



## Consumer Guide

# Massachusetts law requires residents to have health coverage

With all the changes in health insurance these days, it can be hard for people to know what kind of health plan is best for themselves and their families. But if you are a Massachusetts resident age 18 or older, you are required to have health coverage that meets certain standards or else you may have to pay a state tax penalty. This requirement is part of Massachusetts state law.

As you consider your health coverage options, you should be aware of specific state coverage standards that are still in effect. This guide is intended to help you ensure that you and your family have health coverage that meet Massachusetts requirements and consumer protections so that you and your family members can avoid state penalties.

## Your Responsibility to Have Comprehensive Coverage

Massachusetts law generally requires adult residents (age 18+) to have health coverage that meets “Minimum Creditable Coverage” (MCC). MCC standards require you to have a plan that cover key health benefits including preventive health care. These standards protect you from severe financial losses as a result of serious illness or injury.

MCC is the level of coverage a Massachusetts resident must have so that they are not penalized under the state’s individual mandate law when filing taxes. MCC standards help ensure that people have the coverage they need and works to keep insurance costs down for consumers.

In addition to Massachusetts law, federal law currently contains a similar requirement that individuals obtain coverage that meets certain standards or face a federal tax penalty. While there will no longer be a federal penalty starting in 2019, Massachusetts residents can still face a state penalty for not having health coverage that meets MCC requirements.

### Remember...

You still have a responsibility to have health coverage that meets certain standards under Massachusetts law, even though similar federal requirements are changing.

# Frequently Asked Questions

## What kinds of health insurance are considered MCC?

The Massachusetts Health Connector (a state agency) has issued regulations to define key benefits that a plan must provide to be considered MCC. These benefits include a broad range of services, and they apply to all members covered by the plan:

- Ambulatory services, including outpatient, day surgery and related anesthesia
- Diagnostic imaging and screening procedures, including x-rays
- Emergency services
- Hospitalization
- Maternity and newborn care, including pre- and post-natal care
- Medical/surgical care, including preventive and primary care
- Mental health and substance abuse services
- Prescription drugs
- Radiation therapy and chemotherapy

Some plans **automatically meet MCC**, such as:

- Medicare
- Medicaid (MassHealth)
- Veterans' Administration coverage
- Student Health Insurance Program (SHIP) coverage
- Any plan offered by the Health Connector

Other plans, such as those offered by employers, can meet MCC as well, and often do. When taking an employer plan, individuals should check that it meets MCC standards.

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## Does MCC include any requirements for cost sharing?

Yes, insurance plans do not meet MCC if they have annual benefit limits on core services and limit the amount a member would have to pay out-of-pocket for care. MCC limits deductibles at \$2,000 for individual coverage and \$4,000 for family coverage.

The maximum out-of-pocket amount for an MCC-compliant plan may not exceed the amount set by the U.S. Department of Health and Human Services each year. In 2018, the maximum out of pocket allowed in an MCC-compliant plan is \$7,350 for an individual and \$14,700 for a family plan.

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## How do I know if a health plan I am enrolled in or am considering enrolling in meets MCC?

All Massachusetts health insurance carriers must include a clear indication of whether a Massachusetts-approved plan meets MCC. Currently, most health plans sold in Massachusetts meet MCC. The Massachusetts Division of Insurance requires that symbols (noted below) be placed prominently on an important plan document, such as the first page of the policy, certificate, or schedule of benefits, that an insured receives.



If the insured health plan **meets MCC** standards:

This health plan meets **Minimum Creditable Coverage standards** and **will satisfy** the individual mandate that you have health insurance. Please see page # for additional information.



If the plan **does not meet MCC** standards:

This health plan, alone, **does not meet Minimum Creditable Coverage standards** and **will not satisfy** the individual mandate that you have health insurance. Please see page # for additional information.

