

MEMORANDUM

To: Health Connector Board Members
Cc: Louis Gutierrez, Executive Director
From: Marissa Woltmann, Director of Policy and Applied Research
Date: March 13, 2019
Re: Affordability Schedule Recommendations for Calendar Year 2020

BACKGROUND

The Health Connector serves as the primary policymaker with regard to the Commonwealth's requirement that individuals carry health insurance, also called the individual mandate. The Health Connector Board is required to devise a schedule each year that describes the percentage of income an individual could be expected to contribute towards the purchase of health insurance.¹ The primary purpose of this affordability schedule is to determine if an individual is subject to a penalty for forgoing insurance, or if the individual is not subject to a penalty because the available insurance would be deemed too costly to require.

In practice, an individual compares the monthly contribution for available creditable coverage to the corresponding maximum monthly premium for his or her income. Tax filers are asked to determine whether coverage available to them from an employer, a subsidized program like ConnectorCare, or unsubsidized commercial insurance available through the Health Connector was considered affordable according to the standards approved by the Board. Failing to enroll in affordable coverage may result in a penalty assessment. Conversely, if no affordable plan was available, no penalty for being uninsured would be assessed.

The individual mandate Massachusetts implemented as part of its 2006 health care reforms is still in effect, an important tool in promoting stability in the insurance market during a time of uncertainty about federal policy changes. The federal Patient Protection and Affordable Care Act (ACA) also includes a health insurance coverage mandate, independent from our state individual mandate, that began in 2014. The ACA defines an affordability standard of 8% of income for all households, indexed for inflation.² However, federal legislation passed in late 2017 reduced the penalty for failing to have coverage to \$0, effective in 2019. While the infrastructure of the federal mandate remains law, the elimination of associated penalties is tantamount to repeal.

Another important aspect of the affordability schedule is that it aligns with the subsidized ConnectorCare premiums for individuals with income at or below 300% of the Federal Poverty Level (FPL). The 2020 affordability schedule will inform the Health Connector's Seal of Approval plan certification process. Although the affordability schedule does not create any requirement that the market offer households plans that would be considered affordable, the Health Connector's policy has been to set its own subsidized premiums in accordance with what the Board has determined affordable. During the Seal of Approval process, carriers will submit plan

¹ M.G.L. 176Q § 3.

² The ACA outlines an indexing methodology that accounts for the rate of growth in premiums divided by the rate of growth in income. Growth is considered for national figures for the preceding calendar year compared to 2013. This new rate is applied to the 8% standard. For 2019, the U.S. Secretary of Health and Human Services considered the rate of premium growth from 2013 to 2018, divided by the rate of income growth from 2013 to 2018, and multiplied by 8%, resulting in a proposed maximum expected contribution to health insurance of 8.3% of income.

proposals informed by the anticipated base enrollee premiums, and Health Connector staff will use the base premiums in analyzing the fiscal and operational administration of the ConnectorCare program. Alignment of the ConnectorCare base enrollee premiums with the affordability schedule also means that individuals who could have enrolled in ConnectorCare but failed to would be subject to a penalty.

PROPOSED APPROACH FOR 2020 STATE AFFORDABILITY SCHEDULE

The proposed schedule for 2020 maintains the approach to affordability standards used since 2016. The schedule was updated to reflect the federal poverty guidelines for 2019, which will be used to determine eligibility for Health Connector subsidies during the 2020 benefit year.

For households up to 300% FPL, updates to the federal poverty guidelines translate to relatively small increases in the dollar amounts considered affordable for each income bracket. This change will, if approved, also increase the base enrollee premium for ConnectorCare members. Plan Type 2B members would have a minimum premium increase of \$1, Plan Type 3A an increase of \$2, and Plan Type 3B an increase of \$4. An adjustment to the couples schedule for households between 250 and 300% FPL from 7.35% to 7.40% of income was necessary to maintain the affordability of ConnectorCare in that bracket.

For households over 300% FPL, the schedule includes minor increases in the dollar amounts considered affordable, driven by updates to the federal poverty guidelines. The affordability standards for individuals in these income ranges are the same as in the 2019 schedule.

