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# **Affordability Schedule for Calendar Year 2019 (VOTE) & Individual Mandate Awareness**

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# Today's Focus



## *Today's presentation will review key components of the Massachusetts Individual Mandate.*

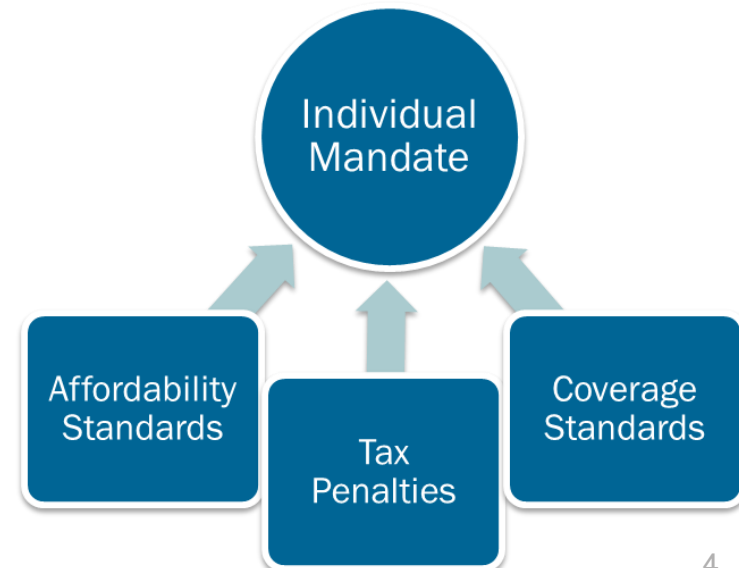
- Individual Mandate: 2019 Affordability Schedule
  - Background on the affordability schedule
  - Analysis of specific proposed approach to 2019 affordability schedule
    - For 2019, we propose
      - For individuals up to 400% of the Federal Poverty Level (FPL), we propose to update the federal poverty standards and to make minor technical adjustments for couples and families
      - For individuals over 400% FPL, we propose an 8% of income standard based on the text of the Affordable Care Act
  - Staff recommendation to be discussed:
    - That the Board vote to adopt the recommended 2019 affordability schedules for individuals, couples, and families
- Massachusetts's Individual Mandate: Back in the Spotlight
  - CCA efforts to re-build awareness and clarity around state mandate
  - Technical assistance to other states

# **2019 Affordability Schedule**

# Background

***The individual mandate Massachusetts implemented as part of its 2006 health care reforms is still in effect, an important tool in promoting stability in the insurance market during a time of uncertainty about federal policy changes.***

- The individual mandate involves three key policy elements, set in statute or determined by the Health Connector, with the Department of Revenue (DOR) managing administration of the mandate through the tax filing process
- Massachusetts chose to keep its individual mandate in parallel to the federal mandate that took effect in 2014 under the ACA
- The Affordable Care Act (ACA)'s individual mandate is still technically in statute, but the tax bill passed into law last December makes the federal penalty \$0 beginning with calendar year 2019
- The state and federal mandates exist independently of each other, such that the federal changes do not impact state policies already in effect



# The Affordability Schedule in Context



*The affordability schedule determines whether an individual must pay a penalty for not having Minimum Creditable Coverage (MCC).*

The affordability schedule does...	The affordability schedule does not...
<ul style="list-style-type: none"><li>• Support consumers in making choices about coverage and their household budgets by determining whether they would pay a penalty for not enrolling in coverage</li><li>• Align with the ConnectorCare program's lowest cost premium in each plan type, though this alignment is not technically required</li></ul>	<ul style="list-style-type: none"><li>• Require employers, issuers or other coverage providers to offer plans deemed affordable by the schedule</li><li>• Penalize employers or issuers if individuals fail to enroll in the affordable coverage they offered</li><li>• Impact the federal individual mandate in any way</li></ul>

