**FY 18 MassHealth and Commercial Market Reform Package Fact Sheet**

**(*H. 3828,* A*ttachment 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 < 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

1. **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

1. **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
    - $75Mannual 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