



## AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

March 17, 2014

### Quick Links

[MA-ACA Website](#)



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

#### **Family Planning Research - ACA Impact Analysis Cooperative Agreement, \$1001.**

Announced March 7, 2014. Funding has become available to conduct data analysis and research on the impact of the ACA on Title X funded family planning centers and the family planning field. Grant research may help Title X providers continue to provide high-quality family planning services. The Title X program is designed to provide comprehensive family planning and related preventive health services with a priority on services to low income families. Applicants must be public or private non-profit entities. \$400,000 in total for two awards is available.

Mandatory letters of intent are due March 21, 2014.

Applications are due April 24, 2014.

The announcement may be viewed at: [Grant Solutions. Gov](#)

### Grant Activity

For information about ACA grants awarded to and grant proposals submitted by the Commonwealth, visit the Grants page of the **Massachusetts National Health Care**

Reform website at: [Mass.Gov](http://Mass.Gov)

## Guidance

**3/7/14 HHS/CMS issued 1) a final rule to establish the Basic Health Program (BHP) and 2) a 2015 payment notice providing states the final funding methodology for the BHP and information about the 2015 payment rates.** The final rule and final 2015 payment notice are intended to enable states to implement a BHP effective on or after January 1, 2015.

The final rule "Basic Health Program: State Administration of Basic Health Programs; Eligibility and Enrollment in Standard Health Plans; Essential Health Benefits in Standard Health Plans; Performance Standards for Basic Health Programs; Premium and Cost Sharing for Basic Health Programs; Federal Funding Process; Trust Fund and Financial Integrity" implements ACA §1331 which establishes standards for the BHP which provides states the option to establish a health benefits coverage program for low-income individuals who would otherwise be eligible to purchase coverage through the Health Insurance Exchange (Marketplace). The rule sets forth a framework for BHP eligibility and enrollment, benefits, delivery of health care services, transfer of funds to participating states, state administration, and federal oversight. Under the rule, citizens or lawfully present non-citizens who do not qualify for Medicaid, the Children's Health Insurance Program (CHIP) or other minimum essential coverage and have incomes between 133% FPL and 200% FPL are eligible for the BHP.

The ACA established Affordable Insurance Exchanges (§1311(b)) to provide individuals and small business employees with access to health insurance coverage beginning January 1, 2014, where low and moderate income individuals would be eligible for premium tax credits (§1401, §1411) to make purchasing a qualified health plan (QHP) more affordable by reducing out-of-pocket premium costs. QHPs are health plans that have been certified by an Exchange, provide essential health benefits (§1301) and follow established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts).

Beginning January 1, 2015, as authorized by §1331 and this final rule, states will have an additional option to establish a BHP for certain individuals who meet the income criteria and would otherwise be eligible to obtain coverage through the Exchange. BHP benefits are required to include at least the ten essential health benefits specified in §1301. BHP monthly premiums and cost sharing cannot exceed what an eligible individual would have paid if the eligible individual were to receive coverage from a QHP through the Exchange. A state that operates a BHP will receive federal funding equal to 95% of the amount of the premium tax credits and the cost sharing reductions that would have otherwise been provided to (or on behalf of) eligible individuals if these individuals enrolled in QHPs through the Exchange.

The payment notice named "Basic Health Program; Federal Funding Methodology for Program Year 2015" provides the methodology and data sources to determine the federal payment amounts made to states in program year 2015 that elect to establish a BHP certified by the Secretary under §1331 to offer health benefits coverage to low-income individuals otherwise eligible to purchase coverage through Affordable Insurance Exchanges.

Read the final rule (which was published in the Federal Register on March 12, 2014) at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-12/pdf/2014-05299.pdf>

Read the 2015 payment notice (which was published in the Federal Register on March 12, 2014) at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-12/pdf/2014-05257.pdf>

**3/7/14 Treasury/DOL/HHS filed a notice called "Requests for Information Regarding Provider Non-Discrimination."** The notice is seeking comments on implementation of ACA §1201 with respect to health plans' discrimination of healthcare providers as discussed in [Frequently Asked Questions \(FAQ\)](#) (Set 15) issued by the aforementioned Departments on April 29, 2013. The FAQs regarding implementation of various provisions of the ACA are issued collectively by DOL, HHS and the Treasury.

