

Joint Committee on Health Care Financing 2025-2026 (194th) Bill Summary

<u>Bill Number:</u>	House, No. 1399
<u>Title:</u>	AN ACT RELATIVE TO AN INDIVIDUAL MEDICARE MARKETPLACE OPTION Act
<u>Sponsor:</u>	Representative Alice Hanlon Peisch (Wellesley)
<u>Hearing Date:</u>	June 18, 2025
<u>Reporting Deadline:</u>	August 17, 2025
<u>Prior History:</u>	2023-24 (H1234): Ordered to a House Study
<u>Similar Matters:</u>	N/A

Current Law:

Chapter 118E of the General Laws establishes the Division of Medical Assistance (MassHealth) within the Executive Office of Health and Human Services

M.G.L. Chapter 32A § 4 directs the GIC to negotiate and purchase, from one or more insurance companies, savings banks or non-profit hospital or medical service corporations, a policy or policies of group life and accidental death and dismemberment insurance covering persons in the service of the commonwealth, and group general or blanket insurance providing hospital, surgical, medical, dental and other health insurance benefits covering persons in the service of the commonwealth and their dependents.

M.G.L. Chapter 32B § 25 authorizes municipalities to provide health reimbursement arrangements to reimburse subscribers for qualified medical expenses which may include out-of-pocket costs such as inpatient and outpatient copayments, calendar year deductibles, office visit copayments and prescription drug copayments.

Summary:

SECTION 1 amends section 4 of chapter 32A by allowing retired local government employees and their Medicare-eligible dependents to buy their health insurance through the individual Medicare marketplace (like Medicare Advantage or Medigap plans), instead of using a traditional group plan offered by their former employer. Instead of the employer paying a portion of the group insurance premium (like they used to), the employer will give the retiree a Health Reimbursement Arrangement (HRA)—a type of account used to reimburse them for individual Medicare plan premiums and possibly other out-of-pocket costs. The minimum annual funding for each retiree’s HRA will be calculated like this:

50% of the:

- Cost of the cheapest Medicare Supplement 1 plan in Massachusetts (as of January 1 that year); **plus**
- Average Medicare Part D (drug plan) premium in Region 2 (for the previous year).

SECTION 2 amends section 25 of chapter 32B by allowing retired local government employees and their Medicare-eligible dependents to buy their health insurance through the individual Medicare marketplace, instead of using a traditional group plan offered by their former employer. Instead of the employer paying a portion of the group insurance premium, the employer will give the retiree an HRA. The minimum annual funding for each retiree’s HRA will be calculated like this:

X% of:

- The lowest cost Medicare Supplement 1 plan in Massachusetts (as of Jan 1),
plus

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- The average Part D premium in Region 2 (from the prior year).

Here, X% = the same percentage the Commonwealth currently pays toward group plan premiums for retirees