# Application of the State Affordability Schedule



***The high rate of insurance coverage in Massachusetts means that most residents do not need to use the affordability schedule to determine if a penalty applies to them.***

- In 2017, only 3.7% of Massachusetts residents were uninsured
- Individuals with coverage that does not meet MCC standards would also be subject to penalties, but data on the prevalence of non-MCC coverage is not systematically tracked
  - In Tax Year 2015, 93% of tax filers completing a Schedule HC reported having MCC for the entire year, 3% reported having MCC for part of the year, and 3% reported not having MCC at all during the year

Sources: CHIA. (2017.) Findings from the 2017 Massachusetts Health Insurance Survey. <http://www.chiamass.gov/assets/docs/r/survey/mhis-2017/2017-MHIS-Report.pdf>.

and Massachusetts Department of Revenue

# 2019 Schedule: Proposed Approach



***The proposed approach for the 2019 affordability schedule generally maintains the standards adopted for 2018, providing stability for state residents and the insurance market more broadly.***

- Update federal poverty guidelines associated with each income bracket
  - Results in slight increases to dollar-based premium amounts considered affordable for each income bracket, including a \$1 increase at the bottom of the 200.1-250% FPL bracket which would carry over to the ConnectorCare premium schedule
- Reduce the percentage of income considered affordable for couples and families under 300% FPL by .05 to .10 percentage points, consistent with years prior to 2018
  - Increases were needed in 2018 to maintain the affordability of ConnectorCare as well as keep progressivity through the schedule
- For households above 400% FPL, we propose to use the affordability standard of 8% included in the ACA
  - In prior years, the schedule has matched the federal affordability standard to provide administrative ease for taxpayers; however, elimination of the federal penalty also eliminates the need to link the state and federal schedules in this way

# 2019 Schedule Modifications

INDIVIDUALS - 2018					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$12,061	\$18,090	0%		
150.1 - 200%	\$18,091	\$24,120	2.90%	\$44	\$58
200.1 - 250%	\$24,121	\$30,150	4.20%	\$84	\$106
250.1 - 300%	\$30,151	\$36,180	5.00%	\$126	\$151
300.1 - 350%	\$36,181	\$42,210	7.45%	\$225	\$262
350.1 - 400%	\$42,211	\$48,240	7.60%	\$267	\$306
Above 400%	\$48,241		8.05%	\$324	

INDIVIDUALS - 2019					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$12,141	\$18,210	0%		
150.1 - 200%	\$18,211	\$24,280	2.90%	\$ 44	\$ 59
200.1 - 250%	\$24,281	\$30,350	4.20%	\$ 85	\$ 106
250.1 - 300%	\$30,351	\$36,420	5.00%	\$ 126	\$ 152
300.1 - 350%	\$36,421	\$42,490	7.45%	\$ 226	\$ 264
350.1 - 400%	\$42,491	\$48,560	7.60%	\$ 269	\$ 308
Above 400%	\$48,561		8.00%	\$ 324	

COUPLES - 2018					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$16,241	\$24,360	0%		
150.1 - 200%	\$24,361	\$32,480	4.35%	\$ 88	\$ 118
200.1 - 250%	\$32,481	\$40,600	6.25%	\$ 169	\$ 211
250.1 - 300%	\$40,601	\$48,720	7.45%	\$ 252	\$ 302
300.1 - 350%	\$48,721	\$56,840	7.45%	\$ 302	\$ 353
350.1 - 400%	\$56,841	\$64,960	7.60%	\$ 360	\$ 411
Above 400%	\$64,961		8.05%	\$ 436	

COUPLES - 2019					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$16,461	\$24,690	0%		
150.1 - 200%	\$24,691	\$32,920	4.30%	\$ 88	\$ 118
200.1 - 250%	\$32,921	\$41,150	6.20%	\$ 170	\$ 213
250.1 - 300%	\$41,151	\$49,380	7.35%	\$ 252	\$ 302
300.1 - 350%	\$49,381	\$57,610	7.45%	\$ 307	\$ 358
350.1 - 400%	\$57,611	\$65,840	7.60%	\$ 365	\$ 417
Above 400%	\$65,841		8.00%	\$ 439	

