

Vermont Individual Mandate Requirement and Financial Penalty Proposal from HCA, BCBSVT and MVP

Part 1 – what qualifies as health insurance coverage?

Use federal definition of “minimum essential coverage” (MEC) to as of a specific date.

Allow DFR to approve additional forms of coverage as MEC.

MEC includes:

- Employer-sponsored coverage, including fully insured and self-insured including:
- Individual and small employer ACA insurance
- Medicare
- Medicaid
- CHIP
- VA coverage
- TRICARE

MEC excludes: non-major medical policies

- accident and disability policies
- stand-alone vision or dental policies
- workers’ compensation policies
- specific disease policies
- short-term, limited-duration insurance

Area of disagreement: treatment of association health plans

Part 2 – who is exempt from the individual mandate?

Exemptions. Follow Federal as of a specific date with some modifications for a state-based mandate.

Automatic Exemptions:

- Short-coverage gap – going without coverage for 3 consecutive months or less
- Non-Vermont residents, Vermonters living abroad and non-citizens
- Incarcerated individuals
- Religious exemption(s) – follow federal with one area of disagreement
 - Members of federally-designated and approved religious sects (e.g. Amish)
 - Christian Scientists and similar (*new federal regulation???*)
 - **Area of disagreement:** Health Sharing Ministries

Hardship Exemptions:

- Honor all federal hardship exemptions
- DVHA to approve VT hardship exemptions

Income and Affordability Exemptions:

- Households with income below Vermont tax filing threshold exempt
- Automatic income exclusion: **area of disagreement between 200% and 400% FPL**
(Note ACA is 138% FPL Medicaid threshold)

- **Area of disagreement:**

Affordability exclusion: no penalty if health insurance is deemed “not affordable” for FPL above the automatic income exclusion (above). Measure: If the lowest cost Vermont Bronze plan premium for your family costs more than **8.3%** of your household income (FPL definition)

Part 3 – How to enforce the Individual Mandate?

Financial Penalty Enforcement. Use a financial penalty, modeled largely on the federal and administered through the Vermont income tax system

- Same amount as the federal initially (\$695 per year)
- Prorated for the number of months uninsured
- Children are ½ the adult amount
- **Not determined: Index penalty amount to increase over time like federal**
- Include a provision, that if the federal individual mandate penalty ever is reinstated it replaces the VT penalty.
- All effective January 1, 2020