

Individual Mandate Study

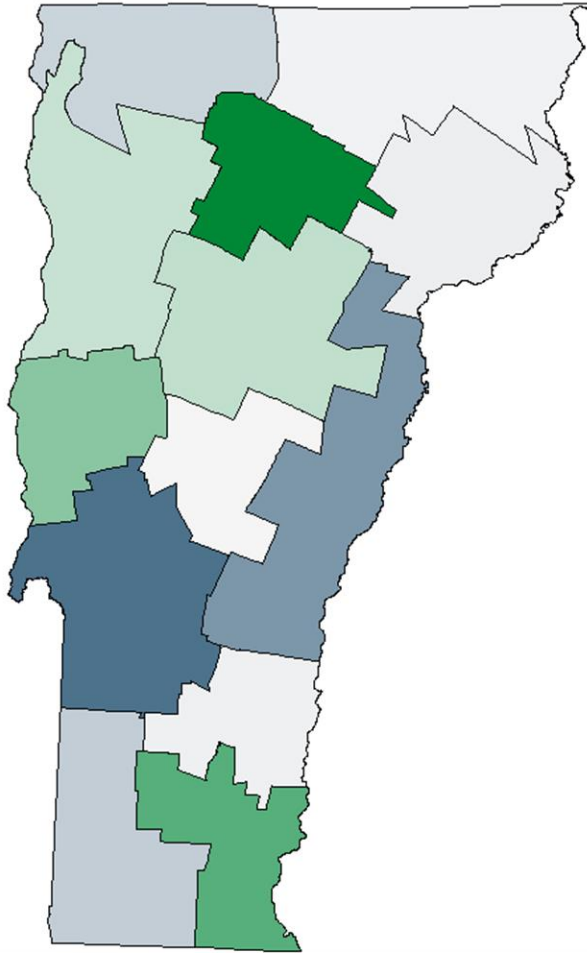
The impact of eliminating the federal individual mandate penalty in Vermont

Green Mountain Care Board

Department of Financial Regulation

Consultant: Lewis & Ellis, Inc.

