
Alternative Health Care Finance Concepts: Considerations

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Franco Concepts

- Prompt two important questions:
 - What can be accomplished with additional state premium subsidies?
 - What is the most efficient way to leverage federal funds?

Additional State Subsidies

- What can be accomplished with additional state premium subsidies?
 - Claim: we can achieve universal coverage by 2015 with \$6 million in state subsidies.
 - Considerations:
 - Behavior. Unclear what subsidy level is needed to get uninsured to sign up without economic modeling.
 - Interaction. Any new state subsidy that makes health care more affordable must be spent on current subsidy recipients equally with new enrollees.
 - Full Freight. VT would pay full amount for subsidies above 400% FPL. And will pay full freight for Vermont subsidies above 300%.
 - Holdouts. What do we mean when we say universal coverage? Getting the very last person to buy insurance is extremely difficult.
 - Population. Assumptions around number of uninsured are aggressive.

Additional State Subsidies (2)

- Claim: A supplemental subsidy that significantly cuts the cost of exchange premiums will induce even more small employers to drop coverage
 - Considerations:
 - Comparison. Businesses with fewer than 50 employees have significant incentive to not offer insurance under current law and Admin’s proposal.
 - Tax Impact. Vermonters pay more in federal payroll and income taxes when they move from ESI to Exchange.

Employer Assessment & Payroll Tax Comparison to Private Insurance

Employee at \$50,000 Wages

Annual Employer Assessment	\$563.36
Payroll Tax	\$350.00
TOTAL COST	\$913.36

Commercial Insurance Cost, Lowest Cost Plan at Each Metal Level

	Single	Couple	Family
Bronze Plan	\$4,325.88	\$8,651.76	\$12,155.76
Silver Plan	\$5,137.68	\$10,275.36	\$14,436.84
Gold Plan	\$5,926.44	\$11,852.88	\$16,653.24
Platinum Plan	\$7,490.16	\$14,980.32	\$21,047.40

Leveraging Federal Funds

- Claim: The single most cost-effective use of any state funds is to maximize the drawdown of ACA premium subsidies.
 - Considerations:
 - Uncertainty. APTC is quite valuable, median \$4,300/mean \$5,160, but we don't know what it takes to draw down those dollars. APTC relies on business behavior, individual behavior, and family income to determine federal subsidy eligibility and amount.
 - Certainty. When VT spends \$1 for Medicaid we receive federal \$1.10.
 - Small Base. Only about 8-10k of the uninsured without ESI have incomes under 400% FPL. The remaining 13-16k are over income for a subsidy. There are over 100k people who receive Medicaid coverage.