



Topics Related to the Individual Mandate for Calendar Year 2021 (VOTE)

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Overview

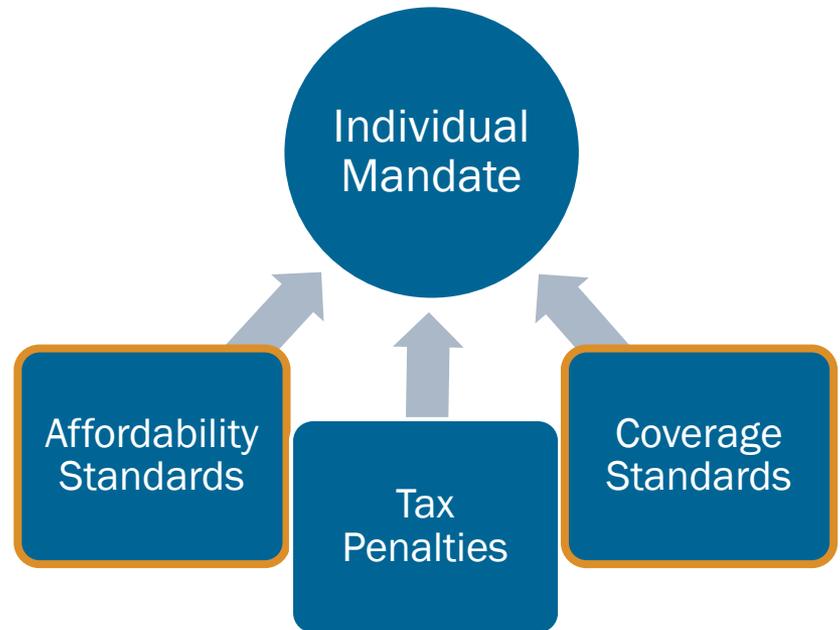
Today's presentation will provide an update on the individual mandate in Massachusetts and propose an affordability schedule and Minimum Creditable Coverage deductible limits for 2021.

- Findings from analysis of individual mandate compliance data from 2013-2015
- 2021 Affordability Schedule
 - Affordability schedule refresher
 - Proposed approach for 2021 maintains standards from 2020 and apply them against updated federal poverty guidelines
- 2021 Deductible Limits
 - Minimum Creditable Coverage deductible limit refresher
 - Proposed approach for 2021 applies federal indexing methodology outlined in the regulations without additional adjustments

Background

Massachusetts has required adults to maintain health insurance since 2007, and the “individual mandate” remains an important tool in promoting market stability today.

- Massachusetts chose to keep its individual mandate in place as the ACA brought a similar policy to the rest of the nation
- The federal individual mandate penalty is no longer being assessed as of tax year 2019, but the state mandate remains in place
- The Health Connector Board is responsible for a number of policy aspects of the individual mandate, including affordability standards, Minimum Creditable Coverage (MCC) standards, and hardship exemption criteria
- Today’s discussion will focus on affordability and coverage standards for 2021



Individual Mandate Data Analysis

Tax data from the Massachusetts DOR provides insights on the uninsured in the Commonwealth between 2013 and 2015, as the Affordable Care Act (ACA) was implemented.

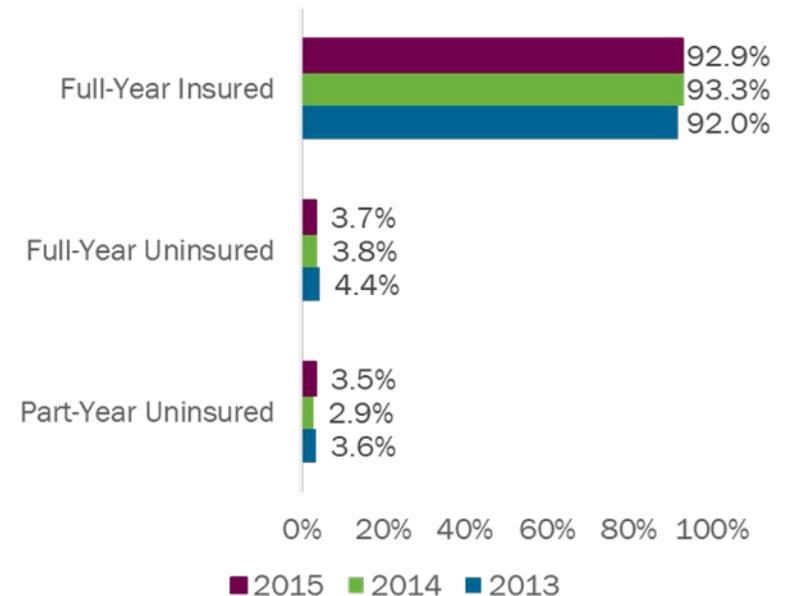
- The uninsured rate declined among both part-year and full-year uninsured residents between 2013 and 2015, underscoring the impact of ACA implementation on coverage across the state
- The uninsured are a mix of chronically uninsured individuals and newly uninsured individuals in any given year
- Around 60,000 individuals were exempt from a penalty in 2015 because they lacked access to affordable coverage
- The 2013-2015 tax data confirms that, in general, the uninsured in Massachusetts are more likely to be young, male, low-income people
- Nearly three-quarters of the full-year uninsured fall under 400 percent FPL and may be eligible for subsidized health coverage

