



Final Award of 2018 Seal of Approval (VOTE)

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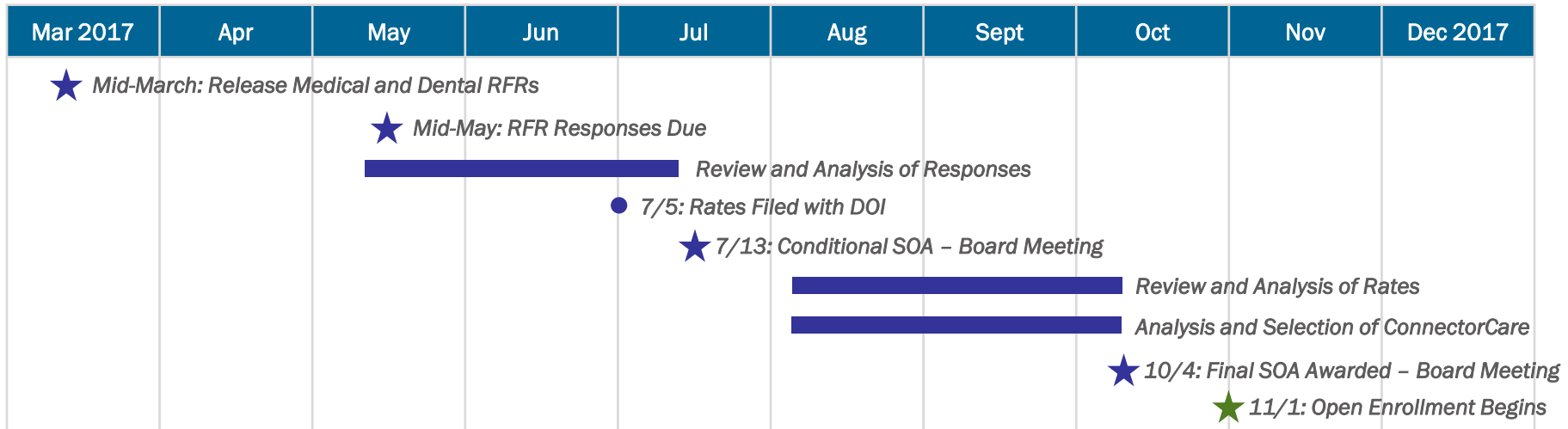
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Board of Directors Meeting, October 4, 2017

2018 Final Seal of Approval



Today we share our recommendation for the award of the Final Seal of Approval (SOA) for Qualified Health and Dental Plans for the coverage year starting January 1, 2018, as well as detailing our recommendation for the 2018 ConnectorCare program.





Qualified Dental Plan (QDP) Recommendation

Qualified Dental Plans



Four (4) dental carriers have submitted a total of nineteen (19) plans for QDP certification for the non-group and small group markets.

- Altus Dental and Delta Dental have submitted plans for certification and sale through the Health Connector on both the non- and small group shelves
- Blue Cross Blue Shield and Guardian have submitted plans for certification for the small group market, but have been granted a waiver for sales through the Health Connector
- All non-group dental members will be renewed into the same plan as 2017, with a majority of members seeing a moderate increase in their premiums for 2018

Carriers	Non-Group	Small Group	For sale on Health Connector	High	Low	Pedi	Total
<i>Altus Dental</i>	✓	✓	✓	1	1	1	3
<i>Blue Cross Blue Shield of MA</i>		✓		1	1	2	4
<i>Delta Dental of MA</i>	✓	✓	✓	2	3	4	9
<i>Guardian</i>		✓		1	1	1	3
TOTAL				5	6	8	19



**Qualified Health Plan (QHP)
Recommendation**

Qualified Health Plans











Eight (8) medical carriers have submitted a total of fifty-two (52) plans for QHP certification for the non-group and small group markets.

