Report to the Massachusetts Legislature

Implementation of Health Care Reform

Fiscal Years 2014 and 2015

MASSACHUSETTS
HEALTH
CONNECTOR

February 2016

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1.0 Preface

Massachusetts has had a long history of health care reform efforts aimed at expanding health insurance coverage to residents of the Commonwealth. The Massachusetts Health Connector is proud to be a key part of that legacy since 2006, when the Commonwealth's landmark health reform law, Chapter 58 of the Acts of 2006, was passed. While the path forward has not always been easy, health reform has been invaluable to the hundreds of thousands of residents who have benefited from health insurance coverage since 2006. The Health Connector is committed to continuing to provide Massachusetts residents with robust, affordable coverage.

The success of health reform in Massachusetts would not be possible without the support and assistance of the Legislature and many state agencies. The Health Connector would like to thank the Office of the Governor, the Legislature, the Executive Office of Health and Human Services, MassHealth, the Executive Office for Administration and Finance, the Division of Insurance, the Group Insurance Commission, the Department of Revenue, MassIT, the Center for Health Information and Analysis, the Department of Public Health, the Division of Unemployment Assistance, the Massachusetts Board of Higher Education, the Health Policy Commission, and the Office of the Attorney General for their commitment to Massachusetts health reform.

There were a number of changes to the Health Connector's Board of Directors in fiscal year (FY) 2015. Governor Baker adjusted the composition of the Board to include the Secretary of the Executive Office of Health and Human Services as the chair. Inclusion of both the Secretaries of Health and Human Services as well as Administration and Finance highlights the deep connection between the Health Connector and MassHealth and the important role played by health services in the state budget. The staff of the Health Connector wishes to extend its deepest gratitude to all past and current Directors for their commitment to health reform. Currently serving as Directors are:

- Secretary of the Executive Office of Health and Human Services Marylou Sudders, Chair of the Board;
- Secretary of the Executive Office for Administration and Finance Kristen Lepore;
- Michael Chernew, Ph.D., Leonard D. Schaeffer Professor of Health Care Policy at Harvard Medical School;
- Mark S. Gaunya, GBA, LIA, Co-owner and Chief Information Officer, Borislow Insurance;
- Daniel R. Judson, Commissioner of the Division of Insurance;
- Louis F. Malzone, Executive Director of the Massachusetts Coalition of Taft-Hartley Funds;
- Dolores Mitchell, Executive Director of the Group Insurance Commission;
- Dimitry Petion, President and CEO of Mulberry Systems, Inc.;
- Nancy Turnbull, Senior Lecturer on Health Policy and Associate Dean at Harvard School of Public Health,
- Rina Vertes, President of Marjos Business Consulting; and
- Celia Wcislo, Assistant Division Director of 1199 SEIU United Health Care Workers East

2.0 Introduction

2.1 History of the Health Connector

The Health Connector was created by Chapter 58 of the Acts of 2006 to serve as a source of health coverage for the uninsured. Chapter 58 authorized the Health Connector to offer insurance to individuals and small businesses. Low income individuals without access to other insurance could qualify for subsidies through the Commonwealth Care program, while other individuals and small businesses could purchase through the Commonwealth Choice program.

The Patient Protection and Affordable Care Act (ACA) was signed into law by President Obama in March 2010. It created the next steps in health care reform nationally, and in Massachusetts. Since then, Massachusetts has adjusted its policies and regulations to conform to the ACA, culminating in the availability of federal premium tax credits to subsidize individuals purchasing coverage from health insurance exchanges like the Health Connector starting in 2014. Massachusetts has maintained its commitment to keeping insurance affordable for low-income individuals and created the ConnectorCare program to supplement federal tax credits, maintaining the premium and cost sharing levels of the Commonwealth Care program.

2.2 Administration and Operations

Federal Grants

Since 2012, the Center for Consumer Information and Oversight (CCIIO) has awarded the Health Connector six Exchange Establishment grants that provided federal funding to support a wide variety of crucial Affordable Care Act (ACA) implementation activities. The first was a Level 1 Exchange Establishment Grant, providing $11.6 million to facilitate revenue and cost model development associated with the new Marketplace structure and new business requirements, product strategy and product development work to inform the Seal of Approval (SoA) and Qualified Health Plan (QHP) Certification process. It also funded the integration of the Commonwealth Care and Commonwealth Choice programs and the development of a comprehensive outreach and education strategy. The Early Innovator Grant, awarded to the University of Massachusetts Medical School, brought $45 million to support the Health Insurance Exchange-Integrated Eligibility System HIX-IES project and other ACA implementation efforts.

A subsequent Level 1 Exchange Establishment grant ("Level 1A") was awarded in September 2012, providing $41.7 million to aid in the development of a Massachusetts-specific risk adjustment program and a member transition strategy. These resources also funded consumer market research and the development of new privacy and security protocols, policies and procedures. Further, this grant made possible the dissemination of education and information regarding the changes coming to Massachusetts as a result of the ACA through the Massachusetts Health Care Training Forum. It also provided funding for operational and technical needs, such as acquisition of software, website development, enrollment systems and the creation of a carrier "hub" and rating engine. In December 2013, the Health Connector received supplemental funding in the amount of $9.2 million, bringing the total to $50.9 million.

The Level 2 Exchange Establishment grant, awarded in January 2013, provided $80.2 million to the Health Connector and its sub-awardees for the risk adjustment program, financial management, customer service start-up and transition, plan management and outreach and education activities. This grant also funded the first year of Exchange operating costs. In December 2013, the Health Connector received supplemental funding in the amount of $18.6 million, bringing the total to $98.8 million.

The Level 1D Exchange Establishment grant, awarded in October 2014, provided $13.9 million to the Health Connector for comprehensive outreach and education activities, call center supplemental support, member mailings and Open Enrollment events (four statewide and six walk-in center events) to provide support to consumers during 2015 Open Enrollment. Funding from this grant was crucial in supporting outreach events to ensure continuity of coverage for consumers.

The Level 1E and Level 1F Exchange Establishment grants, awarded in December 2014, provided $9.7 million and $3.3 million, respectively, for implementation of remaining CMS-required HIX functionality necessary for 2015 Open Enrollment and development and implementation of a Small Business Health Options Program (SHOP). Funding from these grants will support, among other functions and services, functionality for renewals and redeterminations, provider search and the verification of lawful presence. In addition, both grants included moderate funding for targeted outreach and education activities during 2015 Open Enrollment.

During FY15, CCIIO awarded the Health Connector an additional $26.9 million in federal funds to complete ACA implementation efforts, bringing the total federal Exchange Establishment grant funding to $188.3 million as of June 2015. Federal funding was crucial to the success of ACA implementation in Massachusetts and maintaining health insurance coverage gains among Massachusetts residents.

Commonwealth Care and ConnectorCare Budgets

The Commonwealth Care program had higher-than-expected overall costs in FY2014 and FY2015, due to its continuation past December 31, 2013. However, the actual spending per member per month was lower than anticipated.

The budgets below show expected and actual spending according to Aliens with Special Status (AWSS) and citizens and other immigrants (NON AWSS) categories. This distinction reflects differential subsidy payments from the federal government favoring citizens and other immigrants. While the immigrants designated Aliens with Special Status are legally entitled to Health Connector coverage, the Commonwealth provides a larger portion of their subsidies.

