



October 20, 2008

Good Afternoon:

We at the Connector would like to share some good news regarding minimum creditable coverage (MCC). As you know, there has been much speculation about what the MCC standards passed by our board in June 2007 would actually look like when they took effect January 1, 2009.

No additional requirements for January 1, 2009 were made by the Connector Board at its October meeting. In fact, there will be additional flexibility that will be helpful.

Here are the standards:

- A comprehensive set of services (e.g. doctors visits, hospital admissions, diagnostic surgery, mental health and prescription drug coverage).
- Doctor visits for preventive care that are not subject to a deductible.
- A cap on annual deductibles of \$2,000 for an individual and \$4,000 for a family.
- For plans with up-front deductibles or co-insurance on core services, an annual maximum on out-of-pocket spending of no more than \$5,000 for an individual and \$10,000 for a family.
- No caps on total benefits for a particular illness or for a single year.
- No policy that covers only a fixed dollar amount per day or stay in the hospital, with the patient responsible for all other charges.
- For policies that have a separate prescription drug deductible, it cannot exceed \$250 for an individual or \$500 for a family.

However, rather than require three routine preventive visits for an individual and six for a family, the board recognized that plans often cover preventive care using age and gender-specific schedules that are not based on a set number of visits per policyholder. For instance, infants are often provided six or seven visits in the first year, while men in their 30s are provided one annual check-up. Plans will now be allowed to meet pre-deductible preventive care requirements so long as they are comparable to Massachusetts Health Quality Partners recommendations or comparable standards.

<http://www.mhqp.org/guidelines/guidelines.asp?nav=040000>

Also, you are probably aware that High Deductible Health Plans (HDHP) and Health Savings Accounts (HSA) that are compliant with federal rules also meet MCC standards. Beginning January 2010, the underlying health benefits in HDHPs will need to include a broad range of medical services and pre-deductible preventive care requirements. In addition, plan sponsors or carriers must provide individuals enrolled in an HDHP with access to an HSA. However, individuals can decide on their own the extent to which they fund these tax-exempt accounts, which are designed to help people pay for the higher out-of-pocket costs associated with HDHPs.

As you are aware, these standards set the floor for what constitutes health insurance coverage in Massachusetts. Individuals who have policies that don't meet the standards may be subject to a tax penalty. However, MCC does not mean that insurance carriers are prohibited from offering plans that are not MCC-compliant. The burden is on the individual to have the proper insurance. However, we fully expect that while the requirement to have MCC insurance applies to employees, not employers, we feel that employers will be doing their utmost to offer compliant policies so their employees will not be penalized.

All changes effective for January 2009 are designed to increase flexibility for meeting MCC. So, if coverage does not meet each specific provision of the MCC regulations, a process has been developed to enable carriers or plan sponsors to demonstrate that the policy is, in fact, comprehensive and in keeping with the spirit of the law. At the request of carriers or plan sponsors, the Health Connector will review health plans to determine if they fit this exception.

Guidance about the actuarial value "safe harbor" provision and other processes for determining MCC compliance will be made available soon in administrative bulletins. We will also post this information on the Connector's website, www.MAhealthconnector.org, in the coming weeks.

We stand ready to assist you now and in the future.

Sincerely,
Jon Kingsdale
Executive Director