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# **Affordability Schedule for Calendar Year 2019 (VOTE)**

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Board of Directors Meeting, May 10, 2018

# Today's Focus

*Today's presentation will review the proposed Affordability Schedule for calendar year 2019.*

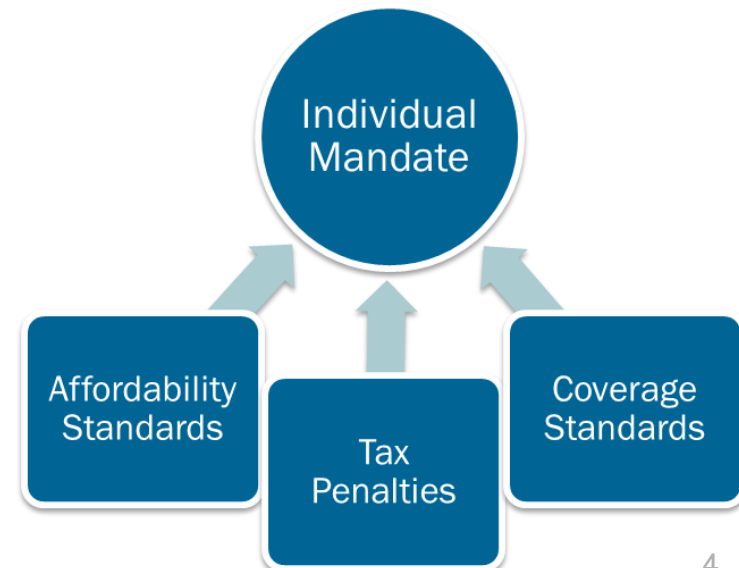
- Background on the affordability schedule
- Analysis of specific proposed approach to 2019 affordability schedule
  - For 2019, we propose
    - For individuals up to 400% of the Federal Poverty Level (FPL), we propose to update the federal poverty standards and to make minor technical adjustments for 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

# **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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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					
Income Bracket			Affordability Standard	Affordable Monthly Premium Ranges	
% of FPL	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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# 2019 Proposed Schedule: Couples



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# 2019 Proposed Schedule: Families



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# 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.***



# **Appendix: CY2018 Affordability Schedule**

# 2018 Schedule: Individuals



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