Table 1: FY14 Commonwealth Care and ConnectorCare Budget

	FY14 Budget			FY14 Actual		
	Jul - Dec 2013	Jan - Jun 2014	Total	Jul - Dec 2013	Jan - Jun 2014	Total
ConnectorCare (AWSS + NON AWSS)	**$0**	**$108,871,212**	**$108,871,212**	**$0**	**$455,410**	**$455,410**
AWSS	$0	$30,189,347	$30,189,347	$0	$3,161	$3,161
NON AWSS	$0	$78,681,865	$78,681,865	$0	$452,249	$452,249
Commonwealth Care (AWSS + NON AWSS)	**$448,587,800**	**$0**	**$448,587,800**	**$430,191,054**	**$197,204,718**	**$627,395,772**
AWSS	$385,037,094	$0	$385,037,094	$60,794,068	$59,483,148	$120,277,216
NON AWSS	$63,550,706	$0	$63,550,706	$369,396,986	$137,721,570	$507,118,556
Medical Security Program (MSP)	**$0**	**$0**	**$0**	**$0**	**$23,205,727**	**$23,205,727**
CommCare - Aggregate Risk Sharing (FY13)	**$0**	**$6,000,000**	**$6,000,000**	**$0**	**$17,389,377**	**$17,389,377**
Patient Centered Medical Home	**$0**	**$500,000**	**$500,000**	**$0**	**$1,372,523**	**$1,372,523**
Total Program Costs (Gross)	**$448,587,800**	**$115,371,212**	**$563,959,012**	**$430,191,054**	**$239,627,755**	**$669,818,809**

Note in the above, the Patient Centered Medical Home (PCMH) budget item indicates a payment made to Commonwealth Care insurance carriers to support the state's initiative to provide comprehensive and coordinated care to patients. The PCMH model is designed to promote comprehensive, coordinated, patient-centered care delivered by teams of primary care providers, including physicians and nurses. In this model, a primary care provider and members of his or her team coordinates all of a patient's health needs, including management of chronic conditions, visits to specialists, hospital admissions, and reminding patients when they need check-ups and tests. The medical home model supports fundamental changes in primary care service delivery and payment reforms, with the goal of improving health care quality. The PCMH initiative ended in March 2014.

In FY15, ConnectorCare accounted for a larger portion of Health Connector enrollment starting in January 2015, and spending reflects this change. Commonwealth Care spending also includes an ACA insurer fee item for an excise tax on health insurance providers implemented under Section 9010 of the ACA. This fee is based on the carrier's portion of national carrier revenue received in the prior calendar year, their mix of business lines, and other factors.

Table 2: FY15 Commonwealth Care and ConnectorCare Budget

	FY15 BUDGET			FY15 Actual*		
	Jul - Dec 2014	Jan - Jun 2015	Total	Jul - Dec 2014	Jan - Jun 2015	Total
ConnectorCare (AWSS + NON AWSS)	**$101,476,419**	**$133,960,861**	**$235,437,280**	**$335,543**	**$64,681,535**	**$65,017,078**
AWSS	$15,092,383	$19,740,834	$34,833,217	$2,511	$10,793,909	$10,796,421
NON AWSS	$86,384,036	$114,220,027	$200,604,063	$333,032	$53,887,626	$54,220,657
Stuck Shoppers	$0	$0	$0	$0	$532,230	$532,230
Commonwealth Care (AWSS + NON AWSS)	**$0**	**$0**	**$0**	**$158,104,369**	**$20,597,665**	**$178,702,034**
AWSS	$0	$0	$0	$48,989,361	$7,769,747	$56,759,108
NON AWSS	$0	$0	$0	$109,115,008	$12,827,918	$121,942,926
Medical Security Program (MSP)	**$0**	**$0**	**$0**	**$21,272,452**	**$1,739,200**	**$23,011,652**
CommCare - Aggregate Risk Sharing (FY14)	**n/a**	**$15,000,000**	**$15,000,000**	**$0**	**$15,068,036**	**$15,068,036**
CommCare - ACA Insurer Fee (CY14)	**$0**	**$0**	**$0**	**$0**	**$4,898,868**	**$4,898,868**
State Mandated Benefits (SMB)	**$0**	**$0**	**$0**	**$640,304**	**$735,230**	**$1,375,534**
Total Program Costs (Gross)	**$101,476,419**	**$148,960,861**	**$250,437,280**	**$180,352,668**	**$108,252,764**	**$288,605,432**

**FY15 Actual is not yet final due to pending risk adjustment payments.*

Operational Support

The Health Connector engages two vendors to provide customer service and business operations support. Dell Systems provides member support for non-group members, while the Small Business Service Bureau supports small-group applicants and enrollees. These vendors provide shoppers and members with information by phone and in person, and are able to assist shoppers and members in a variety of languages. During late FY15, the Health Connector undertook an assessment of the non-group customer service center to find opportunities to improve the customer experience. At the end of FY15, initial results of this effort were already being incorporated into operational improvements and yielding promising results. For FY16, the Health Connector is committed to further enhancement of the member experience.

3.0 Health Connector Membership

The Health Connector offers Qualified Health Plans (QHPs) to individuals and small businesses in Massachusetts. Plans are organized into four metallic tiers that represent actuarial value levels: Platinum, Gold, Silver, and Bronze. Actuarial value reflects the average amount of medical costs covered by the carrier versus by the individual. Additionally, the Health Connector offers Catastrophic plans for individuals under age 30 or who have a financial hardship that makes purchasing more robust coverage unaffordable.

Individuals under 400% of the Federal Poverty Level (FPL) may qualify for tax credits to reduce their premiums, as well as cost-sharing reductions to reduce their point-of-service out of pocket costs. The ACA allows for these tax credits to be taken during the tax year or claimed when filing after the tax year closes. When used during the tax year, they are known as advance premium tax credits (APTCs).

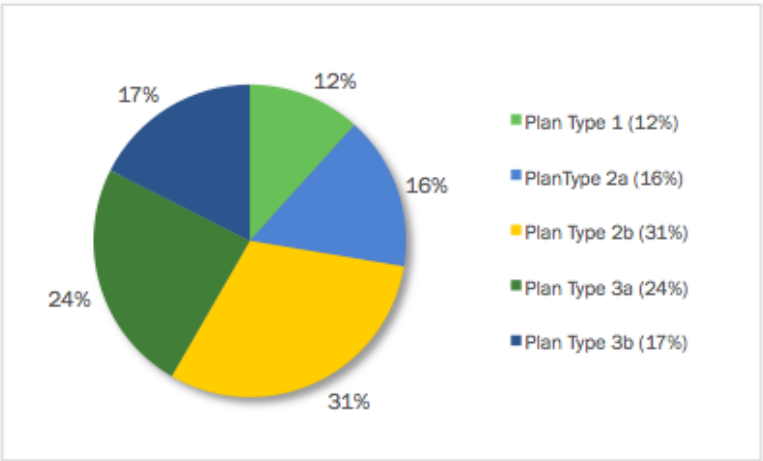
In addition to federal subsidies, Massachusetts provides enrollees under 300% FPL with supplemental state subsidies. These additional premium and cost-sharing reductions are available through the ConnectorCare program and provide enrollees with premiums and benefits comparable to what was available through the state's Commonwealth Care program prior to the ACA.

During 2014, technological system limitations prevented many individuals from enrolling in ConnectorCare. To preserve access to affordable coverage, the Commonwealth extended the Commonwealth Care, Medical Security Plan, and Insurance Partnership programs for existing enrollees and offered temporary Medicaid coverage to new applicants. Commonwealth Care and temporary Medicaid coverage were closed in early 2015.

