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AFFORDABILITY STANDARDS RECOMMENDED TO CONNECTOR BOARD
Premiums for Thousands Would Also Be Eliminated or Reduced

The staff of the Commonwealth Health Insurance Connector Authority has recommended affordability standards to its board of directors that will result in health insurance coverage for 99 percent of the state's adult population under Massachusetts' historic health care reform law. The recommendations also include the elimination of premiums in the state-subsidized Commonwealth Care health insurance program for an estimated 29,000 low-income Massachusetts residents and reduce premiums for another 23,000.

These recommendations will be presented to the Connector's board for a vote at its Thursday morning meeting. They also call for a generous and constructive process for appealing the applicability of the affordability schedule in light of an individual's circumstances.

"These affordability standards strike the right balance between coverage and affordability," said Leslie Kirwan, Secretary of Administration and Finance and Chair of the Board of the Commonwealth Connector Authority. "They would aggressively expand health insurance coverage while protecting people against financial hardship. In crafting these regulations, we are grateful to have had the input of numerous parties who are committed to the success of health care reform."

The income threshold for an individual who receives a full subsidy and does not have to pay monthly premiums for the Commonwealth Care health insurance program would increase from 100 percent of the federal poverty level (\$10,210) to 150 percent (\$15,315).

For those earning between 151 and 200 percent of the federal poverty level (\$20,420), the monthly premiums for Commonwealth Care would be reduced from \$40 to \$35.

At the newly reduced Commonwealth Care enrollee contribution rates, health insurance will be considered affordable for all 140,000 adults who are eligible for this government-subsidized health insurance program. The same affordability schedule would apply to those below 300 percent of the federal poverty level (\$30,630 for an individual and \$61,950 for a family of four) who have employer-sponsored insurance and are thus ineligible for Commonwealth Care.

For those earning more than the Commonwealth Care income threshold (individuals earning more than \$30,630 and a family of four earning more than \$61,950), a progressive sliding scale of affordability would be established.

An example of what monthly premiums are deemed affordable, based on income under the recommended schedule, is set forth below. As an example, a single individual earning under \$15,315 who is not eligible for Commonwealth Care because he or she is eligible for employer-sponsored insurance would not be penalized for passing up the employer-sponsored insurance offer unless it were free. At the other end of the income scale, a single individual earning between \$40,001 and \$50,000 would not be penalized for passing up the offer if the monthly premium were more than \$300.

<u>Singles</u>		<u>Couples</u>		<u>Families w/Children</u>	
\$0 - \$15,315	(\$0)	\$0 - \$20,535	(\$0)	\$0 - \$25,755	(\$0)
\$15,316 - \$20,420	(\$35)	\$20,536 - \$27,380	(\$70)	\$25,756 - \$34,340	(\$70)
\$20,421 - \$25,525	(\$70)	\$27,381 - \$34,225	(\$140)	\$34,341 - \$42,925	(\$140)
\$25,526 - \$30,630	(\$105)	\$34,225 - \$41,070	(\$210)	\$42,926 - \$51,510	(\$210)
\$30,631 - \$35	(\$150)	\$41,071 - \$50k	(\$270)	\$51,511 - \$70	(\$320)
\$35,001 - \$40k	(\$200)	\$50,001 - \$60k	(\$360)	\$70,001 - \$90k	(\$500)
\$40,001 - \$50k	(\$300)	\$60,001 - \$80k	(\$500)	\$90,001 - \$110k	(\$720)

The Connector wants as many employees as can possibly qualify for a Section 125 plan to have the benefit of purchasing health insurance on a pre-tax basis, which can significantly reduce the cost of premiums. The Connector will aggressively work to enroll those who are eligible for CommCare in payroll deduction, tax-advantaged Section 125 plans.

“Section 125 is a win-win for employers and employees,” said Connector Authority Executive Director Jon Kingsdale. “Everyone saves money. We will pursue an aggressive campaign to promote the establishment of Section 125 plans by all employers across the state. Our plan is to make this easy for employers to do because the pre-tax benefit of purchasing health insurance dramatically reduces the cost.”

For instance, the net cost of the most affordable new basic plan offered by the Connector to the average 37-year-old uninsured individual would be reduced from \$175 per month to \$109 with a Section 125 plan.

When filing next year’s income tax return, an individual who meets this affordability schedule must be able to show that he or she had health insurance by the end of 2007 or face the loss of the personal exemption on their state income tax, which is \$219 for an individual. However, individuals will also have the opportunity to seek a waiver from the mandate, based on their particular circumstances.

The determination of affordability is the last in a series of major policy determinations for the Connector, as it moves toward launch of the Commonwealth Choice plans on May 1 and full implementation of the health care reform law on July 1. After the board approves draft regulations Thursday, the Connector will conduct statewide hearings and finalize the regulations in June.

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