- Two carriers who previously offered products on both the small and non-group shelves will not be participating in 2018: CeltiCare Health and Minuteman Health

Issuers	Platinum	Gold	Silver	Bronze	Catastrophic	Total
Blue Cross Blue Shield	1	1	1	1	1	5
BMC HealthNet Plan	1	1	2	1	0	5
Fallon Health	2	4	3	2	1	12
Health New England	1	4	1	1	0	7
Harvard Pilgrim Health Care	1	1	1	1	0	4
Neighborhood Health Plan	1	2	3	1	0	7
Tufts Health Plan - Direct	1	2	2	2	1	8
Tufts Health Plan - Premier	1	1	1	1	0	4
TOTAL	9	16	14	10	3	52

QHPs: Unsubsidized & APTC-only Premium Increases

Unsubsidized & APTC-only Average Changes in Premium
by Tier (excluding Silver): 2017 to 2018^{1,2}

	Platinum	Gold	Bronze	Catastrophic
	4,004 members	8,739 members	3,613 members	111 members
All Plans (w/ aging)	 20.3%	 12.6%	 13.8%	 10.2%
All Plans (w/o aging)	 18.3%	 10.7%	 11.9%	 8.3%

- These data represent the change in “member-facing” premiums when mapped to the member’s corresponding 2018 plan
- Because premiums vary considerably by carrier, members who shop could see rates ranging as low as a 7% increase, which is lower than the market-wide average

¹ Enrollment data from NTT All Spans as of September 5, 2017

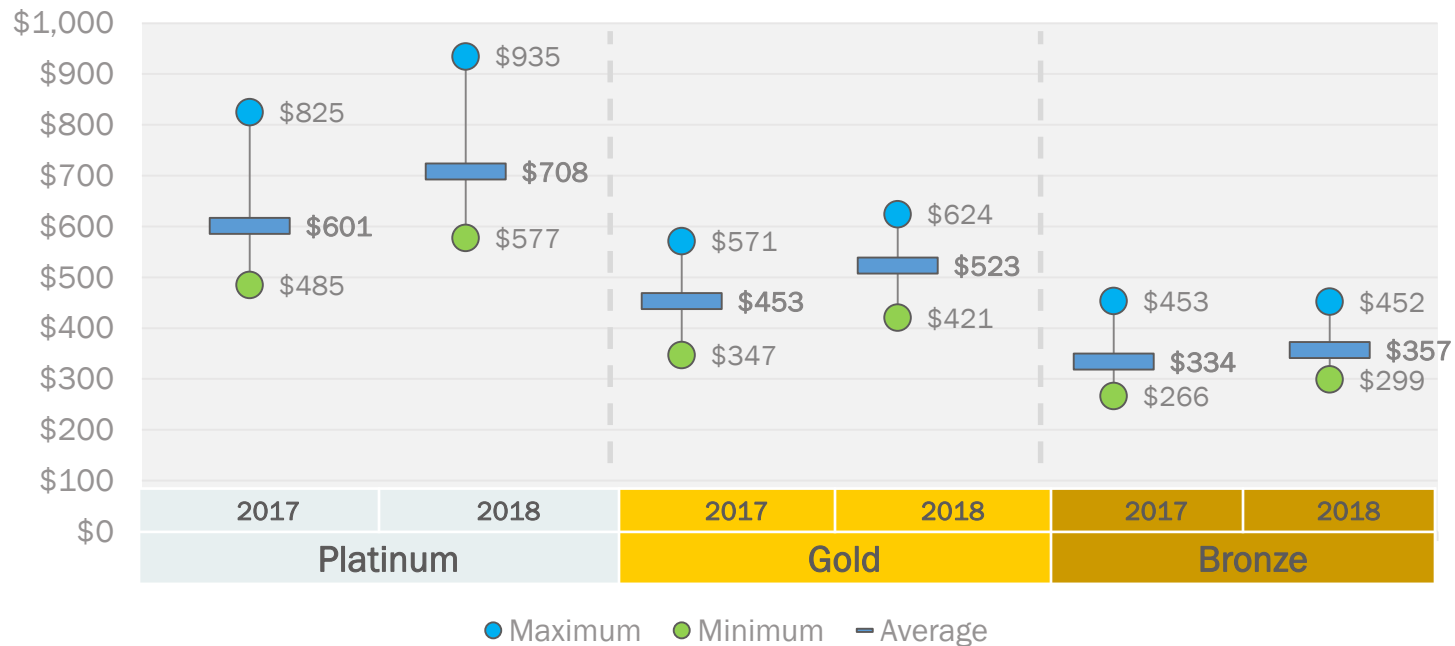
² Enrollment-weighted premium change (2017 actuals to 2018 calculated) with and without member aging (~2%), assumes mapping to 2018 renewal plan

QHPs: Unsubsidized & APTC-only Premium Increases (cont'd)



Unsubsidized and APTC-only members, both new and renewing, will have products with a range of premium costs available in each metallic tier.