FAMILIES - 2018					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$20,421	\$30,630	0%		
150.1 - 200%	\$30,631	\$40,840	3.45%	\$ 88	\$ 117
200.1 - 250%	\$40,841	\$51,050	4.95%	\$ 168	\$ 211
250.1 - 300%	\$51,051	\$61,260	5.95%	\$ 253	\$ 304
300.1 - 350%	\$61,261	\$71,470	7.45%	\$ 380	\$ 444
350.1 - 400%	\$71,471	\$81,680	7.60%	\$ 453	\$ 517
Above 400%	\$81,681		8.05%	\$ 548	

FAMILIES - 2019					
% of FPL	Income Bracket		Affordability Standard	Affordable Monthly Premium Ranges	
	Bottom	Top		Low	High
0 - 150%	\$20,781	\$31,170	0%		
150.1 - 200%	\$31,171	\$41,560	3.40%	\$ 88	\$ 118
200.1 - 250%	\$41,561	\$51,950	4.90%	\$ 170	\$ 212
250.1 - 300%	\$51,951	\$62,340	5.85%	\$ 253	\$ 304
300.1 - 350%	\$62,341	\$72,730	7.45%	\$ 387	\$ 452
350.1 - 400%	\$72,731	\$83,120	7.60%	\$ 461	\$ 526
Above 400%	\$83,121		8.00%	\$ 554	

- Updated FPL standards shown in green
- Resulting changes to ConnectorCare base enrollee premiums shown in yellow
- Affordability standards that were modified shown in orange



# 2019 Proposed Schedule: Individuals



## CY 2019 Affordability Schedule: INDIVIDUALS

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Income Bracket				Affordable Monthly Premium Ranges	
% of FPL	Bottom	Top	Affordability Standard	Low	High
0 - 150%	\$0	\$18,210	0%		
150.1 - 200%	\$18,211	\$24,280	2.90%	\$44	\$59
200.1 - 250%	\$24,281	\$30,350	4.20%	\$85	\$106
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Above 400%	\$48,561		8.00%	\$324	

# 2019 Proposed Schedule: Couples



## CY 2019 Affordability Schedule: COUPLES

CY 2019 Affordability Schedule: COUPLES					
Income Bracket				Affordable Monthly Premium Ranges	
% of FPL	Bottom	Top	Affordability Standard	Low	High
0 - 150%	\$0	\$24,690	0%		
150.1 - 200%	\$24,691	\$32,920	4.30%	\$88	\$118
200.1 - 250%	\$32,921	\$41,150	6.20%	\$170	\$213
250.1 - 300%	\$41,151	\$49,380	7.35%	\$252	\$302
300.1 - 350%	\$49,381	\$57,610	7.45%	\$307	\$358
350.1 - 400%	\$57,611	\$65,840	7.60%	\$365	\$417
Above 400%	\$65,841		8.00%	\$439	

# 2019 Proposed Schedule: Families



## CY 2019 Affordability Schedule: FAMILIES

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Income Bracket				Affordable Monthly Premium Ranges	
% of FPL	Bottom	Top	Affordability Standard	Low	High
0 - 150%	\$0	\$31,170	0%		
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350.1 - 400%	\$72,731	\$83,120	7.60%	\$461	\$526
Above 400%	\$83,121		8.00%	\$554	

# VOTE



***Move that the Board approve the issuance of the Affordability Schedules for Individuals, Couples and Families for Calendar Year 2019, as set forth in the staff recommendation, as final.***



**Massachusetts's Individual  
Mandate: Back in the  
Spotlight**

# Developments Resulting from Federal Individual Mandate Changes



***President Trump signed a tax bill into law on December 22, 2017, which reduced the penalty for the federal individual mandate to zero, effective 1/1/2019.***

