

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



May 20, 2016

VIA ELECTRONIC MAIL: louis.gutierrez@massmail.state.ma.us

Mr. T. Louis Gutierrez
Executive Director
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza
Boston, MA 02108

VIA ELECTRONIC MAIL: daniel.judson@state.ma.us

Mr. Daniel R. Judson
Commissioner of Insurance
Office of Consumer Affairs and Business Regulation Division of Insurance
1000 Washington Street
Boston, MA 02118

Dear Mr. Gutierrez and Commissioner Judson:

Thank you for your letter of March 25, 2016, in which you provided information on the characteristics of your non-group and small group markets. Specifically, you described how Massachusetts operates a shared non-group and small group risk pool while retaining the following enrollment and rating practices typical of a non-merged market:

- Non-group enrollees may enroll and renew in health plans on a calendar-year basis.
- Small group enrollees may enroll and renew in health plans on a rolling basis throughout the year.
- Issuers must set premium rates for non-group and small group for the first quarter of the year using the combined experience of non-group and small group enrollees.
- Issuers may update small group premium rates for the second, third, and fourth quarter of the year. These rates may only be offered to small groups purchasing or renewing coverage during the second, third, or fourth quarter of the year.
- Issuers may not update non-group premium rates for the second, third, and fourth quarter of the year.
- All non-group plans are effective from the date of enrollment until January 1 of the next calendar year.
- All small group plans are effective from the date of enrollment for a 12-month period.

Based on the information you provided, the Centers for Medicare and Medicaid Services (CMS) does not consider Massachusetts to have a merged market for purposes of the single risk pool provision at section 1312(c) of the Affordable Care Act and its implementing regulations at 45 CFR 156.80. As such, CMS agrees that Massachusetts can continue to operate its shared risk pool following the enrollment and rating practices described above. In addition, in accordance with your request, for purposes of risk adjustment starting for the 2017 benefit year, we will operate Massachusetts as a merged market.

Please feel free to call me if you have any questions.

Sincerely,



Kevin J. Counihan
Chief Executive Officer, Health Insurance Marketplaces
Director, Center for Consumer Information & Insurance Oversight