



Topics Related to the Individual Mandate for Calendar Year 2022 (VOTE)

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Overview

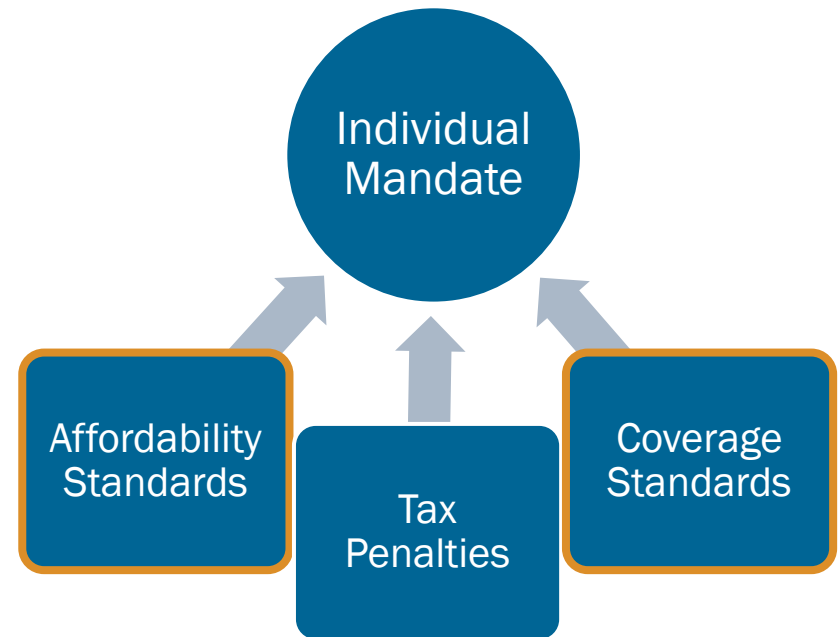
Today's presentation will propose for the Board's consideration two updates for 2022 related to the Commonwealth's individual mandate: an affordability schedule and Minimum Creditable Coverage deductible limits.

- **2022 Affordability Schedule**
 - Affordability schedule refresher
 - Proposed approach for 2022 maintains standards from 2021 and apply them against updated federal poverty guidelines
- **2022 Deductible Limits within Minimum Creditable Coverage (MCC)**
 - Minimum Creditable Coverage deductible limit refresher
 - Proposed approach for 2022 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.

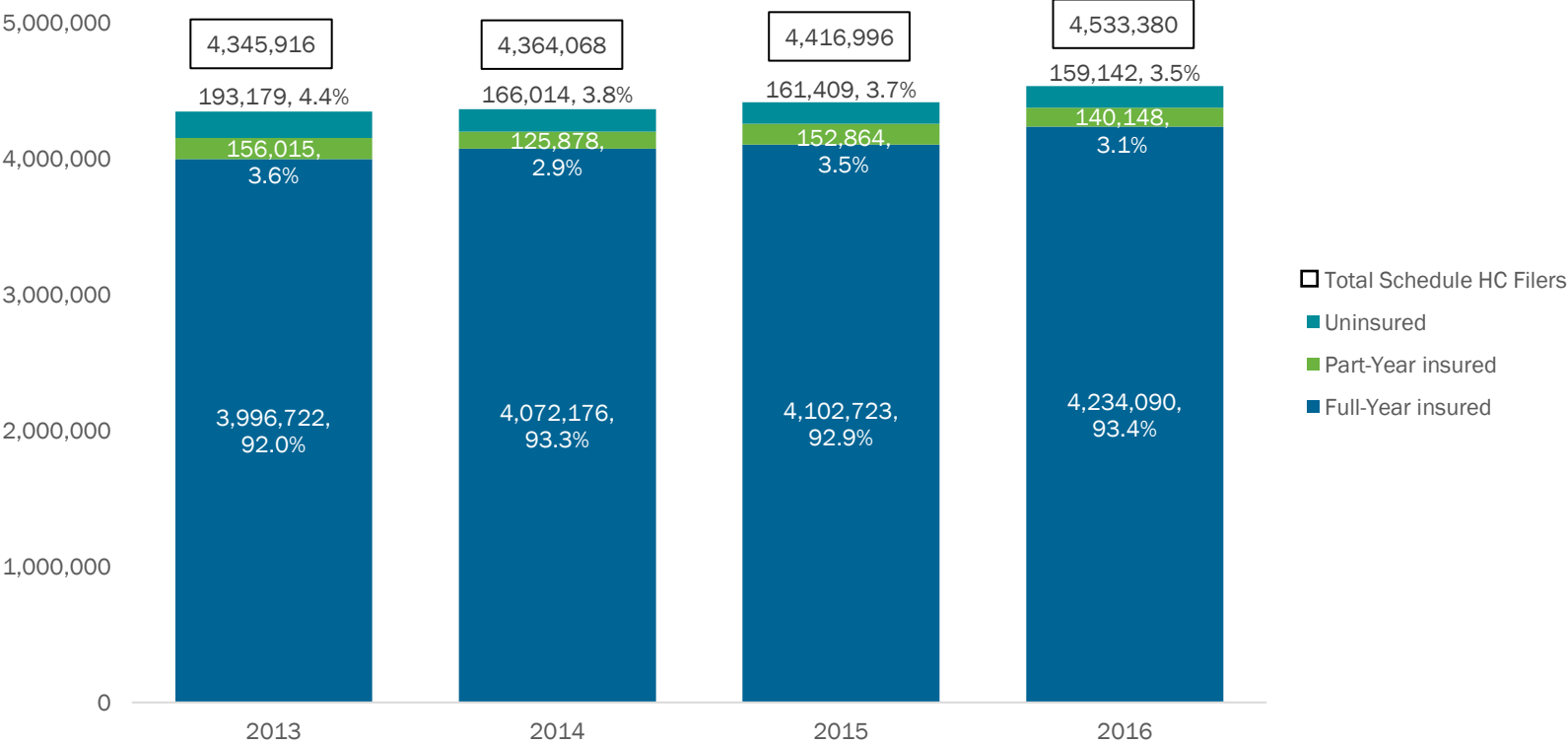
- Massachusetts chose to keep its individual mandate in place as the ACA brought a similar policy to the rest of the nation
- The federal individual mandate penalty is no longer being assessed as of tax year 2019, but the state mandate remains in place
- The Health Connector Board is responsible for 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 2022



