



# ACA LEARNING SERIES

Impact on Massachusetts &  
Implementation Activities to Date

**Federal and State Subsidies available through the Health Connector**

Massachusetts Health Care Training Forum (MTF) Conference Call

June 18, 2013

A collaborative effort between the  
Executive Office of Health and Human Services and the Health Connector

# Agenda

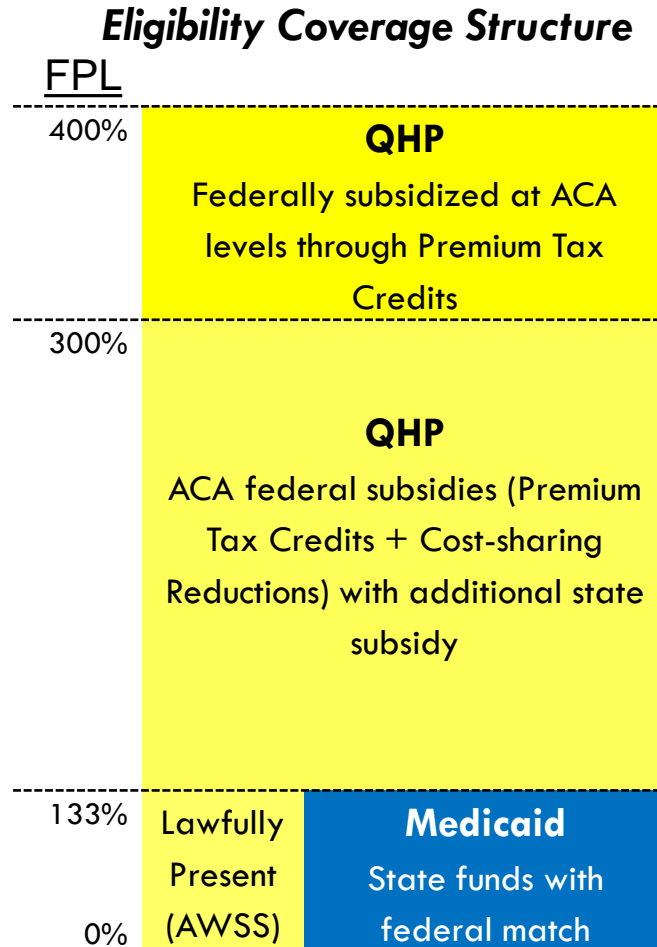
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- Federal and State Subsidies
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    - Premium Tax Credits
    - Cost Sharing Reductions
  - MA Affordability Option
  - Apply for Affordability Options

# Background on How the Affordable Care Act (ACA) and MA are Making Health Insurance More Affordable

# ACA Subsidized Insurance Coverage

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- Medicaid Expansion - MassHealth will offer health coverage to childless adults with incomes between 0-133% Federal Poverty Level (FPL)
- The Health Connector will offer subsidized qualified health plans (QHP) to those with incomes between 0% -400% FPL\*

\*Includes lawfully present AWSS from 0-133% FPL

# New Ways To Afford Health Insurance

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ACA provides eligible individuals with a premium tax credit and cost-sharing reductions to apply toward the purchase of a Qualified Health Plan (QHP) offered exclusively through the Health Connector. There are also additional state subsidies available to qualifying individuals

Affordability Option	What they are	Eligibility *
Premium Tax Credit	These tax credits are advanced payments that are applied to a health plan's premium to reduce the cost for an individual/family. They can only be applied to plans offered by the Health Connector.	0 - 400% FPL**
Cost-Sharing Reductions	These are a form of financial assistance to support out-of-pocket costs like deductibles, coinsurance and co-pays. (Monthly premiums are not part of cost-sharing.) They can only be applied to plans offered by the Health Connector.	0 - 250% FPL**
MA Premium and Cost-Sharing Subsidies (ConnectorCare Plan)	This is additional financial assistance to reduce monthly premiums and out-of-pocket costs and are applied to ConnectorCare Plans made available only through the Health Connector.	0 - 300% FPL**

\*will be determined based on an individual's/family's modified adjusted gross income (MAGI) \*\*Includes lawfully present AWSS from 0-133% FPL

# Eligibility to Shop

# Eligibility Criteria to Shop Through the Health Insurance Exchange/Integrated Eligibility System (HIX/IES)

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- To be able to shop through the HIX/IES, three eligibility criteria must be verified for **anyone seeking coverage** (subsidized or unsubsidized)
  - 1) **Citizenship:** This verifies that the applicant is a citizen, national or non-citizen who is lawfully present
  - 2) **Incarceration status:** This verifies that the applicant is not incarcerated
  - 3) **Residency:** This verifies that the applicant is a resident or intends to reside in Massachusetts

