

Appendix F-3: Alternative Financing Concepts and Balance Sheets

We considered and tested myriad finance concepts during the project. Some concepts were tested using State of Vermont data prior to the microsimulation modeling project. We tested other concepts during the development of microsimulation model but prior to its completion. We ran a variety of concepts through the completed microsimulation model, defining completion as a point at which we had a high degree of confidence that the model was forecasting health care coverage costs correctly. This appendix describes alternative financing concepts that were run through the microsimulation model after its completion.

Population Scenarios

Ultimately, we tested finance concepts against two distinct population scenarios. The first is described in the body of the report. The alternative makes the following changes to the underlying assumptions.

Alternative Population Scenario

The alternative scenario changes the population assumptions in the following ways:

- GMC would not cover non residents working for Vermont firms.
- GMC would not cover federal employees.
- GMC would not provide wrap coverage for employer sponsored insurance.

This reduces the population receiving GMC and the cost. Also, it more closely matches the assumptions of the 2013 report, being the same population except for wrap coverage of employer sponsored insurance. Multiple finance concepts were tested against both population scenarios.

Key Notes

Each alternative concept contains a description of the coverage assumptions. The two key pieces of coverage information are the actuarial value of the plan and the population covered. The concepts include three separate AV levels (80, 87, and 94) and two separate population concepts. Also, the 80AV concepts include concepts with the recommended focused deductible plan designed described in the coverage chapter and appendices and a standard deductible design.

Each alternative concept contains a description of finance assumptions. These include a payroll tax and Public Premium set at varying levels. Alternative financing concepts 1-7 mirror the standard report assumptions, including commuters and federal employees in the coverage and taxes. Also, these concepts assume repeal of provider taxes. Alternative financing concepts 8 - 14 contain different population assumptions, excluding commuters and federal employees from the coverage and tax. Also, these scenarios assume that Vermont retains provider taxes.

Alternative Finance Concept 1

- Coverage Assumptions
 - 94 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - Phased-In Payroll Tax with credit designed to transition businesses with up to \$1 million in qualifying payroll.
 - The credit is phased out on a dollar for dollar basis for every dollar of tax incurred beyond the credit limit.
 - Payroll Tax is 21% in year 1 and 20% in years 2 and 3.
 - The credit is reduced annually until all businesses are phased into the full 12.5% tax in year four.
 - The credit amount is \$105,000 in year 1, \$50,000 in year 2, and \$25,000 in year 3.
 - Sliding scale Public Premium from 0% - 9.5% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 9.5% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Financing Concept 1 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-4,340	-4,579	-4,820	-5,001	-5,177
Current Law Revenue Estimates					
Federal Medicaid Match	1,310	1,364	1,413	1,445	1,505
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,580	-2,756	-2,935	-3,073	-3,174
Payroll Tax Starting at 21% and Phasing in to 12.5%	1,511	1,631	1,754	1,746	1,781
Public Premium up to 9.5% at 400% FPL Capped at \$27,500	1,247	1,306	1,359	1,373	1,382
GMC Fund Fiscal Position	178	181	178	46	-11

Alternative Finance Concept 2

- Coverage Assumptions
 - 94 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - Phased-In Payroll Tax with credit designed to transition businesses with up to \$1 million in qualifying payroll.
 - The credit is phased out on a dollar for dollar basis for every dollar of tax incurred beyond the credit limit.
 - Payroll Tax is 8% annually.
 - The credit is reduced annually until all businesses are phased into the full 8% tax in year four.
 - The credit amount is \$40,000 in year 1, \$25,000 in year 2, and \$12,000 in year 3.
 - Sliding scale Public Premium from 0% - 8.0% up to 624% FPL.
 - Requires all Vermonters over 624% FPL to pay 9.5% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Financing Concept 2 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-4,340	-4,579	-4,820	-5,001	-5,177
Current Law Revenue Estimates					
Federal Medicaid Match	1,310	1,364	1,413	1,445	1,505
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,580	-2,756	-2,935	-3,073	-3,174
Payroll Tax of 8% with Three Year Phase In	526	577	654	1,117	1,140
Public Premium up to 8% at 624% FPL Capped at \$27,500	949	995	1,037	1,047	1,055
GMC Fund Fiscal Position	-1,105	-1,184	-1,244	-909	-979

Alternative Finance Concept 3

- Coverage Assumptions
 - 94 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - 12% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 9% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 9% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Financing Concept 3 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-4,340	-4,579	-4,820	-5,001	-5,177
Current Law Revenue Estimates					
Federal Medicaid Match	1,310	1,364	1,413	1,445	1,505
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,580	-2,756	-2,935	-3,073	-3,174
Payroll Tax of 12%	1,576	1,609	1,642	1,676	1,710
Public Premium up to 9% above 400% FPL capped at \$27,500	1,191	1,247	1,298	1,311	1,320
GMC Fund Fiscal Position	187	100	5	-86	-144

