**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