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Federal and State Healthcare Reform: The Potential Financial Impact on Employers and Employees

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The Affordable Care Act (ACA) in 2014:
The Crescendo

Most of the key changes that are expected to get health insurance to millions of uninsured Americans, improve care, and reduce costs begin in 2014. The year's key provisions are:

- Employee notices
- Individual insurance mandate
- Employer insurance mandate
- Essential health benefits
- No pre-existing conditions for all ages
- Clinical trials
- Auto enrollment
- Annual dollar limits on essential health benefits
- Eligibility provisions
- Guarantee issue
- Excise taxes
- Exchanges go into effect
- Premium tax credits

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The ACA in 2014:
Notice and Disclosure Requirements

- **Statement of Grandfathered Status** – Model statement of Grandfathered Status (if maintaining such status) required to be distributed with participant materials.
- **Notice of Rescission** – Must provide notice if cancelling coverage on an individual that has a retroactive effect. Only permissible in the event of fraud, intentional misrepresentation or failure to pay premiums.
- **Notice of Availability of Exchange** – Originally required to be completed March 1, 2013. The DOL provided an update on May 8th , 2013 extending the deadline to October 1st, 2013 along with model notices to be used. The guidance is temporary and will remain in effect until the DOL issues regulations and further guidance.
- **Updated Model Notice for COBRA -** Updated COBRA continuation coverage election notice effective January 1, 2014. New notice includes language regarding availability of options available through the exchange and subsidies for qualifying individuals.
- **Summary of Benefit Coverage and 60 Day Notice of Plan Changes** – Required format for summarizing medical benefits. ACA required distribution to employees at the first open enrollment on or after September 23, 2012 and 60 days in advance of any material change in benefits (mid year). Employer has ultimate responsibility as a self-insured group. For fully-insured groups the insurer must produce and the employer must distribute.

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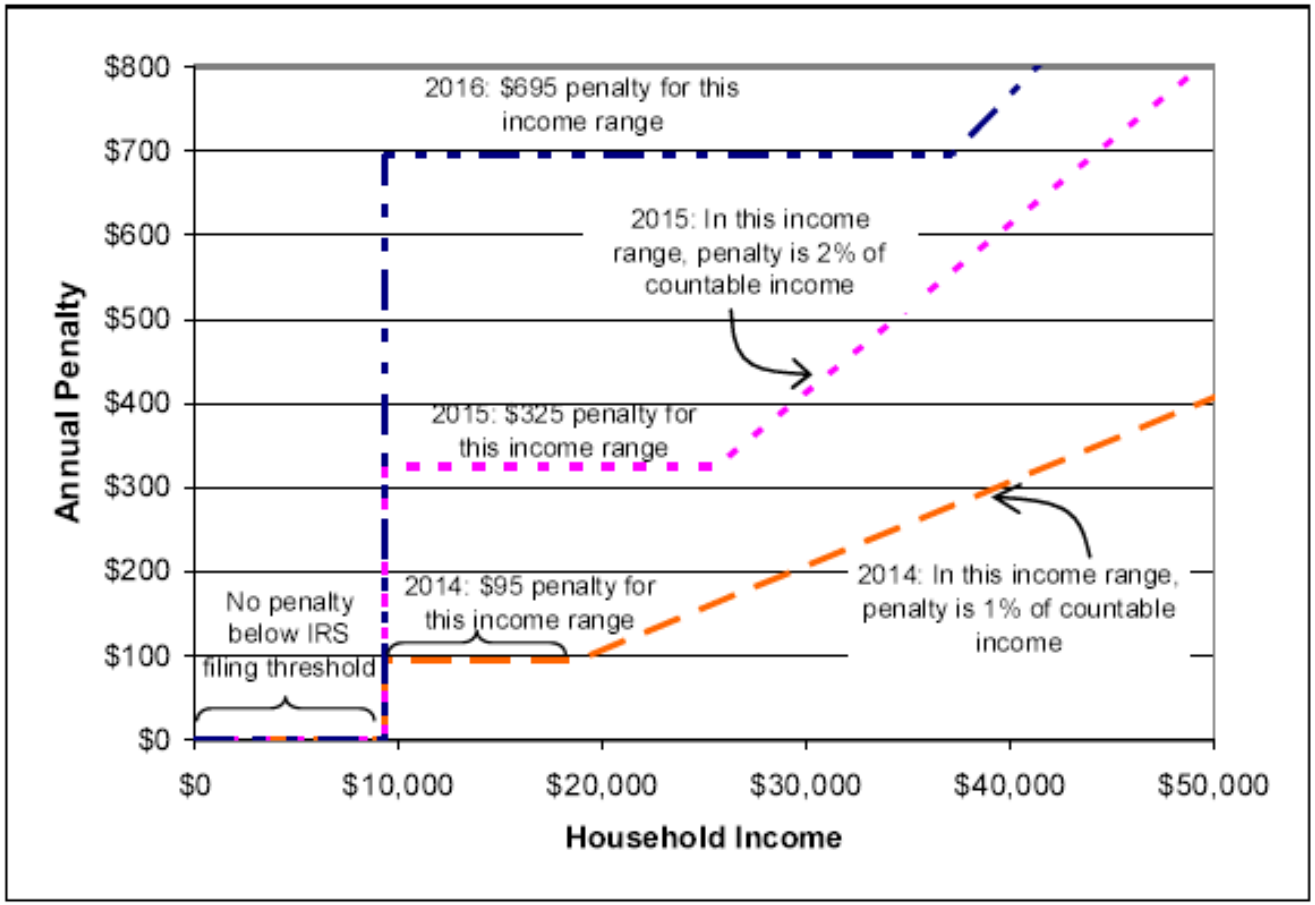
The ACA in 2014:
Individual Insurance Mandate