3.1 ConnectorCare Membership

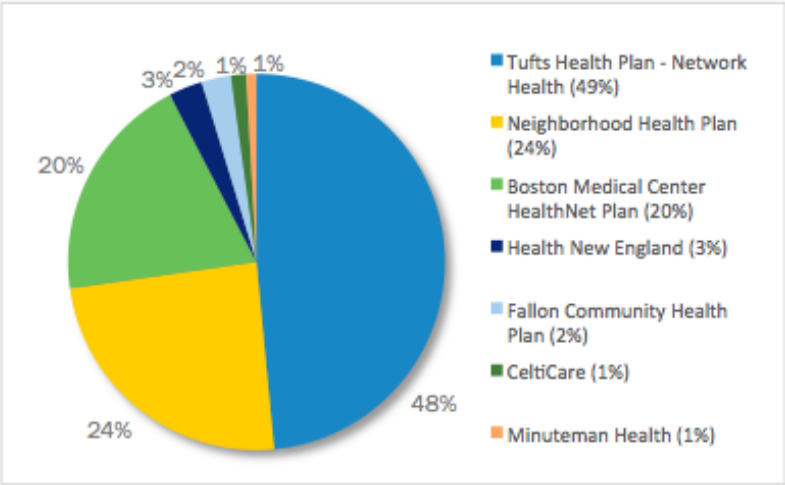
As of June 30, 2015, the ConnectorCare program had 120,673 active members. Nearly one-third of ConnectorCare members had income between 150.1 and 200% FPL, which is $17,506 to $23,340 for an individual. While Commonwealth Care membership was concentrated in Plan Type 1, for individuals under 100% FPL, changes to the eligibility rules for MassHealth coverage under the ACA mean that citizens and certain qualified immigrants with income up to 133% FPL can now receive MassHealth. Lawfully present immigrants whose immigration status does not qualify them for MassHealth can receive APTCs and enroll in ConnectorCare. As a result of this eligibility change, Plan Type 1 represents a smaller share of membership in ConnectorCare than in Commonwealth Care.

Figure 1: ConnectorCare Enrollment by Plan Type



Nearly half of ConnectorCare enrollees chose Tufts Health Plan – Network Health as their carrier. Tufts Network Health was the lowest-cost ConnectorCare plan option available in 2015 in eight of the 12 ConnectorCare regions across the state, including the greater Boston region.

Figure 2: ConnectorCare Enrollment by Carrier



3.2 Other Non-Group Membership

At the end of FY2015, 45,249 individuals were enrolled in Qualified Health Plans with either no subsidies or only federal APTCs (i.e., individuals with income between 300 and 400% FPL). Roughly 40% of members enrolled in plans

on the Silver tier. Neighborhood Health Plan and Harvard Pilgrim Health Plan were the most popular carriers, with 29% and 24% of non-ConnectorCare enrollment, respectively.

Figure 3: Non-ConnectorCare Enrollment by Metallic Tier

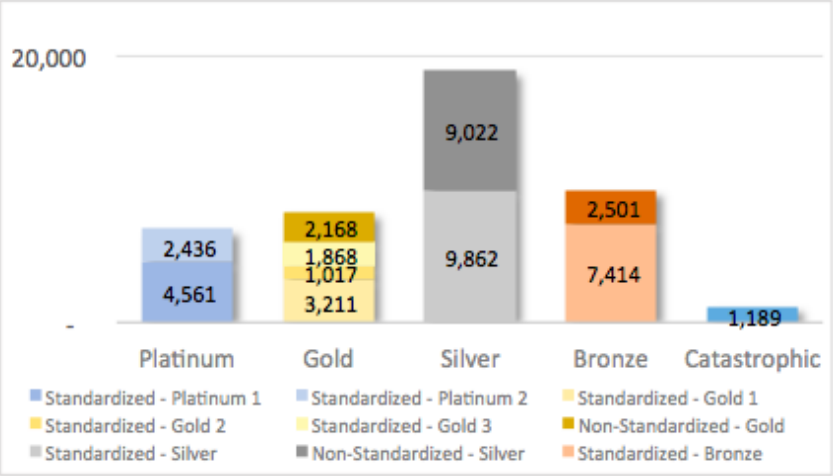
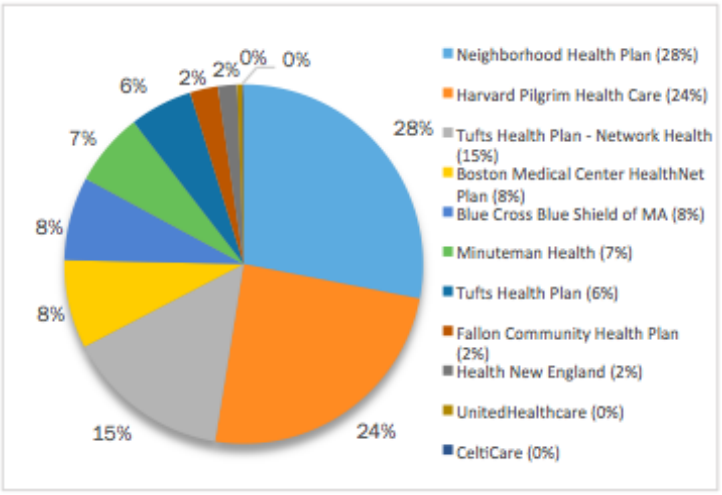


Figure 4: Non-ConnectorCare Enrollment by Carrier



Commonwealth Choice was the Health Connector's unsubsidized health insurance program for individuals and small businesses prior to the implementation of the ACA. Commonwealth Choice enrollees transitioned into ACA-compliant plans during FY2014 and FY2015. Prior to ACA implementation in January 2014, Commonwealth Choice had 35,320 non-group members. The final individual members left the program in May 2014. With 45,249 members enrolled in unsubsidized or APTC-only plans at the end of FY15, this represents a 28% increase over Commonwealth Choice non-group membership.

3.3 Small-Group Membership

At the end of FY2015, the Health Connector had 5,465 small-group members among 1,303 groups. As with non-group enrollees, Silver tier plans are the most popular. Unlike non-group, however, the next most popular tier is Platinum, with relatively few Bronze enrollments. As in the non-group segment, Neighborhood Health Plan and Harvard Pilgrim Health Plan share the majority of enrollees. Prior to ACA implementation in January 2014, Commonwealth Choice had 7,482 small group members in the Business Express program. These members transitioned to QHPs throughout 2014, with the last plans closing in January 2015.

Figure 5: Small Group Enrollment by Metallic Tier

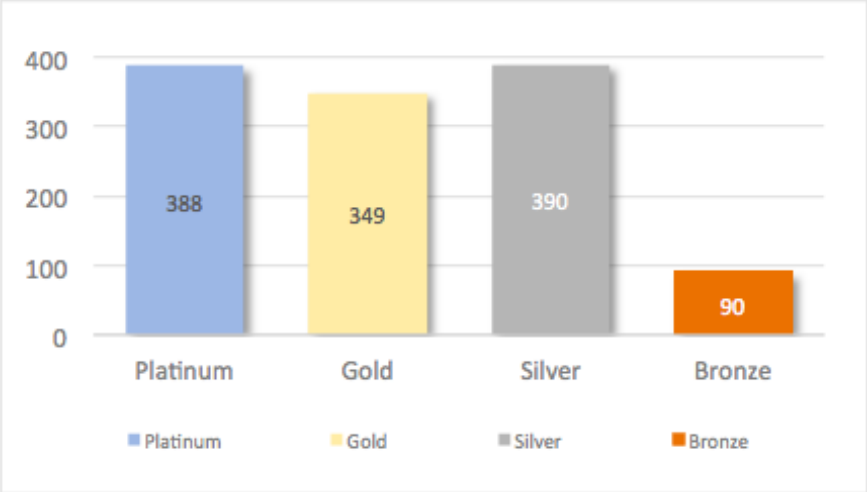
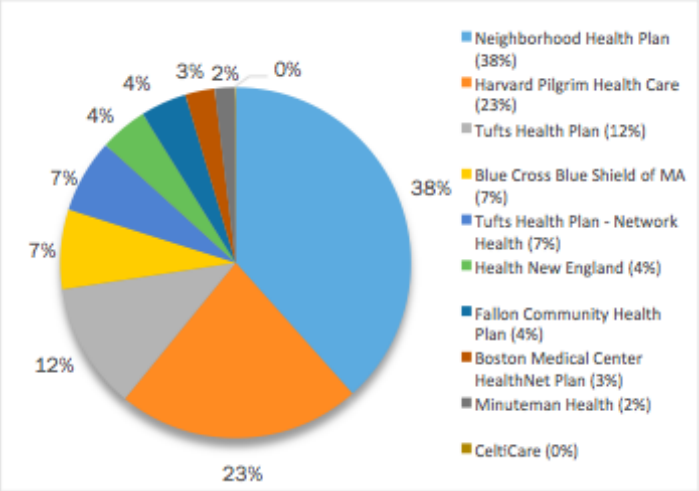


