Report to the Massachusetts Legislature

Implementation of Health Care Reform

Fiscal Year 2016

April 2017

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1.0 Preface

Massachusetts has 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, creating a state-based Exchange. While the path forward has not been without challenges, 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 and helping make the health insurance landscape more efficient, competitive, and easy to navigate.

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 was one change to the Health Connector's Board of Directors in fiscal year (FY) 2016. Dolores Mitchell retired from state service toward the end of the fiscal year after nearly 30 years leading the Group Insurance Commission. The staff of the Health Connector wishes to extend its deepest gratitude to all past and current Directors for their commitment to health reform. Directors who served in FY16 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

April 2016 marked the 10th anniversary of health care reform in Massachusetts, an important milestone in the Commonwealth's effort to provide affordable health insurance to all, including the creation of the Health Connector.

The state's reform law and the Health Connector were built on the understanding that access to affordable coverage is a fundamental need for all of the Commonwealth's residents. In the last decade, the commitment to that mission has been maintained through support from health care advocates, enrollment assisters, the business community, the Legislature, carriers and providers advancing the mission.

The Health Connector has maintained an important role in the state's individual market over the last decade, particularly through Massachusetts' transition to the federal Patient Protection and Affordable Care Act (ACA), which was signed into law by President Obama in March 2010. Through that transition, including adjusting state policies and regulations to conform to the ACA and the availability of federal premium tax credits to subsidize individuals purchasing coverage from health insurance Exchanges like the Health Connector, Massachusetts has continued its commitment to keeping insurance affordable for low-income individuals, and created the ConnectorCare program to supplement federal tax credits.

In 10 years, the policies and functions of the Exchange have changed significantly, but the mission and results remain consistent, as hundreds of thousands of people rely on the Health Connector for affordable health insurance.

3.0 Health Connector Membership

The Health Connector provided coverage to nearly 220,000 individuals and 6,000 employees of small businesses as of the end of FY16. These state residents received high-quality coverage through Qualified Health Plans (QHPs) certified by the Health Connector. Plans are organized into four metallic tiers that represent the richness of the benefits provided: Platinum, Gold, Silver, and Bronze. Platinum plans provide low out of pocket costs for services, but have higher premiums, while Bronze plans have higher out of pocket costs for services, but lower monthly premiums. Additionally, the Health Connector offers "Catastrophic" plans with higher cost sharing 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 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 pre-ACA Commonwealth Care program. The ConnectorCare program has been critical to preserving coverage gains made prior to the ACA as well as to driving competition that helps keep premiums low in the merged market.

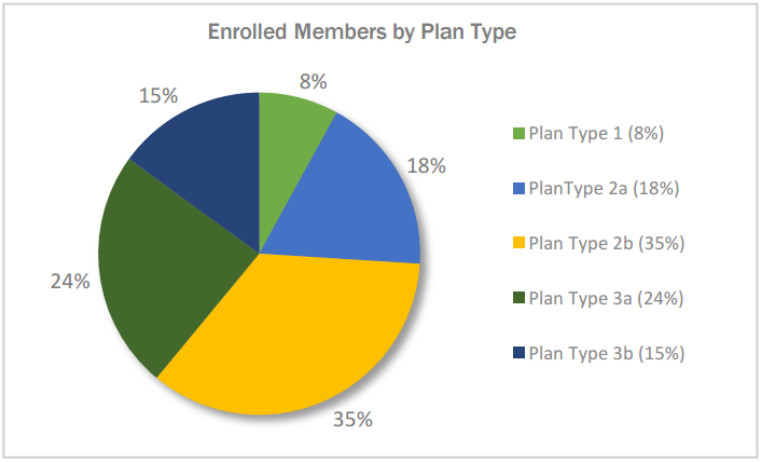
Overall, roughly 70% of enrollees reported being satisfied with their Health Connector coverage in a survey conducted in early FY16. Members cited low premiums and a network that includes their doctor as primary drivers of their plan choices. Some members reported low understanding of the

benefits offered by their plan, but most (76%) found the enrollment process easy. The Health Connector used information gathered in the survey to enhance communications sent throughout the course of FY16, addressing gaps in member knowledge and seeking ways to improve member experience.