Unsubsidized Premium Range (42 year-old in Worcester) by Tier (excluding Silver), 2018¹



¹ Premiums reflect an unsubsidized 42 year-old individual in Worcester

The background is a light green color with several large, white, abstract shapes that resemble stylized letters or curves. One prominent shape on the left is a large, white, curved shape that looks like a stylized 'C' or 'G'. Another shape is a white vertical bar with a curved top and bottom, resembling a stylized 'T' or 'H'.

Silver Tier Plans and Cost-Sharing Reductions

Silver Plans and CSRs: Possible Impacts



The Massachusetts Marketplace faces a significant new challenge for 2018: ongoing uncertainty as to whether federal Cost-Sharing Reductions (CSRs) will continue to be paid.

- It is unclear whether the federal government will pay CSRs for the duration of 2018, though carriers are obligated to provide CSR-enriched coverage for eligible ConnectorCare members
- The Health Connector has partnered with the Division of Insurance (DOI) and carriers to develop two alternative pathways, using two sets of rates, to account for this risk, with the goal of protecting coverage to the extent possible
 - Ordinary course of business, including standard annual premium changes
 - Accounting for federal CSR withdrawal, including a significant increase exclusively for silver tier QHPs sold on-exchange
- We are deliberating which set of rates poses least risk to members, carriers, and the Commonwealth

Silver Plans and CSRs: Section 1332 Waiver Request



On September 8th, the Health Connector submitted a Section 1332 waiver request to CMS to proactively address the risk of CSR withdrawal. It is currently pending under federal review.

- Through its Section 1332 waiver, the Commonwealth seeks to establish a Premium Stabilization Fund in lieu of Cost-Sharing Reductions (CSRs), and has requested authority to waive CSRs and receive any federal premium tax credit savings that will accrue in the form of a “pass-through”
- The Commonwealth would use this pass-through funding to stabilize premiums via direct issuer reimbursement, an approach that would eliminate any consumer facing changes to coverage costs or benefits
- This approach was designed to prevent the need to adjust rates in the Massachusetts market on account of the risk of CSR withdrawal
- Massachusetts requested an aggressive fast-track review for its application (requesting feedback by 10/15)

