



**Updated Timeline for  
Final MCC Regulations  
and  
Proposed Affordability  
Schedule  
for Calendar Year 2013**

**(VOTE)**

**Kaitlyn Kenney  
Director of Policy & Research and  
National Health Reform Coordinator**

**Board of Directors Meeting  
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# Updated Timeline for Vote on Final MCC Regulations

- We had previously envisioned a vote on final Minimum Creditable Coverage (MCC) regulations at today's Board meeting
- We now propose to revise the timetable and target a final vote for March 2013
  - Certain elements of the regulations will be influenced by federal regulations that are still in proposed form (*e.g.*, Essential Health Benefits, Actuarial Value and Accreditation proposed rule) and we expect these to be finalized in late winter/early spring
  - We do not anticipate this modified timeline requires a delay in the effective date of the proposed amendments (*i.e.*, plan years beginning on or after January 1, 2014)



# Overarching Framework

- We have previously presented to the Health Connector Board:
  - The recommendation to maintain a state individual mandate in addition to the federal mandate
  - A proposal to refine both our coverage standards (Minimum Creditable Coverage regulations) and Affordability Schedule to best mesh with federal standards and address longstanding concerns of employers, insurance carriers and consumers
    - **Coverage Standards:** these refinements provide employers modest additional flexibility to provide lower-priced products to their employees by matching federal rules related to permissible deductibles and out-of-pocket maximums
    - **Affordability:** the proposed approach will ultimately protect consumers from paying more than 8% of their income on health insurance (the current state affordability schedule requires some consumers to pay more)
  - A suggested penalty methodology which will ensure no one will pay aggregated federal and state penalties



# Today's Focus

- Today's presentation focuses on:
  - A recommended approach for maintaining a progressive affordability structure and phasing in an 8% cap in the state affordability schedule
  - A proposed affordability schedule for Calendar Year (CY) 2013



# Key Considerations

- To date, the state affordability schedule <300% FPL has aligned with the Commonwealth Care base premium contribution schedule and we propose to maintain that linkage
  - We do not envision changes to the base Commonwealth Care enrollee premium contributions as part of the Commonwealth Care renewal from July – December 2013
  - As part of its FY2014 Budget recommendation, the Administration has proposed a commitment to providing state subsidies such that, in addition to federal premium tax credits, individuals with income from 0-300% FPL would have coverage options with premiums consistent with the current Commonwealth Care level
  - Therefore, we are not proposing changes to the maximum allowable premium contributions in the affordability schedule for those with income <300% FPL



# Key Considerations (cont'd)

- For those with income  $>300\%$  FPL, the focus is on moving towards a schedule that incorporates an 8% of income cap on what is considered affordable health insurance
  - As discussed in prior years, the bracket-based approach employed in our affordability schedule does introduce some complexities that merit careful consideration
  - Immediate adoption of the federal standard within our current bracket-based approach would mean:
    - A dramatic decrease in the affordability standard in certain middle and upper income cohorts, despite the fact that those at the upper bound may not be approaching the 8% standard
    - Inconsistency over time, in the absence of refinements to current income cohorts, as some tax-filers would experience a decrease in their affordability standard in CY 2013, followed by an increase in 2014, as we move to align with an 8% standard



# Proposed Approach

- We are proposing a “two-step” approach to phase the 8% cap into the Commonwealth’s affordability schedule by 2014
  - This approach maintains the progressivity of the existing schedule, but introduces a 10% cap in CY 2013, and moves to an 8% cap in CY 2014
  - This approach also introduces modest revisions to the existing income cohorts and affordability standards, in some instances, to diminish the likelihood of inconsistencies in the affordability schedule during the transition period



## Proposed Approach (cont'd)

- The methodology and approach for developing the proposed schedule for CY 2013 was as follows:
  - Update of income brackets <300% FPL based on 2013 Federal Poverty Level (FPL) guidelines
  - Identification of those circumstances where the affordability standard for the lower bound of an income cohort in our current schedule is more than 8% of income
  - Transition in 2013 to an affordability standard (\$ value) that is the midpoint between the current standard and the \$ value that would represent 8% in 2014
  - Introduction, in some instances, of new income cohorts in an effort to maintain relative consistency in terms of the affordability standard for a given income cohort (when assessed as a percentage of income)