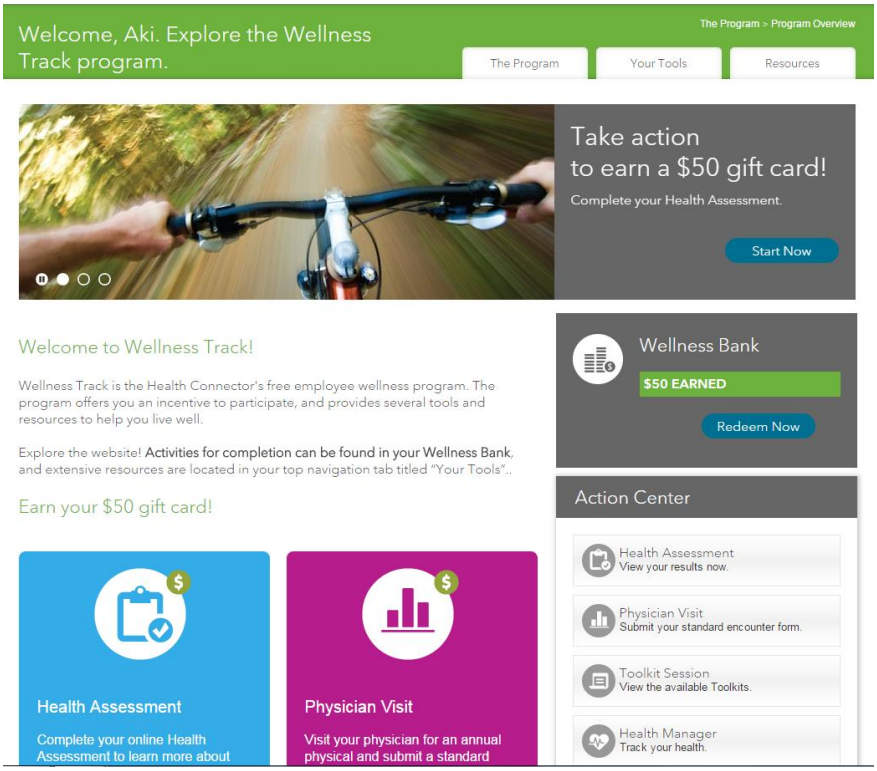
Figure 6: Small Group Enrollment by Carrier



Since June 2011, small businesses in Massachusetts shopping through the Health Connector have also had access to Wellness Track, a web-based worksite wellness and employer rebate program. Wellness Track provides small businesses with technical assistance to implement evidence-based employee health and wellness programs. Via the Health Connector website, participating employers and their employees have access to a user-friendly web interface that offers customized wellness programs and a library of health information. While all small businesses enrolled in a plan through Business Express may participate in Wellness Track, certain employers may also be eligible to receive a rebate of 15% of the employer's share of eligible employee health care costs.

In 2013, the Health Connector expanded eligibility for the Wellness Track rebate. In the past, eligibility for the rebate was based on a set of standards that closely mirrored the requirements for the ACA's Small Business Health Care Tax Credit, in that both employer size and average salary were considered. In an analysis of why the program was generally underutilized by employer groups, the Health Connector determined that these guidelines, particularly with regard to average salary, were too restrictive. Revised regulations removed the salary criterion while continuing to focus on employers with 25 or fewer employees, a market segment that has traditionally been underserved by other wellness programs. The change in eligibility standards, coupled with a campaign to relaunch the program, resulted in more than twice as many employers and employees enrolled in the program at the end of FY2014. Enrollment rose from 90 companies with 266 employees in June 2013 to 215 companies with 625 employees in June 2014, and it has continued to grow. In June 2015, Wellness track had 280 companies with 888 employees enrolled.

Figure 7: Wellness Track Portal



Early analysis of health risk assessment data for Wellness Track shows that its population has a wellness score that compares favorably to a broad database of wellness scores collected through the University of Michigan's Health Management Research Center. These wellness scores can help predict future disease development and the chances of an individual's use of the healthcare system over the next several years. Further analysis of Wellness Track and its impacts is slated for FY16.

To qualify for a rebate, employers must promote a healthy work environment by implementing their choice of three wellness toolkits: nutrition, physical activity, or stress management. The stress management toolkit includes smoking cessation resources. Each toolkit includes wellness activities (*e.g.*, walking programs, healthy eating plans, and time management worksheets), resource lists and flyers for distribution to employees.

Employees can qualify for rewards upon completion of a routine preventive care visit or a confidential online health risk assessment and fulfillment of activities outlined in their company's chosen toolkit.

The Wellness Track also launched a new web portal experience for users in 2015. In addition to many enhancements to the user experience, the new portal now features an App Manager page. The App Manager has full integration with over 130 wearable fitness devices to help members manage their health.

3.4 Dental Membership

Beginning in January 2014, the Health Connector began offering dental coverage to individuals and small groups. Enrollment in dental coverage has been strong, with 43,130 individuals enrolled at the end of FY15. Almost all of these members also have a medical plan through the Health Connector, and most members choose Delta Dental.

Figure 8: Non-Group Dental Enrollment by Benefit Type

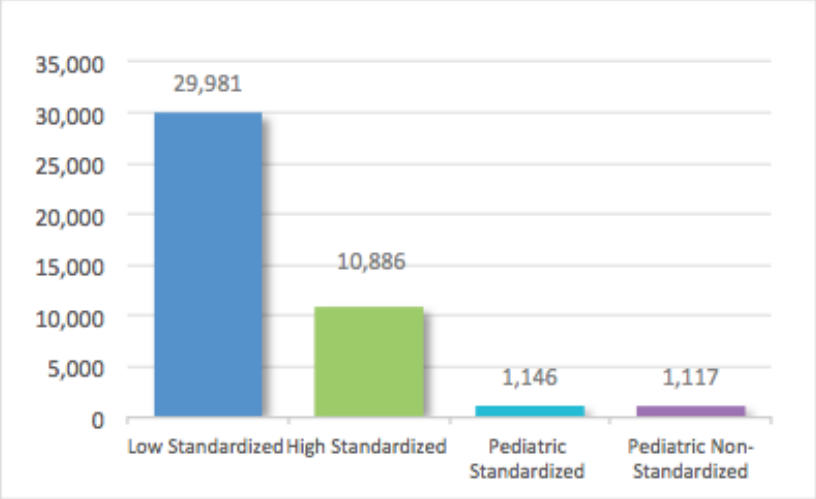
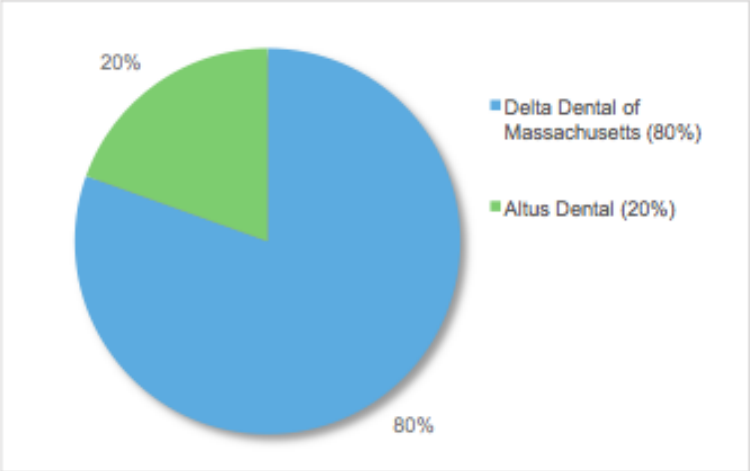


Figure 9: Non-Group Dental Enrollment by Carrier



Among small-group membership, approximately 10% of medical enrollees also chose a dental plan. Delta Dental has the majority of small group membership, as well, though small groups have five carriers to choose from, where individuals only have two.