3.1 ConnectorCare Membership

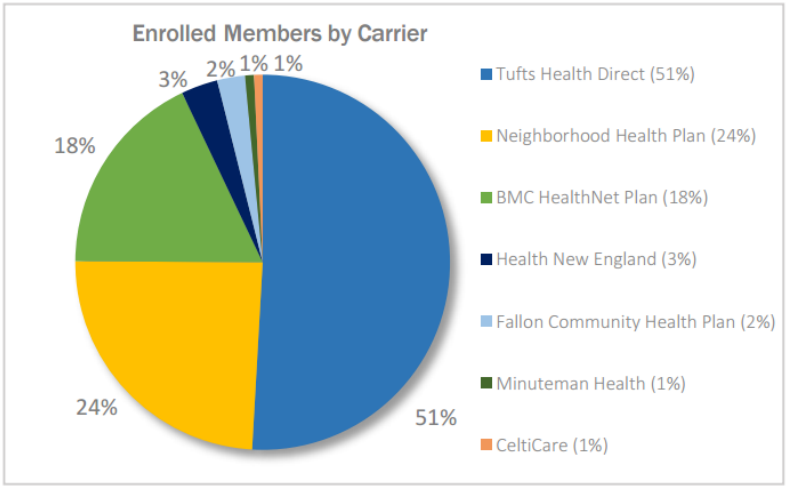
As of June 30, 2016, the ConnectorCare program had 168,586 active members. Just over one-third of ConnectorCare members had income between 150.1 and 200% FPL, which is $17,656 to $23,540 for an individual. Premiums for individuals in this income bracket ranged from $43 to $85 in 2016, depending on their region and carrier.

Figure 1: ConnectorCare Enrollment by Plan Type



Half of ConnectorCare enrollees chose Tufts Health Direct as their carrier. Tufts Health Direct was the lowest-cost ConnectorCare plan option available in 2016 in eight of the 12 ConnectorCare regions across the state, including the greater Boston region.