Silver Plans and CSRs: A Refresher

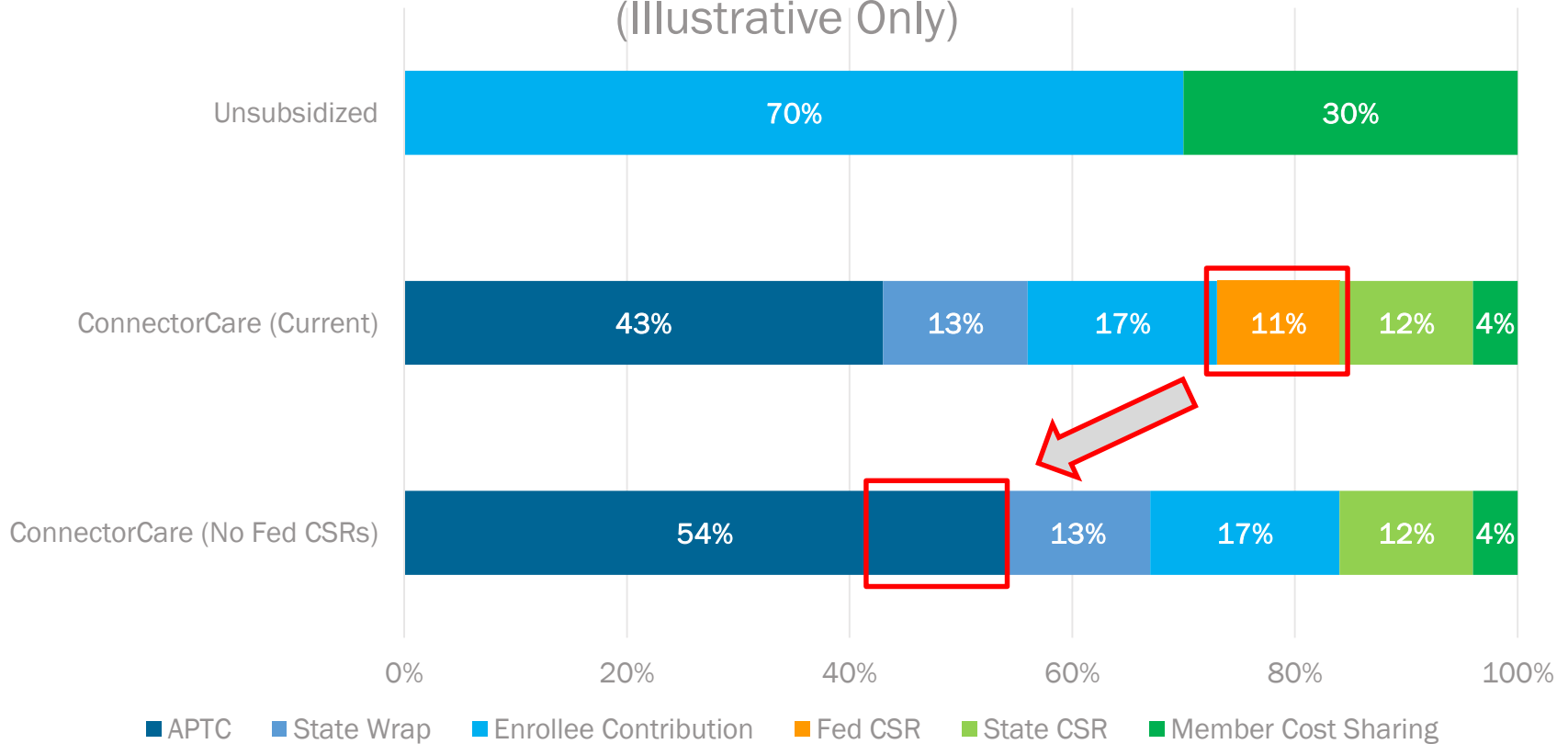


The Commonwealth's strategy uses the design of the ConnectorCare subsidies to mitigate the risk of the loss of federal CSRs.

- The ConnectorCare program incorporates multiple financial sources that must, in total, cover the full cost of coverage:
 - Premium: Federal premium tax credits, state premium subsidy (“wrap”) and enrollee contributions
 - Cost Sharing: Federal CSRs, State CSRs and member payments at point of coverage
- In practice, a decrease in one funding source can be offset by an increase in another funding stream
 - In the case of a withdrawal of federal CSR funding, an increase in premium can result in the growth of APTC, offsetting the loss

Silver Plans and CSRs: A Refresher (cont'd)

Silver Tier Financial Components (Illustrative Only)



Silver Plans and CSRs: Risk-Mitigation Dual Rating Approach



ConnectorCare carriers filed an additional set of Silver Plans that reflect an assumption of CSR withdrawal, which would yield significant premium increases over the baseline rates filed in July 2017 if used.

- Silver tier plans from the five (5) ConnectorCare carriers were submitted with rates that incorporate the risk of costs of the federal CSR withdrawal, as well any rate changes resulting from the standard annual updating process
- Silver tier plans from non-ConnectorCare carriers (Blue Cross Blue Shield, Harvard Pilgrim HealthCare and Tufts Health Plan – Premier) are not impacted by the CSR increases

Unsubsidized & APTC-only Average Changes in Premium by Tier (Silver-only): 2017 to 2018^{1,2}

	Silver (w/o aging)	Silver (w/ aging)
	39,851 members	
Standard Rates	↑ 8.7%	↑ 10.5%
CSR Withdrawal Rates	↑ 24.1%	↑ 26.1%

¹ Enrollment data from NTT All Spans as of September 5, 2017. Percentages may not sum to 100% due to rounding.