Figure 10: Small Group Dental Enrollment by Benefit Type

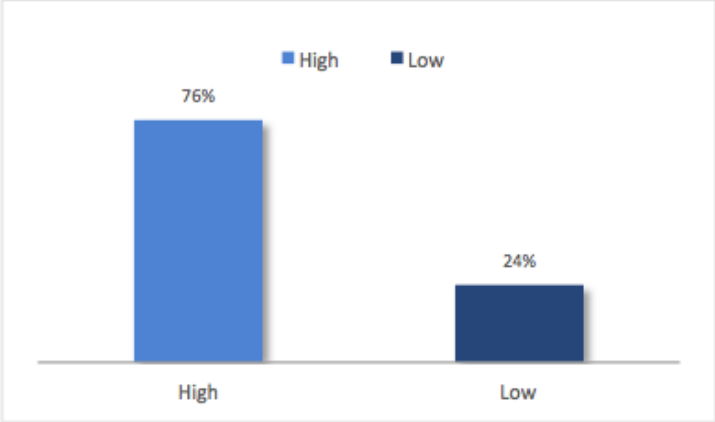
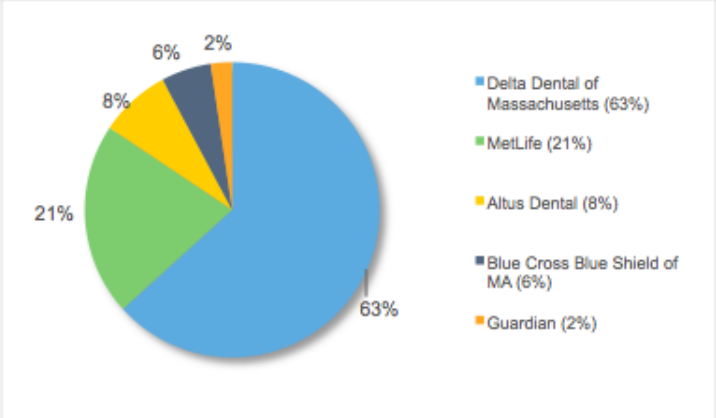


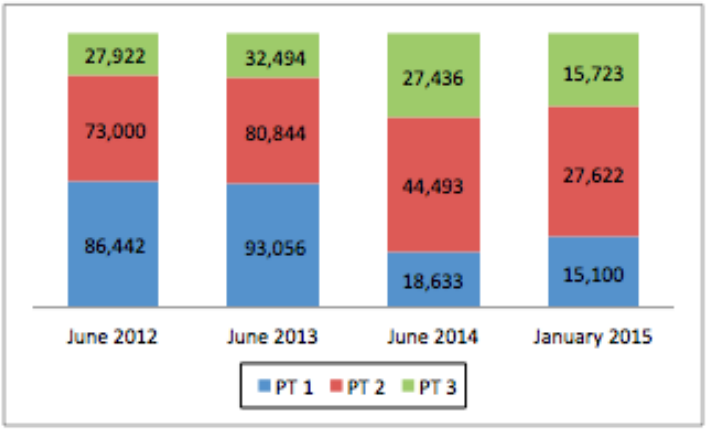
Figure 11: Small Group Dental Enrollment by Carrier



3.5 Commonwealth Care Membership

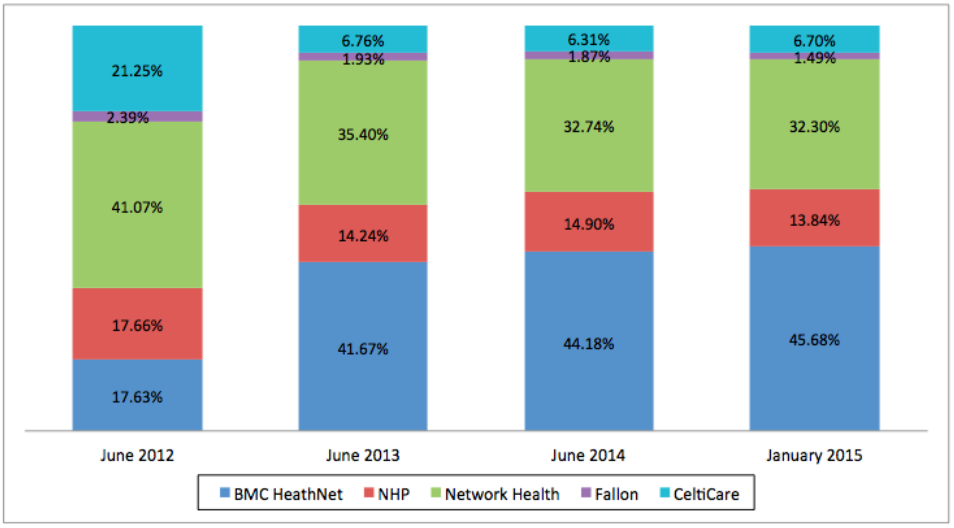
Under Chapter 58, the Health Connector operated the Commonwealth Care subsidized program for individuals with incomes less than 300% FPL who did not have access to insurance from another source, such as an employer. Commonwealth Care closed to new enrollment on January 1, 2014, when approximately half of enrollees became newly eligible for MassHealth coverage under the ACA. Remaining enrollees were offered continued Commonwealth Care coverage as a result of technical issues that prevented them from applying for and enrolling in new Health Connector coverage. The program closed to all members on January 31, 2015. Commonwealth Care enrollees were assigned to Plan Types based on income (as are ConnectorCare members in the successor program). Individuals in Plan Type 1 were those under 100% FPL who do not pay a premium for any plan. Individuals under 150% FPL within Plan Type 2 have at least one plan available without a premium. Because many Commonwealth Care enrollees with income under 133% FPL transitioned to MassHealth in January 2014, Plan Type 2 and 3 enrollees comprised a larger share of program membership than in previous years.

Figure 12: Commonwealth Care Enrollment by Plan Type



Few members switched plans during FY2014, likely because premiums did not change from FY2013. In FY2013, Boston Medical Center (BMC) HealthNet Plan became the lowest cost plan, accounting for the large increase in its share of membership. During FY2012, CeltiCare and Network Health were jointly the lowest-cost plans.

Figure 13: Commonwealth Care Enrollment by Carrier



3.6 Appeals and Waivers

Commonwealth Care offered waivers of premiums or copayments for members meeting certain eligibility criteria, such as foreclosure, bankruptcy, or the shutting off of an essential utility. While the overall number of waiver requests was slightly higher in FY14, the approval rate held constant at 63%.

Commonwealth Care members could also transfer to another health plan outside of open enrollment if they met specific criteria, including moving to a new service area or having their provider leave their current plan's network. Requests for plan transfers declined around 23% from FY13 to FY14. The decrease in plan transfer requests is attributable to individuals who applied for new ACA benefits rather than a transfer under Commonwealth Care.

Commonwealth Care members and applicants could appeal eligibility determinations, premium or co-pay waiver decisions, plan transfer request decisions, and reaching copayment maximum limits. No significant changes occurred

to the appeal process during FY2014, though volume declined substantially as a result of the program's closure to new members.

