

## MassHealth Reform Package

### ***Promote uptake of employer sponsored health insurance: \$76.5M net in FY18 savings***

- Manage enrollment growth by precluding non-disabled adults with access to affordable employer sponsored health insurance (ESI) from being eligible for MassHealth coverage. *(Requires state law change and federal approval)*
  - Establish an eligibility “gate” similar to the “gate” that was in place for the former Commonwealth Care program and add an affordability component, which aligns with the current ConnectorCare program’s eligibility rules
  - Reintroduce a modified Health Insurance Responsibility Disclosure (HIRD) form and require employer reporting of plan offerings, employee eligibility status, and other information necessary to implement and enforce the proposed eligibility rules
  - This would take effect once federal approval is obtained
- Maximize premium assistance for ESI, where cost-effective
  - Utilize employer reporting on insurance availability to maximize up-take of MassHealth’s premium assistance program; ensuring that more MassHealth-eligible employees enroll in or remain on their ESI, with premium assistance and cost-sharing subsidies from MassHealth

### ***Closer alignment of MassHealth with commercial plans: \$38.1M net in FY18 savings***

- Encourage more coordinated, cost effective care through the use of integrated and limited network products in MassHealth. *(Requires federal approval)*
  - Create limited networks through ACO restructuring and a narrower network Primary Care Clinician (PCC) plan
- Eliminate non-emergency transportation services to medical appointments for CarePlus members, except transportation to and from substance use treatment services. *(Requires federal approval)*
- Pursue changes to the MassHealth pharmacy benefit to obtain lower drug prices and enhance rebates. *(Requires state law change and federal approval)*
  - Utilize tools widely used by commercial plans for selecting preferred and covered drugs (e.g., establish a closed formulary)
  - Procure a more limited specialty pharmacy network

### ***Transition coverage type for non-disabled adults: \$88.3M net in FY19 savings***

- Transition 140K non-disabled adults with incomes over 100% of the federal poverty level (FPL) from MassHealth to the ConnectorCare program, effective 1/1/19. *(Requires state law change and federal approval)*
  - This will allow the Commonwealth to maximize available federal subsidies
  - This transition will improve continuity of coverage and reduce churn between MassHealth and Connector coverage allowing individuals whose incomes often fluctuate to stay on the Connector as long as their income remains above 100% FPL
- Transition 230K non-disabled parents and caretakers with incomes less than 100% of the FPL from MassHealth Standard to CarePlus, effective 1/1/19. *(Requires federal approval)*
  - Aligns all non-disabled adults on MassHealth CarePlus
  - Parents and caretakers determined disabled would remain on MassHealth Standard
- Eliminate redundant insurance coverage. *(Requires state law change and federal approval)*
  - Require individuals who are currently eligible for both MassHealth Limited and ConnectorCare to receive their coverage solely through the ConnectorCare program

### ***Employer Responsibility: \$200M in FY18 revenue***

Reinstate the shared commitment to universal coverage through a temporary employer contribution towards the cost of public coverage for employed individuals, using a 2-tiered approach that builds off of the existing employer medical assistance contribution (EMAC), effective 1/1/2018. *(Requires state law change)*

The employer contribution is time limited and will sunset at the end of calendar year 2019. Collections under both tiers would be administered by the Department of Unemployment Assistance, the agency responsible for administering the existing EMAC.

- Tier 1 is broad based, raising the current EMAC rate from 0.34% to 0.51% of annual wages, up to the annual wage cap of \$15,000.
  - Applies to all employers currently subject to EMAC (employers with 6 or more employees).
  - Raises the maximum per-employee contribution rate from \$51 to \$77
  - Expect to annually collect **\$75M** under this tier
- Tier 2 introduces a targeted payment that would require employers to pay an additional 5% of annual wages for each non-disabled employee on public coverage, up to the annual wage cap of \$15,000.
  - Applies to all employers currently subject to EMAC with non-disabled employees on MassHealth (not in premium assistance) or subsidized Connector coverage (ConnectorCare)
  - Tier 2 would result in an annual maximum per employee contribution rate of \$750
  - Expect to collect **an estimated \$125M in FY18** under this tier. This estimate is dependent upon the actual number of individuals on public coverage.

### ***Unemployment Insurance Rate Schedule Changes***

- Modify the unemployment insurance schedule, setting employer rates on Schedule “D” for 2018 and Schedule “E” for 2019. *(Requires state law change)*
  - Without these changes, employers would be subject to Schedule “F” beginning in 2018 which would trigger higher contributions from employers
  - Under this proposal, employers will pay a total of \$334M less than they would under the current schedule. This will offset the increases to EMAC, effective 1/1/18

### ***Commercial Market Reforms***

The proposal includes several initiatives that address the cost of health insurance coverage for employers and their employees.

- Impose a five-year moratorium on insurance mandates. *(Requires state law change)*
  - New health insurance coverage mandates for specific services can be costly, unpredictable and an administrative burden to implement
- Increase the required premium differential for tiered network plans from the current 14% to 28%. *(Requires state law change)*
  - Tiered products provide employers with an affordable option for coverage. Increasing the premium differential will promote and incentivize participation in such products
- Promote robust transparency tools for employers and consumers. *(Requires state law change)*
  - CHIA will provide consumer friendly cost information on the actual prices for common procedures and services by an individual provider, which enables both employers and consumers to make more informed choices about where they receive care
- Increase access to lower-cost providers by expanding the scope of practice for optometrists, podiatrists and advanced practice registered nurses (APRN) and creating a new mid-level provider - dental therapists. *(Requires state law change)*