² Enrollment-weighted premium change (2017 actuals to 2018 calculated) with and without member aging (~2%), assumes mapping to 2018 renewal plan

Silver Plans and CSRs: Possible Impacts



Absent federal guidance, states have taken a range of approaches to the risk of CSR withdrawal in their 2018 rates.

- While many state decisions have not been finalized, state approaches to date reflect local market conditions and priorities– for example:

State	Division of Insurance Rating Approach	Exchange Certification and Rate Use Approach
California	<ul style="list-style-type: none"> • DOI placed two sets of rates on file: the first assumes continued CSR payment and the second assumes the elimination of CSR payment (with load applied to silver-tier Qualified Health Plans only) 	<ul style="list-style-type: none"> • If CSR uncertainty continues past Exchange’s deadline, it will use the second set of rates (assuming elimination of CSR payment) • If the Exchange uses the second set of rates, silver tier members will be encouraged to shop on and off-Exchange for unaffected plans
Maryland	<ul style="list-style-type: none"> • DOI placed one set of rates on file, assuming continued CSR payment 	<ul style="list-style-type: none"> • Exchange has certified plans that reflect rates assuming continued CSR payment
Washington	<ul style="list-style-type: none"> • DOI placed two sets of rates on file: the first assumes continued CSR payment and the second assumes the elimination of CSR payment (with load applied to silver-tier Qualified Health Plans only) • DOI may invoke the second state of rates mid-year if CSRs are eliminated. 	<ul style="list-style-type: none"> • Exchange certified plans that reflect both sets of rates • The Exchange will use the first set of rates (assuming continued CSR payments) • The Exchange may need to execute a mid-year rerate

- Massachusetts’ approach considers factors specific to our market, such as ConnectorCare

Silver Plans and CSRs: Potential Member Impact



If the higher rates that reflect CSR uncertainty are used, impact on ConnectorCare and APTC-only members would be limited, but unsubsidized members in the impacted Silver tier plans would see very significant increases that cannot be readily mitigated.

- ConnectorCare members, as a result of the increase in APTC and the design of the program, would be largely held harmless
- For APTC-only members in the impacted Silver tier plans, the CSR-related increases would be held harmless by corresponding increases in APTC
- Due to system and legal constraints, all 2017 Unsubsidized Silver tier members from the five impacted carriers would need to be mapped to a 2018 Silver tier plan that includes the CSR-related rate increase
 - Recognizing unsubsidized members will face high premiums in these plans, the Health Connector, working with carriers, has developed an approach to encourage a shift of members into more appropriate plans
 - The goal of this approach is to prevent members from losing of coverage from any source as a result of these rating changes

Silver Plans and CSRs: Potential Member Impact (cont'd.)



Unsubsidized Silver Tier members would be strongly encouraged take action to move to a different plan.

- Depending on the capabilities of the specific carrier and their plan offerings, members would have the following options, that best meets their needs:
 - Enroll directly with the carrier “off-exchange” in a nearly identical Silver tier product that does not include CSR-related rate increase
 - Shift to a different metallic tier plan from that carrier through the Health Connector
 - Shop for an entirely new plan from a different carrier through the Health Connector
- The Health Connector’s communications strategy with impacted members would be high-touch and assertive in order to protect against any members experiencing undue rate increases and/or falling out of coverage

Silver Plans and CSRs: Potential Communications Strategy in the Case of CSR Withdrawal



Over 80,000 unsubsidized members would be impacted by the largest rate increases. In order to ensure they are aware of their options, the Health Connector would message them directly, similarly to populations that were impacted by changes in the past.

- Email and direct mail would be the main points of contact
- Messages would be timed around high-impact dates: the start of Open Enrollment, when January invoices are mailed and when important deadlines are reached
- Messaging would be tightly focused on the action options available to members
 - Members will be encouraged first to shop directly with their carrier off-exchange, with messaging including contact information for the carrier
 - If feasible, an “opt-in” process may be developed to allow members to easily declare their intention and allow for a seamless transfer process to the respective carrier
 - Members would be secondarily encouraged to shop for a different plan on-exchange, including at different metallic tiers, with messaging noting the benefits of comparison shopping and future subsidy eligibility through the Exchange

Silver Plans and CSRs: Decision Criteria



The Health Connector, in partnership with the Division of Insurance, with input from the CCA Board of Directors and market stakeholders expects to finalize shortly which silver rates to use.