- Implications for Massachusetts
  - MA is the most insulated of any state with respect to impacts of the federal mandate being essentially repealed, given that we maintained our own independent state mandate, which has been in effect since 2007
  - However, consumer confusion and/or erroneous perceptions that carrying coverage is no longer required is a possibility that Massachusetts should actively guard against
  - Ripple effects via public policy are still possible for Massachusetts
- Implications for the rest of the United States
  - CBO has estimated that repeal would cause 13 million to lose coverage by 2025. Urban Institute estimates premium increases could be up to 20% (or more in some states) as a result of individual mandate penalty change + proposed changes to Short-Term Limited Duration Plans
  - States are becoming the frontlines of policy efforts to stem the tide of premium increases and erosions to the ACA and coverage expansion, with many states now actively considering individual mandates and other state-level policy tools

# Technical Assistance and Dialogue with Other States



*Since the federal individual mandate has been altered, many states have begun to explore whether to establish state-level individual mandates of their own. MA has been asked to offer technical assistance to other states.*

- Throughout January and February, CCA staff have presented via webinar to a number of national audiences organized by the National Academy of State Health Policy (NASHP) and Families USA, which have been geared toward state officials in other states as well as consumer advocacy groups
- CCA has also provided individualized technical assistance to Maryland and DC, which are the states furthest along in consideration of a state-based mandate, though proposals for a mandate have cropped up in eight additional states
- The latest developments from others pursuing a mandate:
  - **District of Columbia:** On February 21, the Executive Board of the D.C. Exchange approved a resolution recommending the adoption of a District-level mandate as well as a number of other policy proposals. The resolution will have to be approved by the D.C. Council before going into effect
  - **New Jersey:** Bill introduced in NJ senate would establish an individual mandate, use revenue to fund a reinsurance program, and would require individuals who work for small businesses to obtain coverage conforming to small group rules or be subject to a mandate penalty
  - **Maryland:** Maryland’s proposal is currently being discussed in hearings in their state Senate and House of Delegates. Note: Would depart from MA and ACA penalty concept by instead soliciting a “down payment” from someone who is not carrying coverage, and facilitating enrollment that could apply the payment, rather than assessing a “penalty”

