

September 5, 2018

Re: Important information about changes to your 2019 Plan coverage

Dear Participant,

In 2017 and 2018, the SAG-AFTRA Health Plan (Plan) provided comprehensive dependent maternity health coverage to Massachusetts residents in order to meet the state of Massachusetts' minimum creditable coverage (MCC) requirements. **In 2019, the Plan will no longer offer comprehensive dependent maternity health coverage, and will therefore no longer meet the Massachusetts MCC requirements as of January 1, 2019.** If the Plan is your sole source of health coverage in 2019, you could be subject to tax penalties in Massachusetts starting with your 2019 tax year filing, which is done in 2020. We cannot provide advice regarding your personal health coverage or tax situation, but wanted to inform you of this as soon as possible so that you can make informed decisions regarding your health care for 2019.

#### **What to know for 2019 and 2020**

Over the past two years, representatives of SAG-AFTRA have been working with the Massachusetts Health Connector (Connector) to try to obtain relief from state tax penalties for Massachusetts participants. SAG-AFTRA has explained that the Plan offers comprehensive benefits, complies with the requirements of the Affordable Care Act (ACA) and applicable federal law, and offers "minimum essential coverage" and "minimum value" coverage as required under the ACA. In spite of these efforts, the Connector was unable to waive its coverage requirement or provide an advance exemption for Massachusetts residents. However, there are two pathways for addressing any potential tax penalties that SAG-AFTRA was able to secure through this effort and that the Connector has assured us will be available to Massachusetts participants:

1. **Group Exemption:** The Connector did agree to permit the Plan to apply for a group exemption for Massachusetts residents covered by the Plan for use when filing their state income tax returns to avoid being assessed any penalties for not meeting the MCC requirements. The Plan will file for this exemption on behalf of all covered individuals residing in Massachusetts for the 2019 tax year. We have been advised that the Connector will then issue a group exemption; we expect to provide you with an exemption number in advance of your state personal income tax filing deadline in 2020 for the 2019 tax year. However, while we have been assured of this by the Connector, there cannot be a firm guarantee.
2. **Individual Appeal:** If for any reason we are unable to obtain a group exemption, we will work with all Massachusetts residents in their individual appeals of any assessments of tax penalties in 2020 based upon failing to comply with the MCC requirements. We will provide you with a letter documenting the comprehensiveness of Plan coverage, which you can include with your appeal. It is our understanding, based on SAG-AFTRA's discussions with the Connector, that such appeals will be granted and no penalty will be assessed.

Please note that this change will only affect your tax filings in Massachusetts for the 2019 tax year and thereafter. This will not affect your status under the ACA and your responsibilities for maintaining health coverage. Also note that Massachusetts periodically changes its requirements for a plan to be considered MCC and, in the future, the Plan's coverage may in fact meet the MCC requirements. If that becomes the case, we will let you know.

**Background: Temporary Extension of MCC in 2017 and 2018**

The SAG-AFTRA Health Plan, which took effect January 1, 2017, offers benefits to eligible participants and their dependents that are comprehensive and fully compliant with ACA and all applicable federal laws. When the Plan was designed, it did not include comprehensive dependent maternity coverage, which Massachusetts requires in order to meet state-mandated MCC requirements. Massachusetts is currently the only state with this requirement. In 2017 and again in 2018, the Trustees of the Plan agreed to make an accommodation for eligible participants and their dependents by offering benefits in the state that constitute MCC for purposes of Massachusetts state tax requirements.

As we have communicated in prior notices, the Plan is not governed by Massachusetts or any other state laws, and is not required to comply with state insurance or other state laws affecting health coverage. Nonetheless, the Trustees of the Plan agreed, on a temporary basis, to offer Massachusetts residents coverage for dependent maternity benefits during 2017 so that SAG-AFTRA would have time to collaborate with the Connector to try to obtain relief for Massachusetts residents. In July 2017, when it became apparent that additional time was needed to work with the Connector, the Trustees of the Plan agreed to extend MCC-compliant coverage for an additional year, through 2018.

**Upcoming Participant Meetings**

We understand that you may have questions about this change, and have scheduled the following meetings to provide you with an opportunity to meet with Plan representatives for more information. Please RSVP to [NewEngland@sagaftra.org](mailto:NewEngland@sagaftra.org) and indicate which meeting you will be attending.

**Massachusetts Participant Meetings**

SAG-AFTRA New England Local Office  
20 Park Plaza, Suite 822  
Boston, MA 02116

**September 16, 2018**

6:00pm – 7:00pm

**September 17, 2018**

9:30am – 10:30am

Information regarding Massachusetts' coverage requirements and the plans available through the state of Massachusetts is available at <https://betterhealthconnector.com>. For more information about health insurance options available through the Health Insurance Marketplace, and to locate an assister in your area whom you can talk to about the different options, visit [www.HealthCare.gov](http://www.HealthCare.gov). For information regarding the SAG-AFTRA Health Plan, visit [www.sagaftraplans.org/health](http://www.sagaftraplans.org/health).

Sincerely,

SAG-AFTRA Health Plan