



## Commonwealth of Massachusetts and Federal Healthcare Reform Provisions

If you have a suggestion for something you think we should add to the 'What will change' column, let us know.

Provision	Effective Date	Individual	Small Group	Large Group Fully Insured	Large Group Self-Insured	Large Group Grandfathered	What Will Change?
<b>MARKET REFORMS</b>							
Guaranteed Issue	State 1996 ACA 1/1/2014	✓	✓	✓	✓	✓	In Massachusetts, coverage is offered regardless of health status
Guaranteed Renewal	State 1996 ACA 1/1/2014	✓	✓	✓	✓	✓	In Massachusetts, coverage is renewed regardless of health status
No Pre-existing Condition Exclusion	1/1/2014	✓	✓	✓	✓	✓	No change needed, rarely used in Massachusetts
Rating Reforms For Plan Years beginning on or after January 1, 2014	1/1/2014	✓	✓	No	No	No	Massachusetts will maintain a merged market. ACA rating factors to be phased in over 3 years.
Definition of Small Group	1/1/2016	✓	✓	51-100	51-100	51-100	The definition of small group will change from 1 to 50 to 1 to 100 in 2016.
Medical Loss Ratio: State	Implemented 2010; changes through 2015	✓	✓	✓	No	✓	State: 88% through 2012, 90% until 4/1/14, 89% until 4/1/15 then 88%
Medical Loss Ratio: ACA	2011						80% Small Group 85% Large Group
<b>PRODUCTS &amp; COVERAGE</b>							
Essential Health Benefits	1/1/2014	✓	✓	No, but see annual and lifetime limits	No, but see annual and lifetime limits	No, but see annual and lifetime limits	Massachusetts already has comprehensive benefits; Most plans include benefits similar in scope to the 10 statutory Essential Health Benefits
State Mandates	Add'l mandates enacted after 12/31/2011	✓	✓	✓	No	N/A	States must assume cost of additional benefits in small group market
Actuarial Value (AV), Metal Tiers	1/1/2014	✓	✓	No	No	No	Products sold inside & outside the Connector
Minimum Value of Employer Coverage	1/1/2014	No	No	✓	✓	✓	Although not a requirement, penalties apply when coverage does not provide or is deemed unaffordable



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Lifetime dollar limits	Plan years on or after 9/23/2010	✓	✓	✓	✓	✓	Minimal impact; few plans in Massachusetts have lifetime limits
Annual Limits	Plan years on or after 9/23/2010 & 1/1/2014	✓	✓	✓	✓	✓	Annual limits on EHBs are eliminated completely on January 1, 2014.
Maximum Deductibles and OOP limits	1/1/2014	✓	✓	✓	✓	No	OOP maximum tracks to HSA HDHP; deductibles limited to \$2000/\$4000; MCC regulations recently aligned with ACA; more benefits go toward OOP max
Preventive Services adults and children	Plan years on or after 9/23/2010	✓	✓	✓	✓	No	HNE already offered many preventive services with no cost sharing. Does not apply to out-of-network services.
Preventive Services for Women	08/01/2012	✓	✓	✓	✓	No	Certain religious organizations may be exempt from offering contraceptive coverage
<b>INDIVIDUAL MANDATE</b>							
Minimum Creditable Coverage	Regulations 1/1/2009	✓	No	No	No	No	This is an individual requirement
Minimum Essential Coverage	1/1/2014	✓	No	No	No	No	An individual needs MEC for self and children to avoid paying a penalty
"Play or Pay" Individual Mandate	1/1/2014	✓	No	No	No	No	This is an individual requirement; potential impact to employer if coverage not "affordable"
<b>EMPLOYER MANDATE</b>							
"Play or Pay" Employer Shared Responsibility	1/1/2014 (IRS transition rules for non-calendar year plans)	No	No	✓	✓	✓	Size/ applicability of federal penalty ≠ MA penalty
Employer Reporting Requirements	1/1/2014	No	No	✓	✓	✓	Complicated reporting requirements = administrative burdens



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Minimum Value of Employer Coverage	1/1/2014	No	No	✓	✓	✓	MV calculator for large groups
<b>FEES &amp; ASSESSMENTS</b>							
Risk Adjustment: Transfers funds from lower risk plans to higher risk plans	1/1/2014	✓	✓	No	No	No	Uncertain impact
Reinsurance: Provides funding to carriers for high cost claims	3 Years, 2014-2016	✓	✓	✓	✓	✓	New Fees; may reduce extent to which new rating rules increase individual premiums.
Risk Corridors, Limits issuer losses (and gains)	3 Years, 2014-2016	✓QHPS	✓QHPS	No	No	No	May benefit MA plans because of our high MLRs, but impact is uncertain
Health Insurance Tax	1/1/2014	✓	✓	✓	No	✓	New Fees will increase premiums
PCORI fees	Plans ending after 9/30/2012 (for 7 plan years)	No	No	No	✓	✓ (self-insured)	New Fees for Carriers and Plan Sponsors including sponsors of HRAs; Indirect financial impact
<b>OTHER EMPLOYER REQUIREMENTS</b>							
Coverage for Dependents to Age 26	Plan years on or after 9/23/2010	✓	✓	✓	✓	✓	Minimal impact - MA law substantially complied with this regulation prior to the passage of federal healthcare reform
Reporting Plan Value on W-2	1/1/2013	No	No	250+	250+ (Certain IRS exceptions may apply)	250+	This requirement is informational only.
Auto-enrollment	Delayed: Regulations expected 1/1/2014	No	No	✓	✓	✓	Uncertain impact
Waiting Periods	Plan years on or after 1/1/2014	No	✓	✓	✓	✓	Some changes may be needed



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OB/GYN, Pediatrician, ER services	Plan years on or after 9/23/2010	✓	✓	✓	✓	No	Massachusetts law complied with this regulation prior to the passage of federal healthcare reform
Reporting and Transparency	Effective date not specified	No	✓	✓	✓	No	Additional federal disclosure requirements
Employer Notice of Exchange	Initially 3/1/2013; now delayed	No	✓	✓	✓	✓	Additional notice requirement
Appeals Process	1/1/2012	✓	✓	✓	✓	No	Changes made in 2012 appear to have minimal impact
Summary of Benefits & Coverage	Plan years on or after 9/23/2012	✓	✓	✓	✓	✓	Additional communication requirements
Clinical Trials	1/1/2014	✓	✓	✓	✓	No	Massachusetts has a similar mandate
HIPAA Wellness	1/1/2014	No	✓	✓	✓	No	Incentives increase to 30% in 2014
<b>HEALTH INSURANCE CONNECTOR</b>							
APTCs and CSRs	1/1/2014	✓	No	No	No	No	Employers may be impacted if an employee not offered affordable coverage
Tax & Wellness Credits	Initially 2010 but only available in Connector in 2014	No	✓ (No more than 25 FTEs and annual wage requirements)	No	No	No	Additional state wellness credits also mandated by Chapter 224; Tax & wellness credits may also be available through intermediaries; in 2014 credit goes up to 50%
Catastrophic Health Plans - Individuals under age 30 before the plan year begins, OR Individuals who have been deemed exempt from the individual mandate	1/1/2014	✓	No	No	No	No	Connector Young Adult Plans will be eliminated.