


MEMORANDUM

TO: Mitzi Johnson, House Appropriations Chair

FROM: Mark Larson, Commissioner 

DATE: January 15, 2015

RE: Budget Adjustment Testimony Questions

During DVHA'S BAA testimony on January 14th, several requests from the committee were noted:

1. A description of how household composition is determined for the Medicaid new adult group.

Response: Attached please find a flow chart which describes the steps taken to determine household composition for this population.

2. Revision of DVHA's BAA handout to show the VHC breakout in the chart on page 4.

Response: Attached please find an updated DVHA's BAA handout. Please note: modifications needed to be made to other departmental appropriations. Those are included in the attached version.

3. Revision of DVHA's BAA handout to show the Premium Assistance and Cost Sharing Reduction program information at an individual level as well as household level in the chart on page 1.

Response: DVHA is researching how to fulfill this request and will need more time to determine how to produce the required data.

Please let me know if you have any questions, or if the committee's requests were misinterpreted.



Department of Vermont Health Access
 312 Hurricane Lane, Suite 201
 Williston, VT 05495-2086

Agency of Human Services
 [Phone] 802-879-5900

Budget Adjustment Factors Impacting the SFY '15 Budget

SFY '15 BUDGET ADJUSTMENT \$16,012,698 (gross) /\$1,815,304 (state)

The Department of Vermont Health Access (DVHA) budget adjustment request includes an increase in program related expenditures of \$9,412,865 and administrative costs of \$6,599,833.

There are several programmatic issues that comprise the \$9,412,865 increase requested in our program budget. The details are as follows:

Caseload and Utilization Revisions \$10,990,866 (gross)
\$3,947,166 (state)

DVHA engages in a consensus caseload estimate process with the Joint Fiscal Office, the Department of Finance and Management, and the Agency of Human Services when projecting caseload and utilization growth. Due to the implementation of the Affordable Care Act, we have seen a dramatic spike in enrollment over consensus projections, though expenditures garnered in SFY '14 indicate that the new individuals enrolled have lower utilization.

	Caseload	Caseload	Chg. In	PMPM	PMPM	Chg. In
	Approp	BAA	Caseload	Approp	BAA	PMPM
ABD/Medically Needy Adults	15,004	15,378	374	\$ 646.30	\$ 610.67	\$ (35.62)
Dual Eligibles	17,558	17,682	124	\$ 245.36	\$ 232.68	\$ (12.68)
General Adults	11,679	15,504	3,825	\$ 560.89	\$ 477.54	\$ (83.35)
New Adult	35,059	48,500	13,441	\$ 440.90	\$ 333.09	\$ (107.81)
Premium Assistance	42,785	18,007	(24,778)	\$ 26.94	\$ 36.91	\$ 9.97
Cost Sharing Reduction	15,849	5,859	(9,991)	\$ 16.39	\$ 19.52	\$ 3.13
BD Children	3,714	3,713	(1)	\$ 754.67	\$ 882.64	\$ 127.97
General Children	55,846	58,301	2,455	\$ 197.92	\$ 192.24	\$ (5.68)
Underinsured Children	775	1,082	308	\$ 68.58	\$ 98.48	\$ 29.90
CHIP	4,329	4,273	(56)	\$ 155.80	\$ 139.74	\$ (16.05)
Pharmacy Only Programs	12,489	12,684	194	\$ 41.14	\$ 43.27	\$ 2.13
Choices for Care	3,875	4,177	302	\$ 4,449.20	\$ 4,533.64	\$ 84.45
Refugee	73	3	(70)	\$ 411.33	\$ 359.56	\$ (51.77)
HIV	98	136	38	\$ 34.62	\$ 16.32	\$ (18.30)
Civil Union	411	-	(411)	\$ 620.55	\$ -	\$ (620.55)
Healthy Vermonters	6,472	6,137	(335)	n/a	n/a	n/a

Note: caseload numbers above for premium assistance and cost sharing reductions are based on households receiving financial assistance rather than individuals for all other Medicaid eligibility groups. Households can include more than one individual. Initial caseload estimates were based on individuals rather than households.

