



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

January 2, 2013

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Grants and Demonstrations

The ACA provides funding opportunities to transform how health care is delivered, expand access to care and support healthcare workforce training.

Grant Announcements

Implementation Support for State Demonstrations to Integrate Care for Medicare-Medicaid Enrollees, §3021. Announced December 21, 2012. Funding is available to eligible states to support the implementation of CMS approved design contracts to integrate care for Medicare-Medicaid enrollees over a two year project period. States that have received a design contract for a "Demonstration to Integrate Care for Dual Eligible Individuals" and have a signed Memorandum of Understanding with CMS to implement their demonstration design are eligible to apply. Funding for this initiative may cover all of the implementation activities for the first year of the initiative and 50% in the second year. Implementation activities may include beneficiary and provider outreach and education, stakeholder engagement, provider training and actuarial analysis and rate setting. \$95M in 15 awards is available; individual awards will range from \$1M - \$15M.

First round of applications are due on January 28, 2013. The second round of applications is due April 1, 2013. The second application period is provided to states to allow for more time to finalize demonstration designs with CMS.

The announcement can be viewed at: Grants.gov

Guidance

12/28/12 IRS/Treasury issued proposed regulations and Q&As on the Employer Shared Responsibility provisions under Section 4980H which was added to the IRS Code by ACA §1513. Starting in 2014, under these provisions, if employers with 50 or more full-time employees* do not offer affordable health coverage that provides a minimum level of coverage (§1501) to their full-time employees, they may be subject to an Employer Shared Responsibility payment if at least one of their full-time employees receives a premium tax credit (§1401, §1411) for purchasing individual coverage on one of the new Affordable Insurance Exchanges.

In 2014, eligible individuals who purchase coverage under a qualified health plan through an Affordable Insurance Exchange may receive a premium tax credit only if they are not eligible for other minimum essential coverage, including coverage under an employer-sponsored plan that is affordable and provides minimum value. The **premium tax credit** is designed to make purchasing a health plan on the Exchange affordable for low and moderate income Americans by reducing a taxpayer's out-of-pocket premium cost.

The proposed regulations would affect only employers that meet the definition of "applicable large employer" as described in the proposed regulations. The proposed regulations provide guidance to such large employers under ACA §1513 by providing rules for determining status as such a large employer, rules for determining full-time employees, rules for determining assessable payments, rules for determining whether an employer is subject to assessable payments, and rules relating to the administration of such assessable payments.

*To be subject to the Employer Shared Responsibility provisions, an employer must have at least 50 full-time employees or a combination of full-time and part-time employees that is equivalent to at least 50 full-time employees (for example, 100 half-time employees equals 50 full-time employees). As defined by the statute, a full-time employee is an individual employed on average at least 30 hours per week (so half-time would be 15 hours per week).

Comments are due March 18, 2013.

Read the Q & A's at: <http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>

Read the proposed regulations (published in the Federal Register on Wednesday January 2, 2013) at: <http://www.gpo.gov/fdsys/pkg/FR-2013-01-02/pdf/2012-31269.pdf>

12/28/12 HHS/CMS issued a State Medicaid Director Letter to help states as they begin to plan converting current income eligibility thresholds to equivalent modified adjusted gross income (MAGI) thresholds in the Medicaid program and Children's Health Insurance Program (CHIP). The guidance outlines the conversion methodology and process, and the timeframes for executing the conversions.

Currently, states' methodologies for determining Medicaid and CHIP income eligibility vary widely, primarily due to differences in the application of income disregards, and those methods vary widely across states and eligibility groups. Effective January 1, 2014, as required by ACA §2002 and the subsequently issued [Medicaid Eligibility Final Rule](#), a methodology for determining income based on MAGI will apply to both Medicaid and CHIP eligibility for most enrollees, including pregnant women, children, parents and other caretaker relatives, and the new adult group (as applicable in a state that chooses to cover this group). This will standardize the income calculation nationally. In addition to a 5% FPL across-the-board income disregard for all MAGI populations, there will no longer be any disregards applied, unless an individual falls into one of the populations exempted from MAGI rules (such as the elderly or

the disabled). This new methodology is aligned with the one that will be used to determine eligibility for the premium tax credits (§1401, §1411) and cost sharing reductions (§1402, §1411) available to certain individuals purchasing coverage on the Exchange.