Figure 2: ConnectorCare Enrollment by Carrier

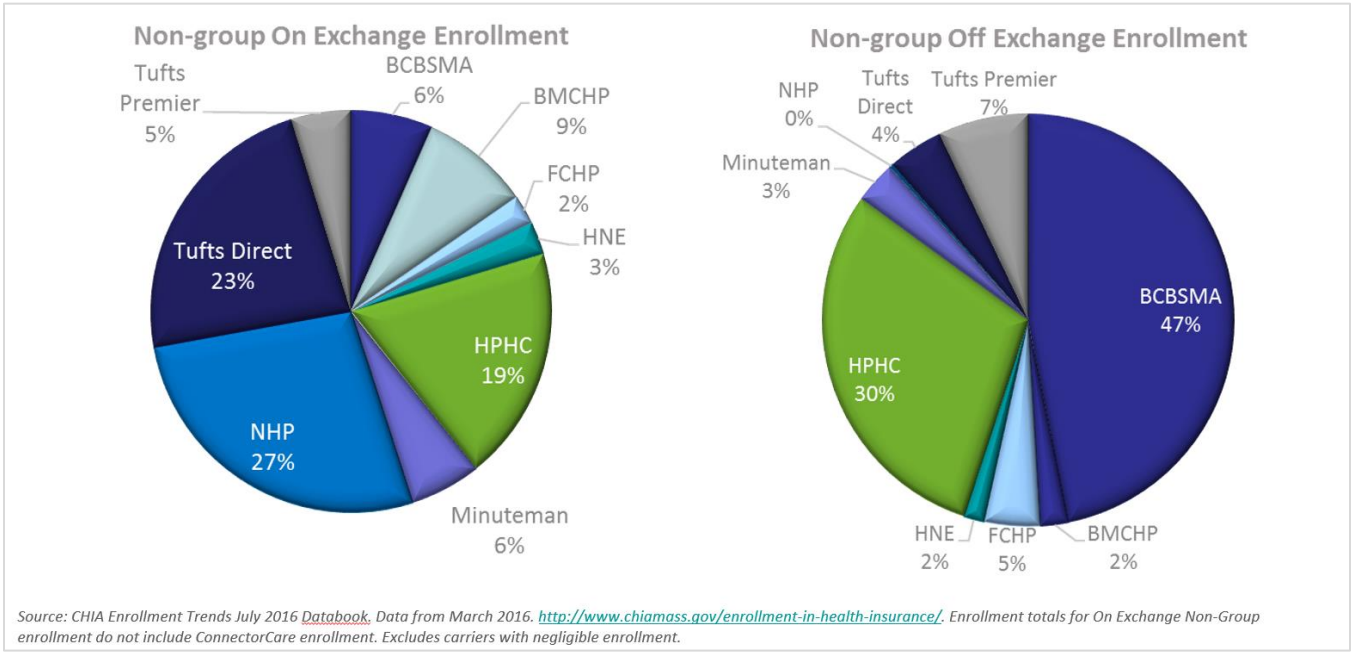


3.2 Non-Group Membership Outside ConnectorCare

At the end of FY2016, 51,202 individuals were enrolled in Qualified Health Plans with either no subsidies or only federal APTCs (i.e., households with income between 300 and 400% FPL). Roughly 56% of members enrolled in plans on the Silver tier. Neighborhood Health Plan and Tufts Health Direct were the most popular carriers, with 27% and 23% of non-ConnectorCare enrollment, respectively.

The health insurance carriers selected by the Health Connector's non-group, non-ConnectorCare enrollees differ greatly from those chosen by non-group shoppers outside the Health Connector. A comparison of non-group enrollment through the Health Connector and enrollment outside shows that the comparison shopping experience increases competition among carriers – consumers are more likely to "shop around" to discover alternative high-value options they may not have otherwise considered.

Figure 3: Non-ConnectorCare Non-group Enrollment on- and off-Exchange



Source: CHIA Enrollment Trends July 2016 Databook. Data from March 2016. http://www.chiamass.gov/enrollment-in-health-insurance/. Enrollment totals for On Exchange Non-Group enrollment do not include ConnectorCare enrollment. Excludes carriers with negligible enrollment.

Figure 4: Non-ConnectorCare Enrollment by Metallic Tier

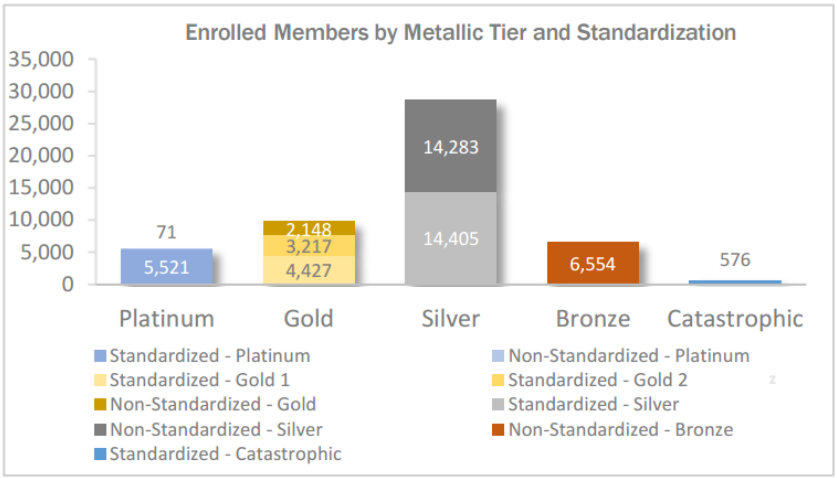
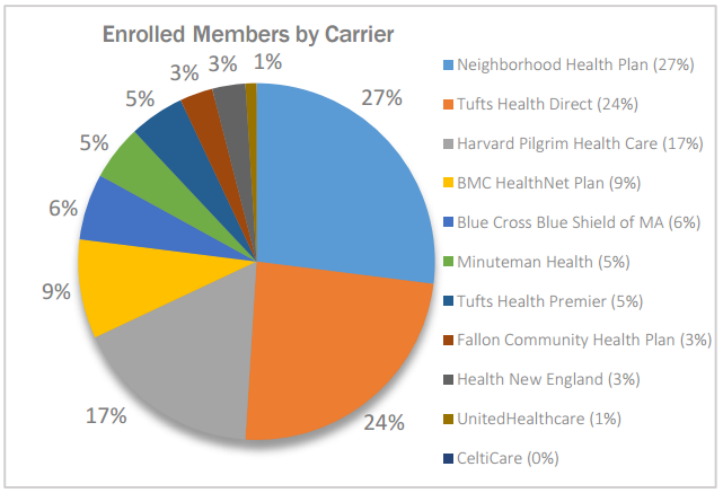


Figure 5: Non-ConnectorCare Enrollment by Carrier



3.3 Small Group Membership

At the end of FY2016, the Health Connector had 6,165 small-group members among 1,392 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. Neighborhood Health Plan and Harvard Pilgrim Health Plan share the majority of enrollees.

