

MassHealth Premium Assistance Payment Amount Calculation (130 CMR 506.012 (2))

In order to calculate the actual premium assistance payment amount, MassHealth must review and compare the *estimated premium assistance payment amount* to the MassHealth determined *cost-effective amount*.

Estimated Premium Assistance Amount

The estimated premium assistance amount is calculated by subtracting the employer's share of the member's health insurance premium and the MassHealth required member contribution (Member's MassHealth premium) from the total cost of the health insurance premium.

Cost Effective Amount

For plans where the employer contributes 50% of the total monthly premium (ESI 50% plans), the cost effective amount is calculated to represent the cost of providing direct MassHealth benefits to the members of the Premium Billing Family Group (PBFG) who are beneficiaries of the ESI plan.

(ESI 50% Plans factor in an additional \$150 to the cost effective amount for the policyholder only of the insurance plan)

Comparison of Payment Amounts

- a) if the estimated premium assistance payment amount is less than the cost-effective amount, the premium assistance payment amount is set at the estimated premium assistance amount.
- b) If the estimated premium assistance payment amount is equal to or greater than the cost-effective amount, the actual premium assistance amount is set at the cost-effective amount. In this case, the policyholder is responsible for payment of the remainder of the health-insurance premium, if any.

Example (using "a" above)

Family group: Mom is the policyholder and has two Family Assistance eligible children on MassHealth. Mom is not MassHealth eligible. They are enrolled on a family BCBS plan and the employer contributes 50%.

Total Monthly Premium: \$1506.10

Employer Contribution: \$994.03

Employee Responsible Amount: \$512.07

Required Member Contribution: \$24.00

FPL: 155%

In order to determine Actual Premium Assistance Amount, we must compare the estimated premium assistance payment amount and the cost-effective amount.

Estimated Premium Assistance Amount is calculated by subtracting the employer share of the policyholder's health insurance premium and the MassHealth required member contribution from the total cost of the health insurance premium.

\$1506.10 (Total Monthly Premium)

-\$994.03 (Employer Contribution)

\$512.07 (Employee Responsible Amount)

-\$24.00 (Required MassHealth Member Contribution)

\$488.07 (Estimated premium assistance payment amount)

For ESI 50% plans, The Estimated PA payment amount is compared to the cost of covering 2 children on Family Assistance (\$314 x 2 children = \$628) + \$150 for the policyholder. Total cost-effective amount is \$778.

Is \$488.07 less than \$778? Yes, so the actual premium assistance payment amount is set at \$488.07

Coverage Type	Cost-Effective Amount
Family Assistance	\$314
Standard	\$314
CommonHealth	\$1314
HIV	\$1416
Standard Disabled	\$1314
CarePlus	\$430

Example (using “b” above):

Family group: Mom is the policyholder and has two Family Assistance eligible children on MassHealth. Mom is not MassHealth eligible. They are enrolled on a family BCBS plan and the employer contributes 50%.

Total Monthly Premium: \$2400

Employer Contribution: \$1200

Employee Responsible Amount: \$1200.00

Required Member Contribution: \$24.00

FPL: 155%

\$2400.00 (Total Monthly Premium)

-\$1200.00 (Employer Contribution)

\$1200.00 (Employee Responsible Amount)

-\$24.00 (Required MassHealth Member Contribution)

\$1176.00 (Estimated premium assistance payment amount)

Is \$1176.00 less than \$778? No, so the actual premium assistance payment amount is set at the cost-effective amount of \$778 and the policyholder is responsible for payment of the remainder of the cost of the insurance premium.

*In this example, for Standard, CommonHealth and CarePlus cases, Premium Assistance would not require members to enroll into available ESI if the member’s out of pocket cost would be greater than the cost effective amount.

*For Family Assistance eligible cases, if the estimated Premium Assistance amount is greater than the cost effective amount and the remainder of the cost of the insurance premium is greater than 3% of the family’s monthly income, premium assistance cannot require the member to enroll on the ESI plan.

Other Group Insurance Plans (where the employer contributes less than 50% of the cost of the insurance)

For Other Group Insurance Plans, the cost effective amount is calculated to represent the cost of covering MassHealth eligible PBFM members who are beneficiaries of the Other Group Insurance Plan.

(Other Group Insurance Plans do not factor in an additional \$150 to the cost effective amount for the policyholder only of the insurance plan)

Example (using “b” above):

Family Group: Family of 4. Dad is the policyholder, 1 child is on CommonHealth and Mom and other child not MassHealth eligible. They are enrolled on a family Harvard Pilgrim plan where the employer does **not** contribute toward the cost of the total monthly premium.

Total Monthly Premium: \$2000.00

Employer Contribution: \$0.00

Employee Responsible Amount: \$2000.00

Required Member Contribution: \$250.00

FPL: 450%

\$2000.00 (Total Monthly Premium)

-\$0.00 (Employer Contribution)

\$2000.00 (Employee Responsible Amount)

-\$250.00 (Required MassHealth Member Contribution)

\$1750.00 (Estimated premium assistance payment amount)

For Other Group Insurance Plans, the Estimated PA payment amount (\$1750) is compared to the cost of covering 1 child on CommonHealth (\$1314).

Is \$1750 less than \$1314? **No**, so the actual PA payment amount is set at \$1314.00 and the policyholder is responsible for payment of the remainder of the cost of the insurance premium.

Example (using “a” above):

Family Group: Family of 4. Dad is the policyholder, 1 child is on CommonHealth and Mom and other child not MassHealth eligible. They are enrolled on a family Harvard Pilgrim plan where the employer contributes less than 50% of the total monthly premium.

Total Monthly Premium: \$2000.00

Employer Contribution: \$900.00

Employee Responsible Amount: \$1100.00

Required Member Contribution: \$250.00

FPL: 450%

\$2000.00 (Total Monthly Premium)

-\$900.00 (Employer Contribution)

\$1100.00 (Employee Responsible Amount)

-\$250.00 (Required MassHealth Member Contribution)

\$850.00 (Estimated premium assistance payment amount)

For Other Group Insurance Plans, the Estimated PA payment amount (\$850) is compared to the cost of covering 1 child on CommonHealth (\$1314).

Is \$850.00 less than \$1314? **Yes**, so the actual PA payment amount is set at \$850.00.