

HHC – Affordability work group language proposals

Sec. 1. 33 V.S.A. § 1812 is amended to read:

§ 1812. FINANCIAL ASSISTANCE TO INDIVIDUALS

(a)(1)(A) An individual or family eligible for federal premium tax credits under 26 U.S.C. § 36B with income less than or equal to 300 percent of federal poverty level shall be eligible for premium assistance from the State of Vermont as described in subdivision (B) of this subdivision (1).

~~(2)(B)~~ The Department of Vermont Health Access shall establish a premium schedule on a sliding scale based on modified adjusted gross income for the individuals and families described in subdivision ~~(1) of this subsection~~ (A) of this subdivision (1). The Department shall reduce the premium contribution for these individuals and families by 1.5 percent below the premium amount established in 26 U.S.C. § 36B.

~~(3)(C)~~ Premium assistance under this subdivision (1) shall be available for the same qualified health benefit plans for which federal premium tax credits are available.

(2)(A) An individual or family with income above 400 percent of the federal level but less than or equal to 500 percent of the federal poverty level shall be eligible for premium assistance from the State of Vermont as described in subdivision (B) of this subdivision (2).

(B) The Department of Vermont Health Access shall reduce the premium contribution for the individuals and families described in subdivision (A) of this subdivision (2) who are enrolled in qualified health benefit plans by an amount equal to 10 percent of the premium for the second-lowest cost silver-level qualified health benefit plan offered through the Vermont Health Benefit Exchange, to the extent funds are

appropriated for this purpose. The premium for the second-lowest cost silver-level qualified health benefit plan for non-single coverage shall be determined first by identifying the second-lowest cost silver-level plan for single coverage and then by using the applicable two-person, parent-child, or family premium amount under that plan based on the appropriate plan tier.

Sec. 2. 400-500 PERCENT FPL PREMIUM ASSISTANCE; ADMINISTRATION;

LEGISLATIVE INTENT

(a) On or before January 15, 2021, the Department of Vermont Health Access, in consultation with the Department of Taxes, shall report to the House Committees on Health Care, on Appropriations, and on Ways and Means and the Senate Committees on Health and Welfare, on Appropriations, and on Finance regarding the method by which the Department proposes to administer the 10 percent premium reduction for individuals and families between 400 and 500 percent of the federal poverty level (FPL) as set forth in Sec. 1 of this act, including the Departments' evaluation of the feasibility of using a tax credit similar to the advance premium tax credit available under 26 U.S.C. § 36B.

(b) It is the intent of the General Assembly to implement the premium assistance reduction for individuals and families between 400 and 500 percent FPL as set forth in Sec. 1 of this act beginning in plan year 2022, with funds for the assistance included in the fiscal year 2022 budget. It is also the intent of the General Assembly to consider potential funding options to generate the new revenue needed for the premium assistance, including:

(1) the rate of a tax on household income in excess of 800 percent and 1,000 percent FPL that would be necessary to generate the revenue for the premium assistance;

(2) the rate of tax on total household income for households earning more than 800 percent and 1,000 percent FPL that would be necessary to generate the revenue for the premium assistance; and

(3) the amount of an increase to the quarterly Health Care Fund contribution assessment established in 32 V.S.A. § 10503 that would be necessary to generate the revenue for the premium assistance.

Sec. 3. “FAMILY GLITCH” ANALYSIS AND OPTIONS

(a) The Department of Vermont Health Access shall analyze the impact on Vermont households of the Affordable Care Act’s so-called “family glitch,” in which the affordability of employer-sponsored health insurance for a family, and therefore the family’s eligibility for premium tax credits, is based on the cost of the plan’s premium for self-only coverage. The Department’s analysis shall include:

(1) the number of households below 300 percent of the federal poverty level (FPL) who are affected by the family glitch;

(2) the number of affected households between 300 and 400 percent FPL who are affected by the family glitch;

(3) the annual amount of federal and State premium assistance for which households up to 300 percent FPL and between 300 and 400 percent FPL would be eligible but for the family glitch, and the estimated annual cost if the State were to make up that difference in the future;

(4) the potential for obtaining federal funds to address the family glitch for households below 300 percent FPL; and

(5) other options for mitigating the family glitch for Vermont households.

(b) On or before January 15, 2021, the Department of Vermont Health Access shall report its analysis, findings, and recommendations with respect to the family glitch to the House Committees on Health Care, on Appropriations, and on Ways and Means and the Senate Committees on Health and Welfare, on Appropriations, and on Finance.

Sec. 4. EFFECTIVE DATES

(a) Sec. 1 (33 V.S.A. § 1812) shall take effect on July 1, 2021 and shall apply beginning in plan year 2022.

(b) The remaining sections shall take effect on passage.