Figure 6: Small Group Enrollment by Metallic Tier

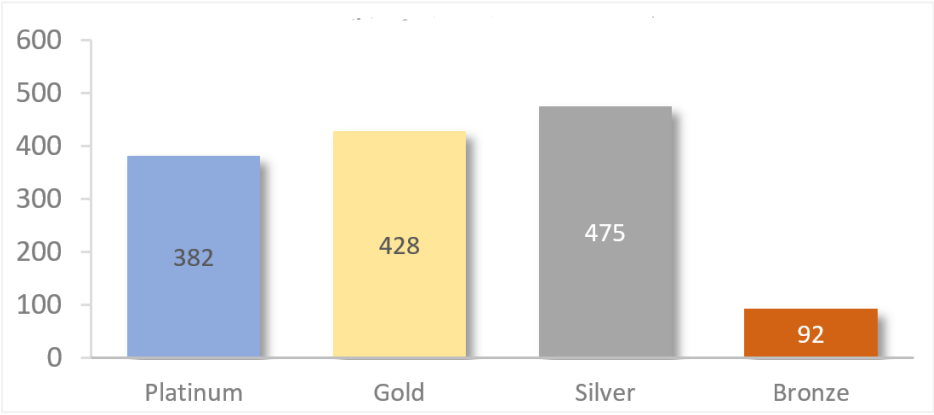
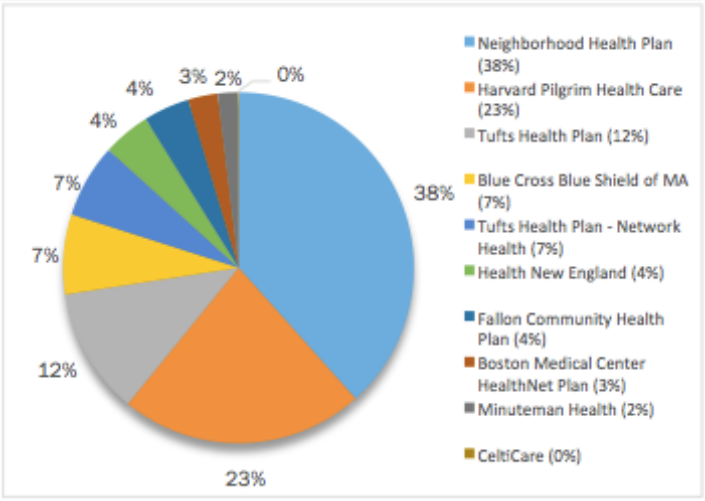


Figure 7: Small Group Enrollment by Carrier

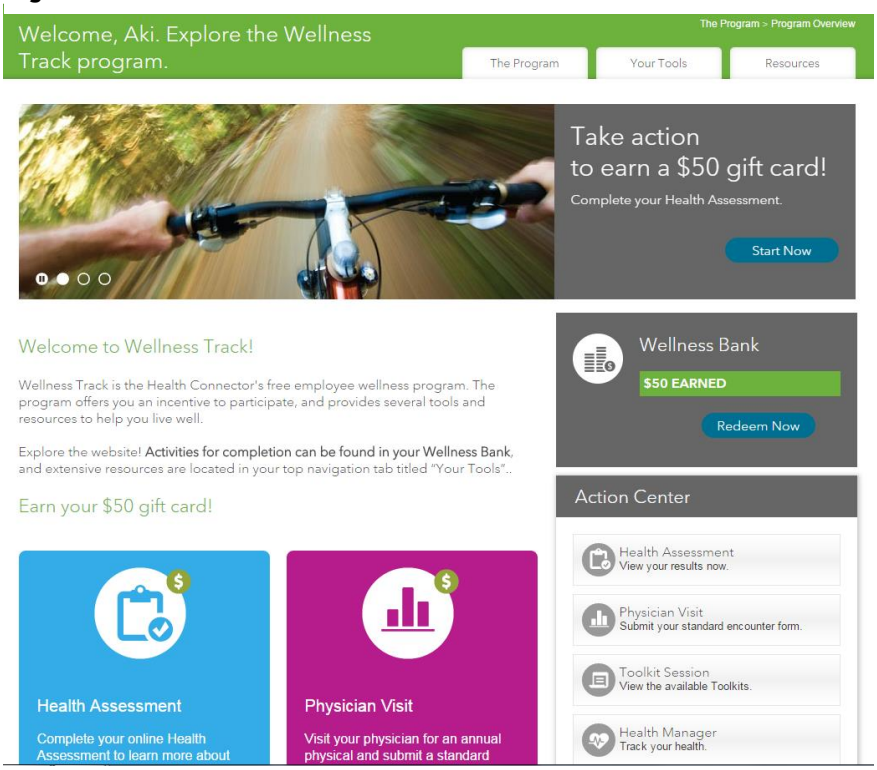


Wellness Track

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. In June 2016, Wellness track had 386 companies with 977 employees enrolled.

