
To: Health Connector Board of Directors
CC: Audrey Morse Gasteier, Executive Director
From: Kayla Scire, Associate Director of Policy
Date: February 6, 2026
Re: Affordability Schedule and Minimum Creditable Coverage Deductible Limit Recommendations for 2027

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 responsible for a number of policy aspects of the individual mandate, including affordability standards, Minimum Creditable Coverage (MCC) standards, and hardship exemption criteria.

As part of Chapter 58 reforms, Massachusetts law requires adult residents to have health insurance that meets the state's MCC standards or potentially face an individual mandate penalty, as long as it is deemed affordable under the schedule set by the Board of the Health Connector. The Health Connector's MCC regulations govern what constitutes minimum creditable coverage for over 5 million state residents. MCC outlines the type of coverage a person needs to avoid facing a tax penalty under the state's individual mandate, establishing a "floor" of benefits required to "check the box" as having been covered.

Overview

At the February Board of Directors meeting, Health Connector staff will present proposed annual updates for 2027 on two individual mandate components: affordability standards to be issued for public comment as required by statute and deductible limits under the MCC requirements. The affordability standards determine whether an uninsured individual must pay a penalty for forgoing coverage. The annual indexing of MCC Deductible limits establish what level of coverage is sufficient to avoid a penalty under state coverage requirements.

On affordability standards, Health Connector staff recommend continuing to use the 2026 affordability standards for 2027 which are consistent with the original standards used aside from high inflation years in 2023 and 2024. In 2023 and 2024, Health Connector staff made slight adjustments to the affordability schedule to mitigate high inflation. In February 2024, inflation slowed and was projected to continue to return to the target rate, thus, the Health Connector staff

recommended, and the Board approved, reverting back to the schedule historically used up until 2023 for the CY25 affordability schedule.¹ Last year, the Board maintained this approach for the CY26 affordability schedule. Health Connector staff recommend continuing this approach to the affordability schedule for CY27. If the Board approves the proposed affordability schedule for 2027, Health Connector staff will release the schedule for public comment and then return to the Board in April to review feedback and ask for a final vote.

On MCC deductible limits, Health Connector staff recommend freezing 2027 deductibles at the 2026 levels. While the MCC regulations include an annual indexing methodology for deductibles, the regulations also allow the Board to establish alternate limits for a given calendar year. Since the indexing methodology outlined in MCC regulations would raise 2027 MCC deductible limits significantly higher than in past years, Health Connector staff recommend against utilizing that indexing methodology for 2027. Health Connector staff will request a vote to approve continuation of 2026 MCC deductible limits for 2027. As a reminder, indexing of MCC deductible limits does not raise deductibles for residents or Health Connector members; rather, it broadens the types of plans that a resident would be able to carry without facing an individual mandate penalty. In addition, MCC deductible limits are included in the regulations to protect state residents from coverage that requires prohibitively high out-of-pocket costs to access care.

This memorandum details the proposed approach for the 2027 State Affordability Schedule that will be released for public comment and the proposed 2027 MCC Deductible Limits that will be put forth for a Board vote.

Proposed Approach for 2027 State Affordability Schedule

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.² 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 their 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 in the prior year according to the standards approved by the Board. Failing to enroll in

¹ Congressional Budget Office (2023), available at <https://www.cbo.gov/publication/59837>.

² M.G.L. 176Q § 3.

affordable coverage may result in a penalty assessment, but if no affordable plan was available, no penalty for being uninsured would be assessed.

In past years, the affordability schedule aligned with the subsidized ConnectorCare contributions for eligible individuals such that ConnectorCare premiums were equal to the dollar amount considered affordable for the lowest-income individual in each income bracket. For 2025, staff proposed, and the Board approved, separating the discussion of individual mandate topics from ConnectorCare enrollee contributions. ConnectorCare enrollee contributions are now instead reviewed in other programmatic discussions about the ConnectorCare program. Decoupling ConnectorCare enrollee contributions from the affordability schedule provides more flexibility for the ConnectorCare program to set affordable premiums, mitigates the unpredictable impact of inflation on ConnectorCare members, and supports thoughtful program design.

The affordability schedule does not create any requirement that the market offer plans that would be considered affordable; however, the affordability schedule will still inform the Health Connector's approach to ConnectorCare in that ConnectorCare enrollee contributions will always be designed to meet affordability standards. This means that individuals who could have enrolled in ConnectorCare but failed to would be subject to a penalty.

