



August 24, 2017

Audrey Morse Gasteier, Chief of Policy and Strategy
Emily Brice, Deputy Chief of Policy and Strategy
Massachusetts Health Connector
100 City Hall Plaza, 6th Floor
Boston, MA 02108

Re: Comments on Section 1332 Waiver Request

Dear Ms. Gasteier and Ms. Brice:

On behalf of our member hospitals and the patients they care for, the Massachusetts Health & Hospital Association (MHA) appreciates the opportunity to offer comments on the commonwealth's proposed Section 1332 waiver to the Affordable Care Act (ACA).

One of the Connector's 1332 proposals is to establish a Premium Stabilization Fund in lieu of federal Cost-Sharing Reductions (CSRs) for low-income enrollees who purchase health insurance in the Connector. The Connector requests the authority to waive CSRs and for the state to receive any federal premium tax credit savings that will accrue in the form of a "pass-through." The theory is that if the federal government fails to make good on CSRs, premiums will increase significantly thereby increasing the federal premium tax credits resulting from an expected increase in premiums to offset the loss of cost-sharing subsidies. The Connector states it would use this "pass-through" funding to stabilize premiums offered to low-income individuals in the Connector.

MHA shares the Connector's concerns regarding the uncertainty that continues to surround CSR funding and whether the funding will be fulfilled by the federal government. Without this funding, the affordability of low-income health insurance in the Connector will be challenged and could also threaten health insurance participation in low-income ConnectorCare products resulting in reduced consumer choice. According to the Health Connector, health insurance premium rates for silver plans would increase by 16% to 20% in the Massachusetts merged small group / non-group market. Nationwide, the Kaiser Family Foundation states that the average

premium for a benchmark silver plan in ACA marketplaces would need to increase by 19% to compensate for the loss of CSR funding.¹

MHA supports the Connector's efforts to maintain affordable health coverage offerings for consumers, including low-income residents eligible for ConnectorCare and its subsidized health insurance offerings. Based on the Connector's narrative, we understand that the commonwealth is seeking these funds to provide stability to the insurance market for these coverage offerings and to prevent changes to consumer coverage costs and benefits. MHA is supportive of exploring such methods as proposed by the Connector. Given that the subsidies are intended to support low-income residents using health insurance coverage, alternative methods of issuing this funding must be handled with care. We believe these funds should be protected and devoted solely to ensuring affordable health insurance coverage for low-income residents in the Exchange.

If a Premium Stabilization Fund is created on the commonwealth's books, it should be crafted in a manner that includes protective language to ensure these funds cannot be used for other purposes. We raise this concern in light of General Fund transfers and "sweeps" from the Commonwealth Care Trust Fund in recent years. We have grown concerned with these transfers as this 2006 health reform trust fund was dedicated to providing needed funding to support both affordable healthcare coverage for low-income Massachusetts residents as well as the Health Safety Net. We believe healthcare funding dedicated for defined purposes should not be redirected for other purposes. If a new fund is created or these funds are housed here, increased protections of CSR funding should be included.

MHA appreciates the Connector's efforts to maintain affordable health coverage offerings for Massachusetts residents and we thank you for your consideration of our comments. We look forward to continuing our important partnership with the administration, the legislature, and other stakeholders to keep the ACA successful for Massachusetts residents and the healthcare providers that care for them.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel J. McHale".

Daniel J. McHale
Sr. Director, State Government Finance & Policy
Massachusetts Health & Hospital Association

¹ <http://www.kff.org/health-costs/press-release/estimates-average-aca-marketplace-premiums-for-silver-plans-would-need-to-increase-by-19-to-compensate-for-lack-of-funding-for-cost-sharing-subsidies>