# Proposed Schedule - Individuals

CY 2013 PROPOSED AFFORDABILITY SCHEDULE INDIVIDUALS					
Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$11,490	\$0		0.0%
100.1 - 150%	\$11,491	\$17,235	\$0	0.0%	0.0%
150.1 - 200%	\$17,236	\$22,980	\$40	2.8%	2.1%
200.1 - 250%	\$22,981	\$28,725	\$78	4.1%	3.3%
250.1 - 300%	\$28,726	\$34,470	\$118	4.9%	4.1%
300.1 - 350%	\$34,471	\$40,195	\$178	6.2%	5.3%
350.1 - 397%	\$40,196	\$45,554	\$239	7.1%	6.3%
397.1 - 450%	\$45,555	\$51,639	\$331	8.7%	7.7%
450.1 - 490%	\$51,640	\$56,273	\$359	8.3%	7.7%
Above 490%	\$56,274		10% of income		



# Proposed Schedules - Couples

## CY 2013 PROPOSED AFFORDABILITY SCHEDULE COUPLES

Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$15,510	\$0		0.0%
100.1 - 150%	\$15,511	\$23,265	\$0	0.0%	0.0%
150.1 - 200%	\$23,266	\$31,020	\$80	4.1%	3.1%
200.1 - 250%	\$31,021	\$38,775	\$156	6.0%	4.8%
250.1 - 300%	\$38,776	\$46,530	\$236	7.3%	6.1%
300.1 - 365%	\$46,531	\$56,656	\$319	8.2%	6.8%
365.1 - 435%	\$56,657	\$67,448	\$403	8.5%	7.2%
435.1 - 500%	\$67,449	\$77,604	\$524	9.3%	8.1%
500.1 - 574%	\$77,605	\$89,032	\$598	9.2%	8.1%
Above 574%	\$89,033		10% of income		



# Proposed Schedules - Families

## CY 2013 PROPOSED AFFORDABILITY SCHEDULE FAMILIES

Income Bracket			Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$19,530	\$0		0.0%
100.1 - 150%	\$19,531	\$29,295	\$0	0.0%	0.0%
150.1 - 200%	\$29,296	\$39,060	\$80	3.3%	2.5%
200.1 - 250%	\$39,061	\$48,825	\$156	4.8%	3.8%
250.1 - 300%	\$48,826	\$58,590	\$236	5.8%	4.8%
300.1 - 398%	\$58,591	\$75,899	\$379	7.8%	6.0%
398.1 - 500%	\$75,900	\$97,584	\$550	8.7%	6.8%
500.1 - 581%	\$97,585	\$113,443	\$756	9.3%	8.0%
581.1 - 611%	\$113,444	\$119,271	\$862	9.1%	8.7%
Above 611%	\$119,272		10% of income		



# Next Steps

- Request Board vote to approve recommended CY 2013 Affordability Schedule for public comment
- At the March 2013 Board meeting, summarize public comments and revisit vote on final CY 2013 Affordability Schedule and final MCC Regulations



# APPENDIX



# Proposed Schedule – Individuals 2012 vs. 2013

**CY 2012 AFFORDABILITY SCHEDULE  
INDIVIDUALS**

Income Bracket		Affordability Standard (Maximum Monthly)	Percentage of Income	
% of FPL	Bottom		Top	Bottom
0 - 100%	\$0	\$0	0.0%	0.0%
100.1 - 150%	\$11,173	\$0	0.0%	0.0%
150.1 - 200%	\$16,765	\$40	2.9%	2.1%
200.1 - 250%	\$22,345	\$78	4.2%	3.4%
250.1 - 300%	\$27,937	\$118	5.1%	4.2%
300.1 - 360%	\$33,517	\$178	6.4%	5.3%
360.1 - 408%	\$40,196	\$239	7.1%	6.3%
408.1 - 504%	\$45,555	\$359	9.5%	7.7%
Above 504%	\$56,274	Affordable		

**CY 2013 PROPOSED AFFORDABILITY SCHEDULE  
INDIVIDUALS**

Income Bracket		Affordability Standard (Maximum Monthly Premium)	Percentage of Income	
% of FPL	Bottom		Top	Bottom
0 - 100%	\$0	\$0	0.0%	0.0%
100.1 - 150%	\$11,491	\$0	0.0%	0.0%
150.1 - 200%	\$17,236	\$40	2.8%	2.1%
200.1 - 250%	\$22,981	\$78	4.1%	3.3%
250.1 - 300%	\$28,726	\$118	4.9%	4.1%
300.1 - 350%	\$34,471	\$178	6.2%	5.3%
350.1 - 397%	\$40,196	\$239	7.1%	6.3%
397.1 - 450%	\$45,555	\$331	8.7%	7.7%
450.1 - 490%	\$51,640	\$359	8.3%	7.7%
Above 490%	\$56,274	10% of income		