§1201 prevents insurance companies from discriminating against people with pre-existing conditions and prevents insurers from charging discriminatory rates to individuals and small employers based on factors such as health status or gender. The requirements, effective for health plan years beginning in January 2014, are applicable to non-grandfathered health plans. Furthermore, §1201 states that a "group health plan and a health insurance issuer offering group or individual health insurance coverage shall not discriminate with respect to participation under the plan or coverage against any health care provider who is acting within the scope of that provider's license or certification under applicable state law."

The notice states that the Senate Committee on Appropriations is concerned that the FAQ document advises insurers that the nondiscrimination provision allows them to exclude from participation certain providers based on their licensure or certification status. The notice directs the Departments to correct the FAQ to reflect the ACA and the corresponding congressional intent.

Read the notice (which was published in the Federal Register on March 12, 2014) at: <http://www.gpo.gov/fdsys/pkg/FR-2014-03-12/pdf/2014-05348.pdf>

**3/5/14 HHS/CMS issued the final rule called "Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2015."** The final rule describes payment parameters applicable to the 2015 benefit year and standards relating to: the premium stabilization programs; the open enrollment period for 2015; the annual limitations on cost sharing; consumer protections; financial oversight; and the Small Business Health Options Program (SHOP).

Beginning October 1, 2013, qualified individuals and qualified employees could purchase private health insurance coverage through Exchanges (Marketplaces) for January 1, 2014 effective dates. The ACA established Affordable Insurance Exchanges (§1311(b)) to provide individuals and small business employees with access to health insurance coverage beginning in 2014, where low and moderate income Americans may be eligible for premium tax credits (§1401, §1411) to make purchasing a health plan more affordable by reducing out-of-pocket premium costs. §1311(b)(1)(B) also requires that the Small Business Health Options Program (SHOP) assist qualified small employers in facilitating the enrollment of their employees in qualified health programs (QHPs) offered in the small group market. QHPs are health plans that have been certified by an Exchange, provide essential health benefits ("EHB", §1301) and follow established limits on cost-sharing (like deductibles, copayments, and out-of-pocket maximum amounts).

The ACA established three risk-mitigation programs, which HHS began operationalizing in 2014, to stabilize premiums in the individual insurance market and minimize the effects of adverse selection that may occur as insurance reforms and the Exchanges launch in 2014. These programs include transitional reinsurance (§1341), temporary risk corridors programs (§1342), and a permanent risk adjustment program (§1343) to provide payments to health insurance issuers that cover higher-risk populations and to more evenly spread the financial risk borne by issuers. The transitional reinsurance program and the temporary risk corridors program, which begin in 2014, are designed to provide issuers with greater payment stability as insurance market reforms are implemented. The reinsurance program will reduce the uncertainty of insurance risk in the individual market by

partially offsetting risk of high-cost enrollees. The risk corridors program, which is a federally administered program, will protect against uncertainty in rates for qualified health plans by limiting the extent of issuer losses and gains.

HHS has previously outlined the major provisions and parameters related to the advance payments of the premium tax credit, cost-sharing reductions, and premium stabilization programs. This rule finalizes additional provisions related to the implementation of these programs, including certain oversight provisions for the premium stabilization programs, as well as key payment parameters for the 2015 benefit year.

The rule also finalizes parameters for updating the actuarial value (AV) Calculator which issuers use to determine health plan AVs based on a national, standard population. The tool allows users to measure the AV of health plans and compliance with AV standards established under ACA §1302(d).

The 2015 AV Calculator and Methodology can be accessed at:

[http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/index.html#Premium Stabilization Programs](http://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/index.html#Premium%20Stabilization%20Programs)

Read the final rule (which was published in the Federal Register on March 11, 2014) at:

<http://www.gpo.gov/fdsys/pkg/FR-2014-03-11/pdf/2014-05052.pdf>

**3/5/14 IRS/Treasury issued final regulations called "Information Reporting by Applicable Large Employers: Health Insurance Coverage Offered Under Employer-Sponsored Plans."** The final regulations update the [proposed regulations](#) (which were published in the Federal Register on September 9, 2013). The rule implements Section 6056 of the Internal Revenue Code (Code) as enacted by ACA §1514(a), regarding reporting of employer health coverage.