The ConnectorCare program also offers premium waivers to members, according to the same eligibility criteria as under Commonwealth Care. In FY15, the Health Connector received a combined 1,485 waiver requests for both programs and approved 1,322 of them. Of the remainder, 132 were denied, and 31 applications could not be processed because they were missing documents, were submitted by non-members, or for other administrative reasons.

Under the ACA, all individual eligibility decisions are appealable; prior to 2014, eligibility appeals were limited to Commonwealth Care. In FY15, The Health Connector received 2,248 appeals from individuals, including some Commonwealth Care enrollees. Of these, 35 were approved, 110 were denied, and 1,942 were dismissed. Dismissal of an appeal occurs for a variety of reasons, including resolution of the issue prior to a hearing, untimely submission of an appeal request, and failure to appear at a scheduled hearing. There were 161 appeals still in process at the end of the fiscal year.

Table 3: Commonwealth Care Waivers, Change Requests, and Appeals FY 2010 – FY 2014

	FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
	#	%	#	%	#	%	#	%	#	%
CommCare Waivers Requests (for premium or co-pay reduction)										
Total:	1,714		2,173		2,237		2,181		2,459	
# approved:	940	53%	1,240	57%	1,391	62%	1,368	63%	1,542	63%
# denied:	774	47%	933	43%	846	38%	813	37%	917	37%
# dismissed:	0	0%	0	0%	0	0%	0	0%	0	0%
# pending:[2]	0	0%	0	0%	0	0%	0	0%	0	0%
CommCare Health Plan Change Requests										
Total:	554		362		1,230		1,084		839	
# approved:	543	98%	259	72%	814	66%	777	72%	711	85%
# denied:	11	2%	20	6%	217	18%	95	9%	44	5%
# dismissed:	0	0%	83	23%	199	16%	212	20%	84	10%
# pending:[2]	0	0%	0	0%	0	0%	0	0%	0	0%
CommCare Appeals										
Total:	5,389		4,723		5,341		4,792		2,646	
# approved:	349	6%	354	7%	559	10%	511	11%	219	8%
# denied:	861	16%	680	14%	657	12%	681	14%	258	10%
# dismissed:	3,804	71%	3,210	68%	3,581	67%	3,499	73%	2,169	82%
# pending:[2]	375	7%	479	10%	544	10%	101	2%	0	0%

[1] The waiver and appeals program began on June 1, 2007. Please see past reports for historical data

[2] Requests pending at the end of a given fiscal year were resolved and appear in the subsequent fiscal year

4.0 Outreach and Education

4.1 External Partners

The Health Connector selected and provided grant funds to a set of community organizations to serve as Navigators, building capacity to help publicize the changes the ACA is bringing to the Commonwealth, and providing assistance and enrollment support to people in their communities. The Navigator program is required by the ACA and supported by state funds. Navigators who participated in 2014 include:

- Boston Public Health Commission
- Caring Health Center
- Community Action Committee of Cape Cod & Islands, Inc.
- Ecu-Health Care
- Greater Lawrence Community Action Council
- Hilltown Community Health Care Centers
- Joint Committee for Children's Health Care in Everett
- Manet Community Health Center
- Massachusetts Alliance of Portuguese Speakers (MAPS)
- People Acting in Community Endeavor (PACE)

The Health Connector expanded the Navigator program in 2015, keeping the 2014 Navigators and adding:

- Cambridge Economic Opportunity Council
- Casa Latina
- Family Health Center of Worcester
- Fishing Partnership
- Vineyard Health Access/County of Dukes County

With their ability to conduct multi-lingual outreach in communities across the state, Navigators help to ensure that Massachusetts residents know about the new benefits available through the ACA and how to access them.

While Navigators predominantly focus on individual members and shoppers, the Health Connector has sought other channels to help educate employers about changes in the policy landscape that affect them. The Health Connector has presented at and sponsored multiple events across the state over the past year in an effort to increase awareness among small business owners and their brokers about the Small Business Health Options Program, or SHOP, run by the Health Connector. These include events hosted by Chambers of Commerce across the state, and industry trade groups such as Massachusetts Association of Health Underwriters (MassAHU), Northeast Human Resources Association (NEHRA), New England Employee Benefits Council (NEEBC), Associated Industries of Massachusetts (AIM), Massachusetts Non-Profit Network (MNN), the Cambridge Innovation Center (CIC), and various events through the Small Business Administration (SBA).

During FY2014, in recognition of the important implications of reform and exchange activities for the Massachusetts employer community, the Health Connector founded an Employer Advisory Council to establish regular communication and dialogue with the business community. The Council meets quarterly to ensure that the Massachusetts employer community is apprised of key policy and programmatic changes taking place in the reform landscape that may affect businesses and employees alike. Further, the Council is an opportunity for the Health Connector to answer questions and hear feedback from the employer community that can be used to improve and enhance its policies and operations in a manner that will help employers and employees better navigate the health insurance landscape in Massachusetts. The Council consists of representatives from the Associated Industries of Massachusetts (AIM), the Retailers Association of Massachusetts (RAM), the National Federation of Independent Business (NFIB), the Massachusetts Restaurant Association (MRA), the Massachusetts Food Association (MFA), the Massachusetts Nonprofit Network (MNN), the Greater Boston Chamber of Commerce, the Massachusetts Business Roundtable, and a representative from a small business. The Health Connector has also worked closely with Massachusetts brokers, educating them about the ACA and the Health Connector so that they can better serve individuals and small businesses throughout the Commonwealth. Three hundred and fifty one brokers are certified through the Health Connector to work with small businesses, 57 of whom are also Broker Enrollment Assisters who help individuals apply for coverage through the Health Connector. In addition to educating brokers, the Health Connector learns from them as well. A Broker Advisory Council convenes quarterly to discuss topics important to small businesses, solicit feedback from brokers in the field, and raise awareness of challenges facing small businesses in Massachusetts.

4.2 Member Transition

To help members in pre-ACA programs find the right benefits under the ACA, the Health Connector engaged in an extensive member transition effort, in collaboration with a variety of other entities, including the external partners

outlined above. The outreach campaign associated with the open enrollment period for 2015 benefits was wide-ranging in its scope and volume. To reach members of legacy programs, the Health Connector made 1.75 million calls, sent 1.3 million pieces of mail, and knocked on 388,000 doors. Beyond these targeted outreach efforts, advertisements online, in print, on the radio, and on television provided the public with information they needed about available Health Connector coverage types. Finally, in-person enrollment assistance was available through 1,400 Navigator and Certified Application Counselor personnel as well as through four enrollment events and six walk-in center events statewide.

As a result of these outreach efforts, 92% of 2014 QHP enrollees, 97% of Commonwealth Care enrollees, and 73% of temporary Medicaid enrollees took an action in the new system as of the end of FY2015. Roughly 55% of the legacy population had been determined eligible for MassHealth or enrolled in a QHP at the end of June 2015.

5.0 Policy and Regulatory Responsibilities

5.1 Plan Certification

The Seal of Approval (SoA), as specified in Massachusetts General Laws Chapter 176Q, is a health plan designation awarded by the Health Connector, indicating that a health benefit plan meets certain standards regarding quality and value. Through the SoA process, the Health Connector is able to designate a set of high-value plan designs and request proposals from the state's leading health insurers to offer them on the Health Connector's shelf. Some plan designs are standardized across carriers, while others are unique designs by individual carriers. The result is a set of plans that encourages market competition while keeping choices simple for consumers.

The ACA added new components to the Health Connector's SoA process. The Health Connector must now also review network adequacy and essential community provider participation standards, service area requirements, transparency reporting, quality requirements, and marketing standards. Working closely with the Division of Insurance and other state agencies, the Health Connector developed a revised plan certification process that fully complies with ACA requirements while staying responsive to the state's insurance market.

