

Vermont Health Connect Update

Robin Lunge, Director of Health Care Reform
Agency of Administration

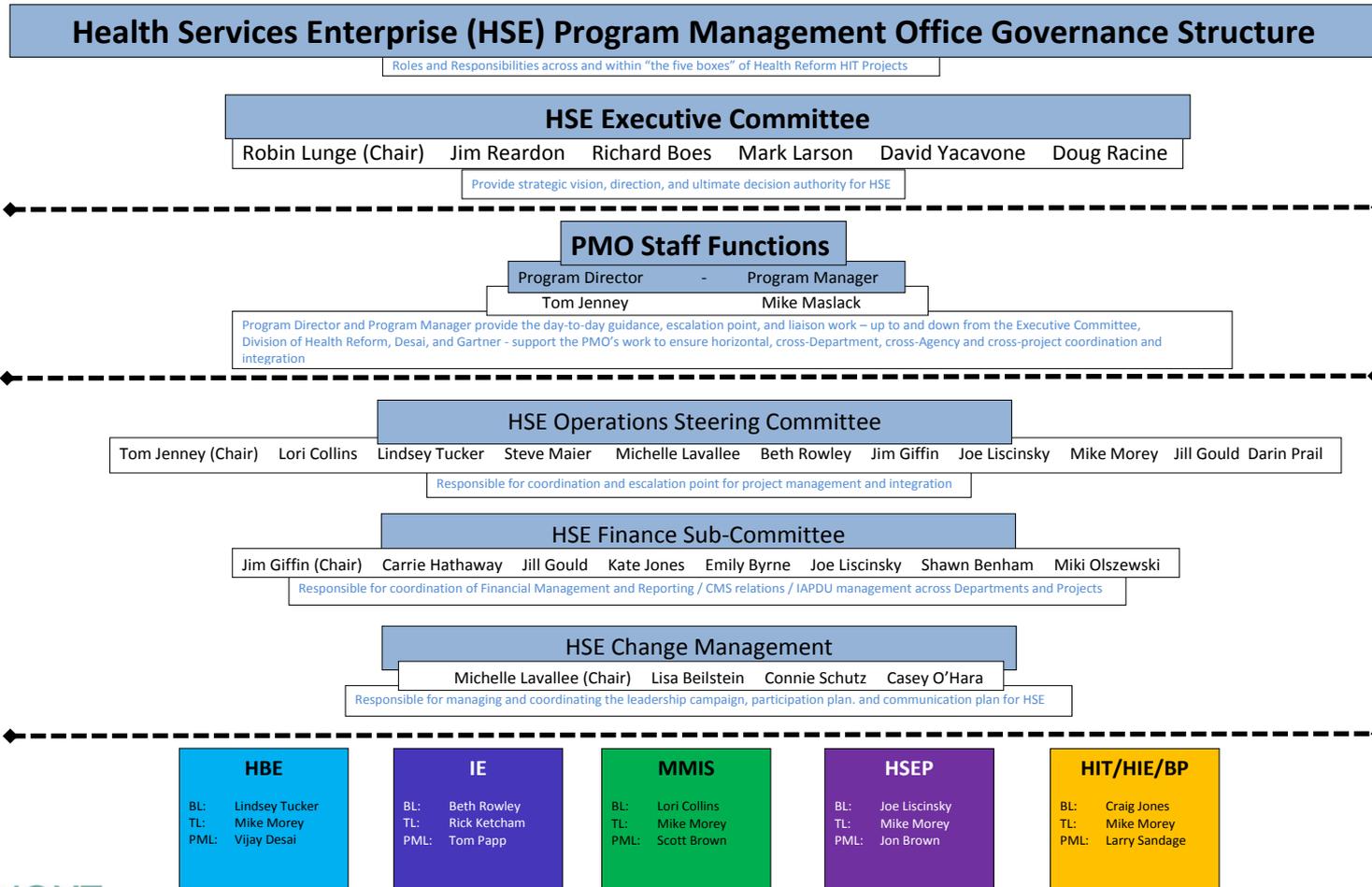
June 25, 2013

Health Care Oversight Committee

Today's Presentation

- Introduce Michael Costa & his new role
- Role of DII in health reform
 - With Commissioner Boes
- Health Reform Goals & Overview
- What is the Vermont Health Connect?
- Standardized Health Coverage Options
- Employer and Employee Choices
- Accessing Health Coverage

DII Collaboration



DII Roles

- Approval of IT Contracts over certain amount
- Independent Review
- Enterprise Architecture

Health Reform Goals



Timeline

Green Mountain
Care
Expanded
Medicaid

Today

Vermont
Health Connect

2014

Green
Mountain Care
(unified
system)

After ACA waiver is available

TODAY – SEPTEMBER 2013

Design of Vermont Health Connect is underway. Updates and information will be available on VermontHealthConnect.gov.