The **premium tax credit** is designed to make purchasing a health plan on the Exchange affordable for low and moderate income Americans by reducing a taxpayer's out-of-pocket premium cost. ACA §1401 amended the tax code to allow an advance, refundable premium tax credit to help individuals and families afford health insurance coverage. To be eligible to receive the premium tax credit, individuals and families must have incomes between 100%- 400% FPL (or between 0% - 400% FPL if lawfully present and ineligible for Medicaid) and be enrolled in a qualified health plan (QHP) through an exchange. The individual must also be ineligible for government sponsored insurance and not have access to employer sponsored insurance that meets definitions of affordability and minimum essential coverage as established by ACA §1401. The amount of the premium tax credit is tied to the amount of the premium. Advance payments are made monthly under ACA §1412 to the issuer of the QHP in which the individual enrolls. ACA §1402, §1411 provides for the **reduction of cost sharing** for certain individuals enrolled in QHPs offered through the Exchanges and §1412 for the advance payment of these reductions to issuers. To complete the transition to the MAGI-based methodology, states will develop MAGI-based income eligibility standards for the applicable eligibility groups that are not less than the effective income levels that were used to determine Medicaid and CHIP income eligibility as of the enactment of the ACA. States will be required to submit a MAGI Conversion Plan to CMS by April 30, 2013.

Read the State Medicaid Director Letter at: <http://www.medicaid.gov/Federal-Policy-Guidance/downloads/SHO12003.pdf>

Prior guidance can be viewed at www.healthcare.gov

News

12/21/12 CMS announced that one new Consumer Oriented and Operated Plan (CO-OP) repayable loan will be awarded to a non-profit entity to help establish private non-profit, consumer-governed health insurance companies that offer qualified health plans in the health insurance exchanges. Established under ACA §1322, the goal of CO-OP program is to create a new CO-OP in every state in order to expand the number of exchange health plans with a focus on integrated care and plan accountability.

The non-profit receiving a loan is: **Land of Lincoln Health** (incorporated as Metropolitan Chicago Healthcare Council CO-OP), which received a \$160,154,812 loan to offer health plans statewide that facilitate the delivery of efficient, evidence-based medical care through a consumer-focused and innovative health care delivery model. The CO-OP is sponsored by The Metropolitan Chicago Healthcare Council (MCHC). MCHC is comprised of more than 150 hospitals and health care organizations working together to improve the delivery of health care services.

CMS awarded the first round of CO-OP loans on February 21, 2012. Starting in 2014, CO-OPs will be able to offer plans both inside and outside of health insurance exchanges. To date, a total of 24 non-profits offering coverage in 24 states have been awarded \$1,980,728,696. CMS will continue to review applications on a quarterly schedule, announcing additional awardees on a rolling basis. According to CMS, CO-OP loans are low-interest loans made only to private, nonprofit entities that demonstrate a high probability of financial viability.

For more information, including a list of previous CO-OP loans awarded, visit:
<http://www.healthcare.gov/news/factsheets/2012/02/coops02212012a.html>

Upcoming Events

Quarterly Affordable Care Act Implementation Stakeholder Meeting

Friday, January 18, 2013

1:00 PM- 2:00 PM

1 Ashburton Place, 21st Floor

Boston, MA

Bookmark the **Massachusetts National Health Care Reform website** at: <http://mass.gov/national health reform> to read updates on ACA implementation in Massachusetts.

Remember to check <http://mass.gov/masshealth/duals> for information on the **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.