

**March 29, 2013**

**Examples: Different Scenarios for Vermonters Moving from Catamount and Traditional Health Insurance to the Exchange**

Here are some examples of what it would mean for different Vermonters to purchase health insurance in the Vermont Exchange instead of today’s commercial market based upon the proposed filed rates that are subject to review by the Green Mountain Care Board.

**Example #1 A couple with Catamount shops in the Exchange**

Ellen and Tom have a family income of \$32,000 a year and no children. Before 2014, Ellen and Tom were enrolled in Catamount Health policies with a premium of \$911 per month. Ellen and Tom received Catamount Health Assistance and paid a total of \$248 per month.

In 2014, when Ellen and Tom buy a policy in the Vermont Health Benefit Exchange, their monthly premiums will be about \$895 per month. They will qualify for a federal premium tax credit of \$721 per month and state premium assistance<sup>1</sup> of \$40. Together these would reduce their monthly premium to \$134. Their total annual savings in 2014 compared to 2013 would be \$1368 per year.

	<b>Current—Catamount</b>	<b>2014—Vermont Health Connect proposed rates</b>
<b>Monthly Premium Charged</b>	\$911	\$895
<b>Federal Premium Assistance per month</b>	\$0	\$721
<b>State Premium Assistance per month</b>	\$663	\$40
<b>Monthly Premium Paid</b>	\$248	\$134

**Example #2 -- A single person buying coverage in the Exchange**

Bill is a single self-employed electrician in St. Johnsbury. He earns \$40,000 and buys one person non-group coverage. Bill’s premium is \$600 per month.

In 2014, when Bill purchases coverage in the Exchange, Bill’s premium will be \$448 per month. Bill will qualify for a federal premium tax credit of \$283, but will not qualify for state premium assistance. Financial assistance will reduce his cost of coverage to \$317 per month. His savings will be \$283 per month and he will have reduced what he spends on health insurance by 47%.

	<b>Current—non-group</b>	<b>2014—Vermont Health Connect proposed rates</b>
<b>Monthly Premium Charged</b>	\$600	\$448
<b>Federal Premium Assistance per month</b>	\$0	\$131
<b>State Premium Assistance per month</b>	\$0	\$0
<b>Monthly Premium Paid</b>	\$600	\$317

### **Example #3 – A Family looks at buying in the exchange**

John and Mary are a couple with two children. Together, their annual income is \$32,000. Before 2014, they bought family non-group coverage with a \$10,000 deductible that costs \$700 monthly.

In 2014, when they shop in the Vermont Health Connect they will find that a family plan costs \$1257 a month. They are eligible for premium assistance and reduced cost sharing. Their federal premium tax credit of \$1171 and state premium assistance of \$41 will reduce their monthly premium cost to \$45 per month. Instead of paying a \$10,000 deductible, their deductible will be \$100.

	<b>Current—non-group</b>	<b>2014—Vermont Health Connect proposed rates</b>
<b>Monthly Premium Charged</b>	\$700	\$1257
<b>Federal Premium Assistance per month</b>	\$0	\$1171
<b>State Premium Assistance per month</b>	\$0	\$41
<b>Monthly Premium Paid</b>	\$700	\$45

**Example #4 – A small company purchases exchange coverage**

XYZ Company is owned by Mr. Jones who has seven employees. The XYZ payroll looks like this:

- Mr. Jones \$150,000
- Employee #1 \$41,400
- Employee #2 \$37,000
- Employee #3 \$37,000
- Employee #4 \$37,000
- Employee #5 \$37,000
- Employee #6 \$37,000
- Employee #7 \$37,000

Mr. Jones and five of the employees have family coverage and by coincidence they each are married and have three children; employees #6 and #7 are unmarried and have no children. Prior to 2014, XYZ buys small group coverage with a \$2,500 personal deductible for everyone. This coverage costs \$12,800 per month or \$153,600 annually, and he and his employees contribute 20% of their premium (\$30,720).

Comparable health insurance in the Exchange will cost XYZ about \$10,000 per month. The company will also be eligible for a small-employer tax credit equal to 16% of its contribution to the cost of health insurance benefits.

	<b>Current—small group</b>	<b>2014—Vermont Health Connect</b>
<b>Monthly Premium Charged to Employer</b>	\$12,800	\$10,000
<b>Federal Premium Assistance per month</b>	\$0	Small Employer Tax Credit at end of year
<b>State Premium Assistance per month</b>	\$0	\$0
<b>Monthly amount paid by Employer</b>	\$10,240	\$8,000

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<sup>i</sup> Pending approval by the Legislature. State premium assistance is calculated based on the proposal included in the House Appropriation's budget.