OCTOBER 1, 2013 – MARCH 31, 2014

The first “open enrollment” period when Vermonters can compare plans and select the one that fits their needs and budget.

JANUARY 1, 2014

Health coverage begins for plans purchased through Vermont Health Connect. Starting on this date, Vermont Health Connect will be the only place where individuals and small businesses can get health insurance.



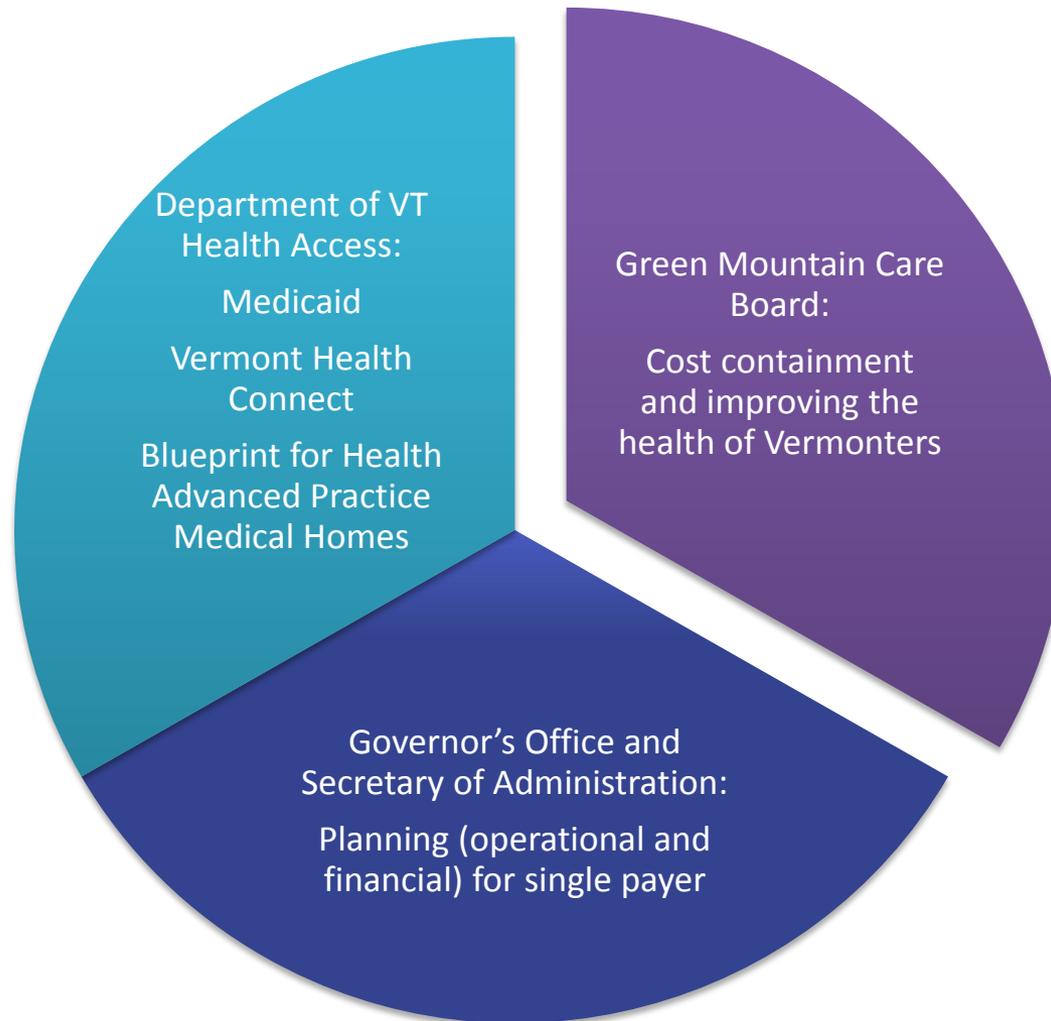
Find the plan that's right for you.