Alternative Finance Concept 4

- Coverage Assumptions
 - 80 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - Phased-In Payroll Tax with credit designed to transition businesses with up to \$1 million in qualifying payroll.
 - The credit is phased out on a dollar for dollar basis for every dollar of tax incurred beyond the credit limit.
 - Payroll Tax is 13% in years one through three and 9.5% in years four and five.
 - The credit is reduced annually until all businesses are phased into the full 9.5% tax in year four.
 - The credit amount is \$65,000 in year 1, \$32,500 in year 2, and \$16,250 in year 3.
 - Sliding scale Public Premium from 0% - 9.5% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 9.5% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Finance Concept 4 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,751	-4,000	-4,291	-4,452	-4,613
Current Law Revenue Estimates					
Federal Medicaid Match	1,294	1,344	1,400	1,432	1,491
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,007	-2,197	-2,419	-2,537	-2,624
Payroll Tax Starting at 13% and Phasing in to 9.5%	886	983	1,102	1,327	1,354
Public Premium up to 9.5% above 400% FPL capped at \$27,500	1,153	1,237	1,340	1,354	1,365
GMC Fund Fiscal Position	32	23	23	144	95

Alternative Finance Concept 5

- Coverage Assumptions
 - 80 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - 9.5% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8.0% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 8.0% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Finance Concept 5 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,751	-4,000	-4,291	-4,452	-4,613
Current Law Revenue Estimates					
Federal Medicaid Match	1,294	1,344	1,400	1,432	1,491
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,007	-2,197	-2,419	-2,537	-2,624
Payroll Tax at 9.5%	1,248	1,274	1,300	1,327	1,354
Public Premium up to 8.0% above 400% FPL capped at \$27,500	994	1,068	1,158	1,170	1,181
GMC Fund Fiscal Position	235	145	39	-40	-89

Alternative Finance Concept 6

- Coverage Assumptions
 - 80 AV Plan
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - 11.5% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 9.5% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 9.5% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Finance Concept 6 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,751	-4,000	-4,291	-4,452	-4,613
Current Law Revenue Estimates					
Federal Medicaid Match	1,294	1,344	1,400	1,432	1,491
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,007	-2,197	-2,419	-2,537	-2,624
Payroll Tax at 9.5%	1,510	1,542	1,574	1,606	1,639
Public Premium up to 9.5% above 400% FPL capped at \$27,500	1,153	1,237	1,340	1,354	1,365
GMC Fund Fiscal Position	656	582	495	423	380

Alternative Finance Concept 7

- Coverage Assumptions
 - 80 AV Plan with standard deductible plan design
 - Population assumptions consistent with main body of report, including:
 - Vermont residents
 - Commuters
 - Federal employees
 - Wrap of employer sponsored insurance
 - Population excludes TRICARE and Non-Medicare retirees, excluding state and teacher retirees
- Finance Assumptions
 - 9.5% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8.0% up to 400% FPL.
 - Requires all Vermonters at or above 400% FPL to pay 8.0% of income, capped at \$27,500.
 - Repeals Provider Taxes

Alternative Finance Concept 7 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,773	-4,027	-4,320	-4,482	-4,643
Current Law Revenue Estimates					
Federal Medicaid Match	1,293	1,344	1,400	1,432	1,491
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	344	341	350	358	366
New Revenue Needed	-2,030	-2,224	-2,448	-2,567	-2,654
Payroll Tax at 9.5%	1,248	1,274	1,300	1,327	1,354
Public Premium up to 9.5% above 400% FPL capped at \$27,500	992	1,067	1,158	1,170	1,181
GMC Fund Fiscal Position	210	117	10	-70	-119

Alternative Finance Concept 8

- Coverage Assumptions
 - 94 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 8.0 % payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size. Sliding scale covers 90% of Vermont households.
 - Requires all Vermonters at or above 624% FPL to pay 8.0% of income, capped at \$27,500.
 - Retains Provider Taxes

Alternative Finance Concept 8 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,792	-4,008	-4,225	-4,381	-4,543
Current Law Revenue Estimates					
Federal Medicaid Match	1,291	1,344	1,392	1,424	1,483
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,893	-2,037	-2,182	-2,283	-2,358
Payroll Tax of 8%	1,051	1,073	1,095	1,117	1,140
Public Premium up to 8% at 624% FPL Capped at \$27,500	803	847	885	896	906
GMC Fund Fiscal Position	-39	-117	-202	-270	-312

Alternative Finance Concept 9

- Coverage Assumptions
 - 94 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 9.5 % payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 400% FPL to pay 8.0% of income, capped at \$27,500.
 - Retains Provider Taxes