The final rule provides guidance to employers on their compliance with the Employer Shared Responsibility provisions under Section 4980H (which was added to the IRS Code by ACA §1513). Specifically, the final rule includes direction to "applicable large employers" on their annual reporting requirements under §1514. Such employers are required to report to the IRS information about the health care coverage, if any, they offered to full-time employees, in order to administer the Employer Shared Responsibility provisions under §1513. In addition, such employers are also required to provide statements to employees so that employees may determine whether they are eligible for premium tax credits. According to the Treasury, the regulations provide for a general reporting method and alternative reporting methods designed to simplify and reduce the cost of reporting for impacted employers.

The ACA establishes that certain employers must offer health coverage to their full-time employees or a shared responsibility payment may apply. For 2015 and after, "applicable large employers," those employers employing at least a certain number of employees (employers with 50 or more full-time employees\*) must offer affordable health coverage that provides a minimum level of coverage (§1501) to their full-time employees (and their dependents), or the employer may be subject to an employer shared responsibility payment if at least one of its full-time employees receives a premium tax credit (§1401, §1411) for purchasing individual coverage on one of the Affordable Insurance Exchanges (Marketplaces).

Beginning October 1, 2013, qualified individuals and qualified employees could purchase private health insurance coverage through Exchanges (Marketplaces) for January 1, 2014 effective dates. The ACA established Affordable Insurance Exchanges (§1311(b)) to provide individuals and small

business employees with access to health insurance coverage beginning January 1, 2014. Furthermore, an Exchange makes an advance determination of tax credit eligibility for individuals who enroll in a qualified health plan (QHP) through the Exchange and pursue financial assistance (§1401, 1411, and 1412). QHPs are health plans that have been certified by an Exchange, provide essential health benefits (EHB, §1301) and follow established limits on cost-sharing (such as reduced deductibles, copayments, and out-of-pocket maximum amounts).

\*Under the ACA, 50 full-time employees or a combination of full-time and part-time employees is equivalent to 50 full-time employees. A full-time employee is an individual employed on average at least 30 hours of service per week. An employer that meets the 50 full-time employee threshold is referred to as an applicable large employer.

Read the final regulations (which were published in the Federal Register on March 10, 2014) at: <http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/pdf/2014-05050.pdf>

**3/5/14 IRS/Treasury issued final regulations called "Information Reporting of Minimum Essential Coverage."** The final regulations update the [proposed regulations](#) (which were published in the Federal Register on September 9, 2013) and implement ACA §1502, reporting of health insurance coverage.

The final regulations provide guidance to providers of [minimum essential coverage](#) (MEC, ACA §1501) that are subject to the annual information reporting requirements of section 6055 of the Internal Revenue Code (Code), as enacted by ACA §1514(a). Health insurance issuers, certain employers, governments and others that provide MEC to individuals must report to the IRS information about the type and period of coverage and furnish the information in statements to insured individuals.

Read the final regulations (which were published in the Federal Register on March 10, 2014) at: <http://www.gpo.gov/fdsys/pkg/FR-2014-03-10/pdf/2014-05051.pdf>

Prior guidance can be found at: <http://www.hhs.gov/healthcare/index.html>

## Upcoming Events

### **Integrating Medicare and Medicaid for Dual Eligible Individuals (also known as One Care) Implementation Council Meetings**

Friday, March 28, 2014  
1:00 PM -3:00 PM  
1 Ashburton Place, 21st Floor  
Boston, MA

Friday, April 25, 2014  
10:00 AM - 12:00 PM  
Transportation Building  
10 Park Plaza, Conference Rooms 1-3  
Boston, MA

MBTA and driving directions to 1 Ashburton Place are located here: [www.mass.gov/anf](http://www.mass.gov/anf)

A meeting agenda and any meeting material will be distributed prior to the meeting.

Meetings of the Implementation Council are open to stakeholders and members of the public with an interest in One Care. Reasonable accommodations are available upon request. Please contact Donna Kymalainen at [Donna.Kymalainen@umassmed.edu](mailto:Donna.Kymalainen@umassmed.edu) to request accommodations.

Bookmark the **Massachusetts National Health Care Reform website** at: [National Health Care Reform](#) to read updates on ACA implementation in Massachusetts.

Remember to check the Mass.Gov website at: [Dual Eligibles](#) for information on the "**Integrating Medicare and Medicaid for Dual Eligible Individuals**" initiative.