# Affordability Option: Federal Premium Tax Credits



# Affordability Option: Federal Premium Tax Credits

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- ❑ With most tax credits, taxpayers have to wait until filing taxes to get their credit
- ❑ Starting in 2014, the Premium Tax Credits are available through the Health Connector to reduce the cost of premiums and can be applied **right away**
- ❑ You have a choice:
  - Those who qualify can take the tax credit in the form of advance payments to lower their monthly health plan premiums; or
  - An individual/family can claim them at the end of the tax year similar to other tax credits

# Who is Eligible for Premium Tax Credits?

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- Individuals and families with income between 0% to 400% FPL\*
  - Must be US citizens or lawfully present in the US
  - Must not be eligible for other government-sponsored health insurance, such as Medicare and Medicaid
  - Individuals whose ESI does not meet minimum value which means that a plan must have an actuarial value of at least 60% or the employee's share of the premium for an individual plan exceeds 9.5% of income

\*Includes lawfully present AWSS from 0-133% FPL

# How Do Individuals/Families Receive Premium Tax Credits?

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- An individual/family will apply via HIX/IES for a QHP
  - The Health Connector will estimate the amount of Premium Tax Credit they are eligible for based on their projected income
  - After an individual/family shops they must decide to take the full amount or a portion or none of their Premium Tax Credit
- The Premium Tax Credit will be sent directly to the insurance carrier. The individual/family will pay the balance of the premium
- An individual/family can also wait until tax filing and claim on tax return
  - Only available for the months enrolled in a Health Connector QHP

# How Can Consumers Use Premium Tax Credits?

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- Consumers can use Premium Tax Credits in three different ways:
  - 1) Use the entire premium tax credit amount throughout the year to reduce their monthly premium payments
    - For example, a family is eligible for \$1,200 in tax credits. They choose to apply \$100 of the tax credit a month to reduce their premium

# How can consumers use Premium Tax Credits (cont'd)?

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- 2) Use only part of their tax credit during the year
  - For example, a family is eligible for \$1,200. However, they choose to reduce their premium payments during the year by \$50 and be eligible for a \$600 tax credit at tax filing
- 3) Use none of it during the year
  - For example, a family is eligible for \$1,200 in tax credits but foregoes using it during the year. Instead, if they owe taxes at the end of the year, they can apply it to reduce the amount of tax owed. Or, it would be added to any refund they're due

# Calculating

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- The amount of the Premium Tax Credit is based on the following:
  - Premium cost of the second lowest cost silver plan
  - Individual/family's expected contribution based on their income, which is the percent of household income a taxpayer must contribute based on the tax household's FPL



# Expected Contribution by FPL

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Annual Household Income		Expected Premium Contribution	
% of FPL	Income Amount *	% of Income	Dollar Amount**
<133%***	< \$14,856	2%	< \$297.30
133 – 150%	\$14,856 - \$16,755	3% - 4%	\$446 - \$670
150 – 200%	\$16,755 - \$22,340	4% - 6.3%	\$670 - \$1,407
200 – 250%	\$22,340 - \$27,925	6.3% - 8.05%	\$1,407 - \$2,262
250 – 300%	\$27,925 - \$33,510	8.05% - 9.5%	\$2,262 - \$3,183
300 – 350%	\$33,510 - \$39,095	9.5%	\$3,183 - \$3,714
350 – 400%	\$39,095 - \$44,680	9.5%	\$3,714 - \$4,245
>400%	> \$44,680	n/a	n/a

\* for a household of one (i.e. an individual)

\*\* based on second-lowest priced SILVER health plan at the Marketplace (yearly contribution)

\*\*\* residents <133% FPL that would be eligible for Medicaid are ineligible for tax credits

# Sample Scenario: Single Individual

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- John is a single, 24 y/o. His MAGI is \$22,980, which is equal to 200% FPL
  - He does not have access to ESI or any other government-sponsored insurance
  - The cost of the 2<sup>nd</sup> lowest cost silver plan for a 24 y/o is \$5,000 per year in premiums
  - His maximum allowed annual premium contribution is \$1,448 (6.3% of income)
- In this scenario, John could receive a Premium Tax Credit in the amount of **\$3,552** (or \$296 per month)
- Applying John's Premium Tax Credit amount reduces his monthly premium from \$416.67 to \$120.67



# Calculating Premium Tax Credits

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- For some households, calculating maximum Premium Tax Credit will be straightforward
  - Application consists of a single tax household
  - Tax household and coverage family are known at determination (all Premium Tax Credit eligible household members shop together)

