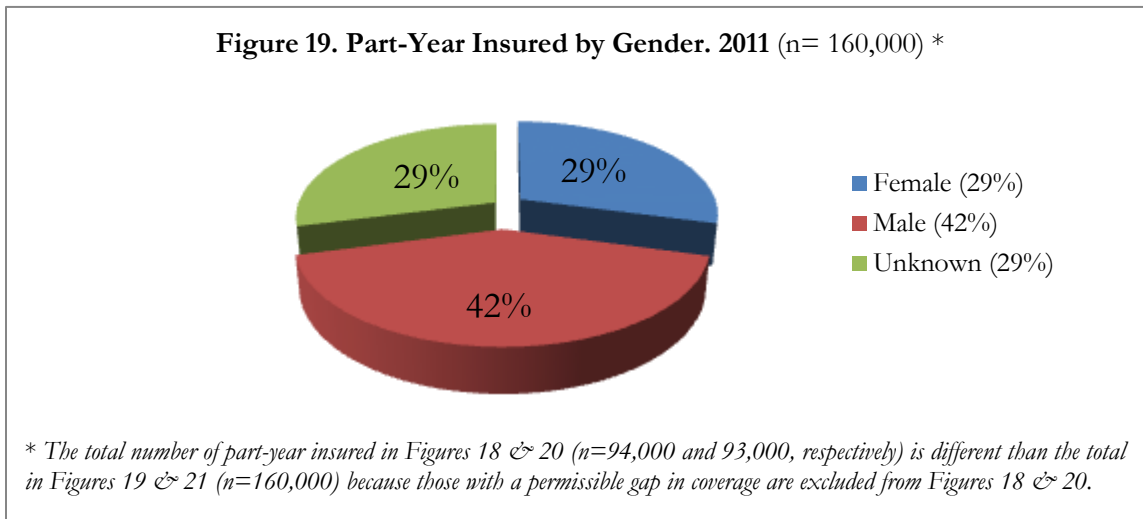


Table 3 shows the regional distribution of filers reporting part-year insurance, compared with the total adult population (age 18 and over) in each region, based on 2011 Census Bureau estimates. The percent of the population that was part-year insured varied less than half of one percent among the three regions (*i.e.*, 2.8% to 3.2%).

	Number of Part-Year Uninsured Adult Schedule HC Filers	2010 Adult Population by Region*	Part-Year Uninsured Filers as a % of the Adult Population
<b>Region 1:</b> Berkshire, Franklin, and Hampshire Counties	9,600	295,614	3.2%
<b>Region 2:</b> Bristol, Essex, Hampden, Middlesex, Norfolk, Suffolk, and Worcester Counties	120,000	4,305,572	2.8%
<b>Region 3:</b> Barnstable, Dukes, Nantucket, and Plymouth Counties	18,000	581,335	3.1%
<b>Out of State</b>	15,000	N/A	N/A

\* The data in this column comes from the 2011 U.S. Census Bureau estimates.

Figure 20 shows the distribution of part-year insured filers by region and affordability. As previously described, the “affordable” category includes those who reported that they were able to afford insurance and were assessed a penalty, as well as those who reported that they were able to afford insurance but wished to appeal the penalty. The “below 150% FPL” category includes those tax filers who reported an income below 150% FPL. The “unaffordable” category includes filers who reported that insurance was not affordable to them. Filers with a Certificate of Exemption, or religious exemption were less than 1% of the total, and therefore were not included in the figures below. A significant number of filers (70,000) had a permissible gap in coverage and could not be classified into the “affordable” and “unaffordable” categories.

