

Understanding the Affordable Care Act in Massachusetts:

The minimum income standard for ConnectorCare and how it affects seniors updated June 1, 2020

Is it true you can make too little to qualify for ConnectorCare?

It's strange but true. Under federal law, people with income at or under 100% of the federal poverty level (FPL) are not eligible for premium tax credits,¹ and only people eligible for premium tax credits are eligible for ConnectorCare.² There is an exception to this federal rule for lawfully present immigrants who do not meet the stricter immigrant eligibility rules to qualify for Medicaid; they can qualify for tax credits and ConnectorCare even if their income is below the minimum amount.³ There is *no* exception for people who do not financially qualify for Medicaid based on their assets.

Who is harmed by the 100% FPL income floor?

In states like Massachusetts that have elected to provide Medicaid to adults under age 65 with income up to 133% FPL and no asset test, the income floor harms a group of people age 65 or older who are not enrolled in Medicare. Specifically, it harms seniors with income of 100% FPL or less who are not eligible to enroll in Medicare Part A without a premium⁴ and do not qualify for MassHealth based on their assets. But for the 100% FPL floor, these seniors would qualify for ConnectorCare which, unlike MassHealth for seniors, has no asset test.

What are the financial eligibility standards for people to qualify for Premium Tax Credits and ConnectorCare?

People are financially eligible for premium tax credits if their Modified Adjusted Gross Income (MAGI) for the tax year in which they are seeking coverage is more than 100% FPL but not more than 400% of the federal poverty level.⁷ There is no asset test. ConnectorCare provides additional state subsidies to lower the costs of insurance for individuals eligible for premium tax credits with income no higher than 300% of poverty.⁸ For an individual, 100% FPL is \$12,490 per year, for a couple it is \$16,910 per year. In the Connector, the 2019 poverty levels apply to determine eligibility throughout 2020.

MAGI uses rules for counting income that are different from the rules in the MassHealth regulations that apply to seniors. MAGI is based on expected annual taxable income not current monthly countable income. MAGI households include the tax filer/s and anyone

who can be claimed as a dependent. MAGI is annual adjusted gross income as it will appear on Form 1040 for the tax year in which the applicant is seeking coverage with three additions: tax exempt interest income, tax exempt social security income, and tax exempt foreign income.

What options are there for seniors without Medicare and assets too high for MassHealth to still qualify for ConnectorCare?

First, seniors should make sure that the information on which the Connector makes its decision accurately reflects their expected taxable income for the current year. For people turning 65, the Connector may be relying on information from past tax returns that is no longer up to date. Seniors should make sure they have reported any expected changes that may increase their taxable income, as well as checking whether the three types of tax exempt income that count in MAGI were properly included.

Second, it may be possible for seniors to make changes they were not otherwise planning to make in order to increase their expected taxable income to exceed 100% of poverty. Besides possibilities for increasing income through work, seniors may be able to make changes to their asset ownership that will increase taxable income such as by making withdrawals of tax deferred income from IRAs, 401Ks, and 403B accounts, or selling an investment and realizing a capital gain. Seniors should consult with their accountants or tax advisors to review their options for increasing taxable income and make sure they understand the pros and cons of making any changes.

Seniors with income just over 100% of poverty will qualify for ConnectorCare Plan Type 2A. Plan Type 2A will have at least one plan choice with no premium, but other choices may require a small premium payment; also there will be more copayments, and higher copayments for drugs than in Plan Type 1.

To report a change in expected income, seniors should call MassHealth or the Connector or, if they have an online account at mahealthconnector.org, they may be able to make the change themselves in their online account. The system will make a new eligibility determination based on the reported change.

What are the income and asset rules for people to qualify for MassHealth based on being age 65 or older?

People are financially eligible for MassHealth Standard based on being age 65 or older if their countable current monthly income does not exceed 100% of the federal poverty level, and their countable assets do not exceed \$2000 for an individual or \$3000 for a couple. In 2020, 100% FPL is \$1084 per month for an individual and \$1457 per month for a couple (factoring in a \$20 per month standard deduction). MassHealth rules are largely based on SSI income counting rules and describe how to calculate what counts toward these income and asset standards.⁹ MassHealth income thresholds are adjusted in March for any cost of living increase announced in January of the current year.

What MassHealth options are there for seniors with assets over the \$2000/\$3000 threshold?

There are several MassHealth programs available to people age 65 or older with no asset test. If a senior believes one of these rules may apply, he or she should make sure the system has current information about the individual's circumstances. These programs include:

- MassHealth Standard for seniors who are parents of a child under age 19 or caring for a related child under age 19 when the child's parent is not living in the home,¹⁰ or
- CommonHealth for working disabled seniors.¹¹

There are also MassHealth Standard programs for medically eligible seniors that apply a higher income standard and disregard some or all of a spouse's assets in calculating the countable asset standard. To be medically eligible, a senior must meet a nursing home level of care but be able to live safely at home with long term services and supports.¹² Seniors who believe they may qualify should contact a local Aging Service Access Point (ASAP) and ask about the Frail Elder Waiver or a PACE program in their area.