# Calculating Premium Tax Credits (Cont'd)

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- If the tax household(s) on the application differs from the coverage family, the calculation is more complex
  - The Health Connector must calculate the Premium Tax Credit amount applicable for the coverage family, which may differ from Maximum Premium Tax Credit amounts available to each tax household included in that coverage family

# Multi Tax Household

- When multiple tax households combine to form a coverage group, Premium Tax Credit values provided during the shopping experience may differ from the maximum values presented during the eligibility process
  - The Premium Tax Credit for each tax household in the coverage family is based the relative share of the premium applicable to each tax household
  - As a result of the relative share calculation, a tax household may not be able to use its full maximum Premium Tax Credit as determined at eligibility – they may forgo some Premium Tax Credit in order to enroll in a plan with another tax household

# Review Calculation

The HIX/IES will calculate and communicate the maximum Premium Tax Credit amount as part of the eligibility determination for each tax household and recalculate the applicable Premium Tax Credit amount at shopping:

- At eligibility determination, the HIX/IES will:
  - Provide **each applicant** his/her eligibility for Medicaid, Premium Tax Credits, CSRs, and State Subsidized ConnectorCare Plans
  - Calculate and communicate maximum Premium Tax Credit amount for **each tax household**
  - If multiple tax households apply together, the system will show separate maximum Premium Tax Credit for each tax household
- At time of shopping, the HIX/IES will:
  - Recalculate the applicable Premium Tax Credit amount based on the actual shopping composition, individual's tax household, plans, and rates

# Affordability Option: Federal Cost-Sharing Reductions (CSRs)

# Affordability Option: CSRs

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- In addition to Premium Tax Credits Individuals/Families between 0-250%\* FPL are also eligible for a form of assistance that will lower their out-of-pocket costs\*\*
  - Deductibles, co-insurance and copays
  - Available on the silver tier
- How do individuals/families apply for CSRs?
  - Eligibility for CSRs is determined at the same time as eligibility for Premium Tax Credits during the application process

\*Includes lawfully present AWSS from 0-133% FPL

\*\*Certain American Indians and Alaska Natives who purchase health insurance through the Marketplace do not have to pay co-pays or other cost-sharing if their income is under 300 percent of the federal poverty level

# Massachusetts Affordability Option

# Affordability Option: MA Premium and Cost-Sharing Subsidies

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- In addition to the Federal Premium Tax Credits and CSRs, in Massachusetts an individual/family between 0-300%\* FPL may be eligible for additional financial assistance to make their health coverage even more affordable

\*Includes lawfully present from 0-133% FPL



# Affordability Option: MA Premium and Cost-sharing Subsidies (cont'd)

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- This financial assistance will be applied to a select subset of QHPs, known as ConnectorCare Plans
  - These plans will be available to individuals/families through some of the QHPs offered on the Health Connector's Silver shelf
  - Individuals/Families will pay a base premium tied to their income level if they choose the least expensive plan
  - Cost-sharing will vary by “plan type” and individuals/families within a given income level will have access to the same co-pays, regardless of the ConnectorCare Plan they choose
  - Those who choose non-ConnectorCare Plans (*i.e.*, more expensive plans) will pay higher premiums and higher cost-sharing

# Affordability Option: MA Premium and Cost-Sharing Subsidies (cont'd)

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- ConnectorCare Plans resemble the Commonwealth Care program in that they provide access to comprehensive coverage that is affordable to the individual/family and the Commonwealth
- Only certain carriers will qualify to offer ConnectorCare Plans
  - Those that offer the lowest priced QHPs on the silver tier, and are uniquely able to serve the needs of this population, and potentially other requirements developed and specified by the Health Connector

# Apply for Affordability Options

# How to apply?

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- Federal and State subsidies will be available no matter how an individual/family completes an application. Options to apply for health coverage include:
  - Online via HIX/IES
    - With help from a Navigator, Certified Application Counselor, Broker or family member
  - Paper application
  - Customer service center 1-877-MA-ENROLL

# When are Federal and State Subsidies Available?

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- Federal and State subsidies will be available for plans effective January 1, 2014
- This year's Federal Open Enrollment is from October 1, 2013 – March 31, 2014
  - For January 1<sup>st</sup> coverage Commonwealth Care members will need to reapply and re-enroll by mid-December to avoid a gap in coverage
  - Reminder: individuals/families who are unlikely to be eligible for MassHealth must enroll during Federal Open Enrollment (few exceptions)

Questions?