The proposed schedule for 2027 maintains the approach to affordability standards used since 2016. Each year, the schedule is updated to use the latest Federal Poverty Guidelines as published by the U.S. Department of Health and Human Services (HHS). The proposed 2027 affordability schedule uses the 2026 poverty guidelines released in January 2026, which will also be the basis of eligibility for Health Connector subsidies for 2027.³ During the February Board meeting, Health Connector staff will ask the Board to approve the release of the proposed 2027 affordability schedule for public comment. Health Connector staff will then collect public comment on the schedule as required by our statute. Health Connector staff will then return to the Board in April to review the public comments and ask for a final vote on the 2027 affordability schedule.

³ <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines>

Proposed Calendar Year 2027 Affordability Schedule

Proposed 2027 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 - 150%	\$0	\$23,475	0%		
150.1 - 200%	\$23,476	\$31,300	2.90%	\$58	\$77
200.1 - 250%	\$31,301	\$39,125	4.20%	\$112	\$140
250.1 - 300%	\$39,126	\$46,950	5.00%	\$166	\$200
300.1 - 350%	\$46,951	\$54,775	7.45%	\$297	\$347
350.1 - 400%	\$54,776	\$62,600	7.60%	\$354	\$404
Above 400%	\$62,601		8.00%	\$426	

Proposed 2027 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 - 150%	\$0	\$31,725	0%		
150.1 - 200%	\$31,726	\$42,300	4.30%	\$116	\$155
200.1 - 250%	\$42,301	\$52,875	6.20%	\$224	\$280
250.1 - 300%	\$52,876	\$63,450	7.40%	\$334	\$400
300.1 - 350%	\$63,451	\$74,025	7.45%	\$403	\$470
350.1 - 400%	\$74,026	\$84,600	7.60%	\$480	\$548
Above 400%	\$84,601		8.00%	\$577	

Proposed 2027 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 - 150%	\$0	\$39,975	0%		
150.1 - 200%	\$39,976	\$53,300	3.45%	\$118	\$157
200.1 - 250%	\$53,301	\$66,625	4.95%	\$225	\$282
250.1 - 300%	\$66,626	\$79,950	5.85%	\$333	\$400
300.1 - 350%	\$79,951	\$93,275	7.45%	\$509	\$594
350.1 - 400%	\$93,276	\$106,600	7.60%	\$606	\$692
Above 400%	\$106,601		8.00%	\$729	

Proposed Minimum Creditable Coverage Deductible Limits for 2027

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. These limits protect state residents from coverage that requires prohibitively high out-of-pocket costs to access care. In 2013, the Board voted to update deductibles annually using the “premium adjustment percentage” calculated by the U.S. Department of Health and Human Services which is used by CMS to index the maximum annual limitation on cost sharing and other parameters in the ACA. However, the federal statute cited in the MCC regulations to effectuate the indexing was repealed before taking effect. In 2019, the Board approved regulatory amendments to repair this broken indexing cross-reference, and to authorize the Board to amend the indexed deductible in any given year via a vote if it felt appropriate to do so.

The indexing of deductible limits in plans considered MCC helps to ensure that individuals do not face tax penalties when they have coverage that is otherwise robust but has a deductible higher than \$2,000/\$4,000. Prior to the regulatory amendment, it was becoming increasingly difficult to design plans subject to actuarial value constraints under the Affordable Care Act, including those designed as part of the Health Connector’s Seal of Approval process, with deductible amounts capped at \$2,000/\$4,000. Indexing of MCC deductible limits does not require or suggest that plan sponsors increase deductibles to the allowed limit, but it does allow flexibility in plan design that facilitates continued effectiveness of the state’s individual mandate, and, in practice, it broadens the types of plans that a resident would be able to carry without facing an individual mandate penalty.

The Health Connector acknowledges that deductibles often deter enrollees from receiving both high- and low-value care, and that cost sharing increases have been a growing burden for households in Massachusetts and nationwide.^{4,5} These burdens are more likely to fall disproportionately on families of color, who are more likely to be lower-income and less likely to have liquid assets to pay for care.⁶ However, addressing these issues must be done market-wide, particularly given the actuarial value constraints addressed above. By not deeming common plan designs as MCC-compliant, the Health Connector would risk not only having individuals unable to access needed care due to cost but also possibly asked to pay a penalty despite their coverage.

In 2025, the Trump administration finalized a change to how the premium adjustment percentage is calculated. The Final 2025 Marketplace Integrity and Affordability rule newly includes individual coverage in the calculation of premium growth, in addition to employer-sponsored coverage.⁷ This methodology change results in a higher premium adjustment percentage and, as a result, higher indexed cost-sharing, compared to the original methodology that excluded individual coverage premium growth. The premium adjustment percentage for 2027 was published by HHS in sub-regulatory guidance on January 29, 2026.⁸

Multiplying the \$2,000 deductible limit by the 2027 premium adjustment percentage, which is 1.8916224814, then rounding down to the next multiple of \$50 would result in a 2027 deductible limit for individuals of \$3,750, an increase of \$550 from 2026 limits. The separate drug deductible limit (within the \$3,750 limit) would be up to \$450 based on indexing for 2027 which is \$50 higher than 2026. Deductible limits for families would be twice the individual limits: \$7,500 overall and \$900 for a separate drug deductible. If indexed using the 2027 premium adjustment percentage, deductible limits would be 17.2 percent higher than the 2026 limits. This increase is significantly higher than in past years. The average year to year increase in MCC deductible limits since 2020 is about 3.6 percent.