Independent Direct Care Provider Rate Changes \$2,270,356 (gross)
\$987,718 (state)

The home care workers union negotiated a wage increase at the end of last year’s session resulting in an appropriation going to AHS central office but needing to be allocated across the impacted departments. This dollar value reflects the amount of cost-neutral transfer from AHS to DVHA.

Buy-In Adjustment (\$2,603,438) (gross)
(\$1,072,178) (state)

The federal government allows states to use Medicaid dollars to “buy-in” to Medicare on behalf of eligible beneficiaries who would otherwise be fully covered by Medicaid programs. This adjustment reflects needed modifications due to caseload and pricing changes.

Clawback Adjustment (\$1,102,619) (gross)
(\$1,102,619) (state)

The Medicare Modernization Act (MMA) was signed into law on December 8, 2003. On January 1, 2006, the Medicare Part D benefit became available. Currently, all beneficiaries of Vermont’s publicly funded pharmacy programs, who are also covered by Medicare, should receive their primary pharmacy benefit from Medicare. Medicare Part D design calls for states to annually pay a portion of what they would have paid in Medicaid “state share” in that year for the support of drug coverage of the Medicare beneficiaries who are or would be eligible for Medicaid drug coverage. This is referred to as “Clawback” or “state phase down.” Due to the 2.2% Leahy bump, our Clawback rates were adjusted, reducing our overall general fund need.

Inpatient Cost Savings (\$1,800,000) (gross)
(\$783,090) (state)

The DVHA Payment and Reimbursement unit recently implemented two changes to inpatient pricing. The first, implemented 10/1/14, no longer pays two separate DRG payments for two separate inpatient claims when a patient’s subsequent claims admit date is on the same or next day after their original claims discharge date where both claims are for the same facility, and both claims are for the same or a related condition. The second expands upon allowable discharge status codes that results in DVHA either paying a cost-to-charge ratio (CCR) or a DRG, whichever is lower. (The prior policy paid at the DRG rate only.) This change aligns more closely with Medicare policy; and both new pricing methodologies result in savings to the state.

Opiate Care Alliance – Bennington \$25,000 (gross)
\$10,876 (state)

A collaborative program between United Counseling Service and Southwestern Vermont Health Care has been established in order to offer opioid medication assisted treatment to individuals in the Bennington County area. This program will join and continue partnerships with law enforcement, criminal justice systems, the Vermont Blueprint for Health and other community service agencies, resulting in funding being provided by both DVHA and the Department of Health.

Applied Behavior Analysis (ABA) Transfer to DMH (\$2,133,763) (gross)
(\$928,294) (state)

DVHA has been working in collaboration with AHS partners to address service utilization needs for children with autism. A state plan amendment has been submitted to CMS for approval that will allow for DVHA to expand services to address this need. Until such approval is garnered, we need to operate under existing state plan rules. Currently the Designated Agencies have authority to provide the necessary services. Therefore, this is a cost-neutral shift of funding to DMH to provide these necessary services.

DAIL Managed Program Decisions \$3,766,463 (gross)
\$78,627 (state)

DVHA pays for the Choices for Care expenditures, but DAIL is responsible for managing the long-term care component. DAIL is implementing the following changes in the program:

- Federal Receipts Needed Related to G.F. Carryforward Commitments
- Reinvestments GF transferred to DAIL, and corresponding reduction to FF (Home Modifications \$475,514) [AHS net-neutral] - approved by the JFO
- Transfer of GF match to AHS CO for DDAIL reinvestments, and corresponding reduction to FF (SASH \$50,505) [AHS net-neutral] - approved by the JFO
- Long Term Care Nursing Home and Home & Community Based Services trend
- Reduction to Moderate Needs 2 year reinvestment \$900,000 Gross - one time

DVHA’s administrative budget has newly identified funding needs in the amount of \$6,599,833 due to the following:

Transfer 7 Policy Positions to AHS Central Office Effective 4/7/15 (\$112,274) (gross)
(\$36,537) (state)

Effective April 7, 2015, Medicaid eligibility and coverage policy is administered out of the AHS Central Office. Staff in the AHS Medicaid Policy Unit continue to perform the same functions, and support the same meetings, people and processes as they did prior to this consolidation. The purpose of the shift is to improve integration between Medicaid eligibility and Medicaid coverage policy across all of AHS.