Figure 8: 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 59,400 individuals enrolled at the end of FY16, a 38% increase from 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 9: Non-Group Dental Enrollment by Benefit Type

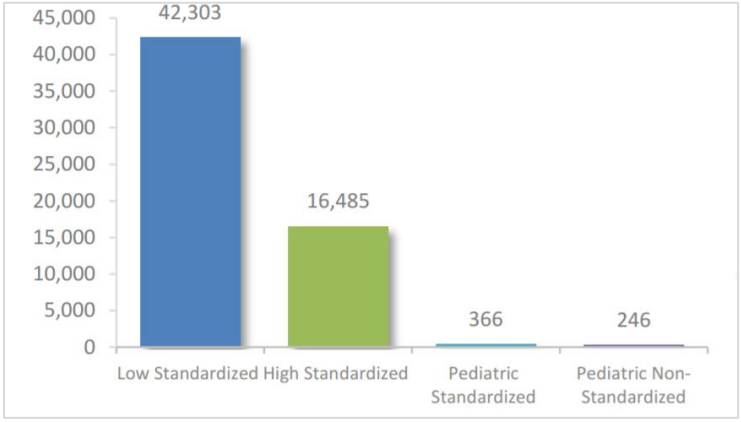
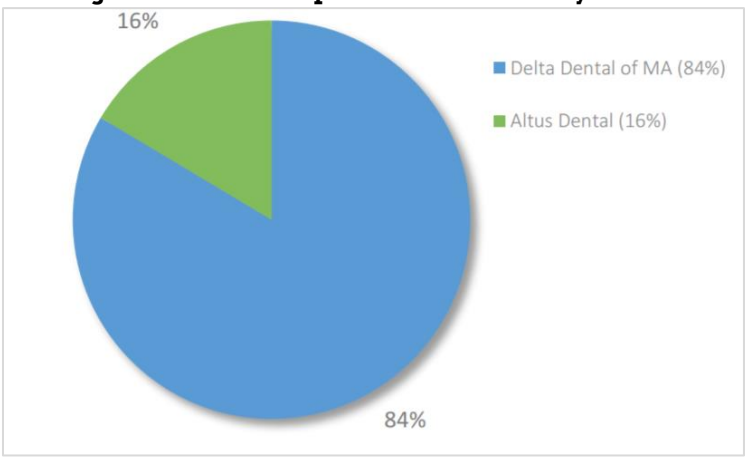


Figure 10: Non-Group Dental Enrollment by Carrier



Among small-group membership, approximately 16% of medical enrollees also chose a dental plan, up from 10% in FY15. 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 11: Small Group Dental Enrollment by Benefit Type

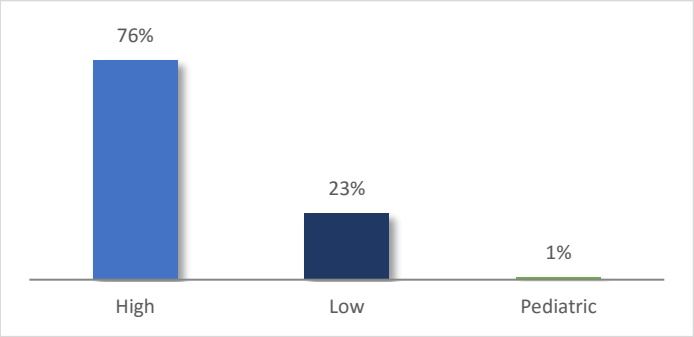
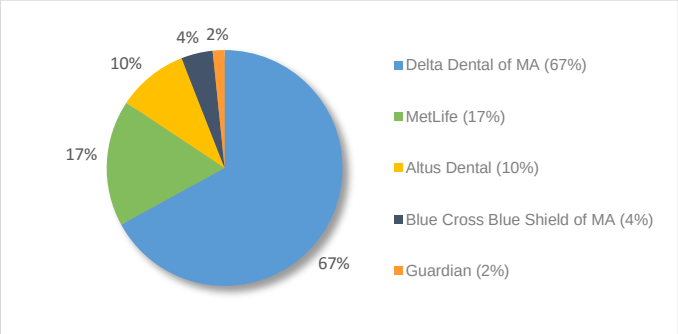


Figure 12: Small Group Dental Enrollment by Carrier



3.5 Administration and Operations

ConnectorCare Budget

The budget below shows 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. However, the total amount to cover AWSS members is substantially lower than non-AWSS costs because AWSS members comprise less than 20% of total enrollment.