Schedule HC Filers by Insurance Status

Tax data shows a slight decrease in uninsurance as the ACA was implemented.

- Between 2013 and 2015, approximately 93 percent of Massachusetts tax filers reported full-year coverage in an MCC-compliant plan
- The rate of tax filers who reported being uninsured during the full tax year decreased significantly from 4.4 percent (193,000 individuals) in 2013 to 3.7 percent (161,000 individuals) in 2015
- The rate of tax filers who reported being uninsured for part of the tax year also decreased significantly from 3.6 percent (156,000 individuals) in 2013 to 3.5 percent (153,000 individuals) in 2015

Schedule HC Filers in Massachusetts by Insurance Status, 2013-2015

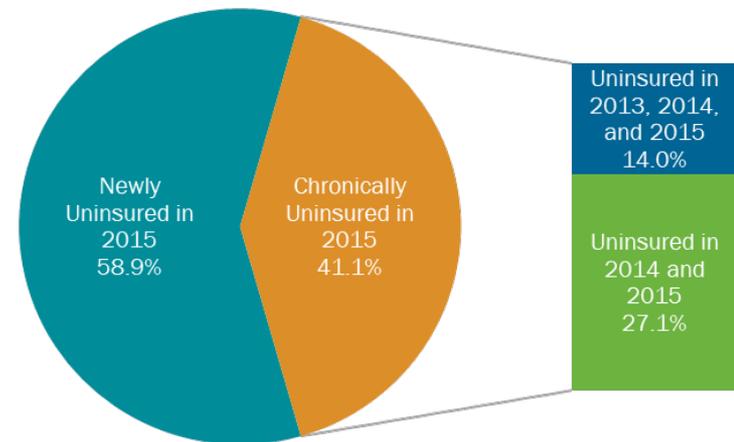


Chronic Uninsurance Among Full-Year Uninsured

Roughly 41 percent of the full-year uninsured in 2015 were also uninsured in prior years.

- The full-year uninsured population (approximately 161,000 people) in 2015 was comprised of:
 - 59 percent newly uninsured individuals in 2015;
 - 27 percent individuals who were uninsured in 2014 and 2015; and
 - 14 percent individuals who were uninsured in 2013, 2014, and 2015
- 46 percent (or approximately 10,000 people) of those who were uninsured in 2013, 2014, and 2015 were between the ages of 18 and 34
- Individuals who are persistently uninsured may need different kinds of support to come into coverage than people with short coverage gaps

Chronically Uninsured Among the Full-Year Uninsured in 2015





Affordability Schedule for Calendar Year 2021

How the Affordability Schedule Applies to the Market

The affordability schedule determines whether an uninsured individual must pay a penalty for forgoing coverage.

- If an individual has access to coverage considered affordable but does not enroll, they will be assessed a tax penalty
- As a matter of policy, the affordability schedule informs ConnectorCare premiums such that ConnectorCare is deemed affordable; eligible individuals must enroll or pay a penalty