MCC regulatory flexibility allows for the Board to determine a different MCC deductible limit than the indexed amount. Since MCC deductible limits would significantly increase for 2027 if indexed using the premium adjustment percentage, Health Connector staff recommend freezing MCC

⁴ Agarwal, R., Mazurenko, O., & Menachemi, N. (2017). High-deductible health plans reduce health care cost and utilization, including use of needed preventive services. *Health Affairs*, 36(10), 1762-1768. <https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2017.0610>.

⁵ Center for Health Information and Analysis. (2025). The 2025 Massachusetts Health Insurance Survey. <https://www.chiamass.gov/assets/docs/r/survey/MHIS-2025/2025-MHIS-Report.pdf>

⁶ Cole, M.B., Ellison, J.E. & Trivedi, A.N. (2020). Association between high-deductible health plans and disparities in access to care among cancer survivors. *JAMA Network Open*. 2020;3(6):e208965. [doi:10.1001/jamanetworkopen.2020.8965](https://doi.org/10.1001/jamanetworkopen.2020.8965).

⁷ CMS. Marketplace Integrity and Affordability Rule. Available at <https://public-inspection.federalregister.gov/2025-04083.pdf>

⁸ CMS. January 29, 2026. Premium Adjustment Percentage. Available at <https://www.cms.gov/files/document/2027-papi-parameters-guidance-2026-01-29.pdf>

deductible limits at the 2026 levels. In administering the state’s individual mandate, Health Connector staff strive to balance consumer protection with avoiding unnecessarily penalizing individuals who have robust coverage. Staff have recommended holding deductibles steady in past years to strike this balance.⁹

Considering the current administration’s change to the premium adjustment percentage methodology, Health Connector staff plan to assess potential options for a more moderate and reliable indexing methodology for future years.

Proposed 2027 MCC Deductible Limits, Compared to 2026 and Standard Methodology

	2026 MCC deductible limits	2027 MCC deductibles using standard indexing methodology	Proposed 2027 MCC deductible limits
Individual Coverage Deductible	\$3,200	\$3,750	\$3,200
Individual Coverage Separate Prescription Deductible	\$400	\$450	\$400
Family Coverage Deductible	\$6,400	\$7,500	\$6,400
Family Coverage Separate Prescription Deductible	\$800	\$900	\$800

⁹ In 2024, when a decrease in the premium adjustment percentage would have resulted in a decrease in MCC deductible limits, a recommendation was made to the Board to freeze MCC deductible limits for 2025 to avoid market disruption and an increase in unexpected individual mandate penalties, and the Board approved.

Appendix

Included in this appendix are the 2026 Affordability Schedule tables for reference.

2026 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 - 150%	\$0	\$22,590	0%		
150.1 - 200%	\$22,591	\$30,120	2.90%	\$57	\$76
200.1 - 250%	\$30,121	\$37,650	4.20%	\$110	\$137
250.1 - 300%	\$37,651	\$45,180	5.00%	\$163	\$196
300.1 - 350%	\$45,181	\$52,710	7.45%	\$291	\$340
350.1 - 400%	\$52,711	\$60,240	7.60%	\$347	\$396
Above 400%	\$60,241		8.00%	\$417	

2026 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 - 150%	\$0	\$30,660	0%		
150.1 - 200%	\$30,661	\$40,880	4.30%	\$114	\$152
200.1 - 250%	\$40,881	\$51,100	6.20%	\$219	\$273
250.1 - 300%	\$51,101	\$61,320	7.40%	\$326	\$391
300.1 - 350%	\$61,321	\$71,540	7.45%	\$394	\$460
350.1 - 400%	\$71,541	\$81,760	7.60%	\$469	\$536
Above 400%	\$81,761		8.00%	\$564	

2026 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 - 150%	\$0	\$38,730	0%		
150.1 - 200%	\$38,731	\$51,640	3.45%	\$115	\$153
200.1 - 250%	\$51,641	\$64,550	4.95%	\$220	\$275
250.1 - 300%	\$64,551	\$77,460	5.85%	\$323	\$390
300.1 - 350%	\$77,461	\$90,370	7.45%	\$496	\$579
350.1 - 400%	\$90,371	\$103,280	7.60%	\$591	\$675
Above 400%	\$103,281		8.00%	\$711	