

Summary of DR 18-0577, An act relating to establishing a State individual mandate

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- **Individual mandate** – Would require Vermont residents to maintain minimum essential coverage
 - **Exceptions** for:
 - individuals with religious conscience exemptions
 - individuals not lawfully present in the United States
 - individuals who are incarcerated
 - **Minimum essential coverage (MEC)** is:
 - coverage under a government-sponsored program
 - coverage under an employer-sponsored plan
 - coverage under an individual market plan
 - coverage under a grandfathered plan
 - other coverage approved by DFR/DVHA/GMCB
- **Penalty** – If a Vermont resident does not maintain MEC and does not qualify for an exemption, s/he would be subject to a penalty.
 - Penalty for the year would be the *lesser* of:
 - the sum of the monthly penalties, either flat amount or percentage of income
 - an amount equal to the average premium for the applicable family size for a bronze Exchange plan for that year
 - If using monthly penalty amounts, the penalty for each month would be 1/12 of the *greater* of:
 - \$695 for each individual in the household without MEC, up to a maximum of 3 x \$695 (penalty for children under 18 is 1/2 of \$695; \$695 would be the amount for 2019 and would be indexed annually by the percentage change in the premium for the second-lowest-cost bronze Exchange plan)
 - 2.5% of the amount of household income over the federal income tax filing threshold (for 2016, this was \$10,350 individual/\$20,700 married)
 - **Exemptions** – Exemptions from the penalty would be available for:
 - Individuals who cannot afford coverage
 - required contribution for annual coverage would be greater than 8.3% of household income
 - for employer-sponsored plan, this is the cost to the employee for self-only coverage
 - for individual market plan, this is annual premium for lowest-cost bronze plan after State and federal premium assistance
 - indexed annually
 - taxpayers with income below the federal filing threshold (for 2016, this was \$10,350 individual/\$20,700 married)
 - members of Indian tribes
 - months during a short coverage gap - less than 3 months
 - hardships, including no affordable Exchange or employer-sponsored plan and others to be adopted by DVHA by rule
 - certain federally recognized religious sects (e.g., Amish, Mennonites)

- membership in a health care sharing ministry
- **Reporting coverage**
 - Every Vermont resident who is required to file an individual income tax return would indicate on tax return whether:
 - s/he had MEC for each of the 12 months of the taxable year, or
 - s/he is claiming an exemption
 - Unless exemption applies, a penalty would be assessed on the return if:
 - individual fails to indicate whether s/he had MEC
 - individual indicates s/he did not have MEC
 - individual indicates s/he had MEC but DFR/DVHA/GMCCB determine that the coverage requirement was not met
- **Collection of penalties**
 - Collected by the Vermont Department of Taxes
 - may withhold from tax refund an amount up to 1/2 of premium for Bronze plan
 - Department would notify the taxpayer of any additional balance due
 - Deposited into State Health Care Resources Fund (existing fund that is the source of funding for the State's Medicaid program, the Exchange, the Blueprint, and the vaccine bulk purchasing program)
 - Department of Taxes would adopt rules as needed to implement individual mandate