



# **Health Connector ACA Legislative Update**

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**Board of Directors Meeting**  
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# Agenda

- Overview & the Need for Legislation
- Fiscal Year 2012 May Supplemental Appropriations Bill
- Fiscal Year 2012 June Supplemental Appropriations Bill
- What's Next?



# Overview & the Need for Legislation

- The 2012 Legislative Session has been a very busy one for the Health Connector
- In addition to funding our programs through the Commonwealth's yearly appropriations act, we also needed to secure the enactment of legislation related to our role as the Massachusetts ACA-compliant health insurance Exchange





# Overview & the Need for Legislation (cont'd)

- While Massachusetts has served as the model for national reform, moderate refinements to Massachusetts law are required to comply with the ACA
- Several Health Connector-related changes ***needed*** to be passed in the 2012 Legislative Session to support our transition to “Health Connector 2.0”:
  - Legislation needed to ensure that the Health Connector is approved by CCIIO/CMS as the Massachusetts Exchange
  - Legislation needed to ensure that the Health Connector and health plans know the populations that will shop through the Health Connector, what products will be sold on our shelves and how those products will be priced



# Fiscal Year 2012 May "Supp"

- In January, the Governor filed a supplemental budget designating the Health Connector as the state's Health Benefits Exchange for purposes of the ACA
- This legislation, signed into law on May 11, 2012 as § 7 of chapter 96 of the Acts of 2012, empowers the Health Connector to perform those duties and responsibilities required by the ACA of an Exchange
- While the Health Connector is already empowered with many of the authorities and responsibilities necessary to comply with the ACA, there are a few notable exceptions
  - *E.g.*, determining eligibility for APTCs, establishing a Navigator program, administering appeals related to the *federal* mandate
- Granting the Health Connector the full range of ACA authorities is necessary to ensure its certification as a state-based Exchange



# Fiscal Year 2012 June “Supp”

- Following stakeholder and legislative outreach meetings organized by the Patrick Administration, the Legislature enacted another supplemental appropriations bill in June that included a number of important provisions related to the ACA
- Today we will focus on Health Connector-related provisions of this law, but the other ACA-related provisions can be found in Chapter 118 of the Acts of 2012
  - Reinsurance administration ( § § 27, 31 , 33)
  - Dual Eligible demonstration ( § 25)
  - Alignment of provider preventable conditions policies ( § § 17, 18)
  - Registration of providers treating MassHealth members ( § § 19-23, 34)



# Fiscal Year 2012 June "Supp" (cont'd)

- Designating the Health Connector as the entity to conduct risk adjustment across the small/non-group commercial market ( § 44)
  - The ACA requires risk adjustment across the small/non-group market (inside and outside of the Exchange) (*i.e.*, adjusting payments to health insurers to account for their relative acuity)
  - States may designate the Exchange or certain other entities to operate the risk adjustment program
  - The Health Connector has strong experience with risk adjustment
  - The state needed to designate an entity now to select a risk adjustment methodology at the end of the year or else automatically default to the federal government's methodology



# Fiscal Year 2012 June "Supp" (cont'd)

- Authorizing the Health Connector to sell stand-alone dental and vision products and catastrophic and child-only health plans ( § § 26, 28-30, 32, 35-41, 45-49)
  - Stand-Alone Dental and Vision Products
    - The ACA requires Exchanges to offer "stand-alone" dental products that cover pediatric dental benefits; to complement dental coverage, the Health Connector also proposed to offer stand-alone vision products
  - Catastrophic and Child-Only Health Plans
    - The ACA states that if a carrier offers insurance coverage through the Exchange, it must also offer "child-only" plans (reserved for those under 21) in the same metallic tiers
    - As defined by the ACA, catastrophic health plans are higher-deductible health plans that are only available through an Exchange to non-group enrollees under 30 or individuals who have otherwise been exempted from the federal individual mandate. They carry deductibles equal to the out-of-pocket maximum for HDHPs as defined by the IRS in a given plan year (e.g., in CY2012, the deductible for individual coverage would be \$6,050)
- Authorization for the Health Connector to sell these products needed to be enacted in 2012 to clarify the products available through the Exchange in advance of the 2013 Seal of Approval process



# Fiscal Year 2012 June “Supp” (cont’d)

- Authorizing the election of the “Basic Health Plan” option and designating MassHealth to administer the program ( § 24)
  - The ACA offers states the option of electing a Basic Health Plan (BHP) to provide coverage to Aliens with Special Status (AWSS) at or below 200% FPL and other non-Medicaid eligible individuals between 133%-200%FPL
  - As previously recommended to the Board, Massachusetts is pursuing this option and authorizing MassHealth to administer the program
  - Authorization for MassHealth to administer the Basic Health Plan needed, among other things, to be enacted in 2012 to clarify the populations that will be served by the Health Connector in advance of the 2013 Seal of Approval process



# Fiscal Year 2012 June "Supp" (cont'd)

- Authorizing the Health Connector to wrap federal premium and cost sharing subsidies for individuals from 200-300% FPL purchasing through the Exchange (if appropriation is made available) ( § § 8, 38, 42, 43)
  - Under the ACA, federal premium tax credits and cost-sharing subsidies are available to assist individuals up to 400% FPL
  - Still, enrollee premiums and point-of-service cost-sharing will be significantly higher than those currently required through Commonwealth Care (for the up to 300% FPL population)
  - As previously recommended to the Board, we propose wrapping the federal subsidies for those between 200-300% FPL to mitigate enrollee cost increases for a population historically served through Commonwealth Care
  - Authorization for the Health Connector to wrap the federal subsidies needed to be enacted in 2012 so that funding could be considered as part of the FY14 budget development process



# What's Next?

- Planning is already underway for another ACA-reconciliation bill slated for the 2013 Legislative Session
- Staff and counsel from numerous state agencies have begun reviewing current state law, particularly those provisions introduced under major state health reform bills (*e.g.*, Chapter 58, Chapter 288, etc.), for areas that require technical changes to align with the ACA
- Additional substantive changes will likely also be included in this bill that reflect the culmination of policy-decision making by various advisory committees and workgroups throughout state government
- We anticipate reviewing proposed legislation related to the Health Connector with the Board later this year in advance of any formal filing in 2013