Vermont Act 48

Three main components:

- **Green Mountain Care Board**
 - To control health care cost growth
- **Vermont Health Benefit Exchange**
 - To allow individuals and businesses to compare health plans and select one that fits their needs and budget
- **Green Mountain Care**
 - To ensure high-quality health coverage for every Vermont resident

Who does what in Vermont health reform?



Affordable Care Act Changes to the Insurance Market

- Individual mandate
- Medicaid expansion
- Guaranteed issue for pre-existing conditions
- Coverage on parents' plan until age 26
- Co-pay free preventive care

Vermont Law Changes to the Insurance Market

- Insurance plans offered to individuals and small businesses in 2014 will *only* be available within the Exchange
- Define small group at 50 full-time employees or fewer (2014-2015)
- Individual and small group markets merged
- Specified role for brokers

Who Can Get Coverage?

In 2014:

- Individuals and families without employer-sponsored coverage
 - Some employees whose employer plan does not meet minimum federal standards
- Small businesses (50 full-time employees or fewer)

In 2016:

- Businesses with 100 employees or fewer are added

Eligibility & Enrollment Private Health Insurance Market

2012

2014

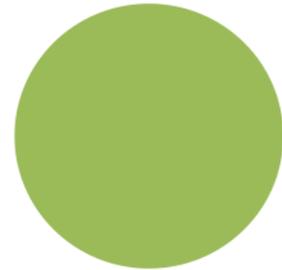
Uninsured
44,568

Catamount
14,069

Associations
20,716

Individual
4,014

Small Group
40,829



Public Programs & Uninsured

- VHAP and Catamount programs will end, with current beneficiaries moving into Medicaid or the Exchange

	2012 Population	2014 Migration	
		Medicaid	Exchange QHP
VHAP	38,602	28,587	10,015
CHAP	11,427	2,294	9,133
Uninsured	44,568	1,563	13,707

New Medicaid coverage

- Income eligibility increases to 133% FPL
- For individuals moving from VHAP to Medicaid:
 - Reduced premiums
 - Reduced out-of-pocket costs
 - Increased benefits