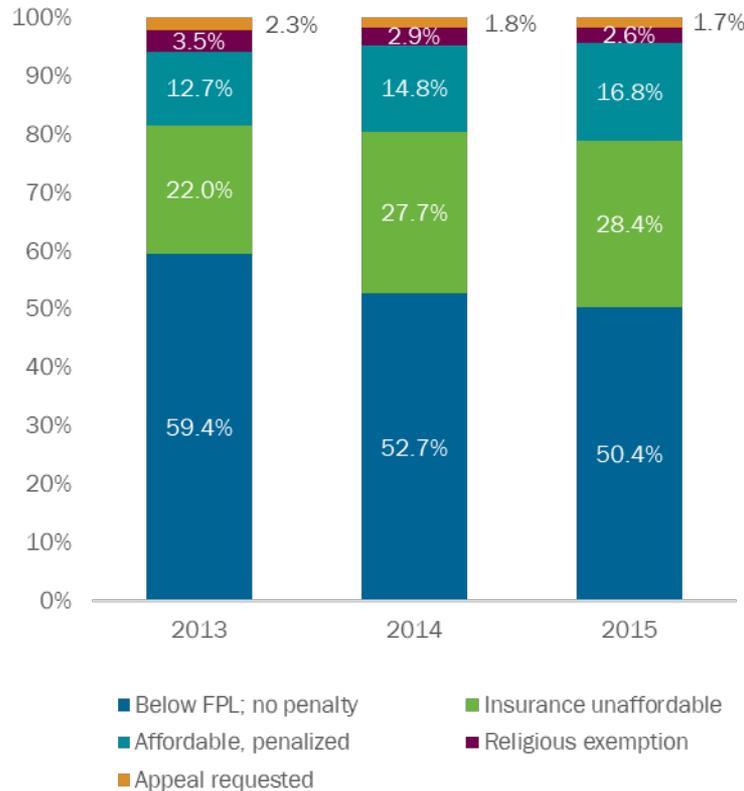
The affordability schedule does not require employers or carriers to offer affordable coverage.

- The affordability schedule also does not penalize employers or issuers if individuals fail to enroll in affordable coverage they offered
- The affordability schedule is independent of federal policies related to affordable coverage standards and is separate from the determination of federal premium tax credit amounts

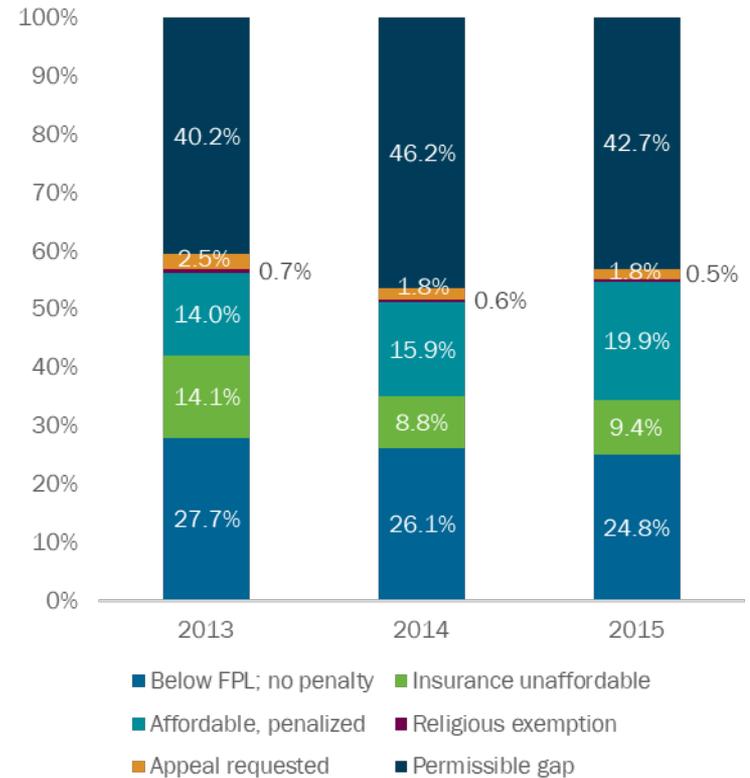
Affordability in Practice

A majority of the uninsured face no penalty based on income or a short gap in coverage; the remainder use the affordability schedule to determine whether a penalty applies to them.

Full-Year Uninsured by Penalty Status, 2013-2015



Part-Year Uninsured by Penalty Status, 2013-2015



2021 Schedule: Proposed Approach

The proposed 2021 affordability schedule generally maintains the approach used for the last several years.

- For several years, the Board has maintained steady percentages of income considered affordable but incorporated updated federal poverty guidelines each year that drive changes in terms of the dollar values of premiums considered affordable
- While the percentage of income asked of each cohort of individuals is based on their income as a percentage of the federal poverty guidelines, the income associated with each range has increased in real dollars
- A minor adjustment to the families schedule maintains the affordability of ConnectorCare between 250.1 and 300% FPL
- The link between the affordability and ConnectorCare premiums means that ConnectorCare lowest-cost premiums would increase by \$1-\$3, depending on plan type

Plan Type (Income Range)	2020 Premium	Proposed 2021 Premium
Plan Type 2B (150.1 – 200% FPL)	\$45	\$46
Plan Type 2B (200.1 – 250% FPL)	\$87	\$89
Plan Type 2B (250.1 – 300% FPL)	\$130	\$133

