



# **Affordability Schedule for Calendar Year 2020 (VOTE)**

MARISSA WOLTMANN

Director of Policy and Applied Research

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# Overview

**Today's presentation will propose an affordability schedule for calendar year 2020 and provide an update on the individual mandate in Massachusetts and nationwide.**

- 2020 Affordability Schedule
  - Affordability schedule refresher
  - Proposed approach for 2020 to maintain standards from 2019 and apply them against updated federal poverty guidelines

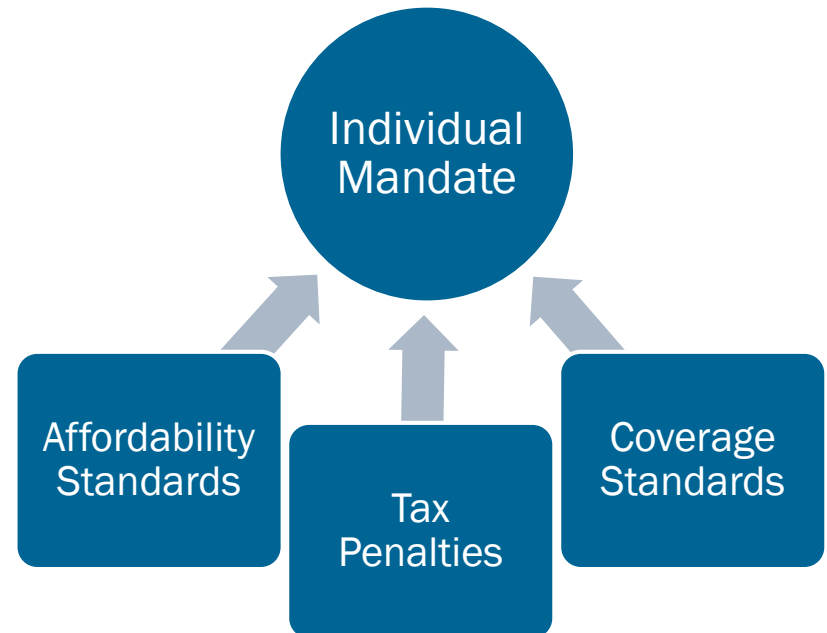


# **2020 Affordability Schedule**

# Background

**Massachusetts has required adults to maintain health insurance since 2007, and the “individual mandate” remains an important tool in promoting market stability today.**

- Massachusetts chose to keep its individual mandate in place as the ACA brought a similar policy to the rest of the nation
- The federal individual mandate penalty will no longer be assessed for tax years 2019 and beyond, but the state mandate remains in place
- The practical implications of the federal mandate’s repeal are:
  - Massachusetts residents will no longer need the “offset” that has been offered since 2014 to avoid paying double penalties; the state will collect the full penalty owed under its penalty schedule
  - State policy considerations do not need to weight alignment with federal standards as heavily as in past years



# The Individual Mandate in Context

**Massachusetts has seen a stable implementation of the individual mandate over the last decade.**

- The vast majority of state residents have health insurance that meets Minimum Creditable Coverage standards (93% of tax filers in 2015)
- Compliance with tax filing requirements related to the mandate has always been nearly universal (99.9%)

**Other states have pursued state-level individual mandates to provide market stability in the absence of federal penalties.**

- New Jersey and Washington, D.C. have implemented individual mandates largely modeled on the federal mandate effective for 2019
- State legislators in California recently introduced bills that would re-institute federal individual mandate rules on a state level

# The Affordability Schedule

**Each year, the Board defines the percentage of income a household is considered able to afford to contribute toward health insurance.**

- If an individual has access to coverage considered affordable but does not enroll, they will be assessed a tax penalty
- As a matter of policy, the affordability schedule informs ConnectorCare premiums such that ConnectorCare is deemed affordable; eligible individuals must enroll or pay a penalty
- The affordability schedule does not:
  - Require employers, issuers, or other coverage providers to price coverage according to the schedule
  - Penalize employers or issuers if individuals fail to enroll in affordable coverage they offered
  - Interact with federal policies related to affordable coverage under the federal individual mandate or determination of federal premium tax credit amounts

# 2020 Schedule: Proposed Approach

**The proposed 2020 affordability schedule generally maintains the 2019 approach, but growth in the federal poverty guidelines will drive changes in practice.**

- While the percentage of income asked of each cohort of individuals is based on their income as a percentage of the federal poverty guidelines, the income associated with each range has increased in real dollars
- The federal poverty standards that will be used for the 2020 schedule and for 2020 ConnectorCare eligibility had the highest increase from the previous year since implementation of the ACA
- A minor adjustment to the couples schedule maintains the affordability of ConnectorCare between 250.1 and 300% FPL

# Proposed 2020 Schedule: Individuals

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 – 100%	\$0	\$12,490	0%	\$0	\$0
100.1 – 150%	\$12,491	\$18,735	0%	\$0	\$0
150.1 – 200%	\$18,736	\$24,980	2.90%	\$45	\$60
200.1 – 250%	\$24,981	\$31,225	4.20%	\$87	\$109
250.1 – 300%	\$31,226	\$37,470	5.00%	\$130	\$156
300.1 – 350%	\$37,471	\$43,715	7.45%	\$233	\$271
350.1 – 400%	\$43,716	\$49,960	7.60%	\$277	\$316
Above 400%	\$49,961		8.00%	\$333	



# Proposed 2020 Schedule: Couples

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$16,910	0%	\$0	\$0
100.1 - 150%	\$16,911	\$25,365	0%	\$0	\$0
150.1 - 200%	\$25,366	\$33,820	4.30%	\$91	\$121
200.1 - 250%	\$33,821	\$42,275	6.20%	\$175	\$218
250.1 - 300%	\$42,276	\$50,730	7.40%	\$261	\$313
300.1 - 350%	\$50,731	\$59,185	7.45%	\$315	\$367
350.1 - 400%	\$59,186	\$67,640	7.60%	\$375	\$428
Above 400%	\$67,641		8.00%	\$451	

# Proposed 2020 Schedule: Families

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$21,330	0%	\$0	\$0
100.1 - 150%	\$21,331	\$31,995	0%	\$0	\$0
150.1 - 200%	\$31,996	\$42,660	3.40%	\$91	\$121
200.1 - 250%	\$42,661	\$53,325	4.90%	\$174	\$218
250.1 - 300%	\$53,326	\$63,990	5.85%	\$260	\$312
300.1 - 350%	\$63,991	\$74,655	7.45%	\$397	\$463
350.1 - 400%	\$74,656	\$85,320	7.60%	\$473	\$540
Above 400%	\$85,321		8.00%	\$569	

# VOTE

**Move that the Board approve the issuance of the Affordability Schedules for Individuals, Couples, and Families for Calendar Year 2020 as set forth in the staff recommendation as final.**



# **Appendix: 2019 Affordability Schedule**

# 2019 Schedule: Individuals

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$12,140	0%	\$0	\$0
100.1 - 150%	\$12,141	\$18,210	0%	\$0	\$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	

# 2019 Schedule: Couples

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$16,460	0%	\$0	\$0
100.1 - 150%	\$16,461	\$24,690	0%	\$0	\$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 Schedule: Families

% of FPL	Bottom of Income Range	Top of Income Range	Affordability Standard	Bottom of Affordable Monthly Premium Range	Top of Affordable Monthly Premium Range
0 - 100%	\$0	\$20,780	0%	\$0	\$0
100.1 - 150%	\$20,781	\$31,170	0%	\$0	\$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	