Private Health Coverage is Standardized

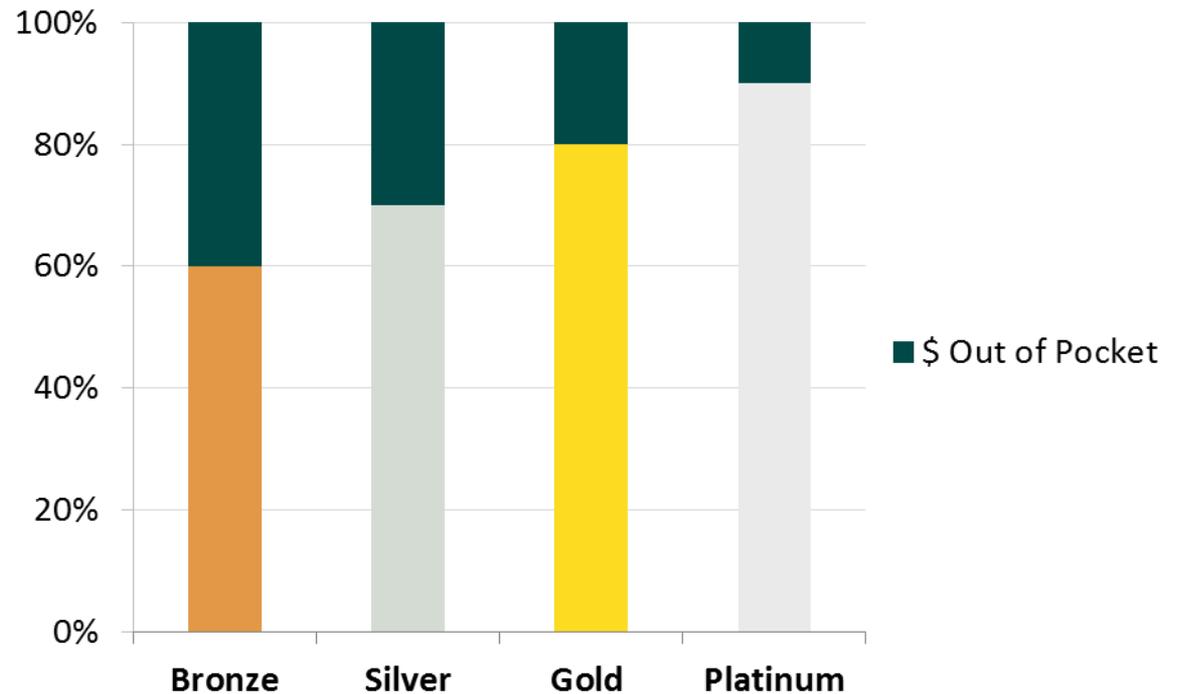
All Plans Offer Standard Benefits

- All plans must have “**essential health benefits**” but the amount that insurance will cover and additional benefits will vary
- The plans offered in the state must be “substantially equal” to this benchmark plan
 - Ambulatory patient services
 - Emergency services
 - Prescription drugs
 - Rehabilitative and habilitative services and chronic disease management
 - Hospitalization
 - Maternity and newborn care
 - Mental health and substance use disorder services, including services behavioral health treatment
 - Laboratory services
 - Preventive and wellness
 - Pediatric services, including oral and vision care

Plans are Offered at Standard Metal Levels

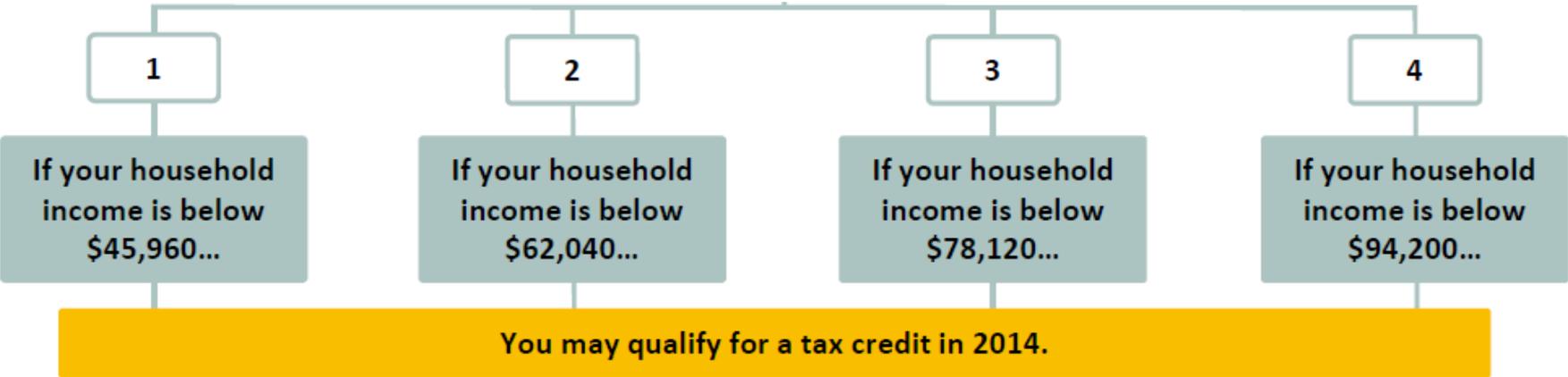
Qualified Health Plans (QHPs) are being developed based on the following “metal levels”:

- Bronze
- Silver
- Gold
- Platinum



Individual Tax Credits & State Assistance Make Plans More Affordable

- Uninsured individuals and families, those who become uninsured, and those whose employers don't offer or drop insurance coverage may receive a tax credit that will pay part of their premium for the plan they purchase through the Exchange.
- This tax credit is available to those earning less than 400 percent of the federal poverty level. For families of 1, 2, 3, 4...



Vermont Health Connect Subsidy Calculator

Available at VermontHealthConnect.gov:

http://healthconnect.vermont.gov/tax_credit_calculator

VERMONT HEALTH CONNECT Subsidy Calculator

CALCULATOR

Enter Info About Your household

How many adults are in your family?

1

How many children are in your family?

0

What's your family income per year?