Changes to the Vermont Health Connect Sustainability Structure \$7,888,995 (gross)
\$2,621,421 (state)

As we continue to further develop the proper operating structure for the Vermont Health Connect, it is clear that changes were necessary in order to ensure success for this program. Depicted below is the original budget presentation with details regarding the needed revisions:

Category	SFY '15 Approved			SFY '15 Current Outlook (6 months)			Variance (Current Outlook - Approved)		
	Operations	VT Health Connect	GC	Operations	VT Health Connect	GC	Operations	VT Health Connect	GC
Personal Services (Salaries & Fringe)									
DVHA	\$ 1,169,586	\$ 379,210	\$ 790,376	\$ 1,379,262	\$ 216,682	\$ 1,162,580	\$ 209,676	\$ (162,528)	\$ 372,204
DII	\$ -	\$ -	\$ -	\$ 341,690	\$ 53,680	\$ 288,011	\$ 341,690	\$ 53,680	\$ 288,011
DFR	\$ 30,435	\$ 30,435	\$ -	\$ -	\$ -	\$ -	\$ (30,435)	\$ (30,435)	\$ -
AHS CO	\$ 50,300	\$ 7,545	\$ 42,755	\$ 50,300	\$ 7,545	\$ 42,755	\$ -	\$ -	\$ -
AHS HSB	\$ 122,391	\$ 18,359	\$ 104,032	\$ 122,391	\$ 18,359	\$ 104,032	\$ -	\$ -	\$ -
DCF Non-HEAU	\$ 187,635	\$ 22,516	\$ 165,119	\$ 187,635	\$ 22,516	\$ 165,119	\$ -	\$ -	\$ -
DCF HEAU	\$ 1,867,508	\$ 224,101	\$ 1,643,407	\$ 3,603,298	\$ 500,806	\$ 3,102,492	\$ 1,735,790	\$ 276,705	\$ 1,459,085
Subtotal Salaries & Fringe	\$ 3,427,855	\$ 682,166	\$ 2,745,689	\$ 5,684,576	\$ 819,588	\$ 4,864,988	\$ 2,256,721	\$ 137,422	\$ 2,119,299
Operating									
DVHA	\$ 1,118,761	\$ 358,004	\$ 760,757	\$ 1,118,761	\$ 75,891	\$ 1,042,870	\$ -	\$ (282,113)	\$ 282,113
DII	\$ -	\$ -	\$ -	\$ 32,231	\$ 5,064	\$ 27,168	\$ 32,231	\$ 5,064	\$ 27,168
DFR	\$ 3,500	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ (3,500)	\$ (3,500)	\$ -
AHS CO	\$ 6,725	\$ 1,009	\$ 5,716	\$ 6,725	\$ 1,009	\$ 5,716	\$ -	\$ -	\$ -
AHS HSB	\$ 20,175	\$ 3,026	\$ 17,149	\$ 20,175	\$ 3,026	\$ 17,149	\$ -	\$ -	\$ -
DCF	\$ 188,381	\$ 22,606	\$ 165,775	\$ 188,381	\$ 22,606	\$ 165,775	\$ -	\$ -	\$ -
Subtotal Operating	\$ 1,337,542	\$ 388,145	\$ 949,397	\$ 1,366,273	\$ 107,596	\$ 1,258,678	\$ 28,731	\$ (280,549)	\$ 309,281
Indirects (SWICAP share and Departmental)									
DVHA	\$ 272,431	\$ 88,322	\$ 184,109	\$ 272,431	\$ 18,480	\$ 253,951	\$ -	\$ (69,842)	\$ 69,842
DII	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DFR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AHS CO	\$ 34,388	\$ 4,460	\$ 29,928	\$ -	\$ 4,460	\$ 29,928	\$ -	\$ -	\$ -
AHS HSB	\$ 83,577	\$ 10,754	\$ 72,823	\$ 38,873	\$ 10,754	\$ 72,823	\$ -	\$ -	\$ -
DCF	\$ 719,561	\$ 86,347	\$ 633,214	\$ 965,920	\$ 86,347	\$ 633,214	\$ -	\$ -	\$ -
Subtotal Indirects	\$ 1,109,957	\$ 189,883	\$ 920,074	\$ 1,277,223	\$ 120,041	\$ 989,916	\$ -	\$ (69,842)	\$ 69,842
Grants & Contracts									