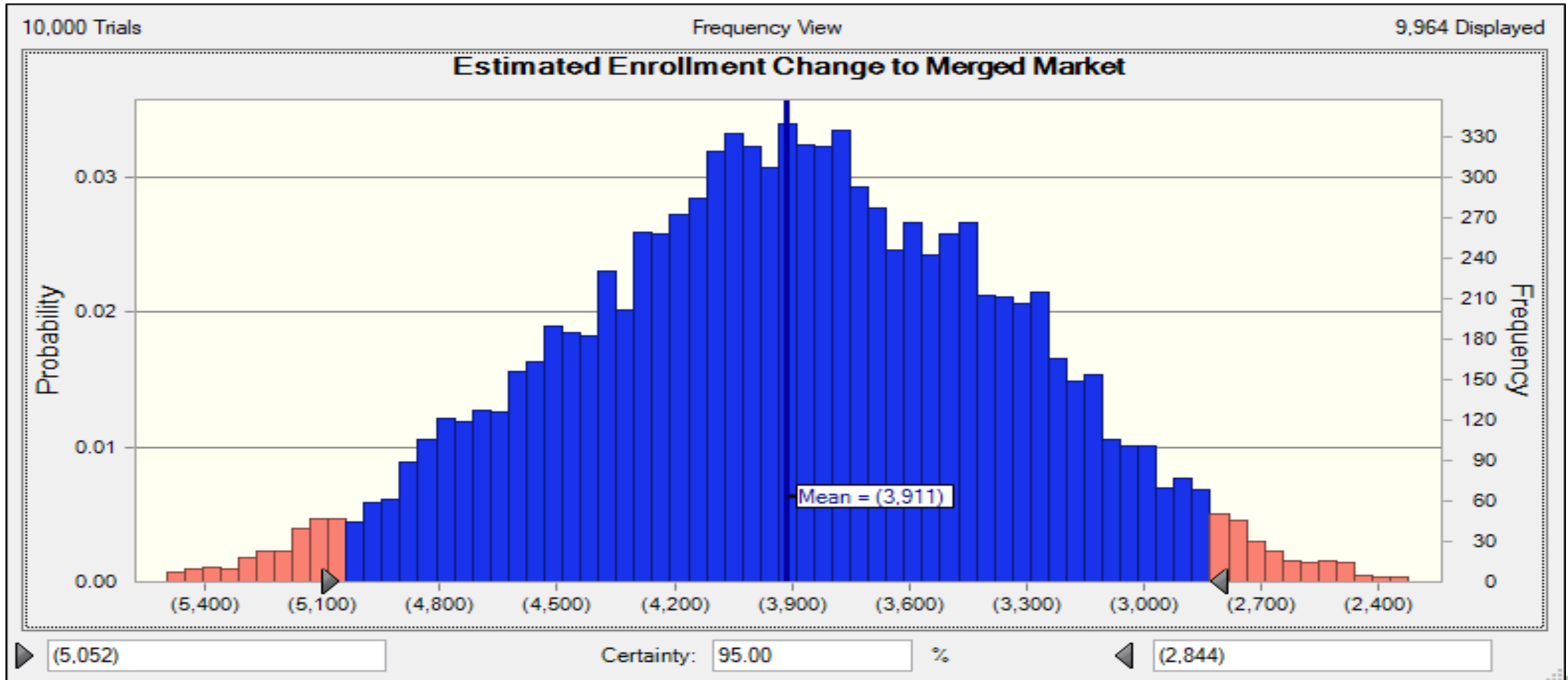
February 16, 2018



Individual Mandate: Impact in Vermont

- 2017 Tax Cuts and Jobs Act eliminates penalty associated with the individual mandate, effective January 1, 2019.
- GMCB and DFR contracted with Lewis and Ellis, Inc. to conduct an actuarial study to estimate the impacts on enrollment in and the cost of health insurance in Vermont's individual and small group merged market. It is expected that the large group and self-insured employer markets will not be significantly impacted.