Table 1: FY16 ConnectorCare Budget

FY16 Net Costs	FY16 Actuals as of June 2016			FY 16 H2 Budget		
	Jul - Dec 2015	Jan - Jun 2016	Total	Jul - Dec 2015	Jan - Jun 2016	Total
ConnectorCare (AWSS + NON AWSS)	$68,676,744	$82,697,822	$151,374,566	$71,357,833	$75,865,729	$147,223,562
AWSS	$13,147,269	$17,366,867	$30,514,136	$17,881,176	$15,426,239	$33,307,415
NON AWSS	$55,529,475	$65,330,955	$120,860,430	$53,476,656	$60,439,490	$113,916,147
American Indian/Native Alaskian	$0	$0	$0	$0	$0	$0
Health Insurer Provider Fee (CY14)	$752,333	$0	$752,333	$752,333	$0	$752,333
State Mandated Benefits	$162,570	$357,978	$520,548	$130,621	$894,253	$1,024,874
Small Business Wellness Subsidies	$94,931	$107,681	$202,612	$94,931	$107,681	$202,612
Programmatic Support	$0	$4,200,000	$4,200,000	$3,800,000	$401,667	$4,201,667
CCTF Administrative Draw	$9,500,000	$9,500,000	$19,000,000	$9,500,000	$9,500,000	$19,000,000
Total Program Cost (Net of FFP)	$79,186,577	$96,863,482	$176,050,058	$85,635,717	$86,769,330	$172,405,047

Operational Support

The Health Connector engages two vendors to provide customer service and business operations support. Dell Systems (now NTT) provides member support for non-group members, while the Small Business Service Bureau has supported 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.

In FY16, the Health Connector continued to improve the member experience. The number of issues resolved with one call from a member increased from 72.5% in May 2015 to 78.6% in August 2015. For harder to resolve cases, the Health Connector established an ombudsman program in late September of 2015. The process improvements put into place during FY16 showed their value during the open enrollment period for 2016 coverage. Members and applicants made 40% fewer calls to customer service, average speed to answer improved by nearly 10 minutes to just over 1 minute on hold waiting for a representative, and calls, once answered, were resolved 2 minutes faster than during the 2015 open enrollment period.

Finally, the Health Connector implemented a new Customer Relationship Management (CRM) tool called Salesforce in late FY16. Salesforce enables the Health Connector to build on its member experience improvements by simplifying the process for customer service representatives to summarize encounters with members, view member encounter history, and also track issues that need additional follow up.

3.6 Appeals and Waivers

The ConnectorCare program offers premium waivers to members, who demonstrate extreme financial hardship according to criteria outlined in Health Connector regulations. Hardships include homelessness, eviction, or foreclosure; shut off of an essential utility; a sudden, significant increase in expenses due to domestic violence, death of a family member who was a primary child care provider, a family illness requiring full-time care, natural or manmade disaster; and bankruptcy. Details on premium waiver requests during FY16 are in Table 2 below. Applications that were dismissed 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 FY16, The Health Connector received 2,473 appeals from individuals, as outlined in Table 3 below. Among the Dismissed appeals, 346 were resolved without the need for a hearing. Other reasons for dismissal include failing to submit an appeal within the allowable time period and failing to appear at a scheduled hearing. Roughly half (471) of the 848 hearings scheduled were dismissed for failure to appear. The remainder were approved or denied at hearing, as noted below.