DII Enterprise Architecture Staff Augmentation	\$ 1,106,000	\$ 163,525	\$ 942,475	\$ -	\$ -	\$ -	\$ (1,106,000)	\$ (163,525)	\$ (942,475)
Security	\$ -	\$ -	\$ -	\$ 346,270	\$ 54,399	\$ 291,871	\$ 346,270	\$ 54,399	\$ 291,871
Infrastructure, Maintenance, & Operations (CGI GIS)	\$ 1,269,724	\$ 187,733	\$ 1,081,991	\$ 4,458,125	\$ 700,371	\$ 3,757,754	\$ 3,188,401	\$ 512,638	\$ 2,675,763
Application Maintenance and Operations - Optum	\$ 531,269	\$ 78,550	\$ 452,719	\$ 5,664,025	\$ 849,605	\$ 4,814,420	\$ 5,132,757	\$ 771,055	\$ 4,361,701
SOV Application Licensing, Software Assurances & Svs.	\$ 997,050	\$ 147,417	\$ 849,633	\$ 1,637,500	\$ 257,251	\$ 1,380,249	\$ 640,450	\$ 109,834	\$ 530,616
HSO Ombudsman - VT Legal Aid	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ (150,000)	\$ (150,000)	\$ -
Customer Call Center - Maximus	\$ 4,973,602	\$ 735,362	\$ 4,238,240	\$ 4,973,602	\$ 781,353	\$ 4,192,249	\$ (0)	\$ 45,991	\$ (45,991)
Premium Processing - Benaissance	\$ 1,358,280	\$ 487,874	\$ 870,406	\$ 1,861,800	\$ 292,489	\$ 1,569,311	\$ 503,520	\$ (195,386)	\$ 698,906
Navigators - State Only Organizations	\$ 200,000	\$ 30,016	\$ 169,984	\$ 200,000	\$ 31,420	\$ 168,580	\$ -	\$ 1,404	\$ (1,404)
Outreach and Education	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ (500,000)	\$ -
Advertising	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ (500,000)	\$ (500,000)	\$ -
Organizational Consulting	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ (100,000)	\$ (100,000)	\$ -
Temp Services	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ 11,783	\$ 63,218	\$ -	\$ (63,218)	\$ 63,218
Actuarial Services/Plan development	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ 11,783	\$ 63,218	\$ -	\$ (63,218)	\$ 63,218
Legal Services	\$ 150,000	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ (150,000)	\$ (150,000)	\$ -
Mailing (Notices, Premium Invoices, etc) - BGS MOU	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ 31,420	\$ 168,580	\$ -	\$ (168,580)	\$ 168,580
Other	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ 78,550	\$ 421,450	\$ -	\$ (421,450)	\$ 421,450
Subtotal Grants and Contracts	\$ 12,685,925	\$ 4,080,478	\$ 8,605,448	\$ 19,991,322	\$ 3,100,423	\$ 16,890,899	\$ 7,305,398	\$ (980,054)	\$ 8,285,452
Grand Total	\$ 18,561,279	\$ 5,340,672	\$ 13,220,607	\$ 28,319,395	\$ 4,147,648	\$ 24,004,480	\$ 9,758,116	\$ (1,193,024)	\$ 10,783,873
State General Fund Impact	\$ 11,092,958	\$ 5,340,672	\$ 5,752,286	\$ 14,591,997	\$ 4,147,648	\$ 10,444,349	\$ 3,499,039	\$ (1,193,024)	\$ 4,692,063
Total DVHA	\$ 15,246,703	\$ 4,906,014	\$ 10,340,690	\$ 23,135,697	\$ 3,470,220	\$ 19,665,478	\$ 7,888,995	\$ (1,435,794)	\$ 9,324,788
Total DVHA State General Fund Impact	\$ 9,405,248	\$ 4,906,014	\$ 4,499,234	\$ 12,026,669	\$ 3,470,220	\$ 8,556,449	\$ 2,621,421	\$ (1,435,794)	\$ 4,057,215

