



“Health Connector 2.0” The Massachusetts Exchange

Massachusetts Health Reform – “Health Connector 1.0”



- Created in 2006 by Massachusetts health reform law (Chapter 58 of the Acts of 2006)
 - Quasi-public agency with eleven-member Board, chaired by Secretary of Administration & Finance
 - Four ex-officio: A&F/GIC/DOI/MassHealth
 - Four Gov. appointees: small business/actuary/health economist/broker
 - Three AG appointees: consumer/labor/Taft-Hartley
- Staff of 50+ FTE's: mix of private health care industry and public sector experience
- Annual operating budget of ~\$30M+
 - State, private and federal matching/grant financing

The Role of “Health Connector 1.0”



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 - Health insurance exchange facilitating access to private health insurance coverage
 - Commonwealth Care – non-group, subsidized
 - Commonwealth Choice – non-group, small-group (Business Express), unsubsidized
 - Policymaking and appeals related to the Massachusetts individual mandate
 - Outreach and public education about health insurance, how to access it and why to have it
 - State procurement partnerships
 - State Division of Unemployment Assistance
 - Massachusetts public higher education institutions
 - Others

“Health Connector 1.0” – Programs



Commonwealth Care

- Subsidized program partially funded through an 1115 Medicaid waiver and further offset by progressive enrollee premiums
- Open to residents at or below 300% FPL not otherwise eligible for Medicaid, other government subsidized programs and subsidized employer sponsored insurance (20% for a family plan; 33% for an individual plan)
- Competitively re-procured each year at an annual average premium trend of less than 1%

Commonwealth Choice

- Non-subsidized program for individuals and families without access to ESI and small businesses less than 50
- Individuals and families may enroll in non-group coverage or Young Adult Plans; no fee to enroll
- Small Businesses may provide their employees access to health insurance through Business Express (sole source), the Voluntary Plan (non-group Section 125 plan employees), and the Contributory Plan (closed pilot program) – no fee for businesses to enroll

“Health Connector 1.0” – Policymaking and Appeals



- The Health Connector makes policy decisions to implement the adult health coverage mandate
 - Affordability Standards (“Who is subject?”)
 - Established annually by the Health Connector Board of Directors
 - Defines the percentage of income an individual could be expected to contribute towards the purchase of health insurance
 - Minimum Creditable Coverage (MCC) rules (“What qualifies?”)
 - Established by the Health Connector Board of Directors
 - Creates a "floor" of benefits that adult tax filers must have in order to be considered insured and avoid tax penalties in Massachusetts
- We also oversee regulations relating to Employer Health Insurance Responsibilities and Student Health Insurance

“Health Connector 1.0” – Policymaking and Appeals (cont’d)



- The Health Connector administers appeal and certification processes
 - Individual mandate tax penalty appeals:
 - For Massachusetts residents penalized at tax time for failing to acquire and maintain access to available “affordable” MCC-compliant insurance
 - Taxpayers can appeal a penalty on the grounds that they had a hardship (e.g., foreclosure)
 - Certificates of Exemption (COE):
 - For Massachusetts residents who believe they would be penalized at tax time, the Health Connector reviews and determines exemptions from the individual mandate penalty due to hardship in *advance* of a tax filer’s completion of their tax form
 - MCC Certification Process:
 - Carriers inform members of their plans’ MCC compliance and their coverage period using the 1099-HC form
 - Carriers may self-attest that their plans meet MCC, or if their plans do not meet every element of the MCC Regulation, the plan may be submitted to the Health Connector for review

“Health Connector 1.0” – Outreach and Public Education



- Aggressive, multi-phased Public Education Campaign to:
 - Drive enrollment
 - Provide information about the new law and raise awareness
 - Promote the availability of new plans all certified by the state for quality and value
 - Promote the Connector’s ability to offer unprecedented choice
- Elements of the campaign
 - Partnerships with corporate and civic organizations
 - Media Outreach
 - Direct Mail
 - Seminars & forums
 - Grassroots Outreach
 - Paid Advertising
 - Public Information Unit
 - Grants to Community Organizations

