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# Federal Flexibility Request Update

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# Background and Overview of CCA-Driven Flexibility Requests



***The Health Connector submitted three policy requests to federal partner agencies on September 8th to help strengthen and stabilize the employer-sponsored insurance market in Massachusetts.***

- Massachusetts has a longstanding commitment to universal health care coverage, with an insurance rate of over 97% – the highest rate in the country
- Despite this progress, federal flexibility is needed to protect our market’s gains and ensure stability, and to support a strong commercial coverage landscape in the Commonwealth
- The Health Connector has proposed a set of federal flexibility requests to federal partners using Affordable Care Act (ACA) Sections 1332, 1321(e), and other flexibility vehicles
- The most time-sensitive requests surfaced during the waiver exploration process were included in the set of flexibility requests submitted on September 8th, whereas other items identified as areas of interest will be pursued on a longer time horizon as needed
- The Health Connector has appreciated strong partnerships with sister agencies, market participants, and a broad array of stakeholders in the development of these requests, and remains committed to leading a transparent and inclusive process as these and future requests advance

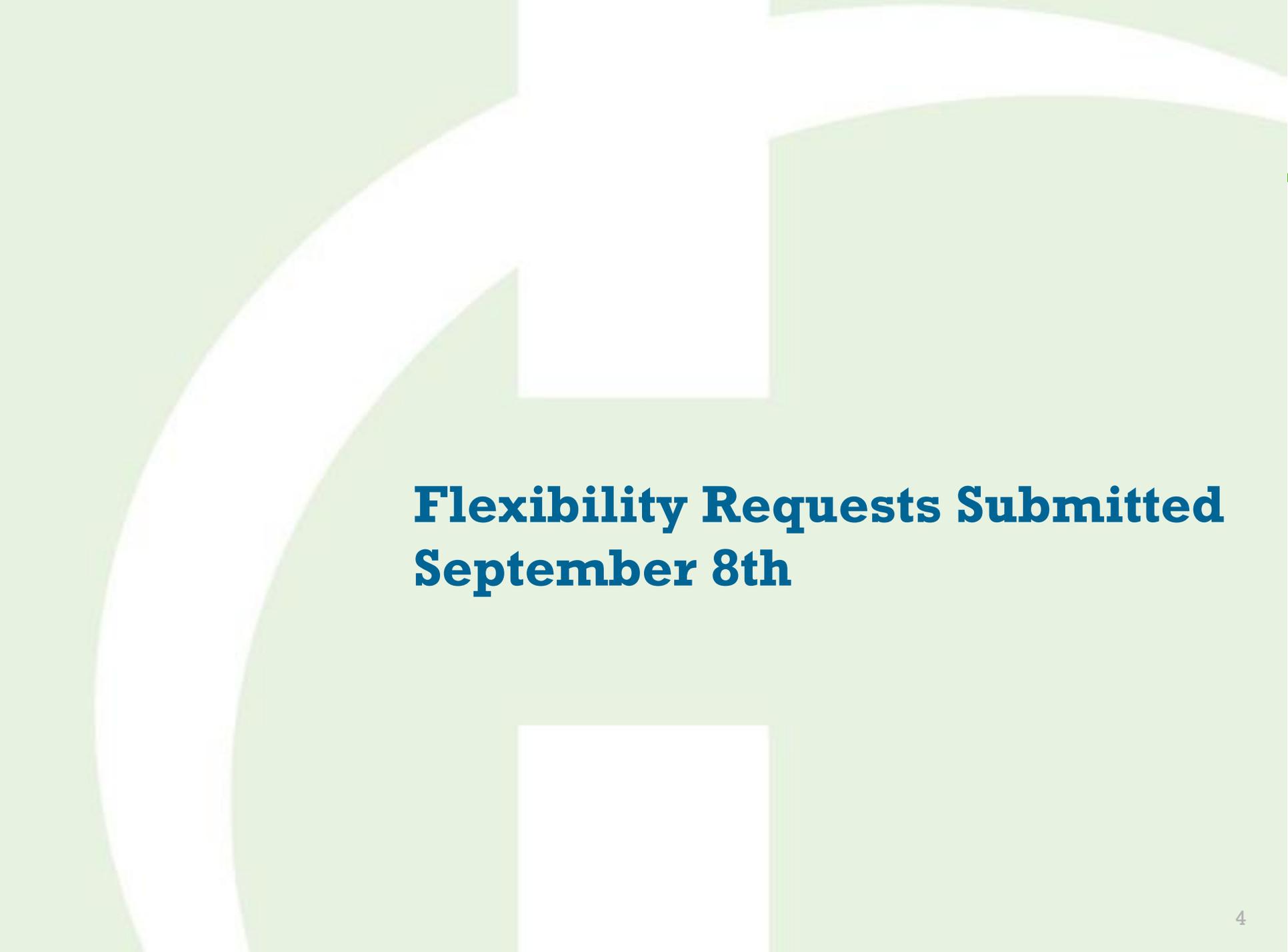
# Recent Activity on Flexibility Requests