Proposed 2021 Schedule: 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	\$12,760	0%	\$0	\$0
100.1 – 150%	\$12,761	\$19,140	0%	\$0	\$0
150.1 – 200%	\$19,141	\$25,520	2.90%	\$46	\$62
200.1 – 250%	\$25,521	\$31,900	4.20%	\$89	\$112
250.1 – 300%	\$31,901	\$38,280	5.00%	\$133	\$160
300.1 – 350%	\$38,281	\$44,660	7.45%	\$238	\$277
350.1 – 400%	\$44,661	\$51,040	7.60%	\$283	\$323
Above 400%	\$51,041		8.00%	\$340	

Proposed 2021 Schedule: Couples

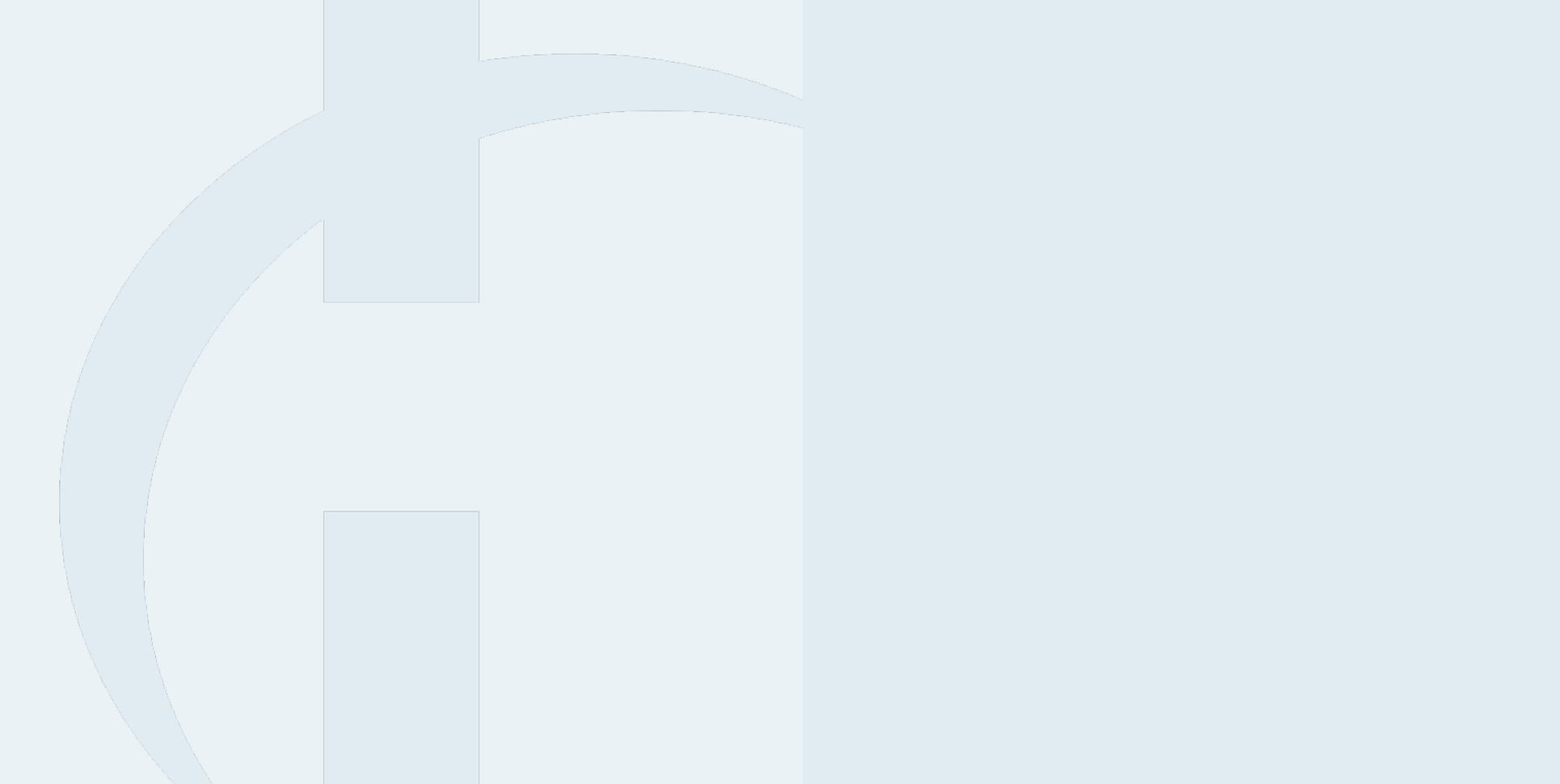
% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$17,240	0%	\$0	\$0
100.1 - 150%	\$17,241	\$25,860	0%	\$0	\$0
150.1 - 200%	\$25,861	\$34,480	4.30%	\$93	\$124
200.1 - 250%	\$34,481	\$43,100	6.20%	\$178	\$223
250.1 - 300%	\$43,101	\$51,720	7.40%	\$266	\$319
300.1 - 350%	\$51,721	\$60,340	7.45%	\$321	\$375
350.1 - 400%	\$60,341	\$68,960	7.60%	\$382	\$437
Above 400%	\$68,961		8.00%	\$460	