Individual Mandate Compliance Data: DOR Tax Filers Data, 2013-2016

Between 2013 and 2016, the proportion of tax filers reporting uninsurance decreased by 0.9 percentage points, representing approximately 34,000 people. During the same time period, the proportion of state residents who reported being insured for the full year increased by 1.4 percentage point or nearly 237,400 newly covered individuals.

Health Insurance Status Among Schedule HC Filers, 2013-2016





Affordability Schedule for Calendar Year 2022

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

2022 Schedule: Proposed Approach

The proposed 2022 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 150.1 and 200% FPL, and a second adjustment reversed a similar adjustment from the 2021 schedule between 250.1 and 300% FPL
- The link between the affordability and ConnectorCare premiums means that ConnectorCare lowest-cost premiums would increase by \$1 for Plan Types 2B, 3A, and 3B.

Plan Type (Income Range)	2021 Premium	Proposed 2022 Premium
Plan Type 2B (150.1 – 200% FPL)	\$46	\$47
Plan Type 3A (200.1 – 250% FPL)	\$89	\$90
Plan Type 3B (250.1 – 300% FPL)	\$133	\$134

Proposed 2022 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 - 150%	\$0	\$19,320	0%		
150.1 - 200%	\$19,321	\$25,760	2.90%	\$47	\$62
200.1 - 250%	\$25,761	\$32,200	4.20%	\$90	\$113
250.1 - 300%	\$32,201	\$38,640	5.00%	\$134	\$161
300.1 - 350%	\$38,641	\$45,080	7.45%	\$240	\$280
350.1 - 400%	\$45,081	\$51,520	7.60%	\$286	\$326
Above 400%	\$51,521		8.00%	\$343	

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 - 150%	\$0	\$26,130	0%		
150.1 - 200%	\$26,131	\$34,840	4.30%	\$94	\$125
200.1 - 250%	\$34,841	\$43,550	6.20%	\$180	\$225
250.1 - 300%	\$43,551	\$52,260	7.40%	\$269	\$322
300.1 - 350%	\$52,261	\$60,970	7.45%	\$324	\$379
350.1 - 400%	\$60,971	\$69,680	7.60%	\$386	\$441
Above 400%	\$69,681		8.00%	\$465	

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 - 150%	\$0	\$32,940	0%		
150.1 - 200%	\$32,941	\$43,920	3.45%	\$95	\$126
200.1 - 250%	\$43,921	\$54,900	4.95%	\$181	\$226
250.1 - 300%	\$54,901	\$65,880	5.85%	\$268	\$321
300.1 - 350%	\$65,881	\$76,860	7.45%	\$409	\$477
350.1 - 400%	\$76,861	\$87,840	7.60%	\$487	\$556
Above 400%	\$87,841		8.00%	\$586	

VOTE

Move that the Board approve the issuance of the Affordability Schedules for Individuals, Couples, and Families for Calendar Year 2022 as set forth in the staff recommendation as final.



**Minimum Creditable Coverage
Deductible Limits for Calendar
Year 2022**

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 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 2022 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
 - Many plans were certified as MCC-compliant despite having higher deductibles based on generous benefits outside the deductible

2022 Deductible Limits


Using the 2022 premium adjustment percentage proposed by HHS, individuals could satisfy MCC requirements with plans that had deductibles up to \$2,850 for an individual and \$5,700 for a family.

Deductible Limit	2021	Proposed 2022
Individual Medical	\$2,700	\$2,850
Individual – Separate Prescription	\$330	\$350
Family Medical	\$5,400	\$5,700
Family – Separate Prescription	\$660	\$700

- 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 \$2,850 by imposing a separate drug deductible)
- While staff acknowledge a growing body of research that cost sharing deters both high-value and low-value care, minor adjustments to or a one-year freeze on the MCC deductible limits are unlikely to halt the overall market trend toward increasing cost sharing, but they may result in penalties for individuals with generally robust coverage
- Should HHS finalize a premium adjustment percentage that results in different deductibles, staff will return to the Board to provide additional information

VOTE

Move that the Board approve the deductible limits for Plan Year 2022 as set forth in the staff recommendation.



Appendix: 2021 Affordability Schedule

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 – 150%	\$0	\$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 - 150%	\$0	\$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 - 150%	\$0	\$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	