

MEMORANDUM

To: Health Connector Board of Directors Members
Cc: Louis Gutierrez, Executive Director
From: Marissa Woltmann, Director of Policy and Applied Research
Date: May 7, 2018
Re: Affordability Schedule and Premium Tables for Calendar Year 2018

BACKGROUND AND OVERVIEW

Attached please find a premium schedule based on Calendar Year (CY) 2018 non-group rates for three regions of the state, which will be used in conjunction with the affordability schedule approved by the Board in April 2017 in the administration of the Commonwealth's individual mandate for CY 2018. When individuals file their state income taxes and report that they did not have health insurance coverage for all or part of the year, they must assess whether they had access to affordable insurance that met Minimum Creditable Coverage standards. They may access such coverage through an employer, government program, or the non-group insurance market. The premium schedule herein provides detailed health insurance premium rates to assist tax filers in determining whether non-group coverage was affordable to them.

Regions

The premium schedule included in the attachment is based on the lowest available premium for non-group health insurance in each region and age bracket through the Health Connector. By providing schedules for three specified regions of the Commonwealth, we capture some of the variation in premiums across geographic regions of Massachusetts. The lowest-priced non-group products (Qualified Health Plans or QHPs) are not available statewide and monthly premiums for plans can vary by geography.

The three regions have been adjusted slightly from prior years. Hampden County was moved to Region 1, along with its other Western Massachusetts counterparts. Barnstable and Plymouth Counties were moved to Region 2 because premiums available in those counties are more similar to the counties in Region 2 than they are to premiums on Nantucket and Martha's Vineyard.

- 1) Region 1 -- Berkshire, Franklin, Hampden, and Hampshire Counties
(estimated population – 827,568 or 12.1% of Massachusetts residents¹)
- 2) Region 2 – Barnstable, Bristol, Essex,, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester Counties
(estimated population – 5,955,957 or 87.4% of Massachusetts residents)
- 3) Region 3 – Dukes and Nantucket Counties
(estimated population – 28,254 or 0.4% of Massachusetts residents)

How the Premium Schedule is used

All adult tax filers in Massachusetts are required to submit information with their annual state income tax return indicating whether or not they complied with the state's requirement to carry health insurance

¹ U.S. Census Bureau. State and County QuickFacts (2016 estimates). Accessed February 26, 2018 at http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml.

that meets Minimum Creditable Coverage (MCC) standards if it is affordable to them. The process for determining whether or not available coverage was affordable differs depending on the source of coverage for which the filer was eligible during the tax year.

Tax Filers with Access to Employer-Sponsored Insurance

Tax filers who had access to employer-sponsored insurance (ESI) that complied with MCC standards should compare their required employee contribution against the monthly premium on the affordability schedule. For a given family size and income level, the affordability schedule indicates the maximum monthly premium that was considered affordable. If the employee could have obtained MCC-compliant ESI for this amount or less, then it is deemed affordable, and the individual would generally be subject to the individual mandate penalty if they failed to enroll in it.²

Tax Filers with Access to Government-Subsidized Coverage

For tax filers who did not have access to affordable MCC-compliant ESI, the individual mandate requires evaluating eligibility for government-subsidized coverage, specifically the Health Connector's subsidized program, ConnectorCare. If the tax filer would have been eligible, they are generally subject to the mandate penalty if they failed to enroll.

Other Tax Filers – Those without Access to ESI or Government-Subsidized Coverage

If the tax filer did not have access to employer-sponsored or government-subsidized coverage, the premium schedule attached to this memo is used in conjunction with the affordability schedule to determine whether the available non-group coverage was affordable. Taking into consideration an individual's age, family status and place of residence, the premium schedule is used to determine the monthly premium for the lowest-cost unsubsidized QHP in each region of the state. If the monthly premium on the premium schedule is less than the individual's required contribution from the affordability schedule, health insurance is considered affordable and the individual would be generally subject to the coverage mandate penalty if they failed to obtain creditable coverage.

For example, using the affordability and premium schedules, a 42-year-old individual (single), living in Great Barrington, with adjusted gross income of \$45,000 and without access to affordable ESI would be subject to the individual mandate penalty if they failed to obtain coverage that met MCC standards, due to the fact that:

- (a) The affordability schedule establishes the maximum monthly premium at 7.6% of monthly income for an individual with annual income between \$42,211 and \$48,280, which is equal to \$285 for an individual earning \$45,000 per year; and
- (b) The premium schedule shows that a self-only QHP policy was available in Berkshire County from the Health Connector for \$278.³

² Individuals may qualify for exemptions from the individual mandate penalty for reasons such as a financial hardship, religious beliefs, and short coverage gaps.

³ The lowest cost 2018 monthly premium for this individual is \$278 for a plan available from Tufts Direct.