“Health Connector 1.0” – State Procurement Partnerships



- The Health Connector partners with other state agencies to promote system-wide savings
 - Medical Security Program (MSP) Direct Coverage program
 - Administered by the Division of Unemployment Assistance (DUA), MSP provides subsidized health insurance to residents receiving unemployment benefits up to 400% FPL
 - The Health Connector assisted DUA in re-procuring coverage for the program, resulting in ~\$30M in savings
 - Student Health Insurance Program for Public Institutions
 - Renegotiated rates on behalf of public college and university students for the past three years, dramatically improving benefits with below-trend rate increases
 - The Group Insurance Commission (GIC)
 - The Health Connector is currently providing procurement assistance to the GIC in the GIC’s efforts to effectuate payment and delivery system reform through coverage for state and municipal employees and retirees

“Health Connector 1.0” – Accomplishments to Date



Gateway to Coverage for the Uninsured

Over 250K covered through Health Connector since enactment of Chapter 58 – 97% MA insured

Force for Cost Savings and Competition

Annual avg. premium trend <1% in Commonwealth Care
New market entrants in Commonwealth Care and Choice

Fair, Effective Steward of Individual Mandate

Only 1.2% of tax filers assessed a penalty (2009)
Approved 65% of penalty appeals

Platform for Garnering Support for Reform

Through outreach and education and public awareness campaigns,
more than 60% of MA residents support MA HCR

Expert on Purchasing Health Insurance

Saved \$ on health insurance for students and others

National Health Care Reform – “Health Connector 2.0”



- The Affordable Care Act (ACA) vision for the Exchange is largely built on the Massachusetts model
- Under the ACA, the Health Connector will still facilitate access to subsidized and unsubsidized insurance for individuals, families and small groups
- The Health Connector will continue to serve in a policymaking role and will also support appeals from the federal individual mandate
- We will also continue to conduct outreach and education and continue to work with Brokers and advocate groups to do so

Key features of the ACA



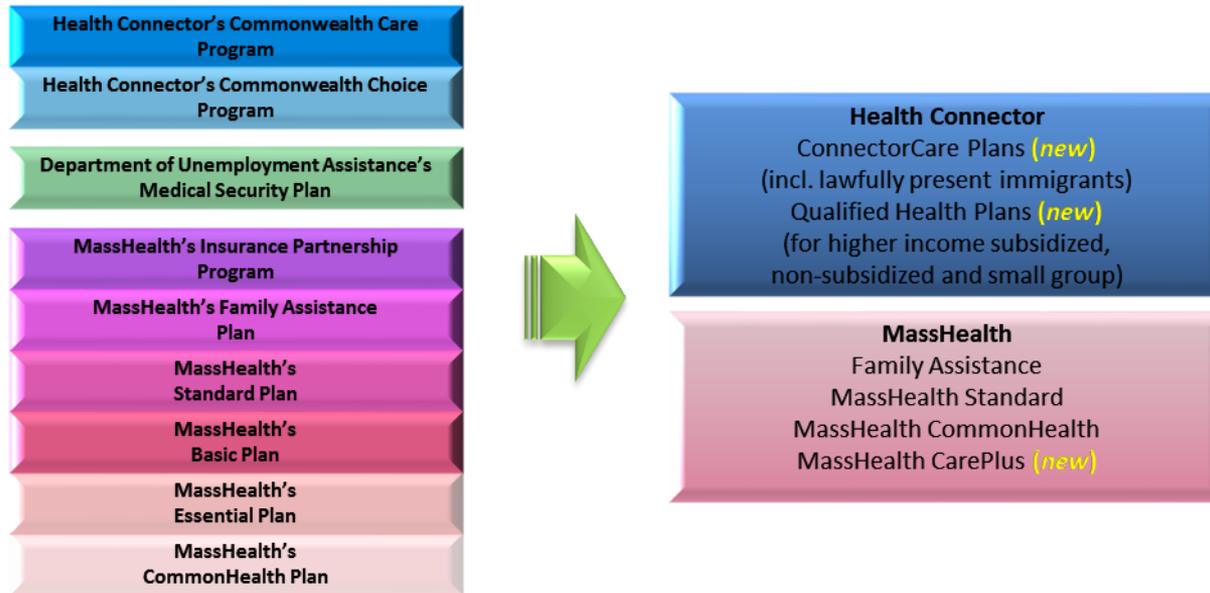
- Expands Medicaid (up to 133% FPL), at state option
- Creates affordable insurance coverage options for low and middle income families with incomes up to 400% FPL
- Establishes federal tax credits for small businesses
- Creates health insurance Exchanges, marketplaces where individuals, families and small businesses can purchase affordable, high-quality insurance
- Implements insurance market reforms and new consumer protections
- Requires all adults to get health insurance for themselves and their children, if it is affordable