- Under the ACA, all people must have minimum essential coverage beginning January 1, 2014, which is:
  - Government sponsored plan
  - Employer sponsored plan
  - Individual plan
- If minimum essential coverage is not obtained, the Internal Revenue Service will collect a tax penalty from him or her. The annual tax penalty is described as the greater of:
  - 2014: $95 per uninsured adult in the household (capped at $285 per household) or 1% of the household income over the filing threshold
  - 2015: $325 per uninsured adult in the household (capped at $975 per household) or 2% of the household income over the filing threshold
  - 2016: $695 per uninsured adult in the household (capped at $2,085 per household) or 2.5% of the household income over the filing threshold

Figure A-1. Illustrative Individual Mandate Penalties for a Single Individual with No Dependents, 2014-2016, with Household Income up to $50,000



Source: CRS.

Notes: For this figure, the 2010 filing threshold was used, which is $9,350 for a single individual under age 65 with no dependents (single filing status), but will likely be higher when implemented (thus exempting people with slightly higher income) than shown here.

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The ACA in 2014:
Employer Insurance Mandate – DELAYED UNTIL 2015

- Effective January 1, 2014, an applicable large employer *might* be subject to an assessment payment if:
  - The employer fails to offer substantially all full-time employee (and dependents) the opportunity to enroll in minimum value coverage under an employer sponsored plan
  - The employer does offer minimum value coverage but it does not provide minimum value or is unaffordable
- Penalties for the two scenarios above are triggered only if a full-time employee receives a premium tax subsidy for coverage through an Exchange

Large employer- has an average of at least 50 full-time equivalent in a calendar year

Full-time employee- worked an average of at least 30 hours of service per week or 130 hours of service per month

Minimum value coverage- a plan that pays at least 60% of the cost of services

Unaffordable- full-time employee pays more than 9.5% of household income for the single premium

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What Does A Minimum Value Plan Cover?

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	$35 copay	
Specialists	$80 copay	
Preventative Care	Covered in Full	
Maternity		
Initial Visit to Confirm Pregnancy	$35 copay	
Hospital Charges	50% after deductible	
Other Services		
X-Ray & Lab	50% after deductible	
Outpatient Procedures	50% after deductible	
Inpatient Care	50% after deductible	
Inpatient Mental Health/ Substance Abuse	50% after deductible	
Outpatient Mental Health/ Substance Abuse	$35 copay	
Emergency Room	50% after deductible	
Ambulance	$100 copay	
Prescription Drugs		
Rx Deductible	$200/$400	
Generic	$20 copay	
Preferred Brand	$80 copay	
Non-Preferred Brand	60% coinsurance	
Annual Deductible	Stacked	
Individual	$3,500	
Family	$7,000	
Out of Pocket Maximum		
Individual	$6,400	
Family	$12,800	
Actuarial Value	**61.5%**	
	BCBS Rates	***MVP Rates***
Single	$359.47	$336.13
Couple	$718.94	$672.26
Parent and Child	$693.78	$618.73
Family	$1,010.11	$944.53

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How Do I Know If My Plan is Affordable?