Merged Market: Impact on Enrollment Decrease of 3.5 to 6%



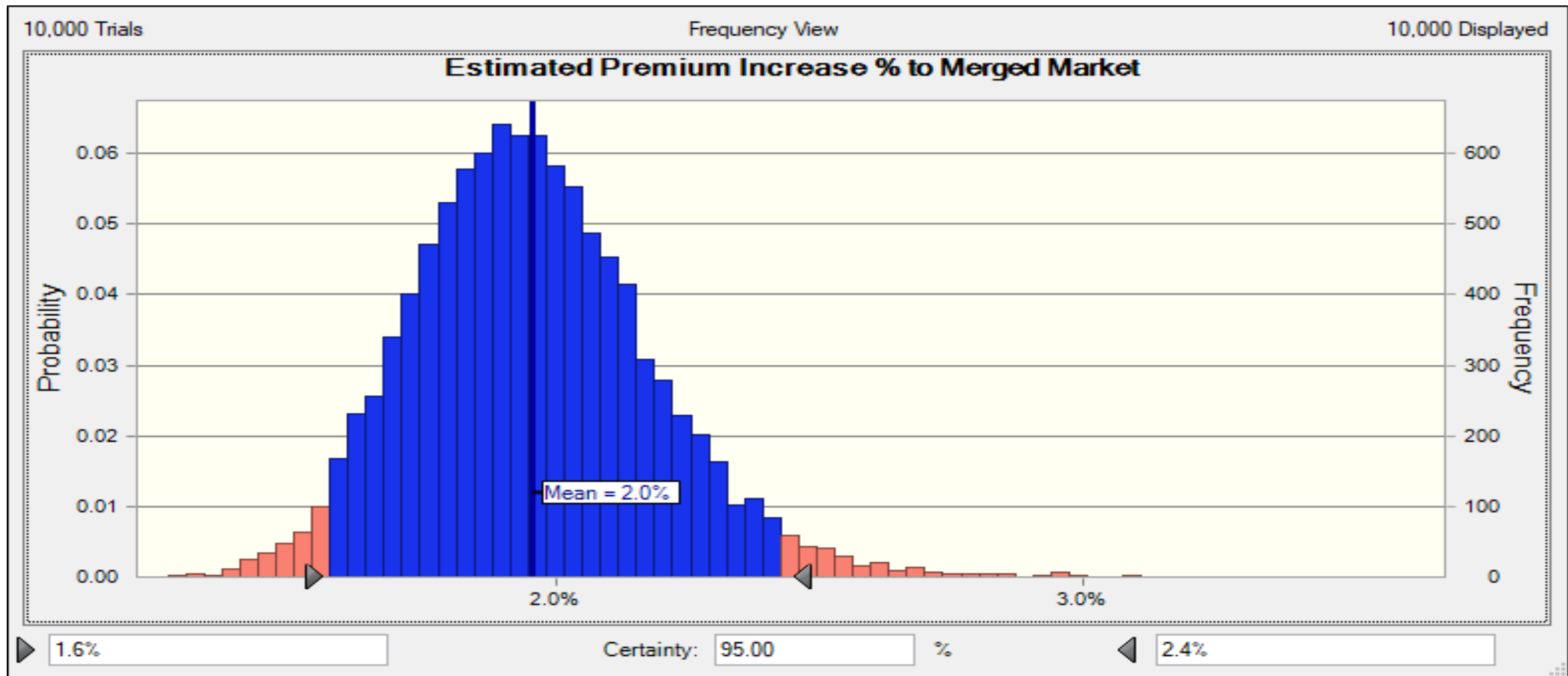
Merged Market: Impact on Enrollment

Approximate Percent of Members Dropping							
Income Range	Age Band						
	LT18	18-26	26-35	35-45	45-55	GT55	Total
Below 200% FPL	8%	7%	5%	5%	4%	2%	4%
200% to 250% FPL	12%	12%	11%	11%	8%	4%	8%
250% to 300% FPL	13%	11%	10%	10%	8%	3%	7%
300% to 400% FPL	11%	11%	9%	9%	7%	3%	7%
Above 400% FPL	41%	38%	40%	37%	27%	13%	25%
Total	25%	13%	10%	11%	10%	5%	9%

Approximate Number of Members Dropping							
Income Range	Age Band						
	LT18	18-26	26-35	35-45	45-55	GT55	Total
Below 200% FPL	9	127	101	130	116	72	555
200% to 250% FPL	17	110	112	142	151	108	642
250% to 300% FPL	16	58	63	78	100	76	391
300% to 400% FPL	97	57	42	66	82	69	414
Above 400% FPL	463	253	102	255	394	443	1,909
Total	602	606	420	672	843	768	3,911

Merged Market: Impact on Premiums

Increase of 1.6 to 2.4% or \$8-14M



Vermont Health Insurance Marketplace: Why are We Different?

- **Congressional Budget Office November 2017 Brief (national estimates)**
 - Enrollment: 13 million less health insurance enrollees by 2027
 - Premiums: 10% (but likely lower) increase in individual market premiums
- **Vermont Market**
 - Relatively low pre-ACA uninsurance rate
 - Merged Market
 - Community rating was already in place pre-ACA
 - Medicaid coverage pre-ACA
 - 80-85% of individual market receive premium subsidies

Summary of Findings

- **Uninsured rate:**
 - Increase in the overall uninsured rate of ~0.6% from 3.7% to 4.3%
- **Enrollment:**
 - Decrease in enrollment in the individual and small group market of 3.5-6%
 - Impact will likely be more significant on individuals than on small groups
 - Decrease in younger, healthier individuals buying insurance
- **Premiums:**
 - Increase in premiums for the individual and small group market of 1.6-2.4% or \$8-14 Million