\$

Is anyone 65 or older? No Yes

Is anyone eligible for insurance through an employer? No Yes

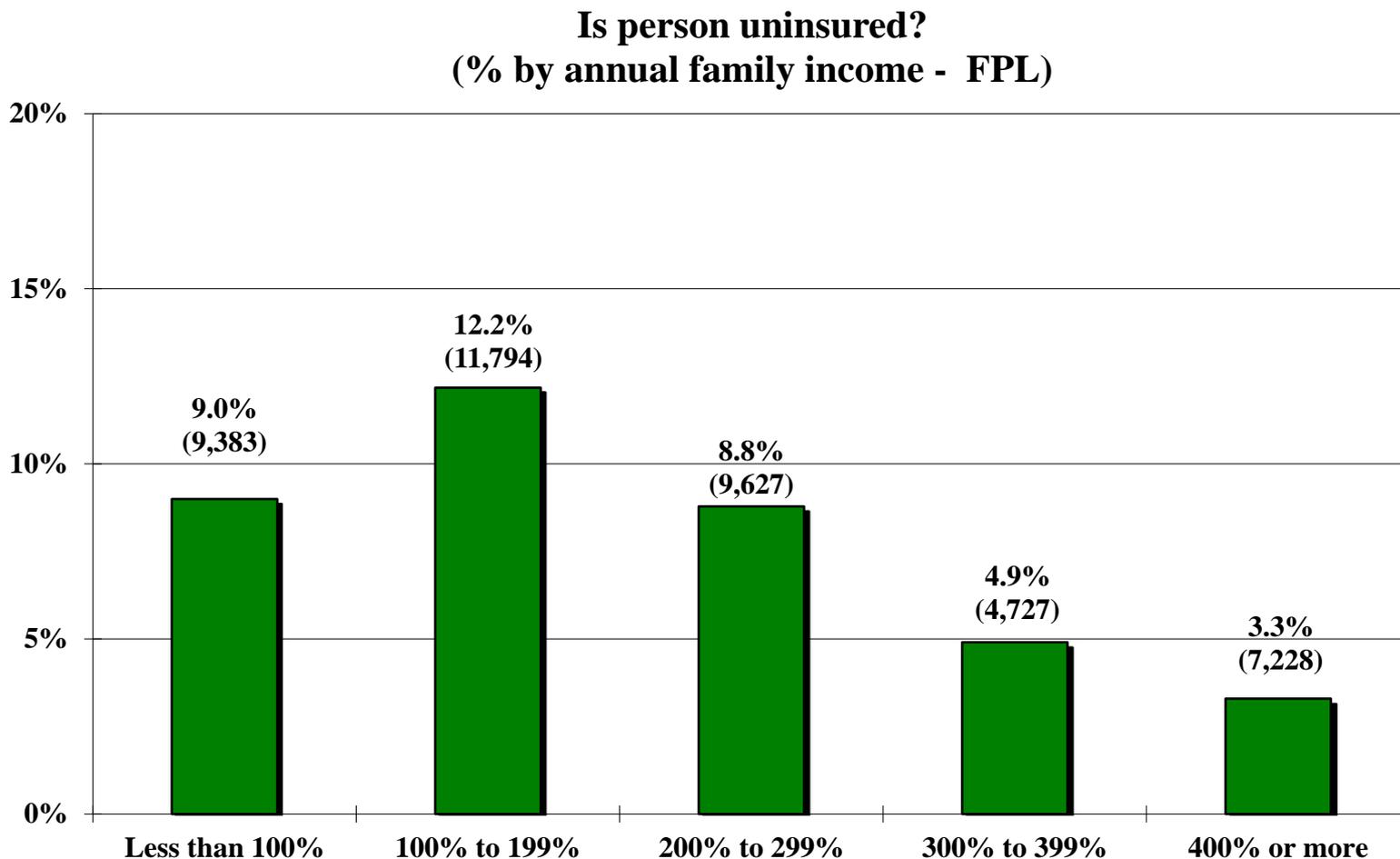
Clear

Calculate

INFO

Enter information about your family to calculate your subsidy amount.

Currently, the percentage of uninsured residents is largest among those whose family incomes are less than 400% of federal poverty level.