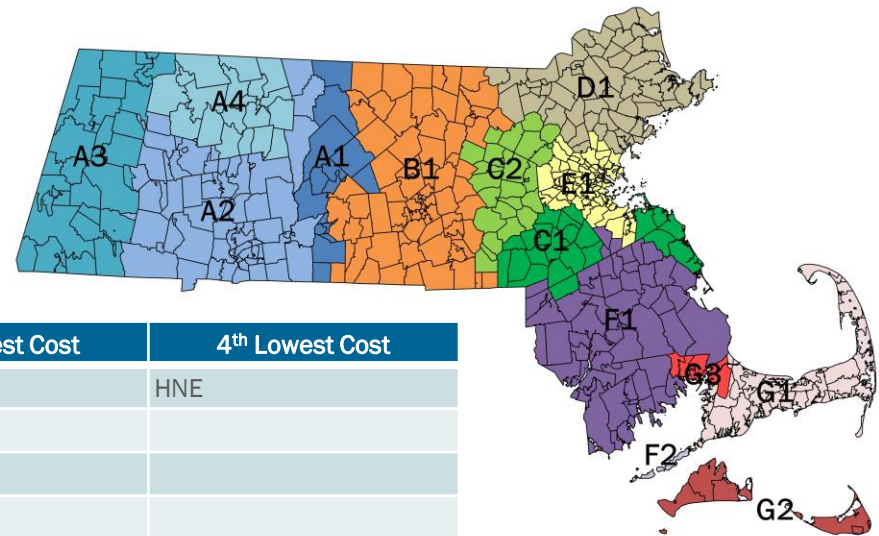
- CCA and DOI approach has sought to maximize and prolong flexibility of action for as long as possible prior to Open Enrollment, which begins on 11/1
- This approach has sought to allow the Commonwealth to postpone and possibly avoid the significant disruption if any alternative developments take place, such as:
 - Signals from the federal government that Cost Sharing Reduction payments will be guaranteed throughout the course of plan year 2018
 - A congressional development, such as a bipartisan market stabilization bill, as is under pursuit by the Senate HELP Committee, which would be expected to include CSR appropriation
 - Affirmative signals from CMS on the Commonwealth's 1332 waiver requesting a Premium Stabilization Fund in lieu of CSRs
- The Health Connector and its state partners are continuing to monitor the federal landscape and carrier consensus and evaluate signals that may inform its decision as to how to address the risk of ongoing uncertainty surrounding CSR payments



ConnectorCare Recommendation

ConnectorCare: Recommended Regions and Carriers

Carriers indicated in **GREEN** have moved to a lower cost position relative to 2018, while carriers indicated in **RED** have moved to a higher cost position. Prior carrier in rank order position is noted in parentheses.



Region	Lowest Cost	2 nd Lowest Cost	3 rd Lowest Cost	4 th Lowest Cost
A1	BMCHP	Tufts-Direct	NHP	HNE
A2	BMCHP	Tufts-Direct	HNE	
A3	Tufts-Direct	HNE		
A4	HNE			
B1	Tufts-Direct (formerly BMCHP)	Fallon	BMCHP (formerly Tufts-Direct)	NHP
C1	Tufts-Direct	BMCHP	NHP	
C2	Tufts-Direct	BMCHP	Fallon	NHP
D1	BMCHP	Tufts-Direct	NHP	
E1	BMCHP	Tufts-Direct	NHP	
F1	BMCHP	Tufts-Direct	NHP	
F2	NHP			
G1	Tufts Direct (formerly BMCHP)	BMCHP (formerly Tufts-Direct)		
G2	NHP			
G3	Tufts Direct (formerly BMCHP)	BMCHP (formerly Tufts-Direct)	NHP	

ConnectorCare: Enrollee Contributions



The ConnectorCare enrollee contributions are designed to promote the most competitively priced options in the program. Given the uncertainty regarding federal CSRs, two program designs have been developed.

