

Vermont Legislative Joint Fiscal Office

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ISSUE BRIEF

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Employers' Health Care Fund Contribution ("Employer Assessment")

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History

Act 191 of 2006 – the act that also created Catamount Health – required the Vermont Department of Labor (DOL) to collect the *Employers' Health Care Fund Contribution* (a.k.a. the "employer assessment"). According to the statute, it was established "to provide a fair and reasonable method for sharing health care costs with employers who do not offer their employees health care coverage."¹ This process is carried out in conjunction with the current unemployment insurance (UI) quarterly reporting of wages and UI taxes.

Employers pay the contribution for their "uncovered employees."

- 21 V.S.A. chapter 25 requires an employer to pay the contribution for "uncovered employees," which means:
 - An employee of an employer who does not offer to pay any part of the cost of health care coverage for its employees;
 - An employee who is not eligible for health care coverage offered by an employer to any other employees; or
 - An employee who is offered and is eligible for coverage by the employer but elects not to accept the coverage and either:
 - is enrolled in Medicaid;²
 - has no other health care coverage under either a private or public plan except Medicaid; or
 - has purchased health insurance coverage as an individual through the Vermont Health Benefit Exchange (Vermont Health Connect).³
- DOL rules also require employers to pay the contribution for a "seasonal" or "part-time" employee who:
 - Has Medicaid; or
 - Has no coverage; or
 - Has worked 21 weeks or more (seasonal employees); or
 - Works more than 389 hours in the reporting quarter (part-time employees).
- DOL rules treat an employee as "uncovered" when no declaration of coverage form is on file from an employee who declines the employer's offer of health coverage.

¹ 21 V.S.A. § 2001

² Act 174 of 2014 (Misc. Tax bill) amended the statutes to include language regarding Medicaid enrollees.

³ Act 54 of 2013 amended the statutes to include language regarding enrollees of Vermont Health Connect.

How is the contribution calculated and paid?

The DOL website has a useful employer health care reporting FAQ to help employers calculate their contribution. The FAQ can be found at:

<http://labor.vermont.gov/unemployment-insurance/employers/employer-health-care-contribution-information/>

The contribution is paid on the number of uncovered full-time employees (FTEs) as determined above. The rules set forth a methodology for calculating FTEs and hours worked and provide worksheets to help employers determine their contribution.⁴ In addition, the law allows for a certain number of FTEs to be exempted from the calculation. Currently that exemption is four FTEs.

❖ *Full-time equivalent* – The number of employees expressed as the number of employee hours worked in Vermont during a calendar quarter divided by 520. The FTE calculation is based on a 40-hour work week.

How much is the employer assessment and how much money has it raised?

- Beginning January 1, 2017, the contribution is \$158.77 per uncovered FTE / per quarter.
- As of January 1, 2015, the amount of the contribution is adjusted annually “by a percentage equal to any percentage change in premiums for the second lowest cost silver-plan in the Vermont Health Benefit Exchange.”⁵ Prior to 2014, the contribution was indexed to the increase in premiums for Catamount Health. If premiums decrease, however, the contribution does not also decrease.
- The contribution rate was increased to \$133.30 beginning July 2014. Beginning January 2015, it has been and will continue to be adjusted at the beginning of each calendar year.

Employer Assessment & Revenues, 2008-Present

Historical Revenues		Rate
2008	\$5,782,143	\$91.25
2009	\$6,020,213	
2010	\$7,113,457	\$101.74
2011	\$9,232,182	\$101.74 / \$113.03
2012	\$11,168,000	\$113.03 / 119.12
2013	\$11,886,600	\$119.12
2014	\$12,995,400	
2015	\$15,879,665	\$133.30 / \$140.84
2016	\$17,896,335	\$140.84 / \$151.12
2017 Est.	\$19,075,073	\$151.12 / \$158.77
2018 Est.	\$20,128,813	\$158.77 / \$165.12

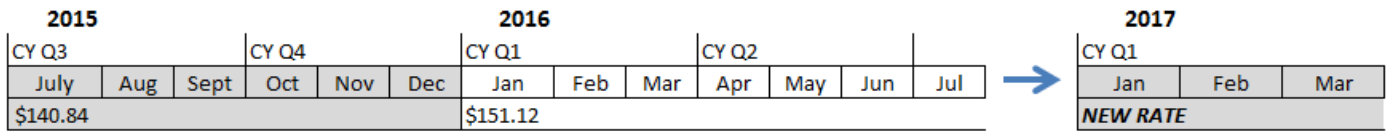
} = Est. Revenues

⁴ <http://labor.vermont.gov/Portals/0/UI/HC-1.pdf>

⁵ 21 V.S.A. § 2003(b)

Revenues from the employer assessment are deposited into the State Health Care Resources Fund, which is used to fund State health care programs including Medicaid and subsidies for Vermont Health Connect.

EMPLOYER ASSESSMENT RATE & INDEX VISUAL



Q3 due 10/31/15

Q4 due 1/31/16

Q1 due 4/30/16

Q2 due 7/31/16

Indexes at the beginning of Calendar Year

Index adjusted by a percentage equal to the percentage change in premiums for the 2nd lowest cost silver-level plan in Vermont health benefit exchange.

EMPLOYER ASSESSMENT DATA

* Based on Data provided by the Department of Labor

FY 2015 - Average Quarterly Collection data

Employee Breakdown of Reporting	Avg. # employers reporting some FTE's	Avg. Reported FTE	Actual Contributions Due*
1-9	648	1,375	\$723,533
10-19	871	3,849	\$2,027,197
20-49	681	6,455	\$3,396,915
50-249	433	9,412	\$4,947,466
250+	108	8,891	\$4,695,134
TOTAL	2,741	29,982	\$15,790,245

* Note: Revenues don't reconcile with other chart.

These are contributions "due" versus "collected"