Flexibility Request Process Step	Date
CCA issuance of draft flexibility request materials for public comment	July 24, 2017
Public comment period	July 24, 2017- August 25, 2017
Public hearings	Boston Hearing – August 4, 2017, 9am Chicopee Hearing – August 16, 2017, 10am
CCA submission of final flexibility request materials to CMS and other federal partners	September 8, 2017

Note: Materials related to these federal flexibility requests, including public comments, can be found on the Health Connector’s State Innovation Waiver Website:

<https://www.mahealthconnector.org/about/policy-center/state-innovation-waiver>



**Flexibility Requests Submitted  
September 8th**

# Premium Stabilization Fund Request



Item	Description
<p>Promote Market Stability with a Premium Stabilization Fund in Lieu of Cost-Sharing Reductions</p> <p>(Section 1332 Waiver)</p>	<ul style="list-style-type: none"><li>• To be discussed during Seal of Approval presentation.</li></ul>

# Request for Relief from Federal Employer Mandate



Item	Description
<p data-bbox="79 396 571 644">Revive State Employer Shared Responsibility Program in Lieu of Delayed and Less Comprehensive Federal Program</p> <p data-bbox="79 751 562 946">(Section 1321(e) authority and/or Internal Revenue Code Section 7805(a) authority)</p>	<ul data-bbox="614 396 1798 692" style="list-style-type: none"><li data-bbox="614 396 1798 692">• The Commonwealth proposes to work in partnership with the Departments to seek transition relief from the federal employer mandate and the related reporting requirement, while immediately reviving a comprehensive state approach to ensuring employers appropriately contribute to health coverage.</li></ul>

# Request for Continued Flexibility on Rating Factors



Item	Description
<p>Allow for State Option to Continue to Use Select State- Based Rating Factors</p> <p>(Section 1321(e) authority)</p>	<ul style="list-style-type: none"><li>• The Commonwealth requests permission to continue, at the state's option, the ability to allow carriers in its merged market to continue to apply state-based rating factors beyond Plan Year 2018.</li><li>• This flexibility is requested in the interest of preserving market continuity and stability given current rating rules, and will help support the Baker-Polito Administration's ability to protect stability for the employer sponsored coverage market.</li></ul>

# **Longer-Horizon Flexibility Requests**

# Tools for Employers: S. 125 Plans and Small Business Tax Credits



Item	Description
<p><b>Revive Permissibility of Section 125 Plans for Non-Benefits Eligible Employees</b></p> <p>(Potential administrative pathway under exploration)</p>	<ul style="list-style-type: none"><li>• The Commonwealth seeks to find a pathway to allow Massachusetts employers to establish Section 125 plans to allow non-benefits eligible employees to purchase their own non-group health insurance plans with pre-tax dollars.</li><li>• CCA is exploring whether it could leverage its small group platform to create, effectively, a Section 125 plan option for small employers.</li></ul>
<p><b>Permission for Commonwealth to Administer the Federal Small Business Health Care Tax Credit</b></p> <p>(Section 1332 Waiver, with anticipated submission in winter 2018)</p>	<ul style="list-style-type: none"><li>• The Commonwealth requests flexibility to administer the federal Small Business Tax Credit (SBTC) at the state level in order to better support Massachusetts employers' ability to obtain the credit.</li><li>• The required actuarial and economic impact analyses for this waiver will take through the fall of 2017 to complete. Prior to submission of the final waiver, the Health Connector will publicly share the waiver draft for public comment.</li></ul>

# Next Steps and Other Considerations

- September 8th Requests:
  - Ongoing dialogue with staff and leadership from CMS/federal partners
  - Will keep Board of Directors and stakeholders apprised of signals
- Longer-horizon Requests:
  - Commencing work on actuarial and economic analyses required for 1332 waiver on Small Business Tax Credit
  - Commencing exploration of Section 125 pathway via Health Connector for Business or other pathways
- Other areas of potential exploration, subject to market consensus:
  - Flexibility related to Risk Adjustment