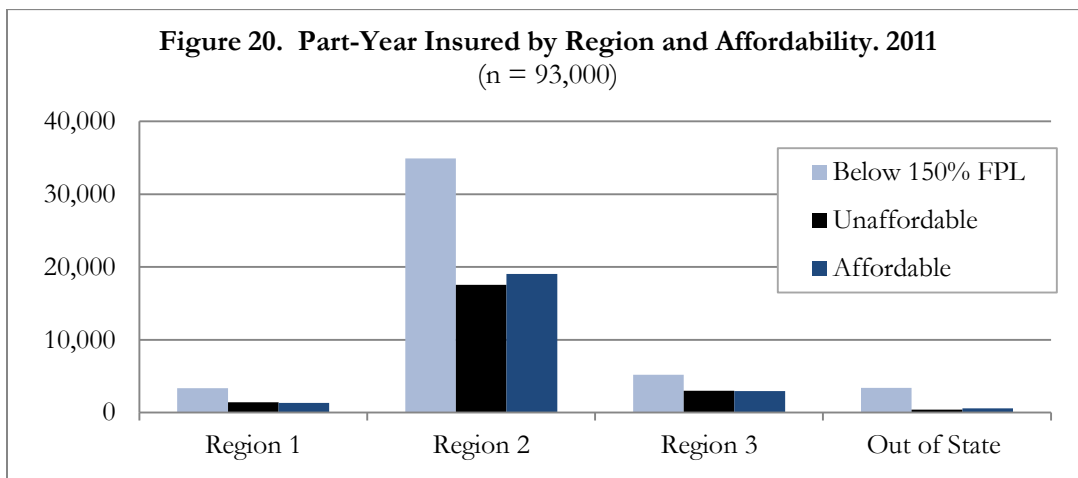
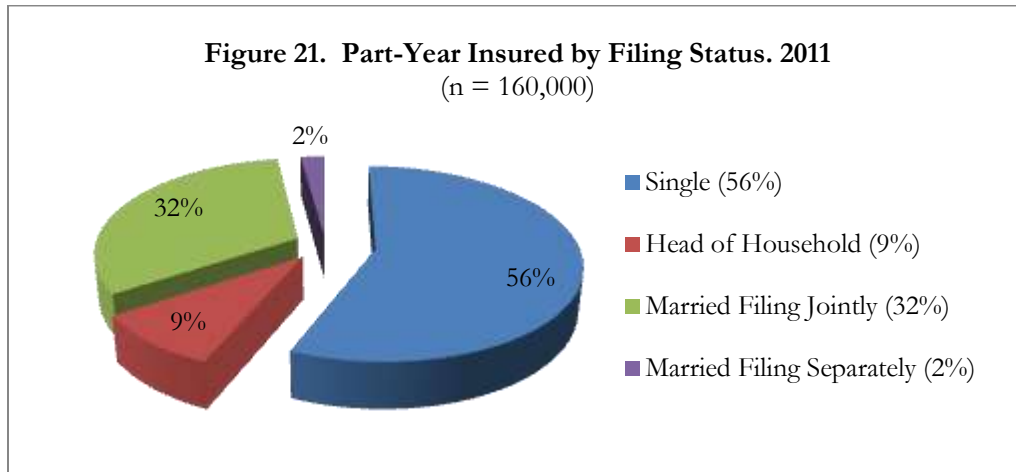
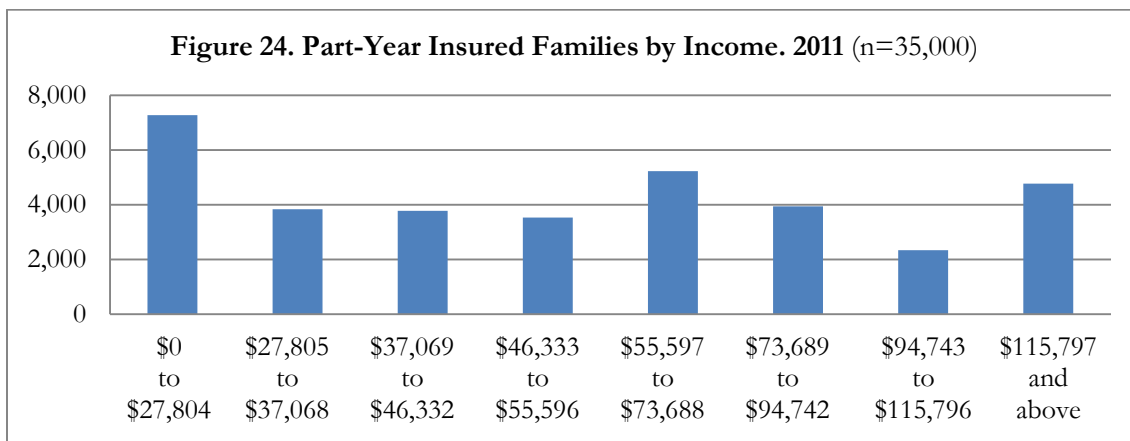