Table 2: FY16 Premium Waiver Requests

Approved	123
Denied	137
Dismissed	18
Pending	0
Total	278

Table 3: FY16 Appeal Requests

Approved	8
Denied	369
Dismissed	1961
Pending	135
Total	2,473

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 available to uninsured residents across the Commonwealth and providing in-person application assistance and enrollment support to people in their communities. The Navigator program is required by the ACA and supported by state funds. The 2015-2016 list of Navigators includes:

- Boston Public Health Commission
- Cambridge Economic Opportunity Council
- Caring Health Center
- Community Action Committee of Cape Cod & Islands, Inc.
- Ecu-Health Care
- Family Health Center of Worcester
- Fishing Partnership Support Services
- Greater Lawrence Community Action Council
- Health Care For All
- Hilltown Community Health Care Centers
- Manet Community Health Center
- People Acting in Community Endeavor (PACE)
- Tapestry Health
- Vineyard Health Access/County of Dukes County

The 2015-2016 Navigator organizations performed a wide variety of outreach activities in multiple languages and effectively reached both the uninsured and Health Connector members in need of support. While Navigators emphasize open enrollment activities, they are available for year-round support. The 14 organizations collectively completed 18,527 new applications and helped 31,685 people with health plan selection, enrollments, and questions related to their coverage.

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).

The Health Connector has continued to engage an Employer Advisory Council to establish regular communication and dialogue with the business community. Founded during FY14, the Council and the Health Connector discuss 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 includes 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 and the Massachusetts Business Roundtable.

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. Four hundred and forty-six brokers are certified through the Health Connector to work with small businesses, 38 of whom are also Broker Enrollment Assisters who help individuals apply for coverage through the Health Connector. In FY16, the Broker Enrollment Assister program underwent changes to better align its certification requirements with those for Navigators and Certified Application Assisters (which are primarily based at medical providers or social service agencies). 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 The Remaining Uninsured

Although Massachusetts continues to be a national leader in the rate of insurance coverage among state residents, there still remain those who lack coverage. The Health Connector continues to be committed to identifying these residents and helping them obtain it. To that end, during FY16, the Health Connector conducted an analysis of internal and external data on the Commonwealth's remaining uninsured, with special attention to demographic, geographic, and labor market dimensions, and developed plans for reaching those individuals leading up to and during the Open Enrollment period for 2017 coverage. Research found that the uninsured are split fairly evenly between individuals with short coverage gaps and individuals who are chronically uninsured. The Health Connector also looked at the obstacles and barriers facing the uninsured to inform its outreach strategy to address their priorities and concerns. Among other successive outreach steps initiated, this analysis led to a procurement for outreach and marketing services that looked for both general services as well as targeted expertise in ethnic media and community outreach. The Health Connector looks forward to sharing the results of this new approach in next year's report.

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 FY2016, the Health Connector certified 83 Qualified Health Plans from its existing 11 medical carriers for calendar year 2016 coverage. The SOA also certified 25 Qualified Dental Plans from five dental carriers for consumers to choose from. These plans were sold beginning on January 1, 2016.

5.2 Student Health Insurance Program

Chapter 224 of the Acts of 2012 (Chapter 224) shifted responsibility for Student Health Insurance Programs (SHIP) to the Health Connector. Effective January 1, 2014, the SHIP 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 SHIP plans. 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 helps keep cost growth down while ensuring compliance with federal and state mandated benefits.

In FY2016, the Health Connector assisted community colleges, state universities, and UMass satellite campuses with a renewal of health plans for their students for the 2016-2017 academic year. The process resulted in modest and lower-than-expected rate increases and similarly modest rate increases are expected for the 2017-2018 academic year.

The Health Connector and MassHealth implemented a pilot program with the public colleges and universities in Massachusetts to coordinate student coverage and MassHealth coverage for students who were eligible for both. MassHealth now provides Premium Assistance payments to support the purchase of student health insurance, reducing costs for the Commonwealth, strengthening the risk pool for student coverage, and providing students with access to comprehensive coverage they can afford. The pilot began enrolling students at community colleges in June 2016, with 35% of eligible students signing up just in the first week of the program. Enrollment in the Premium Assistance program is currently optional for students enrolled in MassHealth but will become mandatory as a condition of MassHealth enrollment beginning Fall 2017, further increasing the risk pool for student coverage.

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.

