

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



November 8, 2017

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

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

Dear Mr. Gutiérrez:

I am writing to follow up on your letter, dated September 8, 2017, addressed to Secretary Thomas E. Price, M.D., Secretary, Health and Human Services (HHS), concerning the extension of the transition period previously granted to Massachusetts to use merged market rating factors currently permitted under Massachusetts law.

In a meeting between Governor Baker and Secretary Burwell in Washington, D.C. on May 18, 2016, the Governor requested a one-year extension of the transition period originally granted in 2013 to the Commonwealth of Massachusetts (Commonwealth) regarding the use of small rating factors currently permitted under state law, which are not permitted under the Patient Protection and Affordable Care Act (PPACA). In response, CMS sent a letter dated July 18, 2016, modifying the timeline of extension and granting the following: (1) For policy years beginning on or after January 1, 2014, but before January 1, 2017, small group market issuers may use 2/3 of the disallowed rating factors; (2) For policy years beginning on or after January 1, 2017, but before January 1, 2019, small group market issuers may use 1/3 of the disallowed rating factors; and (3) For policy years beginning on or after January 1, 2019, small group market issuers must be in full compliance with the rating rules under the Public Health Service Act section 2701.

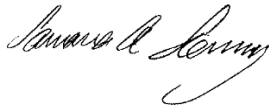
As section 1321(e) created a transition period for Exchanges to come into compliance with the standards of the PPACA, CMS concludes that it is appropriate to continue to afford such issuers in the Commonwealth with an extension of the transition period for meeting the rating requirements as follows:

- For policy years beginning on or after January 1, 2019, but before January 1, 2020, small group market issues may use 1/3 of the disallowed rating factors; and
- For policy years beginning on or after January 1, 2020, small group market issuers must be in full compliance with the rating rules under the Public Health Service Act section 2701.

As we have previously indicated, to strike a balance between providing transition relief consistent with section 1321(e) of the PPACA, and promoting fair premiums, as contemplated by section 2701 of the Public Health Service Act, the transition period in the Commonwealth must be limited. While we therefore cannot provide indefinite or permanent relief from the market rating requirements under the PPACA, we have determined that a final one-year extension of the transition period is appropriate. We therefore expect that small group market issuers in the Commonwealth will be in full compliance with the rating rules under Public Health Service Act section 2701 for policy years beginning on or after January 1, 2020.

Please do not hesitate to call or email me with any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Samara Lorenz".

Samara Lorenz
Director
Oversight Group
Center for Consumer Information and Insurance Oversight