- All eligible members, regardless of where they reside, will have access to a ConnectorCare plan at the Affordability Schedule-defined monthly cost

ConnectorCare Enrollee Contribution Ranges for 2018

Design #1: Silver Tier Rates with CSR-related Increases

Carriers	Plan Type 1 <=100% FPL	Plan Type 2A 100%-150% FPL	Plan Type 2B 150%-200% FPL	Plan Type 3A 200%-250% FPL	Plan Type 3B 250%-300% FPL
Lowest Cost	\$0	\$0	\$44	\$84	\$126
2 nd Lowest Cost	\$0 - \$147	\$0 - \$147	\$44 - \$195	\$84 - \$238	\$126 - \$285
3 rd Lowest Cost	\$13 - \$224	\$13 - \$237	\$57 - \$287	\$97 - \$330	\$139 - \$377
4 th Lowest Cost	\$116 - \$169	\$116 - \$169	\$161 - \$218	\$203 - \$262	\$248 - \$309

Design #2: Silver Tier Rates without CSR-related increases


Carriers	Plan Type 1 <=100% FPL	Plan Type 2A 100%-150% FPL	Plan Type 2B 150%-200% FPL	Plan Type 3A 200%-250% FPL	Plan Type 3B 250%-300% FPL
Lowest Cost	\$0	\$0	\$44	\$84	\$126
2 nd Lowest Cost	\$0 - \$124	\$0 - \$125	\$44 - \$172	\$84 - \$215	\$126 - \$261
3 rd Lowest Cost	\$11 - \$202	\$11 - \$213	\$55 - \$262	\$95 - \$305	\$137 - \$352
4 th Lowest Cost	\$109 - \$153	\$108 - \$148	\$154 - \$193	\$195 - \$235	\$240 - \$281

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Vote

The Health Connector recommends awarding the 2018 Final Seal of Approval to all recommended QHPs and QDPs proposed by the following carriers:

- ***Altus Dental***
- ***Blue Cross Blue Shield of MA***
- ***Boston Medical Center HealthNet Plan***
- ***Delta Dental of MA***
- ***Fallon Health***
- ***Guardian***
- ***Harvard Pilgrim Health Care***
- ***Health New England***
- ***Neighborhood Health Plan***
- ***Tufts Health Plan – Direct***
- ***Tufts Health Plan – Premier***

The background is a solid light green color. A large, white, stylized letter 'A' is centered on the page. The 'A' is composed of a vertical bar on the left, a vertical bar on the right, and a horizontal bar at the top. The horizontal bar is slightly curved. The overall design is minimalist and modern.

Appendix

Qualified Health Plans: 2018 Standardized Plan Designs



Plan Feature/ Service <i>A check mark (✓) Indicates that this benefit is subject to the annual deductible</i>	Platinum	Gold	Silver	Bronze #1	Bronze #2 (HSA)
Annual Deductible – Combined	\$0	N/A	\$2,000	\$2,500	\$3,000
	\$0	N/A	\$4,000	\$5,000	\$6,000
Annual Deductible – Medical	N/A	\$1,000	N/A	N/A	N/A
	N/A	\$2,000	N/A	N/A	N/A
Annual Deductible – Prescription Drugs	N/A	\$0	N/A	N/A	N/A
	N/A	\$0	N/A	N/A	N/A
Annual Out-of-Pocket Maximum	\$3,000	\$5,000	\$7,350	\$7,350	\$6,650
	\$6,000	\$10,000	\$14,700	\$14,700	\$13,300
Primary Care Provider (PCP) Office Visits	\$20	\$30	\$30	\$30 ✓	\$20 ✓
Specialist Office Visits	\$40	\$45	\$50	\$50 ✓	\$40 ✓
Emergency Room	\$150	\$150 ✓	\$700 ✓	\$700 ✓	\$250 ✓
Urgent Care	\$40	\$45	\$50	\$50 ✓	\$40 ✓
Inpatient Hospitalization	\$500	\$500 ✓	\$1,000 ✓	\$1,000 ✓	\$750 ✓
Skilled Nursing Facility	\$500	\$500 ✓	\$1,000 ✓	\$1,000 ✓	\$750 ✓
Durable Medical Equipment	20%	20% ✓	20% ✓	20% ✓	20% ✓
Rehabilitative Occupational and Rehabilitative Physical Therapy	\$40	\$45	\$50	\$50 ✓	\$40 ✓
Laboratory Outpatient and Professional Services	\$0	\$20 ✓	\$25 ✓	\$25 ✓	\$25 ✓
X-rays and Diagnostic Imaging	\$0	\$20 ✓	\$25 ✓	\$25 ✓	\$25 ✓
High-Cost Imaging	\$150	\$200 ✓	\$500 ✓	\$500 ✓	\$500 ✓
Outpatient Surgery: Ambulatory Surgery Center	\$250	\$250 ✓	\$750 ✓	\$750 ✓	\$500 ✓
Outpatient Surgery: Physician/Surgical Services	\$0	\$0 ✓	\$0 ✓	\$0 ✓	\$0 ✓
Prescription Drug	Retail Tier 1	\$10	\$20	\$20	\$20 ✓
	Retail Tier 2	\$25	\$30	\$60	\$60 ✓
	Retail Tier 3	\$50	\$50	\$90 ✓	\$90 ✓
	Mail Tier 1	\$20	\$40	\$40	\$40 ✓
	Mail Tier 2	\$50	\$60	\$120	\$120 ✓
	Mail Tier 3	\$150	\$150	\$270 ✓	\$270 ✓
2018 Final FAVC	88.24%	79.69%	71.40%	64.84%	64.88%