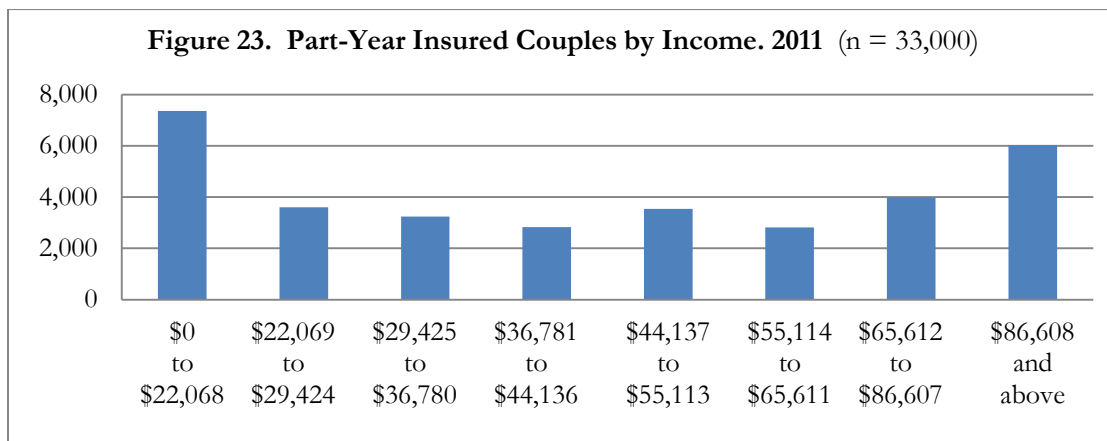
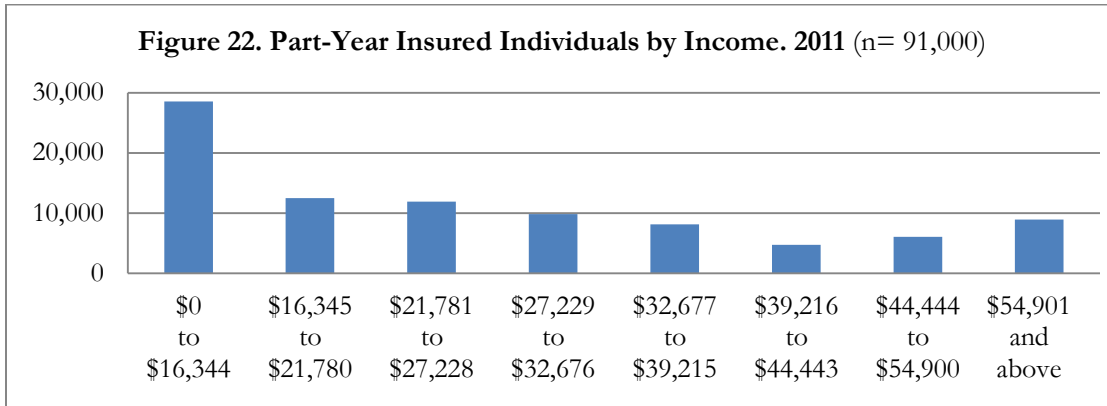