In FY2014, the Health Connector certified 114 Qualified Health Plans from 10 medical carriers for calendar year 2014 coverage. One carrier, Minuteman Health, was a new entrant to the market. In addition, dental plans were newly available through the Health Connector. The SoA certified 24 Qualified Dental Plans from five dental carriers for consumers to choose from. These plans were sold beginning on January 1, 2014.

In FY2015, the Health Connector retained its existing medical and dental carriers and also approved plans from a new entrant, United HealthCare. The Health Connector had 143 Qualified Health Plans and 24 Qualified Dental Plans for sale in 2015.

5.2 Student Health Insurance Program

Chapter 224 of the Acts of 2012 (Chapter 224) shifted responsibility for student health insurance programs to the Health Connector. Effective January 1, 2014, the Student Health Insurance Program regulations, 956 CMR 8.00, were amended to allow students enrolled in MassHealth or subsidized health plans through the Health Connector to waive their college or university Student Health Insurance Programs. This allows students access to affordable insurance while attending institutions of higher education. The Health Connector's management of the public colleges and universities contract renewals for the 2014-2015 school year helped keep cost growth down while ensuring compliance with federal and state mandated benefits. With the guidance of stakeholders, the Health Connector redesigned and streamlined the questionnaire and online reporting system for the annually required Student Health Insurance Program filings.

In FY2015, the Health Connector assisted community colleges, state universities, and UMass satellite campuses with a re-procurement of health plans for their students. The procurement resulted in a rate decrease for five out of the six

segments of schools and a lower-than-expected increase for the state universities, while maintaining or expanding benefits for students.

5.3 The Individual Mandate

The Health Connector is responsible for defining several policies related to the Commonwealth's requirement that adult individuals carry insurance if they have access to an affordable plan that meets certain coverage standards, known as the individual mandate. Specifically, the Health Connector defines what is deemed "affordable" and the benefits that constitute Minimum Creditable Coverage (MCC). Compliance with the individual mandate reporting requirements, as well as with the requirement to maintain coverage, remains high. Data from the Department of Revenue show that 99% of state residents required to report coverage on their state income tax return do so. Individuals who did not have coverage may have to pay a penalty, unless they qualify for an exemption.

Affordability

Individuals are required to purchase coverage if it is considered affordable. To that end, the Health Connector Board is required on an annual basis to devise an "affordability schedule" that defines the amount an individual could be expected to contribute towards the purchase of an MCC-compliant health insurance plan.[1] An adult is considered able to purchase affordable health insurance if his or her monthly contribution to subsidized insurance or the lowest cost insurance plan available through the Health Connector does not exceed the corresponding maximum monthly premium for his or her income bracket.

Because the ACA institutes a federal mandate where insurance is considered unaffordable when it exceeds roughly 8% of a household's income, the Health Connector began to align its affordability schedule with this standard using a multi-year approach. In calendar year (CY) 2014, the affordability schedule caps the required premium payment for all individuals at a maximum of 8% while maintaining its progressive approach of lower requirements for lower income individuals.

Table 4: CY2014 Affordability Schedule for Individuals

Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$11,676	$0		
100.1 - 150%	$11,677	$17,508	$0		
150.1 - 200%	$17,509	$23,340	$40	2.7%	2.1%
200.1 - 250%	$23,341	$29,184	$78	4.0%	3.2%
250.1 - 300%	$29,185	$35,016	$118	4.9%	4.0%
300.1 - 350%	$35,017	$40,848	$215	7.4%	6.3%
350.1 - 400%	$40,849	$46,680	$266	7.8%	6.8%
Above 400%	$46,681		8% of income/12		

Table 5: CY2014 Affordability Schedule for Couples

Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$15,732	$0		
100.1 - 150%	$15,733	$23,604	$0	0.0%	0.0%
150.1 - 200%	$23,605	$31,464	$80	4.1%	3.1%
200.1 - 250%	$31,465	$39,336	$156	5.9%	4.8%
250.1 - 300%	$39,337	$47,196	$236	7.2%	6.0%
300.1 - 350%	$47,197	$55,056	$315	8.0%	6.9%
350.1 - 400%	$55,057	$62,928	$367	8.0%	7.0%
Above 400%	$62,929		8% of income/12		

Table 6: CY2014 Affordability Schedule for Families

Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$19,800	$0		
100.1 - 150%	$19,801	$29,688	$0	0.0%	0.0%
150.1 - 200%	$29,689	$39,588	$80	3.2%	2.4%
200.1 - 250%	$39,589	$49,476	$156	4.7%	3.8%
250.1 - 300%	$49,477	$59,376	$236	5.7%	4.8%
300.1 - 350%	$59,377	$69,276	$396	8.0%	6.9%
350.1 - 400%	$69,277	$79,164	$437	7.6%	6.6%
Above 400%	$79,165		8% of income/12		

For calendar year 2015, the Health Connector Board adopted an affordability schedule that defines affordability based on a percentage of household income, rather than a fixed dollar amount, that is considered affordable at a range of incomes. This approach mirrors the federal schedule in its use of a percentage basis, but it is progressive, unlike the federal schedule. In 2015, the amount considered affordable federally is 8.05%; the cap on the state schedule reflects this adjustment.[2]

Table 7: CY2015 Affordability Schedule for Individuals

INDIVIDUALS					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$11,670	0%		
100.1 - 150%	$11,671	$17,505	0%		
150.1 - 200%	$17,506	$23,340	2.75%	$ 40	$ 53
200.1 - 250%	$23,341	$29,175	4.00%	$ 78	$ 97
250.1 - 300%	$29,176	$35,010	4.85%	$ 118	$ 141
300.1 - 350%	$35,011	$40,845	7.20%	$ 210	$ 245
350.1 - 400%	$40,846	$46,680	7.40%	$ 252	$ 288
Above 400%	$46,681		8.05%	$ 313	

Table 8: CY2015 Affordability Schedule for Couples

COUPLES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$15,730	0%		
100.1 - 150%	$15,731	$23,595	0%		
150.1 - 200%	$23,596	$31,460	4.05%	$ 80	$ 106
200.1 - 250%	$31,461	$39,325	5.95%	$ 156	$ 195
250.1 - 300%	$39,326	$47,190	7.20%	$ 236	$ 283
300.1 - 350%	$47,191	$55,055	7.20%	$ 283	$ 330
350.1 - 400%	$55,056	$62,920	7.40%	$ 340	$ 388
Above 400%	$62,921		8.05%	$ 422	

Table 9: CY2015 Affordability Schedule for Families

FAMILIES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$19,790	0%		
100.1 - 150%	$19,791	$29,685	0%		
150.1 - 200%	$29,686	$39,580	3.25%	$ 80	$ 107
200.1 - 250%	$39,581	$49,475	4.75%	$ 157	$ 196
250.1 - 300%	$49,476	$59,370	5.75%	$ 237	$ 284
300.1 - 350%	$59,371	$69,265	7.20%	$ 356	$ 416
350.1 - 400%	$69,266	$79,160	7.40%	$ 427	$ 488
Above 400%	$79,161		8.05%	$ 531	

Minimum Creditable Coverage

As a part of Massachusetts' own health reform effort, the Health Connector's Board of Directors created a "floor" of covered benefits that adult tax filers must have in order to be considered insured and avoid tax penalties in Massachusetts. The level of coverage required is called Minimum Creditable Coverage (MCC).

Sponsors of plans that do not meet specific MCC requirements, but that offer, on the whole, robust coverage, may ask the Health Connector to grant the plan MCC certification. During FY2015, 1,335 plans were sent to the Health Connector for consideration as MCC-compliant. Of those, 597 were granted certification, 57 were denied, and 539 cases were incomplete or withdrawn from consideration. An additional 142 plans were pending adjudication at the end of the year, including 210 received in the last week of June 2015. During FY2014, the Health Connector received 622 plans requesting certification as MCC-compliant. Of those, 542 were granted certification, 45 were denied, and 32 cases were incomplete or withdrawn from consideration. An additional 3 plans were pending adjudication at the end of the year.

