



# MCC COMPLIANCE and ISSUING A 1099-HC: GUIDANCE for CARRIERS and PLAN SPONSORS

## PURPOSE

The purpose of this document is to assist plan sponsors, health carriers and third-party administrators with the process of issuing 1099-HC documentation pursuant to M.G.L. c. 62C, § 8B for health insurance coverage that is compliant with Massachusetts' Minimum Creditable Coverage (MCC) standards, as established by the Board of the Commonwealth Health Insurance Connector Authority (Health Connector).<sup>1</sup> The guidance contained in this document may be used by carriers, plan sponsors and third-party administrators for health benefit plans that meet MCC, but due to the structure of the benefits, how the benefits are arranged, or because multiple vendors are involved in the delivery of the plan, the health carrier or third-party administrator may request confirmation from the plan sponsor that the health benefit plan provided to members complies with the Health Connector's MCC regulations before the carrier or third-party administrator agrees to issue 1099-HC documentation.

For example, there are instances in which a plan sponsor contracts with two or more entities as part of the delivery of the health benefit plan (e.g., the medical benefit may be administered by a health insurer, the pharmacy benefit may be handled by a pharmacy benefits manager, and the mental health and substance abuse benefit may be administered by a separate entity), and therefore each benefit - on its own - would not meet the Health Connector's MCC requirements. However, together, the health benefits plan provided to the plan sponsor's members complies with the MCC requirements.<sup>2</sup>

By way of another example, there are instances in which a plan of benefits deviates from MCC solely because the plan deductible exceeds the \$2,000 individual/\$4,000 family maximum limits in the MCC regulations. However, if the employer funds a Health Reimbursement Account (HRA) that covers the amount that the plan's deductible exceeds the MCC deductible limits, the net effect to the member is that his/her deductible meets MCC standards and the plan would be MCC compliant.<sup>3</sup>

In recognition of these and other arrangements, this document is designed to allow a plan sponsor to certify to a medical carrier or third-party administrator that the package of benefits provided to the members does meet the Health Connector's MCC standards. Upon receipt of the plan sponsor's certification, the medical carrier or third-party administrator may then issue the 1099-HC. In addition, the medical carrier or third-party administrator may use this certification for the purpose of providing to the Department of Revenue a list of Massachusetts residents covered by the MCC-compliant health benefits plan.

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<sup>1</sup> 956 CMR 5.00-5.06

<sup>2</sup> 956 CMR 5.03(2)(i).

<sup>3</sup> 956 CMR 5.03(2)(j).

## PLAN SPONSOR INFORMATION

Please complete the information below.

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First Name	Middle Name	Last Name
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Title

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Employer/Plan Sponsor	Name of Health Insurance Plan	Group Number
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Address	City, State	Zip Code
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Email Address	Phone
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If applicable, please complete the information below.

The medical benefits for this plan are administered by:

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The prescription drug coverage for this plan is administered by:

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The mental health and substance abuse benefits for this plan are administered by:

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If applicable, please indicate if your plan allows those covered by the plan to decline or “opt out” of certain portions of the coverage (e.g., a member could elect medical benefits and prescription drug coverage only but opt-out of mental health and substance abuse benefits):      Yes\_\_\_\_ N/A \_\_\_\_

Note: A plan sponsor/employer can only attest that the coverage is creditable if all their members in the plan subject to the Massachusetts mandate select all coverage options. If any member opts out of any portion of the coverage that would make it non-creditable, the plan sponsor/employer cannot attest that the combined coverage is creditable. In this case, the plan sponsor/employer is responsible for issuing 1099-HC's on an employee by employee basis.

If applicable, please describe other ways (i.e., other than the plan sponsor contracting with separate entities for delivery of the health benefits plan) in which the plan, on its own, does not meet MCC regulations, but as a result of a particular arrangement between the plan sponsor and those covered by the plan, it meets these standards (e.g., an employer funded HRA covers the difference between the plan deductible and the MCC deductible limit).

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If applicable, please indicate below the months of coverage for which the package of benefits meets the MCC requirements. Do not fill in the months for which the plan did not meet the MCC requirements. If the plan meets the MCC requirements for the full year (i.e., taxable year), please so indicate below.

Full-year minimum creditable coverage: \_\_\_\_

Jan: \_\_\_\_ Feb: \_\_\_\_ Mar: \_\_\_\_ April: \_\_\_\_ May: \_\_\_\_ June: \_\_\_\_ July: \_\_\_\_ Aug: \_\_\_\_ Sept: \_\_\_\_ Oct: \_\_\_\_ Nov: \_\_\_\_ Dec: \_\_\_\_

### PLAN SPONSOR ATTESTATION

I attest that the package of benefits meets the MCC requirements as spelled out in MCC Regulations, 956 CMR 5.00-5.06. I declare that to the best of my knowledge and belief that the information included in this document is true. I attest that I am authorized to submit this documentation on behalf of the plan sponsor/employer listed above for the purpose of illustrating compliance with MCC standards.

\_\_\_\_\_  
First Name (Print) Middle Name Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date