Data Source: 2012 Vermont Household Health Insurance Survey

Employer Sponsored Insurance

- If employer insurance is unaffordable or does not meet minimum value, then can buy through VHC
 - Unaffordable: Premiums for self-only coverage in employer's lowest-cost plan is over 9.5% of employee's household income
 - Does not meet Minimum Value: less than bronze-level plan
 - CCIIO has minimum value calculator
- If employee *chooses* to enroll in unaffordable or inadequate plan, employee is not eligible for premium and cost sharing assistance
 - If employee is automatically enrolled in unaffordable plan, employee must disenroll before the first day of the second month of plan

Premiums After Tax Credits & State Premium Assistance

2013 FPL range	1-person household	
	Monthly income	Vermont monthly premiums
0% - 100%	\$0 - \$958	\$0 - \$5
100% - 133%	\$958 - \$1,274	\$5 - \$19
133% - 150%	\$1,274 - \$1,437	\$19 - \$36
150% - 200%	\$1,437 - \$1,916	\$36 - \$92
200% - 250%	\$1,916 - \$2,395	\$92 - \$158
250% - 300%	\$2,395 - \$2,874	\$158 - \$230
300% - 350%	\$2,874 - \$3,353	\$273 - \$319
350% - 400%	\$3,353 - \$3,832	\$319 - \$364
400% +	\$3,832 +	\$441
2013 FPL range	2-person household	
	Monthly income	Vermont monthly premiums
0% - 100%	\$0 - \$1,293	\$0 - \$6
100% - 133%	\$1,293 - \$1,720	\$6 - \$26
133% - 150%	\$1,720 - \$1,940	\$26 - \$48
150% - 200%	\$1,940 - \$2,586	\$48 - \$124
200% - 250%	\$2,586 - \$3,233	\$124 - \$213
250% - 300%	\$3,233 - \$3,879	\$213 - \$310
300% - 350%	\$3,879 - \$4,526	\$369 - \$430
350% - 400%	\$4,526 - \$5,172	\$430 - \$491
400% +	\$5,172 +	\$882
		for couple
		\$851
		for parent & child

What will the premium be after tax credits & state premium assistance?

2013 FPL range	3-person household			
	Monthly income		Vermont monthly premiums	
0% - 100%	\$0	- \$1,628	\$0	- \$8
100% - 133%	\$1,628	- \$2,165	\$8	- \$32
133% - 150%	\$2,165	- \$2,442	\$32	- \$61
150% - 200%	\$2,442	- \$3,256	\$61	- \$156
200% - 250%	\$3,256	- \$4,070	\$156	- \$269
250% - 300%	\$4,070	- \$4,884	\$269	- \$391
300% - 350%	\$4,884	- \$5,698	\$464	- \$541
350% - 400%	\$5,698	- \$6,512	\$541	- \$619
400% +	\$6,512	+	\$1,239	\$851
			family	parent & children

2013 FPL range	4-person household			
	Monthly income		Vermont monthly premiums	
0% - 100%	\$0	- \$1,963	\$0	- \$10
100% - 133%	\$1,963	- \$2,611	\$10	- \$39
133% - 150%	\$2,611	- \$2,945	\$39	- \$74
150% - 200%	\$2,945	- \$3,926	\$74	- \$188
200% - 250%	\$3,926	- \$4,908	\$188	- \$324
250% - 300%	\$4,908	- \$5,889	\$324	- \$471
300% - 350%	\$5,889	- \$6,871	\$559	- \$653
350% - 400%	\$6,871	- \$7,852	\$653	- \$746
400% +	\$7,852		\$1,239	\$851
			family	parent & children

VERMONT HEALTH REFORM



Out-of-Pocket Expenses Are Limited

- Today, many plans do not have limits on expenses
- Under federal law, there are new limits on how much out-of-pocket expenses an individual or family would be responsible for in plans purchased in the Exchange.
 - Total cost-sharing per year (deductibles, co-pays, and co-insurance) is capped at \$6,350 for an individual and \$12,700 for a family.
 - For some Vermonters, out-of-pocket expenses will be subsidized further.

Examples of Reductions in Out-of-Pocket Costs*

Deductibles		
FPL	ACA	Vermont Subsidy
133-150%	\$100	\$100
150-200%	\$750	\$750
200-250%	\$1,900	\$1,500
250-300%	\$1,900	\$1,900

Out-of-Pocket Maximums		
FPL	ACA	Vermont Subsidy
133-150%	\$500	\$500
150-200%	\$1,250	\$1,250
200-250%	\$4,000	\$3,000
250-300%	\$5,150	\$4,000

***Primary care visits and other preventive medical services are covered (no cost-sharing required)**

VHC “Readiness” – 97 days till October 1st

We are counting down!

- VHC “goes live” on October 1st for enrollment and plan selection
- Insurers begin covering Vermonters January 1st
- All hands on deck!