Reduction in Grants and Contracts (\$1,009,047) (gross)
(\$1,820,644) (state)

In light of the recent budget pressures, DVHA has undertaken an initiative to evaluate the efficacy of current grants and contracts in order to discern whether reductions could be made to current agreements. Through that work, decisions have been made to reduce or eliminate the following:

- Reduce Radiology Contract – (\$100,000)
- Eliminate Ingenix Contract – (\$396,000)
- Eliminate Covington & Burling Contract – (\$20,000)
- Reduce Pharmacy Benefits Management Contract – (\$250,000)
- Eliminate Policy Integrity Contract – (\$12,000)
- Fund Match for VITL Agreement with HIT Funds – (\$84,714)
- Reduce UVM VCHIP Grant – (\$125,000)
- FAHC Congestive Heart Failure Grant Completed – (\$21,333)

Reduction in Operating Costs **(\$167,841) (gross)**
 (\$87,143) (state)

We conducted a similar exercise, evaluating whether or not we could achieve efficiencies in our operating budget and determined we could gain efficiencies in the following areas:

- Reduce Dues – (\$25,000)
- Reduce Printing Costs – (\$100,000)
- Reduce In-State Travel – (\$50,000)
- Increase in Rent - \$7,159

	GF	SF	IdptT	FF	VHC (Portion Funded By SHCRF)	Medicaid GCF	Invmnt GCF	Total
DVHA Administration - As Passed FY15	1,330,489	3,626,895	10,148,130	95,548,406		51,905,119	8,493,933	171,052,972
Other changes:								-
Personal Services:								-
Radiology Contract Savings						(275,000)		(275,000)
Vacancy Savings	(1,348)							(1,348)
Operating Expenses:								-
DII ISF Decrease	(17)							(17)
VISION ISF Decrease	(124)							(124)
FY15 after other changes	(1,489)	-	-	-	-	(275,000)	-	(276,489)
Total after FY15 other changes	1,329,000	3,626,895	10,148,130	95,548,406	-	51,630,119	8,493,933	170,776,483
FY15 after other changes								
Personal Services:								
Transfer 7 FTE Medicaid Policy positions to AHS CO from DVHA effective 4/7/15	(735)			(29,245)		(82,294)		(112,274)
VHC Personal Services Changes					(1,098,720)	8,987,715		7,888,995
Reduce Radiology contract						(100,000)		(100,000)
Eliminate Ingenix contract						(396,000)		(396,000)
Eliminate Covington & Burling contract						(20,000)		(20,000)
Reduction in PBM contract						(250,000)		(250,000)
Eliminate Policy Integrity contract						(12,000)		(12,000)
Operating Expenses:								
VHC funding shift due to cost allocation methodology					(336,250)	336,250		-
Reduction in dues	(25,000)							(25,000)
Reduction in printing costs						(100,000)		(100,000)
Reduction in-state travel						(50,000)		(50,000)
Increase in rent						7,159		7,159
Grants:								
VITL core grant - use HIT funds as match for GC (reduction in GF in the AHS CO GC appropriation)		(2,360,915)				1,437,797	923,118	-
Replace GF with HIT funds (match for \$194.7k gross) [net-neutral with AHS CO]		(84,714)						(84,714)
Eliminate UVM VCHIP grant						(125,000)		(125,000)
Eliminate FAHC - Congestive Heart Failure Grant						(21,333)		(21,333)
Swaps SHCRF funding for Exchange, replace with IDT			(1,434,970)		1,434,970			-
FY15 BAA Changes	(25,735)	(2,445,629)	(1,434,970)	(29,245)	-	9,612,294	923,118	6,599,833
FY15 BAA Gov Recommended	1,303,265	1,181,266	8,713,160	95,519,161	-	61,242,413	9,417,051	177,376,316
FY15 BAA Legislative Changes								-
FY15 BAA Subtotal of Legislative Changes	-	-	-	-	-	-	-	-
FY15 BAA As Passed - Dept ID 3410010000	1,303,265	1,181,266	8,713,160	95,519,161	-	61,242,413	9,417,051	177,376,316

