



Eligibility Operations Memo 25-06

DATE: April 2025

TO: MassHealth Eligibility Operations Staff

FROM: Heather Rossi, Deputy Chief Operating Officer, Eligibility Policy and Implementation

RE: Changes to MassHealth Premium Assistance Plan Eligibility and Deductible Threshold Guidance

Summary

This memo summarizes changes to MassHealth's Premium Assistance (PA) Program eligibility policies related to deductible thresholds and models such as health reimbursement accounts (HRAs) and similar instruments. These changes reflect changes to 130 CMR 506.012 and 130 CMR 501.001 that are currently in progress.

Effective April 2025, employer-sponsored insurance (ESI) plans with certain HRAs or similar instruments that reduce the deductible below the PA deductible threshold, as described below, will be eligible for MassHealth PA.

A number of ESI plans use HRAs or similar instruments entirely funded by the employer or insurance plan, without member contributions, to lower member deductibles. Because these HRAs and similar instruments are not funded by members, they effectively lower members' out-of-pocket costs at no expense to the members, and they should be considered when determining whether a plan meets the basic benefit level (BBL).

Explanation of Interaction Between HRAs and Deductible Thresholds

Certain types of instruments receive no financial contribution from the plan beneficiary; providers receive payment from these instruments directly. These HRAs or similar instruments pose no financial risk to either the member or MassHealth and truly reduce the stated deductible.

Example:

- An ESI family plan has an overall annual deductible of \$7,000 and an HRA of \$2,000.
 - The HRA receives no financial contribution from the plan beneficiary and pays providers directly.
- As a result, the true deductible of the ESI plan, as experienced by the beneficiary and MassHealth, is \$5,000 after the \$2,000 HRA is subtracted.

- The deductible amount is therefore effectively below the \$5,900 PA deductible threshold for family plans, so the ESI plan is eligible for PA.

Overview of PA Program Eligibility and Deductible Thresholds

MassHealth members on Standard, CommonHealth, Family Assistance, and CarePlus who have access to ESI can get help paying for their ESI premiums through MassHealth PA.

To be eligible for PA, ESI plans must meet the BBL in [130 CMR 501.001: Definition of Terms](#), which outlines covered service requirements, out-of-pocket maximum thresholds, and maximum deductible thresholds for PA eligibility.

All PA plans must have maximum deductible thresholds to protect members and MassHealth from excessive out-of-pocket costs.

The current PA maximum annual deductible thresholds for 2025 are as follows.

- Individual plans: \$2,950
- Family plans: \$5,900

These deductible thresholds are based on the limits set annually by the Massachusetts Health Connector in its “Guidance Regarding Minimum Creditable Coverage (MCC) Regulations” Administrative Information Bulletin.

In addition, according to the MassHealth regulation defining BBL, 130 CMR 501.001: *Definition of Terms*: Basic Benefit Level(2)(a),

For the avoidance of doubt, instruments including but not limited to Health Reimbursement Arrangements, Flexible Spending Arrangements, as described in IRS Pub. 969, or Health Savings Accounts, as described at IRC § 223(c)(2), cannot be used to reduce the health insurance deductible in order to meet the basic-benefit level requirement.

This requirement exists because of concerns that members and MassHealth could pay excessive out-of-pocket costs beyond the deductible threshold.

Changes to PA Deductible Threshold Guidance

New PA Deductible Threshold Guidance

Starting in April 2025, the MassHealth PA Program may approve ESI plans for PA eligibility if an HRA or similar instrument reduces the deductible below the maximum deductible threshold, provided that the instrument meets the following two criteria.

1. The instrument is entirely funded by the employer and/or health insurance plan, with no financial contribution to the instrument by the health insurance policyholder or members of their household.
2. The provider receives payment directly from the instrument and/or health insurance plan, and the health insurance policyholder and members of their household do not pay or require later reimbursement for any of the portion of the deductible reduced by the instrument.

These changes will be reflected in updates to the definition of BBL at [130 CMR 501.001: Definition of Terms](#) and the PA regulations at [130 CMR 506.012: Premium Assistance Payments](#).

Questions?

For answers about PA or the new PA deductible guidelines, or any other information about PA, please contact PA Unit at (800) 862-4840, TTY: (617) 886-8102).

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