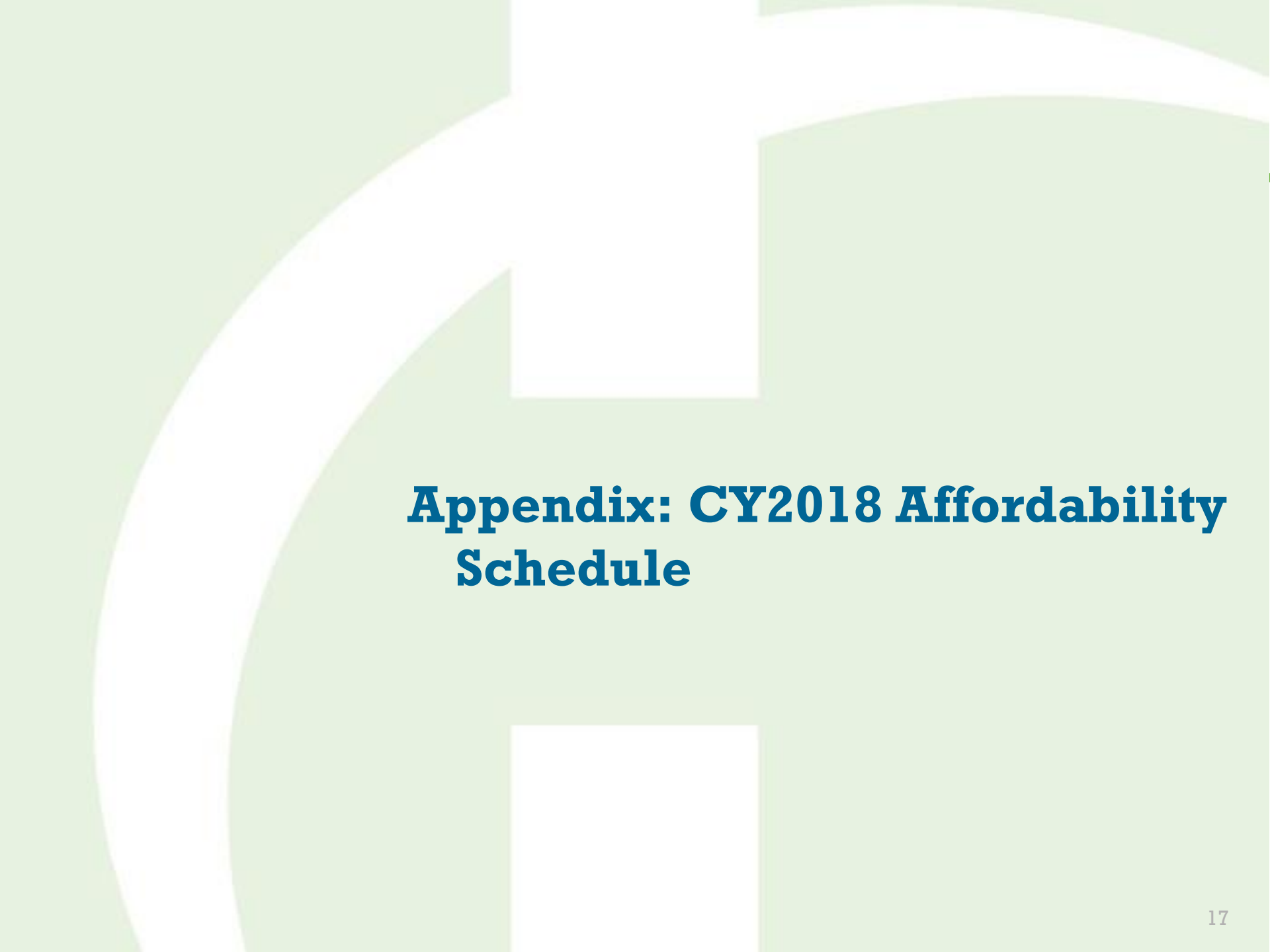
# Planned Efforts to Revive Awareness of State-Level Mandate

*The Health Connector is planning a number of efforts and is developing materials and resources to help remind/refresh the Massachusetts market about the state level mandate. This push will be branded as a ‘Stay Covered’ campaign.*

- **Tailored guides and advisories:** CCA has worked with DOI to develop detailed guides and advisories for consumers, employers, and brokers about the individual mandate and MCC specifically
- **Ongoing work with sister agencies and stakeholders:** Will work with DOR and DOI and other agencies to find opportunities to further clarify ongoing effectiveness of the individual mandate, and identify whether there are ways we wish to further strengthen or refine our mandate policies
- **Work with Navigators:** CCA has incorporated into its Notice of Grant Opportunity for the Navigator program a request for Navigator applicants to indicate how they could use their communication and assistance roles to further bolster population awareness of individual mandate
- **General messaging:** CCA plans to incorporate reminder messaging in its general marketing, public messaging, and outreach messages
- **Social media:** CCA developing “sharables” for social media distribution (which can be amplified via carriers, consumer groups, elected officials, and others) using hashtag #staycovered
- **Special ‘Stay Covered’ URL:** CCA will establish a special ‘Stay Covered’ URL/webpage where it will house all materials on individual mandate and awareness-raising resources so stakeholders can readily access, share, and leverage
- **Other ideas?** We are seeking other awareness raising ideas from Board members.





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# **Appendix: CY2018 Affordability Schedule**

# 2018 Schedule: Individuals



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