

FAQs Regarding Minimum Creditable Coverage (MCC)

IN GENERAL

Q: What is MCC? Why is the state doing this?

A: The state's Health Care Reform law requires all adult residents who can afford health insurance to obtain it. Defining what constitutes the lowest standard of health insurance – minimum creditable coverage (MCC) - was a responsibility that the reform law gave to the Connector's Board of Directors. In meeting that responsibility, The Connector Board sought to strike a balance by keeping the definition reasonable enough so that residents could meet the standard, while ensuring that the standard provided for comprehensive coverage that would protect residents against financial and medical catastrophe.

Q: When does MCC go into effect?

A: MCC has been in effect since the individual mandate itself went into effect on July 1, 2007. From that date through December 31, 2008, almost all health benefit plans meet MCC. Beginning January 1, 2009, the definition of what constitutes MCC tightens up. It is then that a resident's coverage must include drugs, a deductible of not more than \$2,000/\$4,000, etc. Presently, we are still in "phase I" of MCC implementation, so almost any health benefit plan suffices. This will change on January 1, 2009.

Q: I thought the purpose of Health Care Reform was to make health insurance more affordable. Won't these new requirements drive up costs?

A: Almost all Massachusetts residents already have coverage that will meet the stricter definition of MCC when it goes into effect on January 1, 2009. Some residents will need to upgrade coverage by that time to remain in compliance with the mandate. Residents who find themselves in this situation now have a broad selection of plans from which to choose coverage (Commonwealth Choice – www.mahealthconnector.org).

PRESCRIPTION DRUG COVERAGE REQUIREMENT

Q: Why do I have to have prescription drug coverage?

A: In fulfilling its responsibility to define what constitutes a minimum standard of coverage for Massachusetts residents, the Connector's Board of Directors sought to strike a balance by keeping the definition reasonable enough so that residents could meet the standard, while ensuring that the standard provided for comprehensive coverage that would protect residents against financial and medical catastrophe. The Board felt that prescription drug coverage is an essential component of comprehensive coverage.

PENALTIES AND APPEALS

Q: Will the penalty be pro-rated? In other words, if I have health insurance, but no drug coverage, will I be penalized less than if I had no insurance at all.

A: No. Residents - who can afford to do so - must obtain and maintain coverage that meets all components of MCC, or they will incur a tax penalty for each month that they go without MCC-compliant coverage. Tax penalties will not be pro-rated.

Q: How many residents are without coverage meeting MCC? How many will be subject to the tax penalty?

A: It is not possible to know this number at this time. Various estimates have been made, but they vary widely. It is safe to assume that the vast majority of residents have coverage that meets MCC now and will continue to do so when the stricter definition of MCC goes into effect beginning January 1, 2009.

MCC AND EMPLOYERS

Q: What effect will this have on Massachusetts employers?

A: The vast majority of Massachusetts businesses presently providing health insurance to employees offer coverage that meets MCC. Some businesses may make the decision to upgrade the coverage they offer to employees, but there is no requirement for employers to do so.

Q: Are Massachusetts employers required to offer MCC-compliant coverage to employees?

A: No. The Health Care Reform law does not require businesses to offer health insurance. Obtaining and maintaining MCC-compliant coverage is a responsibility that falls upon Massachusetts adults who are able to afford coverage.

However, Massachusetts employers have a number of responsibilities to meet under the Health Care Reform law. Details on these employer responsibilities may be found at www.mahealthconnector.org.

DOES MY COVERAGE MEET MCC?

Q: I have CommCare - does it meet MCC?

A: Yes.

Q: I have Medicare - does it meet MCC?

A: Yes.

Q: I have Medicare - do I have to have part D?

A: No. Medicare beneficiaries need only have Part A or Part B to fulfill the MCC requirement.

Q: I have coverage through the US Department of Veterans Affairs (VA coverage) - does it meet MCC?

A: Yes.

Q: I have MassHealth - does it meet MCC?

A: Yes.

Q: I have QSHIP (Qualifying Student Health Insurance Program – purchased through a Mass college or university) - does it meet MCC?

A: Yes.

Q: I have coverage purchased through CommChoice – does it meet MCC?

A: Yes.

MISCELLANEOUS

Q: Why can't I get Commonwealth Care if my employer does not offer health insurance meeting MCC, and my income is less than 300%?

A: A number of criteria must be met in order for an individual to be eligible to enroll in Commonwealth Care. One of these is that an individual does not have access to other forms of subsidized health insurance coverage, including employer-sponsored health insurance (ESI).

An individual who finds him/herself in this circumstance can still take up and make use of an employer's health insurance coverage offering. Importantly, an individual in this circumstance would likely be exempt from the individual mandate on the grounds that health insurance is unaffordable for him/her. Details on the affordability exemption are available at www.mahealthconnector.org.

Q: My employer's policy has a deductible of \$2,050, which is more than the \$2,000 allowed [or some other detail that puts individual's coverage just "outside" of MCC]. Will I face the penalty?

A: If your employer's plan does not meet each specific provision of the MCC regulations, a process has been developed that will allow employers to demonstrate that the policy is, in fact, comprehensive and in keeping with the spirit of the law. On a case-by-case basis, the Health Connector will review information about health plans and their "actuarial value" at the request of the employer. A process for reviewing plans is being finalized and additional information regarding the "actuarial value" safe harbor provisions will be on the Connector's web site at www.MAhealthconnector.org.

Q: I have a high deductible health plan (HDHP) with an HSA, is my deductible limited to \$2,000?

A. No. The limits on deductibles and the out-of-pocket maximum for HDHPs are set by the federal government.