The high rate of approval is likely attributable to grossly non-compliant plans not submitting applications. The Health Connector has engaged in education of plan sponsors to explain the Health Connector's authority in the certification process, which has led to self-selection among applicants toward those that are most likely to be deemed compliant. Generally, the vast majority of state residents required to maintain insurance under the individual mandate are enrolled in MCC-compliant plans

Tax penalties

Individuals who are deemed able to afford health insurance but fail to comply are subject to a tax penalty on their state income tax return. Statute sets the penalty for non-compliance at no more than half of the lowest cost insurance premium for coverage available through the Health Connector. For those with incomes below 300% FPL, the penalty schedule is based on the lowest cost premium contributions for a ConnectorCare plan. Since individuals with income at or below 150% FPL are not required to make a premium contribution, there is no penalty for individuals in this income cohort. For those with income above 300% FPL, the schedule is based on half of the premium of the lowest cost Bronze plan in CY2014, or half of the premium of the lowest cost catastrophic plan for adults up to age 30. The penalties for CY2014, among other years, are shown in Table 7.[3] The lower cost of catastrophic plans relative to young adult plans accounts for the reduction in the monthly penalty amount for young adults who earn more than 300% FPL.

Table 10. Penalty Schedule for Failure to Comply with the Individual Mandate, 2012 - 2015

	2012		2013		2014		2015	
	per month	per year*	per month	per year*	per month	per year*	per month	per year*
150.1 - 200% FPL	$19	$228	$20	$240	$20	$240	$20	$240
200.1 - 250% FPL	$38	$456	$39	$468	$39	$468	$39	$468
250.1 - 300% FPL	$58	$696	$59	$708	$59	$708	$59	$708
Above 300% FPL Young Adult**	$83	$996	$84	$1,008	$58	$696	$60	$720
Above 300% FPL Older Adult**	$105	$1,260	$106	$1,272	$92	$1,104	$91	$1,092
*If the individual is without insurance for all twelve months of the year.								
**Prior to 2014, Young Adult is defined as up to age 26, and Older Adult is defined as 27+. Starting in 2014, Young Adult is defined as up to age 30, and Older Adult is defined as 31+								

Compliance with the Individual Mandate

Compliance with the state's individual mandate to obtain coverage remained high in tax year 2012, the most recent year for which data is available. As in past years, nearly all tax filers complied with the insurance reporting requirement, and 96% were insured at some point during the year. This rate has remained the same since the first analysis of individual mandate compliance conducted in 2008. A vast majority of individuals were insured for the full year with a policy that met the state's MCC requirements.

Among individuals who were without insurance for some part or all of the year, there are a number of reasons why a penalty may not have been assessed. These reasons are noted in Table 11 below, below the yellow bar. Consistent with other analyses of the remaining uninsured, tax filing data shows that they are primarily low income individuals.

Table 11: Tax filers Insurance Data, Tax Year 2012

Compliance with the tax filing requirement (i.e., the percent of tax filers who were required to file a Schedule HC that complied with the reporting requirement)	99%
Percent of adult tax filers with MCC-compliant coverage	92% for full-year, 4% for part-year, 96% insured at some point during the year
Number of adult tax filers without MCC-compliant insurance	180,000 for full-year, 160,000 for part-year
Among the adult tax filers without MCC-compliant coverage:	
No penalty because income at or below 150% of FPL	110,000 for full-year, 46,000 for part-year
No penalty because affordable insurance was not available (based on the tax filer's application of the affordability schedule)	27,000 for full-year, 25,000 for part-year
No penalty because appeal was requested	3,100 for full-year, 2,500 for part-year
No penalty due to religious exemption	7,200 for full-year, 1,100 for part-year
No penalty due to Certificate of Exemption	280 for full-year, 220 for part-year
No penalty due to a permissible gap in coverage of three or fewer consecutive calendar months	64,000
Penalty assessed since affordable insurance was available	25,000 for full-year, 22,000 for part-year

The ACA implemented a federal individual mandate that took effect in 2014. To preserve high-quality coverage standards for state residents, the Health Connector's Board of Directors opted to maintain the state individual mandate alongside the federal. The Health Connector continues to work with other agencies, namely the Department of Revenue and the Executive Office for Administration and Finance, as well as other stakeholders, to address the policy differences between the state and federal mandates. The Interagency Individual Mandate Workgroup, comprising the Health Connector, Department of Revenue, and Executive Office for Administration and Finance, aims to support the success of the state's individual mandate while reducing confusion and administrative burden on individuals as they begin to understand and comply with the new federal rules, as well. Among the actions taken by the Commonwealth is an opportunity for taxpayers to reduce any state penalty owed by the amount of federal penalty paid through a non-refundable offset. This prevents state residents from being double penalized under two mandates.

5.4 The Remaining Uninsured

Although Massachusetts had the highest rate of insurance in the nation through FY14 and FY15, there are still residents who lack coverage. The Health Connector is committed to identifying those who lack coverage and helping them obtain it. To that end, during FY15, the Health Connector conducted an analysis of internal and external data on the Commonwealth's remaining uninsured and began to develop plans for reaching those individuals leading up to and during the 2016 Open Enrollment period. Research on the geographic and demographic characteristics of the remaining uninsured is being leveraged to develop tailored outreach strategies to help enroll this population. Furthermore, data and research on the obstacles and barriers facing those who have not yet obtained coverage will be used to develop messaging and support tools most likely to help this population enter the ranks of the insured. Many of the remaining uninsured likely qualify for MassHealth or for subsidized Health Connector coverage, although many individuals may not be aware of their eligibility. Outreach efforts will seek to educate, inform, and engage this population using new outreach tools and strategies. Much of the outreach and education conducted in FY16 will rely on the research conducted in FY15. The Health Connector looks forward to sharing the results of these activities in next year's report.

6.0 Concluding Comments

Over the last nine years, the Health Connector has strived to provide residents of the Commonwealth with access to affordable, quality health care and to promote transparency and competition in the health insurance market. This mission continues to guide the Health Connector as it implements the ACA. During FY2014 and FY2015, the Health Connector's work focused on transitioning operations to reflect the new rules of health reform, while maintaining high-value programs for current members.

Despite the challenges of reconciling existing state policies with federal reforms and the initial IT problems that hampered easy enrollment, the Health Connector continues to work diligently to ensure that the ACA will result in enhanced opportunities for individuals, small businesses, and state government. These opportunities will enable Massachusetts to continue its work as a national leader in health care access and affordability, and continue to strive toward our shared goal of providing health care to everyone in the Commonwealth. In part, this confidence is based on the collaborative relationship with other state, federal, and private sector partners all focused on the same goal of improving health care and the successes that these collaborations have already been able to achieve for the Commonwealth.

Appendix I: Abbreviations

ACA	Patient Protection and Affordable Care Act
CY	Calendar Year
FPL	Federal Poverty Level
FY	Fiscal Year
Health Connector	Commonwealth Health Insurance Connector Authority
MCC	Minimum Creditable Coverage
SHOP	Small Business Health Options Program
SoA	Seal of Approval
TY	Tax Year

[1] M.G.L. 176Q §3.

[2] The ACA set the federal affordability standard at 8% for 2014 and calls for annual indexing of the standard to reflect growth in health care spending and growth in the overall economy. This methodology resulted in a standard of 8.05% of income in 2015.

[3] Massachusetts Department of Revenue. (2013). Technical Information Release 13-9: Individual Mandate Penalties for Tax Year 2013. Available at, http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/2013-releases/tir-13-9.html.