



Topics Related to the Individual Mandate for Calendar Year 2023 (VOTE)

MARISSA WOLTMANN

Senior Director of Policy and Applied Research

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Overview

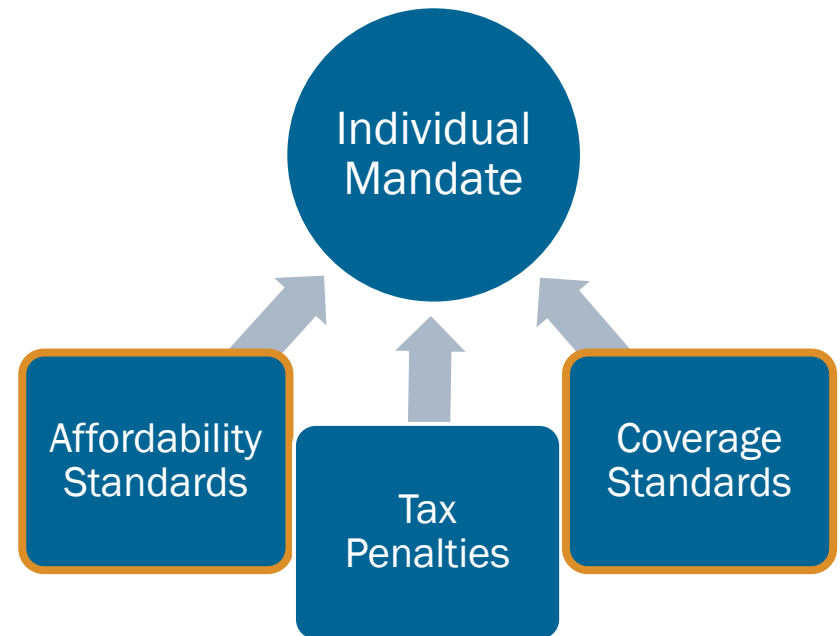
Today's presentation will propose for the Board's consideration annual updates for 2023 related to two components of the Commonwealth's individual mandate: an affordability schedule and Minimum Creditable Coverage deductible limits.

- **2023 Affordability Schedule**
 - Affordability schedule refresher
 - Proposed approach for 2023
- **2023 Deductible Limits within Minimum Creditable Coverage (MCC)**
 - Minimum Creditable Coverage deductible limit refresher
 - Proposed approach for 2023 applies federal indexing methodology outlined in the regulations without additional adjustments

Background

Since 2007, Massachusetts has required adults to maintain health insurance, 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 in 2014
- 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 annual updates to the **affordability** and **coverage standards** for 2023





Affordability Schedule for Calendar Year 2023

How the Affordability Schedule Applies to the Market

The affordability schedule does determine 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 enrollee contributions such that ConnectorCare is deemed affordable; eligible individuals must enroll or pay a penalty
- The schedules for couples and families account for two adults enrolling in ConnectorCare in the plan with the lowest enrollee contribution

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

The Affordability Schedule and ConnectorCare

Affordability standards for couples and families are influenced by the cost of two ConnectorCare enrollee contributions as the schedule is designed.

% of FPL	2022 Individuals Affordability Standard	Affordable Premium Range	2022 ConnectorCare Contribution
0 - 150% \$0 - \$19,320	0%	\$0	\$0
150.1 - 200% \$19,321 - \$25,760	2.90%	\$47 - \$62	\$47
200.1 - 250% \$25,761 - \$32,200	4.20%	\$90 - \$113	\$90
250.1 - 300% \$32,201 - \$38,640	5.00%	\$134 - \$161	\$134

	2022 Couples Affordability Standard	Affordable Premium Range	2022 ConnectorCare Contribution for Two Adults
0 - 150% \$0 - \$26,130	0%	\$0	\$0
150.1 - 200% \$26,131 - \$34,840	4.30%	\$94 - \$125	\$94
200.1 - 250% \$34,841 - \$43,550	6.20%	\$180 - \$225	\$180
250.1 - 300% \$43,551 - \$52,260	7.40%	\$269 - \$322	\$268

2023 Schedule: Proposed Approach

The proposed 2023 affordability schedule adjusts the standards used in prior years to moderate the impact of inflation reflected in the latest federal poverty guidelines.