Major Work streams

Web Portal & IT

Navigators & Brokers

Insurance Plans

Major Work streams

Outreach to Vermonters

Customer Service

Administrative Rules

Small Businesses Have Choices

Small Business Plan Selection

Small business employers who participate in VHC will have the option of choosing between different models, one of which is full choice for employees.

Example: One insurer, choice of tier

	Health Plan A	Health Plan B
Platinum		
Gold		
Silver		
Bronze		

Example: Full menu

	Health Plan A	Health Plan B
Platinum		
Gold		
Silver		
Bronze		

Which employers may purchase through Vermont Health Connect?

- Employers with fewer than 50 full-time employees whose:
 - Principal place of business is in Vermont regardless of where employees live; **or**
 - Out-of-state employers for employees who are principally employed in Vermont.

What if I have more than one business in Vermont?

- If your businesses are under common control, you would include all employees for all businesses to determine if you have 50 employees or less.
- If your employees are an affiliated bargaining group, you would include all employees for all businesses

How do I count to 50?

- Only count full-time employees
 - Full-time = 30 hours a week or more
- Do not count:
 - Employees who work less than 30 hours a week (“part-time”)
 - Employees who work less than 120 days/year (“seasonal”)
 - See the *‘How to Count to 50’* worksheet

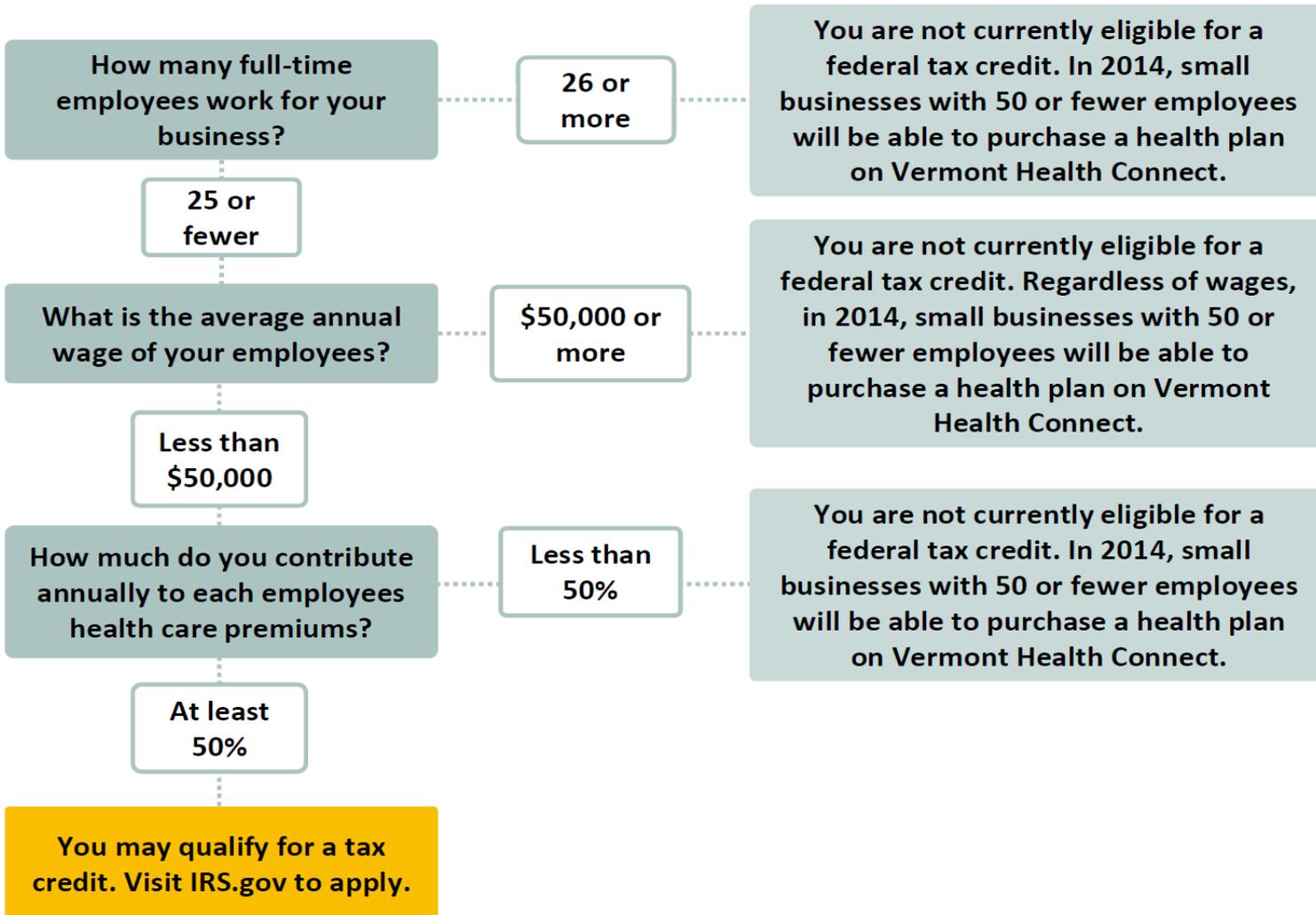
What if I have a business with sites in multiple states?