Figure 21 shows the distribution of part-year insured Schedule HC filers by filing status. The majority (56%) of filers who were insured for part of 2010 filed as single, which is also observed among full-year uninsured filers (shown in Figure 9).

The percent of the part-year insured filers who were single decreased from 65% in 2010, down to 56% in 2011. The percent of part-year insured filers who were married filing jointly increased from 23% in 2010, up to 32% in 2011.

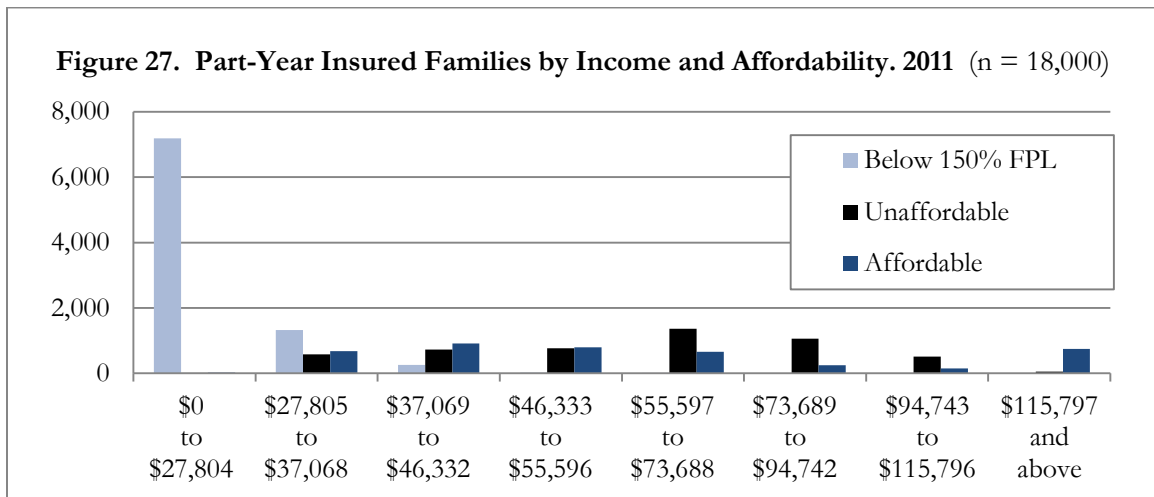
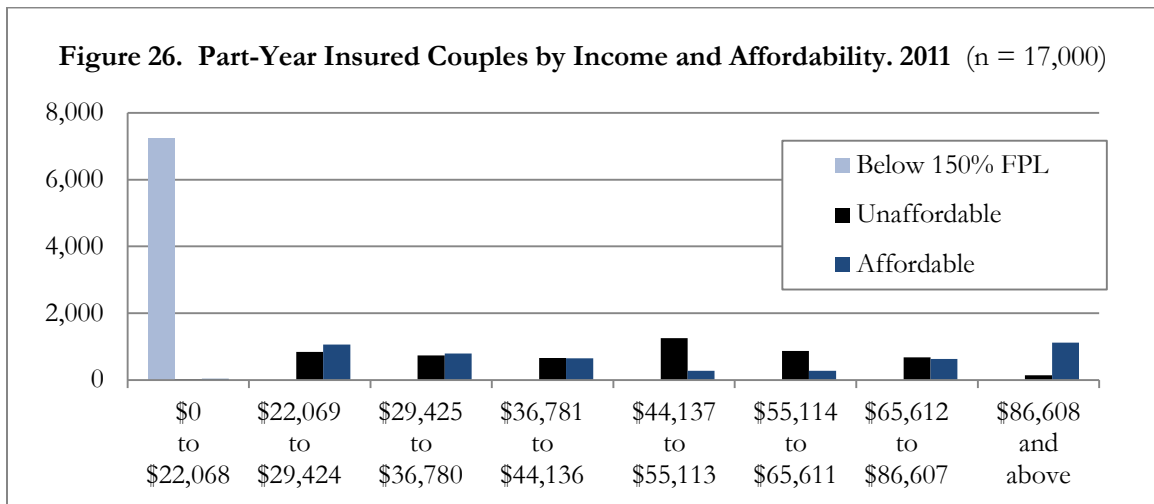
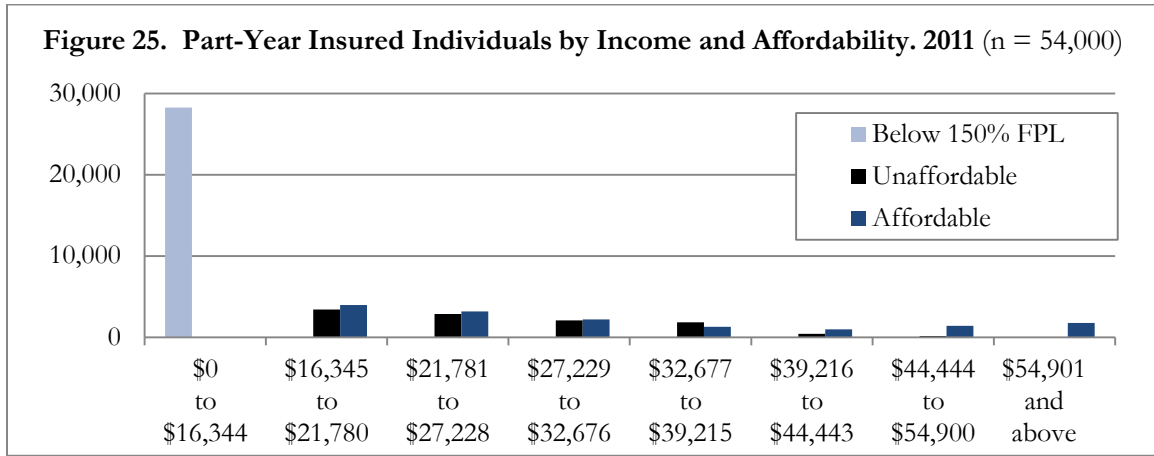