A MassHealth program called the **Senior Buy-In program for Qualified Medicare Beneficiaries (QMB)** can make Medicare an affordable option. If a senior has income under 130 % of the poverty level and assets less than \$15,720 for an individual or \$23,600 for a couple (2020), the Senior Buy-In (QMB) program can pay Medicare Part A and B premiums and cover Medicare cost sharing.¹³ With income that is higher but under 165% of the poverty level, there are Buy-In programs that will just pay the Part B

premium. Seniors apply using either the Senior Buy-in/Buy-In application or the SACA-2 paper application form (for MassHealth, Health Safety Net and/or Senior Buy-in/Buy-In). Either can be downloaded from the MassHealth website:

<https://www.mass.gov/lists/applications-to-become-a-masshealth-member>

Seniors may also qualify for MassHealth Standard by reducing their assets. Seniors should keep copies of receipts of their expenditures, and when their assets have fallen below the MassHealth threshold, they can establish eligibility.¹⁴ However, for people who need long term nursing facility care or home and community based waiver services, there are potentially severe penalties if they reduce their assets by transferring their assets for less than fair market value within five years of becoming a nursing facility resident or applying for waiver services.¹⁵ To avoid future problems, seniors should be referred to an experienced elder law attorney for advice before transferring their assets.

What other health programs are there for seniors?

- Prescription Advantage provides help paying for prescription drugs. For information on applying, call 800-243-4636 (800-AGE-INFO) or apply on-line at <https://www.prescriptionadvantagemma.org/>
- Health Safety Net protects eligible individuals from being billed by acute hospitals and community health centers for services that they can bill to the Health Safety Net. Seniors apply using the Senior MassHealth application form (SACA-2)
- Veteran's Administration Health Programs enable eligible veterans to receive care through the VA health care system. Apply through the VA Health Benefits Service Center at 877-222-8387 or on-line at www.va.gov/elig Certain veterans with difficulty accessing VA facilities may also be able to see local providers, see <http://www.va.gov/opa/choiceact/>

What is the possibility of more affordable options for low income seniors in the future?

There is currently pending legislation in Massachusetts to increase the financial eligibility rules for seniors in MassHealth. There are pending bills to raise the financial eligibility rules for seniors. For more information on the legislative campaign visit the website of the Massachusetts Senior Action Council <http://www.masssenioraction.org/healthcare/>

Where can seniors go for more information about their options?

To find free legal services near you, visit <http://www.masslegalservices.org/findlegalaid;w> or to find members of the Massachusetts chapter of the National Academy of Elder Law Attorneys, visit <https://www.massnaela.com/>

SHINE programs provide assistance with Medicare and Medicare buy-in programs among other services. Call 800-243-4646, or visit <http://www.mass.gov/elders/healthcare/shine/serving-the-healthinformation-needs-of-elders.html>

Aging Services Access Points (ASAPs) provide information about home and community based waiver programs among other services. Call 800-243-4646 or visit <http://www.mass.gov/elders/healthcare/aging-services-access-points.html>

Certified Application Counselors and Navigators provide help applying for MassHealth or Connector programs. State-wide Navigators include the Health Care for All Help Line 800-272-4232 and the Boston Public Health Commission 617-534-5050, 800-847-0710. To find a local program near you by zip code, visit <https://betterhealthconnector.com/enrollment-assisters>

City/Town Veterans Agents assist veterans in obtaining services, contact your local city or town hall for information on your local veteran's agent.

MassHealth Enrollment Center,

888-665-9993

Connector Customer Service,

877-624-6765

Address any questions or comments about this paper to Vicky Pulos,
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¹ 45 CFR § 155.305(f) and 26 CFR § 1.36B-2(a) and (b).

² ConnectorCare provides additional state subsidies for individuals eligible for premium tax credits. 956 CMR 12.04

³ 26 CFR § 1.36B-2(b)(5).

⁴ People who are enrolled in Medicare or eligible for premium-free Medicare Part A are not eligible for premium tax credits regardless of income. 45 CFR § 155.305(f). This bar does not apply to seniors not enrolled in Medicare who would have to pay a premium to enroll in Medicare Part A. IRS Notice 2013-41 (June 26, 2013).

⁷ 45 CFR § 155.305(f) and 26 CFR § 1.36B-2(a) and (b). This rule is subject to the exception described above for certain immigrants.

⁸ 956 CMR 12.04

⁹ 130 CMR §§519 and 520.0 et seq. Because eligibility for tax credits is based on expected annual taxable income but eligibility for Medicaid is based on current monthly countable income, it is also possible that some seniors, who are under 100% of poverty for purposes of tax credit eligibility, are over 100% of poverty for purposes of Medicaid eligibility, and therefore over-income for MassHealth not over-asset. There is a solution to this Catch-22 for people whose Medicaid eligibility is also based on the new tax methodology (MAGI) but it does not help seniors whose Medicaid eligibility is based on countable income not the MAGI methodology. 130 CMR §506.007(D)(Safe Harbor Rule).

¹⁰ 130 CMR § 519.005(C)

¹¹ 130 CMR § 519.012. To qualify, seniors will need to complete a disability supplement and be determined disabled by MassHealth and will need to verify that they are employed for at least 40 hours per month.

¹² 130 CMR § 519.007 (B)-(H) (frail elder, PACE, and other home and community based waiver programs).

¹³ 130 CMR § 519.010

¹⁴ 130 CMR § 520.004

¹⁵ 130 CMR §§ 520.018 and 520.019