- You have choices:
 - You can purchase insurance for all employees in the state where your principal place of business is located.
 - You can purchase a plan in each state where employees work.

Tax considerations

- Currently, health insurance is likely a pre-tax benefit for your employees
 - If you drop coverage and increase your employees' salary, this may increase what they pay in tax
 - Also, employees will pay with post-tax dollars, essentially increasing their taxable income
- Offering health insurance provides a tax benefit for businesses, but you also deduct wages
- See a tax professional to determine specific impacts

Small Business Tax Credits



Small Business Tax Credits

- Visit VermontHealthConnect.gov to calculate your business' potential tax credit
- Contact your tax preparer for more information

Number of full-time equivalent employees: ?	<input type="text" value="20"/>	TAX CREDIT CALCULATOR 
Total annual wages paid for all employees: ?	\$ <input type="text" value="500000"/>	
Total annual employer premium contribution: ?	\$ <input type="text" value="50000"/>	
Are you a tax-exempt/nonprofit employer?	Yes <input type="radio"/> No <input checked="" type="radio"/>	
Your estimated annual tax credit:		
2010-2013		\$5,833
2014+		\$8,333

Calculator property of [Small Business Majority](#) and its subsidiary website [California Health Coverage Guide](#)

ACA: Employer Responsibility

- Starting in 2014, there will be a federal penalty for large employers that do not provide “affordable” coverage
- Applicable large employers may be subject to this penalty if they:
 - Have at least one full-time employee that obtains a premium tax credit through VHC
 - Do not offer coverage to workers
 - Do offer but plans do not pay at least 60% of covered health care expenses
 - Do offer but employees have to pay more than 9.5% of W-2 income in premiums for the self-only portion of total premiums

VT: Employer Assessment

- The Employer Assessment will continue for employers who:
 - Do not offer to pay any part of the costs of health coverage for employees
 - Have employees who are not eligible for employer-sponsored health coverage
 - Offer insurance but employees does not accept coverage and have no other health coverage
- The Assessment is \$119.12 quarterly (\$476.48 annually) for every “uncovered” FTE in excess of four FTEs
- Assessment funding will be used to fund Vermont Health Connect in 2015-2016

Should I offer coverage?

- The state cannot tell you the “right” decision – it will vary from business to business.
- Vermont Health Connect will have resources available to help you determine if your employees are better served purchasing insurance on their own.
- An employer* with up to 50 full-time employees can decide not to offer coverage to employees without penalty. Employees will be able to purchase a plan through Vermont Health Connect.

*Who is not an applicable large employer under IRS rules

Questions to Consider

- Do you offer insurance today?
- How much do you spend today on insurance?
- How much do your employees spend today on insurance?
- Would your employees be better off buying through Vermont Health Connect than under your plan?
- What are the tax consequences for your business?
- What are the tax consequences for your employees?
- Would you be subject to a federal penalty? Cost?
- Would you be subject to a state assessment? Cost?

Vermont Health Connect is Easy to Access

Support is Available

- **Brokers** will continue their work assisting with health coverage decisions.
- There will be trained specialists – called **Navigators** – to answer questions and help Vermonters apply for coverage through VHC website, in-person or by telephone.
- A **call center** will be available to help Vermonters use the VHC website and understand health insurance options.
- The **Enrollment Support Unit** works at VHC to help small businesses and individuals enroll in coverage.



Questions?

vthealthconnect@state.vt.us

www.vermonthealthconnect.gov