

FY 18 MassHealth and Commercial Market Reform Package Fact Sheet
(H. 3828, Attachment F)
July 20, 2017

The FY 18 MassHealth and Commercial Market Reform Package includes reforms to MassHealth, the commercial insurance market and employer responsibility provisions

1) MassHealth Reforms

Aligns coverage for non-disabled adults with commercial plans

- Transitions 140,000 non-disabled adults > 100% FPL to the Connector, effective 1/1/19
 - Shifts non-disabled adults >100%FPL to Massachusetts' unique ConnectorCare program which offers affordable coverage
 - At least one \$0 premium plan and copays averaging ~2-3% of income
 - Massachusetts has a state wrap in addition to federal subsidies
 - Similar approach to 2006 state health care reform (Ch. 58), which created the Connector and offered subsidized coverage for adults not on MassHealth
 - Disabled, medically frail (including HIV, breast/cervical cancer) remain in MassHealth
 - Results in \$88M net savings in FY19 (half-year impact)
 - Requires state and federal approval
 - Implementation activities must commence by January 2018
- Aligns MassHealth benefits for all non-disabled adults in MassHealth CarePlus, effective 1/1/19
 - Non-disabled parents and caretakers with incomes \leq 100% FPL enroll in MassHealth CarePlus instead of MassHealth Standard
 - Benefit differences between Standard and CarePlus are non-emergency medical transportation (NEMT) and long term services and supports (LTSS)
 - CarePlus will not cover NEMT except for substance use treatment, pending federal approval
 - Adults with disabilities or who are medically frail remain in MassHealth Standard
 - Requires state and federal approval
 - Implementation activities must commence by January 2018
- Eliminates redundant MassHealth Limited coverage for members eligible for ConnectorCare in FY19
 - ConnectorCare provides comprehensive, affordable health coverage (\$0 premium option)
 - MassHealth will eliminate redundant Limited coverage for emergency services
 - MassHealth and the Connector will conduct an outreach campaign to ensure enrollment in ConnectorCare
 - Grants to community organizations for outreach
 - Requires state and federal approval
 - Implementation activities must commence by January 2018

Adopts widely-used commercial insurance tools to obtain lower drug prices and enhanced rebates

- Authorizes closed formulary with preferred and covered drugs (similar to commercial and Medicare)
 - At least one drug per therapeutic category, similar to commercial and Medicare
 - MassHealth will review any drugs without proven clinical efficacy (e.g., re-formulations of older existing drugs that provide no incremental clinical benefit)
 - Requires state and federal approval
 - Implementation in 2018

- Authorizes procurement of a selective and more cost effective specialty pharmacy network
 - Consistent with standard practice for commercial plans, including MassHealth MCOs
 - Requires state and federal approval
 - Implementation in 2018

Promotes uptake of employer sponsored insurance (ESI)

- Manages enrollment growth by precluding non-disabled adults with access to affordable ESI from being eligible for MassHealth coverage
 - Implements an eligibility “gate” that would not allow non-disabled adults with access to affordable ESI or student health insurance to enroll in MassHealth
 - Affordable coverage is defined as < 5% of income, lower than the Connector’s 9.66% test
 - Includes exception process for financial hardship (e.g., low premium, high cost sharing)
 - Requires state and federal approval
 - Implementation in early 2018
- Reintroduces employer reporting on ESI availability to support gate and premium assistance
 - Requires state legislature approval
 - Implementation upon CMS approval of gate

2) Commercial Insurance Market Reforms

- Imposes a 5 year moratorium on new insurance mandates
- Expands the Connector’s incentive program for small businesses to offer health insurance by seeking authorization to administer federal small business tax credits at the state level
 - Requires federal approval
- Establishes a new mid-level provider, Dental Therapist, to expand access, reduce avoidable emergency department utilization for dental care, and reduce costs
- All above require state legislature approval

3) Employer Responsibility

- Establishes a temporary, two-tiered employer contribution, effective 1/1/18
 - Tier 1 is broad based, raises the current Employer Medical Assistance Contribution (EMAC) from 0.34% to 0.51% of annual wages, up to the annual wage cap of \$15,000
 - Applies to all employers currently subject to EMAC (6 or more employees)
 - Raises the maximum per-employee contribution rate from \$51 to \$77
 - \$75M annual revenue for two years
 - Tier 2 introduces a targeted payment requiring employers to pay an additional 5% of annual wages for each non-disabled employee on public coverage, up to \$15,000 annual wage cap
 - Applies to all employers currently subject to EMAC with non-disabled employees on MassHealth (not in premium assistance) or ConnectorCare
 - Tier 2 results in annual maximum per employee contribution of \$750
 - ~\$125M FY18 revenue (depends on actual # of employees on public coverage)
 - Sunsets in 2 years
- Adjust unemployment insurance contribution, effective 1/1/18
- All above require state legislature approval