- 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
- Staff propose reductions in the percentage of income considered affordable for individuals 150.1- to 300 percent FPL, as noted below, to (1) moderate increases to ConnectorCare enrollee contributions and (2) avoid increasing this income range
- This approach would allow for 0.05 percentage point reductions on the standards for families 150.1 -200 and 200.1-250 percent FPL (from 3.45 to 3.40 and 4.95 to 4.90 percent, respectively) restoring the standards used in 2020 after increases were needed in 2021 and 2022 to account for ConnectorCare enrollee contributions

% of FPL	2022 Individuals' Affordability Standards	Proposed 2023 Individuals' Affordability Standards
0 – 150%	0%	0%
150.1 – 200%	2.90%	2.80%
200.1 – 250%	4.20%	4.10%
250.1 – 300%	5.00%	4.85%

Income Range	2022 Premium	Proposed 2023 Premium
Resident at 150.1 – 200% FPL ConnectorCare Plan Type 2B	\$47	\$48
Resident at 200.1 – 250% FPL ConnectorCare Plan Type 3A	\$90	\$93
Resident at 250.1 – 300% FPL ConnectorCare Plan Type 3B	\$134	\$137

Proposed 2023 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	\$20,385	0%		
150.1 - 200%	\$20,386	\$27,180	2.80%	\$48	\$63
200.1 - 250%	\$27,181	\$33,975	4.10%	\$93	\$116
250.1 - 300%	\$33,976	\$40,770	4.85%	\$137	\$165
300.1 - 350%	\$40,771	\$47,565	7.45%	\$253	\$295
350.1 - 400%	\$47,566	\$54,360	7.60%	\$301	\$344
Above 400%	\$54,361		8.00%	\$362	

Proposed 2023 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	\$27,465	0%		
150.1 - 200%	\$27,466	\$36,620	4.30%	\$98	\$131
200.1 - 250%	\$36,621	\$45,775	6.20%	\$189	\$237
250.1 - 300%	\$45,776	\$54,930	7.40%	\$282	\$339
300.1 - 350%	\$54,931	\$64,085	7.45%	\$341	\$398
350.1 - 400%	\$64,086	\$73,240	7.60%	\$406	\$464
Above 400%	\$73,241		8.00%	\$488	

Proposed 2023 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	\$34,545	0%		
150.1 - 200%	\$34,546	\$46,060	3.40%	\$98	\$131
200.1 - 250%	\$46,061	\$57,575	4.90%	\$188	\$235
250.1 - 300%	\$57,576	\$69,090	5.85%	\$281	\$337
300.1 - 350%	\$69,091	\$80,605	7.45%	\$429	\$500
350.1 - 400%	\$80,606	\$92,120	7.60%	\$511	\$583
Above 400%	\$92,121		8.00%	\$614	

VOTE

Health Connector staff request that the Board approve the issuance of the Affordability Schedules for Individuals, Couples, and Families for Calendar Year 2023 as set forth in the staff recommendation as final.



**Minimum Creditable Coverage
Deductible Limits for Calendar
Year 2023**

How MCC Deductible Limits Apply to the Market

MCC deductible limits do 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 limit changes do not require deductible changes for consumers.

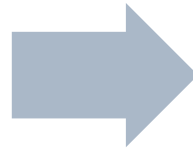
- The deductible limits proposed today do not impact high deductible health plans (HDHPs) as defined by the IRS
 - The IRS will publish 2023 cost sharing requirements for HDHPs later this year
 - HDHPs that are compatible with Health Savings Accounts (HSAs) or Health Reimbursement Arrangements (HRAs) 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.

2007-2019

- Regulations set MCC deductible limits at \$2,000 for an individual and \$4,000 for a family
- A 2013 update to the regulations called for annual indexing of deductible limits, but the methodology relied on a federal provision that was later repealed prior to becoming effective, so the regulatory update was ineffectual



2020-current

- Updated CCA regulations allow for yearly updates to the limits, consistent with indexing on Max. Out of Pocket limits
- Adjustments were needed to allow individuals with “market standard” coverage to avoid tax penalties
- Further, the adjustments provide needed flexibility in designing plans that meet Federal Actuarial Value constraints

2023 Deductible Limits

Using the 2023 premium adjustment percentage published by HHS, individuals could satisfy MCC requirements with plans that have deductibles up to \$2,850 for an individual and \$5,700 for a family.

Deductible Limit	2022	Proposed 2023
Individual Medical	\$2,750	\$2,850
Individual – Separate Prescription	\$340	\$350
Family Medical	\$5,500	\$5,700
Family – Separate Prescription	\$680	\$700

- Plans with a separate drug deductible must still adhere to the overall medical limit (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, a trade-off staff are sensitive to

VOTE

Health Connector staff request that the Board approve the deductible limits for Plan Year 2023 as set forth in the staff recommendation.



Appendix: 2022 Affordability Schedule, for Reference

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	

2022 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	

2022 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	