Alternative Finance Concept 9 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,792	-4,008	-4,225	-4,381	-4,543
Current Law Revenue Estimates					
Federal Medicaid Match	1,291	1,344	1,392	1,424	1,483
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,893	-2,037	-2,182	-2,283	-2,358
Payroll Tax of 9.5%	1,248	1,274	1,300	1,327	1,354
Public Premium up to 8% at 400% FPL Capped at \$27,500	911	960	1,002	1,015	1,026
GMC Fund Fiscal Position	266	197	120	59	22

Alternative Finance Concept 10

- Coverage Assumptions
 - 94 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 9.5 % payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 500% FPL to pay 8.0% of income, capped at \$27,500.
 - Retains Provider Taxes

Alternative Finance Concept 10 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,792	-4,008	-4,225	-4,381	-4,543
Current Law Revenue Estimates					
Federal Medicaid Match	1,291	1,344	1,392	1,424	1,483
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,893	-2,037	-2,182	-2,284	-2,359
Payroll Tax of 9.5%	1,248	1,274	1,300	1,327	1,354
Public Premium up to 8% at 500% FPL Capped at \$27,500	861	908	947	960	971
GMC Fund Fiscal Position	216	145	65	3	-11

Alternative Finance Concept 11

- Coverage Assumptions
 - 94 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 8.95 % payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 624% FPL to pay 8.0% of income capped at \$27,500. Sliding scale covers 90% of Vermont households.
 - Retains Provider Taxes

Alternative Finance Concept 11 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,792	-4,008	-4,225	-4,381	-4,543
Current Law Revenue Estimates					
Federal Medicaid Match	1,291	1,344	1,392	1,424	1,483
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,893	-2,037	-2,182	-2,284	-2,359
Payroll Tax of 8.95%	1,175	1,200	1,225	1,250	1,275
Public Premium up to 8% at 624% FPL Capped at \$27,500	803	847	885	896	906
GMC Fund Fiscal Position	85	10	-72	-138	-178

Alternative Finance Concept 12

- Coverage Assumptions
 - 87 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 8 % payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 624% FPL to pay 8.0% of income, capped at \$27,500. Sliding scale covers 90% of Vermont households.
 - Retains Provider Taxes

Alternative Finance Concept 12 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,563	-3,785	-4,018	-4,168	-4,322
Current Law Revenue Estimates					
Federal Medicaid Match	1,284	1,335	1,386	1,418	1,476
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,671	-1,823	-1,981	-2,076	-2,144
Payroll Tax of 8%	1,051	1,073	1,095	1,117	1,140
Public Premium up to 8% at 624% FPL Capped at \$27,500	771	825	875	888	897
GMC Fund Fiscal Position	151	75	-11	-71	-107

Alternative Finance Concept 13

- Coverage Assumptions
 - 80 AV Plan with standard deductible plan design
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 8% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 624% FPL to pay 8.0% of income, capped at \$27,500. Sliding scale covers 90% of Vermont households.
 - Retains Provider Taxes

Alternative Finance Concept 13 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,354	-3,559	-3,806	-3,949	-4,097
Current Law Revenue Estimates					
Federal Medicaid Match	1,274	1,324	1,379	1,411	1,469
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,472	-1,608	-1,776	-1,864	-1,926
Payroll Tax of 9.5%	1,051	1,073	1,095	1,117	1,140
Public Premium up to 8% at or above 624% FPL Capped at \$27,500	754	807	874	886	897
GMC Fund Fiscal Position	333	272	193	139	111

Alternative Finance Concept 14

- Coverage Assumptions
 - 80 AV Plan
 - Alternative coverage population
 - No commuters
 - No federal employees
 - No wrap of employer sponsored insurance
- Finance Assumptions
 - 8% payroll tax on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions.
 - Sliding scale Public Premium from 0% - 8% of income, depending on income and family size.
 - Requires all Vermonters at or above 624% FPL to pay 8.0% of income, capped at \$27,500.
 - Retains Provider Taxes

Alternative Finance Concept 14 Continued

	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
GMC Coverage and Operations	-3,343	-3,550	-3,796	-3,938	-4,085
Current Law Revenue Estimates					
Federal Medicaid Match	1,275	1,324	1,379	1,411	1,469
Federal ACA Waiver Funding	106	118	122	125	132
State Medicaid Dollars	502	509	529	549	570
New Revenue Needed	-1,460	-1,599	-1,766	-1,853	-1,914
Payroll Tax of 9.5%	1,051	1,073	1,095	1,117	1,140
Public Premium up to 8% at or above 624% FPL Capped at \$27,500	754	807	873	886	897
GMC Fund Fiscal Position	345	281	202	150	123