ConnectorCare: 2018 Plan Designs



CONNECTORCARE BENEFITS & COPAYS

Plan Type		Plan Type 1	Plan Types 2A & 2B	Plan Types 3A & 3B
Medical Maximum Out-of-Pocket (Individual/ Family)		\$0	\$750/\$1,500	\$1,500/\$3,000
Prescription Drug Maximum Out-of-Pocket (Individual/ Family)		\$250/\$500	\$500/\$1,000	\$750/\$1,500
Preventive Care/Screening/Immunization		\$0	\$0	\$0
Primary Care visit to treat injury or illness (exc. Well Baby, Preventive and X-rays)		\$0	\$10	\$15
Specialist Office Visit		\$0	\$18	\$22
Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services		\$0	\$10	\$15
Rehabilitative Speech Therapy		\$0	\$10	\$20
Rehabilitative Occupational and Rehabilitative Physical Therapy		\$0	\$10	\$20
Emergency Room Services		\$0	\$50	\$100
Outpatient Surgery		\$0	\$50	\$125
All Inpatient Hospital Services (including Mental/Behavioral Health and Substance Abuse Disorder Services)		\$0	\$50	\$250
High Cost Imaging (CT/PET Scans, MRIs, etc.)		\$0	\$30	\$60
Laboratory Outpatient and Professional Services		\$0	\$0	\$0
X-Rays and Diagnostic Imaging		\$0	\$0	\$0
Skilled Nursing Facility		\$0	\$0	\$0
Retail Prescription Drugs:	Generics	\$1	\$10	\$12.50
	Preferred Brand Drugs	\$3.65	\$20	\$25
	Non-Preferred Brand Drugs	\$3.65	\$40	\$50
	Specialty High Cost Drugs	\$3.65	\$40	\$50

Qualified Dental Plans: 2018 Standardized Plan Designs



Plan Feature/ Service	Family High	Family Low	Pediatric-only
Plan Year Deductible	\$50/\$150	\$50/\$150	\$50
Deductible Applies to	Major and Minor Restorative	Major and Minor Restorative	Major and Minor Restorative
Plan Year Max (>=19 only)	\$1,250	\$750	N/A
Plan Year MOOP <19 Only	\$350 (1 child) \$700 (2+ children)	\$350 (1 child) \$700 (2+ children)	\$350 (1 child)
Preventive & Diagnostic Co-Insurance (In/out-of-Network)	0%/20%	0%/20%	0%/20%
Minor Restorative Co-Insurance (In/out-of-Network)	25%/45%	25%/45%	25%/45%
Major Restorative Co-Insurance (In/out-of-Network)	50%/70%	50%/70% No Major Restorative >=19	50%/70%
Medically Necessary Orthodontia, <19 only (In/out-of-Network)	50%/70%	50%/70%	50%/70%
Non-Medically Necessary Orthodontia, <19 only (In/out-of-Network)	N/A	N/A	N/A