Figures 22, 23 and 24 show the part-year insured Schedule HC filers by income category. As with full-year uninsured filers (shown in Figures 13, 14 and 15), filers with part-year insurance were categorized as individuals, couples or families, based on filing status and family size. Among adult Schedule HC filers with part-year insurance, 55% (91,000) were categorized as individuals, 20% (33,000) as couples and 21% (35,000) as families. An additional 3% (5,400) of filers with part-year insurance could not be categorized on the basis of the information provided.





Figures 25, 26 and 27 show the distribution of filers with part-year insurance by income and affordability.



## Summary

This analysis demonstrates that in 2011 there continued to be strong compliance with Massachusetts' health insurance reporting requirements and that, similar to the prior two years, 99% of tax filers who were required to file a Schedule HC complied with the reporting requirement. In addition, the percent of individuals who did not file a Schedule HC or filed it with incomplete information decreased for the third consecutive year, and was less than 1% of all tax filers.

For the third consecutive year, there continued to be high rates of insurance coverage; 92% of adults who filed a Schedule HC reporting being insured with MCC-compliant coverage for all of 2011. When the additional 4% of adults with part-year insurance are considered, a total of 96% of adults who filed a Schedule HC were insured at some point during the year.

Relatively few filers (24,000 who were uninsured for the full year and 21,000 with part-year insurance, for a combined total of 45,000 filers) were assessed a penalty in 2011. This represents 1% of tax filers who filed a Schedule HC, and is approximately the same number of filers who were assessed a penalty in the prior year.

Data for uninsured tax filers is consistent with other reports and research findings that suggest that the uninsured in Massachusetts are more likely to be low-income, young adults, male, and single.

In 2011 there were no changes to the Schedule HC form or to the collection and processing of the Schedule HC data, and when compared to the prior year, there were no significant changes in the majority of findings.

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