Proposed 2021 Schedule: 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	\$21,720	0%	\$0	\$0
100.1 - 150%	\$21,721	\$32,580	0%	\$0	\$0
150.1 - 200%	\$32,581	\$43,440	3.40%	\$92	\$123
200.1 - 250%	\$43,441	\$54,300	4.95%	\$179	\$224
250.1 - 300%	\$54,301	\$65,160	5.90%	\$267	\$320
300.1 - 350%	\$65,161	\$76,020	7.45%	\$405	\$472
350.1 - 400%	\$76,021	\$86,880	7.60%	\$481	\$550
Above 400%	\$86,881		8.00%	\$579	

VOTE

Move that the Board approve the issuance of the Affordability Schedules for Individuals, Couples, and Families for Calendar Year 2021 as set forth in the staff recommendation as final.



**Minimum Creditable Coverage
Deductible Limits for Calendar
Year 2021**

How MCC Deductible Limits Apply to the Market

MCC deductible limits determine what kind of coverage an individual can have and “check the box” when they file their taxes.

- Indexing of deductibles allows flexibility in plan design that helps plan sponsors create high-value, MCC-compliant plans that residents can use to comply with individual mandate requirements
- Without periodic indexing, state residents may be unfairly penalized through the individual mandate despite having coverage that meets reasonable minimum standards

MCC deductible limits do not require or encourage increased deductibles for consumers.

- The deductible limits proposed today do not impact high deductible health plans (HDHPs) as defined by the IRS
 - The IRS will publish 2021 cost sharing requirements for HDHPs later this year
 - HDHPs that are compatible with Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs) qualify as MCC under Health Connector regulations

Background on MCC's Deductible Limits

MCC standards both reflect and shape market “norms” for coverage in determining what kind of coverage is sufficient to avoid a penalty under state health coverage requirements.

- The Health Connector Board promulgated regulations in 2007 to define MCC standards that included deductible limits of \$2,000 for an individual and \$4,000 for a family
- In December 2019, the Board finalized revised MCC regulations that incorporated a provision to index these deductible limits annually using the “premium adjustment percentage” calculated by the U.S. Department of Health and Human Services (HHS) but may also vote to amend the indexed deductible in any given year, if it felt appropriate to do so
- Prior to the 2019 regulatory change, the deductible limits began to have unintended effects over time and as health care costs increased
 - Individuals with otherwise robust health coverage by today’s standards sometimes faced a tax penalty based on deductibles higher than the \$2,000/\$4,000 limits
 - Plans subject to actuarial value constraints under the ACA, including those designed as part of the Health Connector’s Seal of Approval process, increasingly struggled to maintain reasonable cost sharing amounts for particular services with deductible amounts capped at \$2,000/\$4,000

2021 Deductible Limits

Using the 2021 premium adjustment percentage proposed by HHS, individuals could satisfy MCC requirements with plans that had deductibles up to \$2,700 for an individual and \$5,400 for a family.

Deductible Limit	2020	Proposed 2021
Individual Medical	\$2,550	\$2,700
Individual – Separate Prescription	\$310	\$330
Family Medical	\$5,100	\$5,400
Family – Separate Prescription	\$620	\$660

- Plans with a separate drug deductible must still adhere to the overall medical limit as well (i.e., plans may not effectively increase the deductible limit above \$2,550 in 2020 or \$2,700 in 2021 by imposing a separate drug deductible)
- The indexed 2021 deductible would lower the standard deductible in Bronze plans compared to 2020, which is important as we see more members gravitate toward Bronze
- Should HHS finalize a premium adjustment percentage that results in different deductibles, staff will return to the Board to provide additional information
- Staff will continue to monitor implementation of higher deductible limits throughout 2020 and will report its findings back to the Board in advance of proposing deductible limits for 2022

VOTE

Move that the Board approve the deductible limits for Plan Year 2021 as set forth in the staff recommendation.



Appendix: 2020 Affordability Schedule

2020 Schedule: 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	

2020 Schedule: 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	

2020 Schedule: 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	