

MASSACHUSETTS REQUIREMENTS

Individual Mandate

Individuals living in Massachusetts are required to obtain minimal creditable coverage (MCC) to avoid penalties under the individual mandate. Whether a plan meets MCC is typically confirmed via Form MA 1099-HC, which Massachusetts residents then use for purposes of satisfying the individual mandate when filing their state tax returns.

If the employer offers at least one option that meets MCC standards and communicates that to employees living in Massachusetts, that should be adequate; employees living in Massachusetts should then choose that MCC plan to avoid potential penalties unless they have other MCC coverage elsewhere or qualify for an exemption.

You can find more detail on the individual mandate here - <https://www.mass.gov/info-details/health-care-reform-for-individuals#form-ma-1099-hc>- The 2021 penalties for the individual mandate can be found here - <https://www.mass.gov/technical-information-release/tir-21-1-individual-mandate-penalties-for-tax-year-2021>

Standards for MCC

[https://www.mass.gov/info-details/health-care-reform-for-individuals#minimum-creditable-coverage-\(mcc\)](https://www.mass.gov/info-details/health-care-reform-for-individuals#minimum-creditable-coverage-(mcc))-

- Coverage for a comprehensive set of services (e.g. doctors visits, hospital admissions, day surgery, emergency services, mental health and substance abuse, and prescription drug coverage).
- Doctor visits for preventive care, without 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 the annual limit set by the IRS for high deductible health plans. In 2020, out-of-pocket costs are limited to \$8,150 for an individual plan and \$16,300 for a family plan.
- 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.

Guidance for HDHPs has evolved over the past several years. It appears that qualifying HDHPs are often automatically considered MCC without having to meet the deductible requirements if they are offered alongside an HRA or HSA. See 56 CMR 5.03(3)(c)

(3) Notwithstanding any other requirement under 956 CMRS.03, the following shall be deemed to provide minimum creditable coverage:

(c) a high deductible health plan ("HDHP") which:

1. complies with federal statutory and regulatory requirements under 26 U.S.C. §223; and

2. complies with 956 CMR 5.03(l)(a), (c), (d), and (e) (to the extent the requirements of 956 CMR 5.03(1) are not inconsistent with federal statutory and regulatory requirements for an HDHP under 26 U.S.C. § 223); and either

3. the carrier or plan sponsor facilitates access to an HSA administrator (i.e., financial institution) to enable a Covered Person to establish and fund an HSA in combination with a federally compliant HDHP; or

4. the plan sponsor establishes and maintains a Health Reimbursement Arrangement ("HRA") in combination with a federally compliant HDHP.

Employer Offer Requirements

Employers aren't actually required to offer MCC, or any health insurance coverage (other than what is required under Section 4980H), but employers may choose to do so on behalf of their employees to help them meet their coverage requirements.

Employer Reporting Requirements

Form 1099-HC

Employers are required to report coverage information via the Form 1099-HC if the employer is doing business in MA. Out-of-state employers that have employees who are MA residents but who do not have an actual office location in MA or who do not do business in MA would not be penalized for failing to report. That being said, even out-of-state employers can choose to report on a voluntary basis to make things easier for their employees who are MA residents. See more information on MA's website - <https://www.mass.gov/service-details/learn-about-health-care-reform-as-an-insurance-carrier>

If the employer is required to report (or wants to report as an out-of-state employer) and the carrier or TPA is not sending the Form 1099-HC on behalf of the plan for individuals residing in Massachusetts, the employer can provide it, indicating whether the plan meets MCC requirements. The Form 1099-HC Form should be delivered to covered individuals by January 31 each year, and all of the forms should be provided to the Department of Revenue (DOR) by March 31 each year.

Employer Medical Assistance Contribution (EMAC) & Health Insurance Responsibility Disclosure (HIRD)

Employers with 6 or more employees working in Massachusetts and subject to MA unemployment requirements may be subject to the EMAC and be required to file HIRD form.

EMAC - <https://www.mass.gov/service-details/learn-about-the-employer-medical-assistance-contribution-amac>

Employers are required to make contributions on the first \$15,000 of each employee's wages to help fund MA health insurance programs.

HIRD - <https://www.mass.gov/info-details/health-insurance-responsibility-disclosure-hird-faqs>

Annual reporting due by December 15th each year providing information about the employer's health insurance offering (medical only, not dental or vision). The reporting must be submitted electronically, and must be completed whether the employer offers health insurance or not. The reporting helps MassHealth determine which employees may be eligible for premium assistance.