



## **Eligibility Operations Memo 25-11**

**DATE:** July 2025

**TO:** MassHealth Eligibility Operations Staff

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

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

### **Summary**

This memo supersedes MassHealth Eligibility Operations Memo 25-06. It also summarizes changes to MassHealth's Premium Assistance (PA) Program eligibility policies related to deductible thresholds and models, such as health reimbursement arrangements (HRAs) and similar benefits. These changes reflect revisions 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 benefits that reduce the deductible below the PA deductible threshold, as described below, are eligible for MassHealth PA.

A number of ESI plans use HRAs or similar benefits funded by the employer or insurance plan to reduce the effective deductible for the member. Because portions or all of these HRAs and similar benefits are not funded by members, they effectively lower members' out-of-pocket costs, and 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 benefits receive financial contributions from the employer or insurance plan; providers receive payment from these benefits directly. These HRAs or similar benefits pose no financial risk to either the member or MassHealth and truly reduce the member's effective deductible.

#### *Example:*

- An ESI family plan has an overall annual deductible of \$7,000 and an HRA of \$2,000.
  - The HRA is funded entirely by the employer, 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

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

- 1. The benefit is entirely funded by the employer and/or health insurance plan, with no financial contribution to the benefit by the health insurance policyholder or members of their household.**

This criterion refers only to an benefit or the portion of an benefit that reduces the annual deductible for an individual’s health insurance plan below the current PA maximum annual deductible thresholds of \$2,950 for an individual plan and \$5,900 for a family plan. The

health insurance policyholder or members of their household may provide a financial contribution to the benefit as long as this financial contribution would not result in the individual or family contributing out of pocket toward their annual deductible an amount exceeding the MassHealth PA maximum annual deductible thresholds.

Example:

- An ESI family plan has an overall annual deductible of \$7,000 and a reimbursement benefit of \$4,000.
  - The employer and the insurance policyholder each contributes \$2,000 to the benefit.
  - The reimbursement benefit 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 employer's \$2,000 contribution is subtracted.
- The policyholder's potential \$2,000 reimbursement benefit contribution does not bring the annual deductible above the PA maximum deductible threshold of \$5,900; therefore, the ESI plan is eligible for PA.

**2. The provider receives payment directly from the benefit 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 benefit.**

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, TDD/TTY: (617) 886-8102.