

MEMORANDUM

To: Health Connector Board of Directors
Cc: Louis Gutierrez, Executive Director
From: Marissa Woltmann, Associate Director of Policy and ACA Implementation Specialist
Date: March 4, 2016
Re: Calendar Year 2017 Affordability Schedules – Public Comment Summary and Adoption of Final Schedule

EXECUTIVE SUMMARY

Health Connector staff recommend a final vote on the proposed Calendar Year (CY) 2017 affordability schedule as presented to the Health Connector Board of Directors at the February 11, 2016 Board meeting. Following the February Board meeting, the Health Connector issued the proposed affordability schedule for public comment. This memorandum summarizes public comments related to the Health Connector's proposals and offers recommended final schedules for individuals, couples and families for adoption.

BACKGROUND

The Health Connector serves as the primary policymaker with regard to the Commonwealth's requirement that individuals carry health insurance, also called the individual mandate. The Health Connector Board is required annually to devise a schedule that describes the percentage of income an individual could be expected to contribute towards the purchase of health insurance.¹ The primary purpose of this affordability schedule is to determine if an individual is subject to a penalty for forgoing insurance, or if the individual is not subject to a penalty because insurance would be deemed too costly.

Last month, Health Connector staff proposed a draft CY 2017 affordability schedule for the Board's consideration. The proposal reflected updates to the federal poverty standards but did not modify the percentage of income considered affordable at each income bracket, with the exception of a slight increase for individuals over 400% of the federal poverty level (FPL) to maintain parity with the federal affordability standard. Staff also discussed the results of their investigation into automatic indexing of affordability standards and incorporation of cost sharing into the affordability determination. Neither policy was recommended for adoption at this time; however, staff will continue to review opportunities for improving the schedule in future years.

DISCUSSION AND ANALYSIS OF PUBLIC COMMENTS

The Health Connector issued the 2017 affordability schedule for public comment following the Board meeting on February 11, 2016. The Health Connector received written comments from the Affordable

¹ M.G.L. 176Q § 3.

Care Today (ACT!!) Coalition.

The ACT!! Coalition expressed support for the continued exploration of cost sharing and how consumers' cost sharing obligations can be accounted for in the determination of affordability. The Coalition did not suggest any modifications to the affordability schedule, but it did encourage the Board to continue its discussion of ways to address rising out-of-pocket costs for consumers.

After reviewing the comments submitted, we propose to proceed with the CY 2017 affordability schedule as proposed at the February 11, 2016 Board meeting. We appreciate the thoughtful review and analysis by the ACT!! Coalition with regard to how the affordability schedule affects their constituents.

CONCLUDING REMARKS

We recommend that the Board vote to adopt the recommended affordability schedules for calendar year 2017 for individuals, couples, and families. We look forward to working with the Board, the ACT!! Coalition, and other interested stakeholders to address future approaches to defining affordability.

RECOMMENDED CALENDAR YEAR 2017 AFFORDABILITY SCHEDULE

INDIVIDUALS					
% of FPL	Income Bracket		Monthly Affordability Standard	Dollar Amount	
	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$11,880	0%		
100.1 - 150%	\$11,881	\$17,820	0%		
150.1 - 200%	\$17,821	\$23,760	2.90%	\$ 43	\$ 57
200.1 - 250%	\$23,761	\$29,700	4.20%	\$ 83	\$ 104
250.1 - 300%	\$29,701	\$35,640	5.00%	\$ 124	\$ 149
300.1 - 350%	\$35,641	\$41,580	7.40%	\$ 220	\$ 256
350.1 - 400%	\$41,581	\$47,520	7.60%	\$ 263	\$ 301
Above 400%	\$47,521		8.16%	\$ 323	

COUPLES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$16,020	0%		
100.1 - 150%	\$16,021	\$24,030	0%		
150.1 - 200%	\$24,031	\$32,040	4.30%	\$ 86	\$ 115
200.1 - 250%	\$32,041	\$40,050	6.20%	\$ 166	\$ 207
250.1 - 300%	\$40,051	\$48,060	7.40%	\$ 247	\$ 296
300.1 - 350%	\$48,061	\$56,070	7.40%	\$ 296	\$ 346
350.1 - 400%	\$56,071	\$64,080	7.60%	\$ 355	\$ 406
Above 400%	\$64,081		8.16%	\$ 436	

FAMILIES					
Income Bracket			Monthly Affordability Standard	Dollar Amount	
% of FPL	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$20,160	0%		
100.1 - 150%	\$20,161	\$30,240	0%		
150.1 - 200%	\$30,241	\$40,320	3.45%	\$ 87	\$ 116
200.1 - 250%	\$40,321	\$50,400	4.90%	\$ 165	\$ 206
250.1 - 300%	\$50,401	\$60,480	5.90%	\$ 248	\$ 297
300.1 - 350%	\$60,481	\$70,560	7.40%	\$ 373	\$ 435
350.1 - 400%	\$70,561	\$80,640	7.60%	\$ 447	\$ 511
Above 400%	\$80,641		8.16%	\$ 548	