	GF	SF	IdptT	FF	VHC (Portion Funded By SHCRF)	Medicaid GCF	Invmnt GCF	Total
DVHA Program - As Passed FY15	142,344,614	-	-	143,240,320	-	651,883,597	12,306,999	949,775,530
Other changes:								
Grants:								
High Tech Clinical Management						(1,600,000)		(1,600,000)
Revert Carryforward	(1,125,607)	-	-	(912,248)	-	-	-	(2,037,855)
Roll-out of Enhanced Dementia Rate	(104,240)	-	-	(135,337)	-	-	-	(239,577)
1.6% Medicaid Rate Increase	(312,769)	-	-	(385,664)	-	(3,982,083)	(9,755)	(4,690,271)
FY15 after other changes	(1,542,616)	-	-	(1,433,249)	-	(5,582,083)	(9,755)	(8,567,703)
Total after FY15 other changes	140,801,998	-	-	141,807,071	-	646,301,514	12,297,244	941,207,827
FY15 after other changes								
Grants:								
Caseload and Utilization	(1,617,075)			(181,947)		14,803,384	(2,013,496)	10,990,866
\$1.75M Independent Direct Care Providers; net-neutral move of GF to AHS CO GC appropriation for match in DVHA						2,270,356		2,270,356
Change in Buy-In	(33,507)			(182,457)		(2,383,737)	(3,737)	(2,603,438)
Change in Clawback	(1,102,619)							(1,102,619)
Inpatient cost savings						(1,800,000)		(1,800,000)
Opiate Care Alliance - Bennington						25,000		25,000
Applied Behavior Analysis (ABA) - DVHA transfer to DMH, 10 months (AHS net-neutral)							(2,133,763)	(2,133,763)
DAIL Managed Program Decisions	78,627			3,687,836				3,766,463
FY15 BAA Changes	(2,674,574)	-	-	3,323,432	-	12,915,003	(4,150,996)	9,412,865
FY15 BAA Gov Recommended	138,127,424	-	-	145,130,503	-	659,216,517	8,146,248	950,620,692
FY15 BAA Legislative Changes								
FY15 BAA Subtotal of Legislative Changes	-	-	-	-	-	-	-	-
FY15 BAA As Passed - Dept ID 3410015000	138,127,424	-	-	145,130,503	-	659,216,517	8,146,248	950,620,692
TOTAL FY15 BAA DVHA Big Bill As Passed	143,675,103	3,626,895	10,148,130	238,788,726	-	703,788,716	20,800,932	1,120,828,502
TOTAL FY15 BAA DVHA Reductions & other changes	(1,544,105)	-	-	(1,433,249)	-	(5,857,083)	(9,755)	(8,844,192)
TOTAL FY15 BAA DVHA Starting Point	142,130,998	3,626,895	10,148,130	237,355,477	-	697,931,633	20,791,177	1,111,984,310
TOTAL FY15 BAA DVHA ups & downs	(2,700,309)	(2,445,629)	(1,434,970)	3,294,187	-	22,527,297	(3,227,878)	16,012,698
TOTAL FY15 BAA DVHA Gov Recommended	139,430,689	1,181,266	8,713,160	240,649,664	-	720,458,930	17,563,299	1,127,997,008
TOTAL FY15 BAA DVHA Legislative Changes	-	-	-	-	-	-	-	-
TOTAL FY15 BAA DVHA As Passed	139,430,689	1,181,266	8,713,160	240,649,664	-	720,458,930	17,563,299	1,127,997,008