The proposed approach for the 2020 affordability schedule, which generally maintains the standards adopted for 2019, provides stability for state residents and the insurance market more broadly by allowing the amount of a premium considered affordable to increase gradually as the poverty guidelines increase. We believe that Massachusetts’s national leadership in coverage rates is due in part to its carefully crafted state-based individual mandate policies, and we continue to seek an affordability schedule that supports further success.

PROPOSED CY 2020 AFFORDABILITY SCHEDULE

Proposed 2020 Affordability Standards for Individuals

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 – 100%	\$0	\$12,490	0%	\$0	\$0
100.1 – 150%	\$12,491	\$18,735	0%	\$0	\$0
150.1 – 200%	\$18,736	\$24,980	2.90%	\$45	\$60
200.1 – 250%	\$24,981	\$31,225	4.20%	\$87	\$109
250.1 – 300%	\$31,226	\$37,470	5.00%	\$130	\$156
300.1 – 350%	\$37,471	\$43,715	7.45%	\$233	\$271
350.1 – 400%	\$43,716	\$49,960	7.60%	\$277	\$316
Above 400%	\$49,961		8.00%	\$333	

Proposed 2020 Affordability Standards for Couples

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$16,910	0%	\$0	\$0
100.1 - 150%	\$16,911	\$25,365	0%	\$0	\$0
150.1 - 200%	\$25,366	\$33,820	4.30%	\$91	\$121
200.1 - 250%	\$33,821	\$42,275	6.20%	\$175	\$218
250.1 - 300%	\$42,276	\$50,730	7.40%	\$261	\$313
300.1 - 350%	\$50,731	\$59,185	7.45%	\$315	\$367
350.1 - 400%	\$59,186	\$67,640	7.60%	\$375	\$428
Above 400%	\$67,641		8.00%	\$451	

Proposed 2020 Affordability Standards for Families

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$21,330	0%	\$0	\$0
100.1 - 150%	\$21,331	\$31,995	0%	\$0	\$0
150.1 - 200%	\$31,996	\$42,660	3.40%	\$91	\$121
200.1 - 250%	\$42,661	\$53,325	4.90%	\$174	\$218
250.1 - 300%	\$53,326	\$63,990	5.85%	\$260	\$312
300.1 - 350%	\$63,991	\$74,655	7.45%	\$397	\$463
350.1 - 400%	\$74,656	\$85,320	7.60%	\$473	\$540
Above 400%	\$85,321		8.00%	\$569	

APPENDIX

Included in this appendix are the CY 2019 Affordability Schedule tables for reference.

2019 Affordability Standards for Individuals

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$12,140	0%	\$0	\$0
100.1 - 150%	\$12,141	\$18,210	0%	\$0	\$0
150.1 - 200%	\$18,211	\$24,280	2.90%	\$44	\$59
200.1 - 250%	\$24,281	\$30,350	4.20%	\$85	\$106
250.1 - 300%	\$30,351	\$36,420	5.00%	\$126	\$152
300.1 - 350%	\$36,421	\$42,490	7.45%	\$226	\$264
350.1 - 400%	\$42,491	\$48,560	7.60%	\$269	\$308
Above 400%	\$48,561		8.00%	\$324	

2019 Affordability Standards for Couples

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$16,460	0%	\$0	\$0
100.1 - 150%	\$16,461	\$24,690	0%	\$0	\$0
150.1 - 200%	\$24,691	\$32,920	4.30%	\$88	\$118
200.1 - 250%	\$32,921	\$41,150	6.20%	\$170	\$213
250.1 - 300%	\$41,151	\$49,380	7.35%	\$252	\$302
300.1 - 350%	\$49,381	\$57,610	7.45%	\$307	\$358
350.1 - 400%	\$57,611	\$65,840	7.60%	\$365	\$417
Above 400%	\$65,841		8.00%	\$439	

2019 Affordability Standards for Families

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$20,780	0%	\$0	\$0
100.1 - 150%	\$20,781	\$31,170	0%	\$0	\$0
150.1 - 200%	\$31,171	\$41,560	3.40%	\$88	\$118
200.1 - 250%	\$41,561	\$51,950	4.90%	\$170	\$212
250.1 - 300%	\$51,951	\$62,340	5.85%	\$253	\$304
300.1 - 350%	\$62,341	\$72,730	7.45%	\$387	\$452
350.1 - 400%	\$72,731	\$83,120	7.60%	\$461	\$526
Above 400%	\$83,121		8.00%	\$554	