# Proposed Schedules – Couples 2012 vs. 2013

CY 2012 AFFORDABILITY SCHEDULE COUPLES					
Income Bracket		Affordability Standard (Maximum Monthly)	Percentage of Income		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$15,132	\$0	0.0%	0.0%
100.1 - 150%	\$15,133	\$22,704	\$0	0.0%	0.0%
150.1 - 200%	\$22,705	\$30,264	\$80	4.2%	3.2%
200.1 - 250%	\$30,265	\$37,836	\$156	6.2%	4.9%
250.1 - 300%	\$37,837	\$45,396	\$236	7.5%	6.2%
300.1 - 374%	\$45,397	\$56,656	\$320	8.5%	6.8%
374.1 - 446%	\$56,657	\$67,448	\$428	9.1%	7.6%
446.1 - 588%	\$67,449	\$89,032	\$598	10.6%	8.1%
Above 588%	\$89,033		Affordable		

CY 2013 PROPOSED AFFORDABILITY SCHEDULE COUPLES					
Income Bracket		Affordability Standard (Maximum Monthly Premium)	Percentage of Income		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$15,510	\$0	0.0%	0.0%
100.1 - 150%	\$15,511	\$23,265	\$0	0.0%	0.0%
150.1 - 200%	\$23,266	\$31,020	\$80	4.1%	3.1%
200.1 - 250%	\$31,021	\$38,775	\$156	6.0%	4.8%
250.1 - 300%	\$38,776	\$46,530	\$236	7.3%	6.1%
300.1 - 365%	\$46,531	\$56,656	\$319	8.2%	6.8%
365.1 - 435%	\$56,657	\$67,448	\$403	8.5%	7.2%
435.1 - 500%	\$67,449	\$77,604	\$524	9.3%	8.1%
500.1 - 574%	\$77,605	\$89,032	\$598	9.2%	8.1%
Above 574%	\$89,033		10% of income		



# Proposed Schedules – Families 2012 vs. 2013

**CY 2012 AFFORDABILITY SCHEDULE  
FAMILIES**

Income Bracket		Affordability Standard (Maximum Monthly Premium)	Percentage of Income		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$19,092	\$0	0.0%	0.0%
100.1 - 150%	\$19,093	\$28,644	\$0	0.0%	0.0%
150.1 - 200%	\$28,645	\$38,184	\$80	3.4%	2.5%
200.1 - 250%	\$38,185	\$47,736	\$156	4.9%	3.9%
250.1 - 300%	\$47,737	\$57,276	\$236	5.9%	4.9%
300.1 - 398%	\$57,277	\$75,899	\$379	7.9%	6.0%
398.1 - 511%	\$75,900	\$97,584	\$595	9.4%	7.3%
511.1 - 625%	\$97,585	\$119,270	\$862	10.6%	8.7%
Above 625%	\$119,271	Affordable			

**CY 2013 PROPOSED AFFORDABILITY SCHEDULE  
FAMILIES**

Income Bracket		Affordability Standard (Maximum Monthly Premium)	Percentage of Income		
% of FPL	Bottom		Top	Bottom	Top
0 - 100%	\$0	\$19,530	\$0	0.0%	0.0%
100.1 - 150%	\$19,531	\$29,295	\$0	0.0%	0.0%
150.1 - 200%	\$29,296	\$39,060	\$80	3.3%	2.5%
200.1 - 250%	\$39,061	\$48,825	\$156	4.8%	3.8%
250.1 - 300%	\$48,826	\$58,590	\$236	5.8%	4.8%
300.1 - 398%	\$58,591	\$75,899	\$379	7.8%	6.0%
398.1 - 500%	\$75,900	\$97,584	\$550	8.7%	6.8%
500.1 - 581%	\$97,585	\$113,443	\$756	9.3%	8.0%
581.1 - 611%	\$113,444	\$119,270	\$862	9.1%	8.7%
Above 611%	\$119,271	10% of income			