Household (HH) Composition: Determination for MAGI-Based Medicaid for Children and Adults (MCA)¹

NOTE: HH composition for Advanced Premium Tax Credit (APTC)/Cost Sharing Reduction (CSR) benefits may not be the same as the MCA household composition. APTC/CSR HH composition is always the tax filer, the tax filer's spouse² and all individuals claimed as the tax filer's tax dependents³. Married couples must file joint federal tax returns in order to be considered for APTC and CSR.

STEP 1

Does the individual expect to file taxes?

- a) If NO, go to Step 2.
- b) If YES, do they expect to be claimed as a tax dependent by another tax filer? If YES, go to Step 2(b).
- c) If NO, the household is made up of:
 - The individual (tax filer)
 - Their spouse (if living w/ tax filer **OR** if filing jointly even if they live apart) *
 - All individuals the tax filer expects to claim as a tax dependent (regardless of age)

*** When spouses file jointly, both are considered the tax filer and must claim the same number of dependents even if they live apart.**

Pregnant Women: The HH size that includes a pregnant woman must include the pregnant woman **plus** the number of children she expects to deliver. Ex: Pregnant woman, married and expecting twins = HH of (4).

STEP 2

Does the individual expect to be claimed as a tax dependent by someone else?

- a) If NO, they are a non-filer - go to Step 3.
- b) If YES, the basic rule is that the HH is the same as the tax filer who expects to claim them as a tax dependent in Step 1 (plus the tax dependent's spouse if living with the tax dependent and not already included in the tax filer's HH in Step 1) **UNLESS** they meet one of the exceptions below in step 2(b):

STEP 3

If the individual answered NO in Step 2(a) or YES in Step 2(b), **but one of the Step 2(b) exceptions applies**, the individual is considered a **non-filer**.

A non-filer's HH includes the non-filer and the following individuals if **living with the non-filer**:

- Their spouse
- Their children under age 19 (or under 21 if a FT student)
- If the non-filer is under age 19 (or under 21 if a FT student), their parents and their siblings under age 19 (or under 21 if a FT student).

STEP 2(b) EXCEPTIONS

If one of the exceptions below applies to the tax dependent, the tax dependent is treated as a non-filer and their HH is determined according to Step 3 above.

1. A child under age 19 (or under 21 if a full time student) living with both parents (whether parents are married or unmarried) if the parents do not expect to file a joint tax return.
2. A child under age 19 (or under 21 if a full time student) who **expects** to be claimed as a tax dependent by a non-custodial parent.
3. The individual **expects** to be claimed as a tax dependent by someone other than a spouse or parent.

¹ Health Benefits Eligibility and Enrollment (HBEE) Administrative Rule § 28.03(e)

² HBEE Administrative Rule § 3.00: Definition of Couple: "Two individuals who are married to each other or are parties to a civil union, according to the laws of the State of Vermont, except, for purposes of APTC/CSR, two individuals who are married to each other within the meaning of 26 CFR § 1.7703-1. IRS's regulations do not recognize parties to civil unions as married couples. Couples in civil unions are not permitted to file joint federal tax returns, but may qualify for APTC/CSR by filing separate tax returns."

³ HBEE Administrative Rule § 28.05(d)