**Look for these symbols on your health plan documents. If a checkmark is missing, you should check with your insurance carrier or your employer, if your plan is through your work, to make sure that the plan meets MCC.**

Also, if you are enrolled in a health insurance plan, you will receive a Form 1099-HC from your health plan in January or February showing the months that you and any dependents had MCC level coverage for the previous year. You will use this form to complete your state income tax returns and see if you owe a penalty for not having MCC coverage. If your plan does not meet MCC standards, this will be reported on the 1099-HC, and you may face a tax penalty for that year.

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## Are there examples of plans that may not meet MCC requirements?

There are types of plans that are more unlikely to meet MCC requirements. You should be cautious if you are offered or enrolled in a plan that is a:

### ➔ Short-term plan

“Short-term limited duration plans” may not satisfy MCC standards. For example, they may have annual caps on benefits. These plans may look similar to typical health insurance for individuals or small businesses, but are exempt from federal Essential Health Benefit requirements, which require plans to cover core benefits like hospitalization, mental health services, and prescription drugs. Even though these plans are subject to state laws, including that they be available regardless of someone’s health status or “pre-existing conditions,” some unscrupulous actors may try to sell limited benefit plans that do not meet state requirements.

### ➔ Association health plan

Some employers may join associations and then offer their workers coverage through an association health plan. It is important to know that association health plan coverage may not meet Massachusetts’s MCC standards<sup>1</sup> and may have different rules and practices from a typical health plan for individuals or small businesses. If you are in doubt about whether a plan you are being offered through your employer’s association meets MCC and other state requirements, please contact the Massachusetts Health Connector and/or DOI.

### ➔ Discount plan

Some companies may try to sell you discount plans/cards, but be aware that these plans are not insurance and do not pay anything toward you and your family’s medical claims. Instead, they allow you to get a discount on the cost of some of your medical treatment. Having a discount health plan does not satisfy the Massachusetts requirement to have health insurance. Discount plans may promise big savings, but enrollees may end up with no savings and no way to get their money back.

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<sup>1</sup>Some association plans may comply with all of Massachusetts’s requirements (MCC and other consumer protections). For example, Massachusetts allows select small group purchasing cooperatives to offer discounts, but these are distinct from Association Health Plans (AHPs).

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## What happens if I enroll in a plan that doesn’t meet MCC?

If you enroll in a plan that does not meet MCC standards, you could be subject to a tax penalty under Massachusetts state law. In 2018, these penalties can be up to \$119/month or \$1,428/year for an individual. This is why it is important to understand whether a plan meets MCC standards before you enroll.

If you enroll in a health insurance plan that doesn’t meet MCC, you will receive a Form 1099-HC that identifies the months you had non-MCC coverage (and the months during which you had MCC coverage, if applicable). The Form 1099-HC is the form Massachusetts residents use to help complete their Massachusetts income tax returns. If you didn’t have MCC and don’t qualify for an exemption, you may owe a tax penalty. (Examples of when an individual without MCC might not owe a tax penalty include being under 150% of the Federal Poverty Level or not have access to an affordable plan.)

If you need a health plan that meets MCC standards, there are many easy ways to find options. You can shop through the Health Connector (where all plans meet MCC) or contact a Massachusetts insurance carrier. You can enroll during Open Enrollment, or, if you have a qualifying event, you can enroll any time of year through a Special Enrollment Period.

## Where can I get more information about MCC?

- ➔ For information about what qualifies as MCC and requirements to enroll in coverage that meets MCC standards in order to avoid a tax penalty, you can **call the Massachusetts Health Connector** at 617-933-3030 or visit the Health Connector's website at **[www.MAhealthconnector.org/minimum-creditable-coverage](http://www.MAhealthconnector.org/minimum-creditable-coverage)**.
- ➔ For information about health insurance in general, please contact the **Division of Insurance at 617-521-7794**. If you have questions about your current coverage, you can contact your insurance carrier or your employer's benefits coordinator.
- ➔ If you need help enrolling in health coverage, the Health Connector can help connect you to coverage that meets state and federal standards. You can enroll through the Health Connector website at [www.MAhealthconnector.org](http://www.MAhealthconnector.org), or you can learn more about in-person help at: **[www.MAhealthconnector.org/here-to-help](http://www.MAhealthconnector.org/here-to-help)**.