ACA protects consumers and promotes market competition

- Builds upon Massachusetts' reform of the insurance market
 - Free preventive care
 - Allows children to stay on their parents health insurance until age 26
 - Prohibits pre-existing condition exclusions and waiting periods
 - Risk mitigation programs discourage “cherry-picking”, stabilize premiums and promote long-term competition
 - Makes comparison shopping for small employers and individuals easier by grouping health insurance products by metallic tier (originally introduced by the Health Connector)



ACA streamlines state health programs

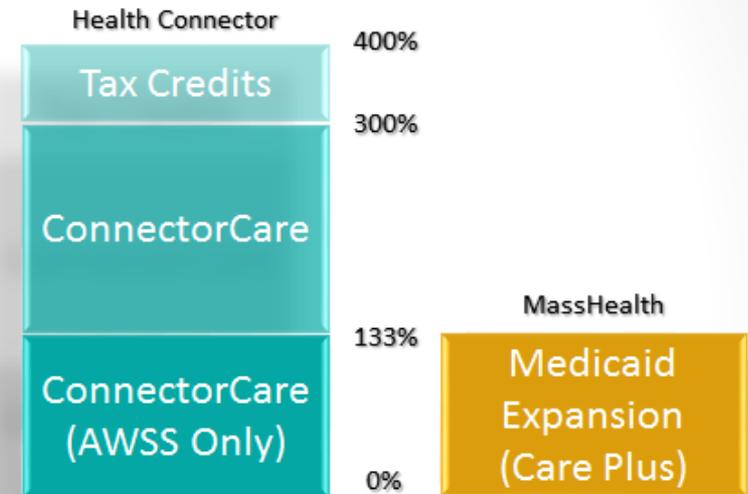


- Substantially simplifies a “patchwork” of subsidized programs, making them easier to navigate and more efficient to administer
- Several programs will end, but everyone in those programs will qualify for similar or better benefits in 2014
- New Health Insurance Exchange-Integrated Eligibility System (HIX-IES) will allow for easy program determination

ACA preserves and expands access to affordable health insurance



- Expands Medicaid to 133% of the Federal Poverty Level (FPL)
 - Streamlines programs for current MassHealth members and opens up eligibility to new populations
- Provides premium tax credits for individuals from 133-400% FPL (lawfully present immigrants 0-400% FPL) through the Connector
 - Currently, Commonwealth Care goes up to 300% FPL only
 - The Health Connector will provide a state “wrap” to 0-300% FPL members to preserve current affordability through a set of ACA-compliant qualified health plans called **ConnectorCare Plans**



2013 Federal Poverty Guidelines

Household Size	133%	150%	200%	300%	400%
1	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	20,628	23,285	31,020	46,530	62,040
3	25,975	29,295	39,080	58,590	78,120
4	31,322	35,325	47,100	70,650	94,200

*For bigger households or more information, go to aspe.hhs.gov/poverty, MAhealthconnector.org or HealthCare.gov

Where Are We Now?

- New system challenges
- Pathways to coverage
 - Commonwealth Care to MassHealth Transition (130K)
 - Commonwealth Care, MSP and IP extension (124K)
 - Temporary Coverage for **New** applicants (30K)
 - New Connector (4.3 K)
 - New MassHealth (2.5K)
- Working to continue to facilitate a smooth transition
 - Key milestones are 3/31 – end of open enrollment
 - Continuing to work to stabilize the system to support these transition efforts