However, a similarly situated person living in Nantucket would not be subject to the individual mandate penalty if they failed to obtain coverage that met MCC standards, because there is no QHP with a monthly premium of \$285 or less available to them in that county.⁴

Other Clarifications

Non-group coverage in the Massachusetts commercial market is no longer rated according to banded age brackets, as had been past practice; rather, now age is factored into rates linearly. However, the variation in premiums that occurs in these brackets as a result of age changes is relatively small, so we have continued to use them as a way of simplifying the schedule for consumers to use. The premiums in the attached schedule reflect the lowest premiums available to an individual at the high end of the applicable age bracket. For example, in the row for ages 31-34, the rates represent offerings to a 34 year old.

Lastly, it is worth noting that the affordability schedule and approach being discussed in this memo are exclusively in relation to the state's individual mandate. The ACA includes a federal individual mandate, which employs a different approach to determining affordability (specifically, a flat 8.05% of income standard in 2018 as the definition of affordable health insurance). If a household is not eligible for ESI, the federal rules determine access to affordable coverage based on the lowest cost Bronze plan for which the household was eligible through a Marketplace, less any tax credits available to them. The Massachusetts affordability schedule accounts for ConnectorCare and thus breaks out subsidized and unsubsidized premiums in the assessment of access to affordable coverage. The federal mandate does not take ConnectorCare subsidies into consideration when determining applicability of the federal mandate to Massachusetts residents.

⁴ The lowest cost 2018 monthly premium for this individual is \$469 for a plan available from Tufts Health Plan.

Attachment

Commonwealth Health Insurance Connector Authority
Affordability and Premium Schedules
Calendar Year 2018

The prior pages describe the usage of the affordability and premium schedules included in this attachment. Pursuant to 956 CMR 6.05(A)(1), the Board of the Commonwealth Health Insurance Connector Authority hereby establishes the standards described below for determining whether Massachusetts residents may be required to purchase affordable, creditable health insurance in 2018.

For 2018

- 1) Persons who would have been eligible for ConnectorCare are deemed able to afford creditable health insurance.
- 2) If not eligible for ConnectorCare, individuals with an annual gross income of \$18,090 or below, couples with an annual income of \$24,360 or below, and families with an annual income of \$30,630 or below, are deemed to be unable to afford an insurance premium, and thus are not subject to any penalty for failure to purchase creditable health insurance. "Couples" include married couples filing jointly without dependents, or married individuals filing separately or heads of household with one dependent. "Families" include a single head of household or married filing separately with two or more dependents, or a married couple with one or more dependents
- 3) Individuals with an annual income over \$18,090, couples with an annual income of over \$24,360, and families with an annual income over \$30,630 are deemed able to afford insurance if they could have purchased MCC-compliant health insurance through an employer or the Health Connector for a monthly amount that does not exceed the percentage of monthly income set under the "Monthly Affordability Standard" in the Affordability Schedule. Individuals who did not have access to ESI should rely on the premium amount set for their age, family size (*i.e.*, individual, couple, or family) and geographic location in the Premium Schedule.

CY18 STATE PREMIUM SCHEDULE

Region 1. Berkshire, Franklin, Hampden, and Hampshire Counties			
Age	Individual	Married couple	Family
0-30	\$230	\$459	\$624
31-34	\$253	\$506	\$647
35-39	\$260	\$519	\$660
40-44	\$278	\$555	\$696
45-49	\$317	\$634	\$775
50-54	\$369	\$737	\$878
55+	\$379	\$758	\$899

Region 2. Barnstable, Bristol, Essex, Middlesex, Norfolk, Plymouth, Suffolk and Worcester Counties			
Age	Individual	Married couple	Family
0-30	\$249	\$498	\$697
31-34	\$282	\$564	\$721
35-39	\$290	\$579	\$736
40-44	\$310	\$619	\$777
45-49	\$354	\$707	\$865
50-54	\$411	\$822	\$979
55+	\$423	\$846	\$1,003

Region 3. Dukes and Nantucket Counties			
Age	Individual	Married couple	Family
0-30	\$325	\$650	\$1,055
31-34	\$427	\$854	\$1,092
35-39	\$438	\$876	\$1,114
40-44	\$469	\$938	\$1,176
45-49	\$536	\$1,071	\$1,309
50-54	\$622	\$1,244	\$1,482
55+	\$641	\$1,281	\$1,519

CY18 STATE AFFORDABILITY SCHEDULE

INDIVIDUALS					
% of FPL	Income Bracket		Monthly Affordability Standard	Dollar Amount	
	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$12,060	0%		
100.1 - 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	

COUPLES					
% of FPL	Income Bracket		Monthly Affordability Standard	Dollar Amount	
	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$16,240	0%		
100.1 - 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	

FAMILIES					
% of FPL	Income Bracket		Monthly Affordability Standard	Dollar Amount	
	Bottom	Top		Bottom	Top
0 - 100%	\$0	\$20,420	0%		
100.1 - 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	