

Department of Health & Human Services
Centers for Medicare & Medicaid Services
Center for Consumer Information and Insurance Oversight
200 Independence Avenue SW
Washington, DC 20201



June 16, 2015

Mr. Louis Gutierrez
Executive Director
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza
Boston, MA 02108

Dear Mr. Gutierrez:

I am writing with respect to Secretary Burwell's letter of May 26, 2015, in which the Department of Health and Human Services (HHS) granted to the Commonwealth of Massachusetts an extension to the transition period, initially granted in 2013 and extended in 2014, for eliminating the small group market rating factors permitted under state law that are disallowed under the Affordable Care Act. In response to a request from the Massachusetts Health Connector, we are modifying the extension granted on May 26, 2015 as follows:

- For policy years beginning on or after January 1, 2014, but before January 1, 2017, small group market issuers may use 2/3 of the disallowed rating factors;
- For policy years beginning on or after January 1, 2017, but before January 1, 2018, small group market issuers may use 1/3 of the disallowed rating factors;
- For policy years beginning on or after January 1, 2018, small group market issuers must be in full compliance with the rating rules under Public Health Service Act section 2701.

As Secretary Burwell's letter indicated, to strike a balance between providing transition relief, consistent with section 1321(e) of the Affordable Care Act, and promoting fair health insurance premiums, as contemplated by section 2701 of the Public Health Service Act, the transition period in Massachusetts must be limited. Please call me with any questions.

Sincerely,


Kevin Conahan
Director, Center for Consumer Information and Insurance Oversight
Marketplace Chief Executive Officer