The 2016 schedule introduced the first increases to the Connector's subsidized premiums since 2012. In 2016, the amount considered affordable federally is 8.13%; the cap on the state schedule reflects this adjustment.[2]

Table 4: CY2016 Affordability Schedule for Individuals

INDIVIDUALS					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$11,770	0%		
100.1 - 150%	$11,771	$17,655	0%		
150.1 - 200%	$17,656	$23,540	2.90%	$ 43	$ 57
200.1 - 250%	$23,541	$29,425	4.20%	$ 82	$ 103
250.1 - 300%	$29,426	$35,310	5.00%	$ 123	$ 147
300.1 - 350%	$35,311	$41,195	7.40%	$ 218	$ 254
350.1 - 400%	$41,196	$47,080	7.60%	$ 261	$ 298
Above 400%	$47,081		8.13%	$ 319	

Table 5: CY2016 Affordability Schedule for Couples

COUPLES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$15,930	0%		
100.1 - 150%	$15,931	$23,895	0%		
150.1 - 200%	$23,896	$31,860	4.30%	$ 86	$ 114
200.1 - 250%	$31,861	$39,825	6.20%	$ 165	$ 206
250.1 - 300%	$39,826	$47,790	7.40%	$ 246	$ 295
300.1 - 350%	$47,791	$55,755	7.40%	$ 295	$ 344
350.1 - 400%	$55,756	$63,720	7.60%	$ 353	$ 404
Above 400%	$63,721		8.13%	$ 432	

Table 6: CY2016 Affordability Schedule for Families

FAMILIES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	$0	$20,090	0%		
100.1 - 150%	$20,091	$30,135	0%		
150.1 - 200%	$30,136	$40,180	3.45%	$ 87	$ 116
200.1 - 250%	$40,181	$50,225	4.90%	$ 164	$ 205
250.1 - 300%	$50,226	$60,270	5.90%	$ 247	$ 296
300.1 - 350%	$60,271	$70,315	7.40%	$ 372	$ 434
350.1 - 400%	$70,316	$80,360	7.60%	$ 445	$ 509
Above 400%	$80,361		8.13%	$ 544	

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 FY2016, 1,184 plans were sent to the Health Connector for consideration as MCC-compliant. Of those, 1,015 were granted certification, 15 were denied, and 154 cases were incomplete or withdrawn from consideration.

The high rate of approval is likely attributable to the fact that grossly non-compliant plans are likely 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 CY2016, or half of the premium of the lowest cost catastrophic plan for adults up to age 30. The penalties for CY2016, among other years, are shown in Table 10.[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 7: Penalty Schedule for Failure to Comply with the Individual Mandate, 2013 - 2016

	2013		2014		2015		2016	
	per month	per year*	per month	per year*	per month	per year*	per month	per year*
150.1 - 200% FPL	$20	$240	$20	$240	$20	$240	$21	$252
200.1 - 250% FPL	$39	$468	$39	$468	$39	$468	$41	$492
250.1 - 300% FPL	$59	$708	$59	$708	$59	$708	$61	$732
Above 300% FPL Young Adult**	$84	$1,008	$58	$696	$60	$720	$71	$852
Above 300% FPL Older Adult**	$106	$1,272	$92	$1,104	$91	$1,092	$97	$1,164
*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 remains high. As in past years, nearly all tax filers complied with the insurance reporting requirement in tax year 2015, 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 (93%) were insured for the full year with a policy that met the state's MCC requirements.

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.

6.0 Concluding Comments

Over the decade since Massachusetts' first-in-the-nation health care law was passed, Massachusetts has led the way in striving for universal access. The Commonwealth remains a leader in insurance coverage rates and providing a competitive marketplace for individuals. After a period of sometimes-difficult transition to ACA, in Fiscal Year 2016 the Health Connector experienced deeper stability and support for members and applicants. This increased operational stability is meaningful in its own right, and also allows the Health Connector to devote an enhanced focus on policy and coverage innovations and improvements that can continue to deliver ever-higher value to residents and the market more broadly.

The Health Connector continues to work diligently to ensure that it can enhance and leverage coverage-related opportunities for individuals, small businesses, and state government. This means serving as a stable and easy to use source of affordable, high-value coverage, but also to find innovative ways to improve the functioning of the health insurance market more generally. By maintaining this focus, Massachusetts will 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, as it has for the last 10 years. Continued success will continue to depend on and benefit from the Health Connector's collaborative relationship with other state, federal, and private sector partners all focused on the same goal of improving health care. The Health Connector looks forward to continuing to build on our successes, lessons, and critical partnerships as we look to the next decade of serving as Massachusetts' health insurance marketplace.

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 8.13% of income in 2016.

[3] Massachusetts Department of Revenue. (2016). Technical Information Release 16-2: Individual Mandate Penalties for Tax Year 2016. Available at, http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/2016-releases/tir-16-2.html.