Single contribution cannot exceed 9.5% of household income

- Employee contribution for single rate ÷ .095 ≤ 9.5% household income
  - For example, $150 monthly contribution ÷ .095 = $1,578
    - If household income is greater than $18,947 ($1,578 x 12), plan is affordable

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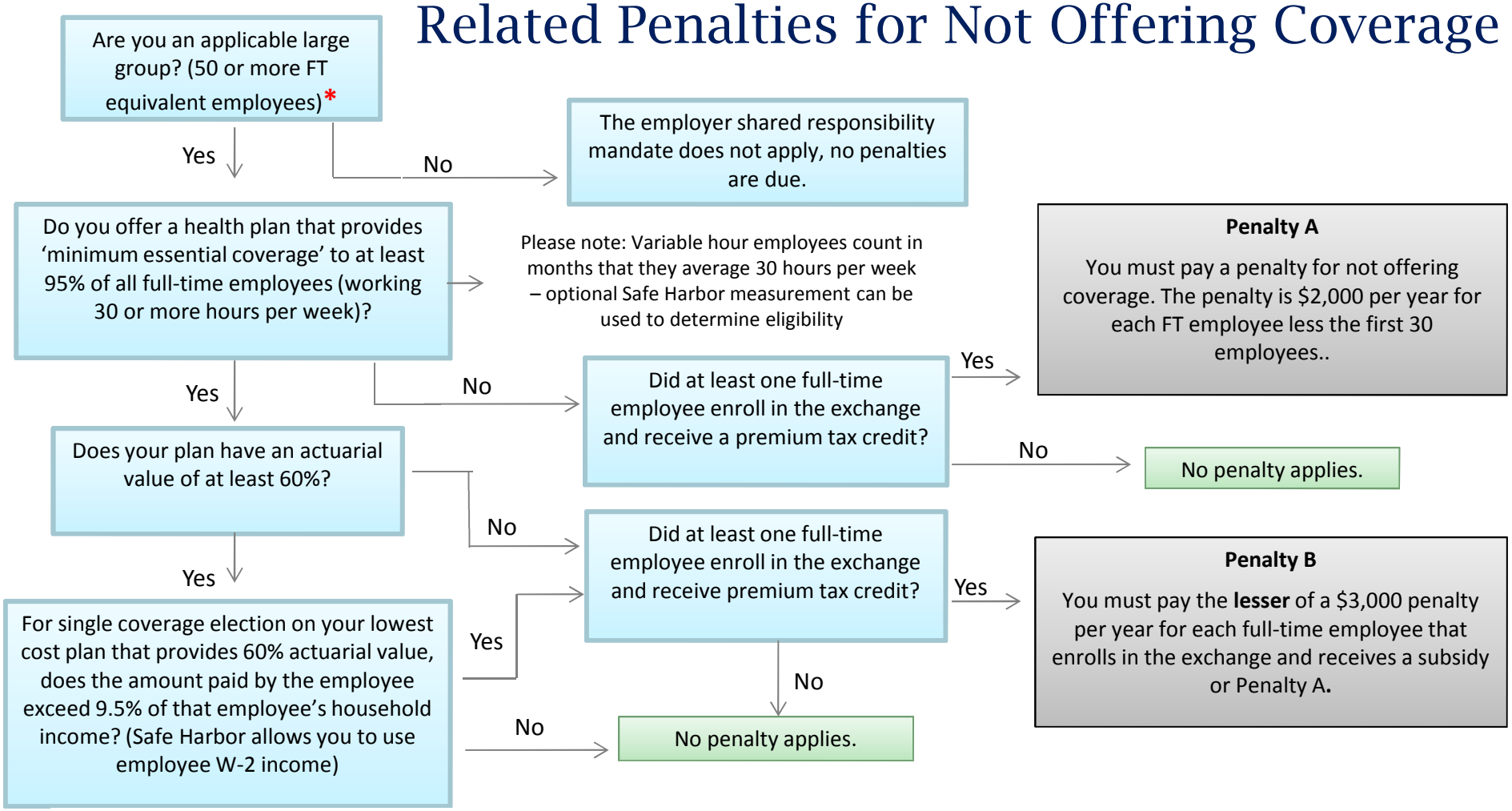
Employer Shared Responsibility Mandate & Related Penalties for Not Offering Coverage



*Note – To determine if you are a large employer you add all FT employees working 30 hours/week (130/month) plus fractional employees. Fractional employees are determined by summing all hours worked by non-FT employees in a month and dividing by 120.

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The Two Penalty Scenarios

Scenario 1:

- A large employer does not offer medical insurance coverage to substantially all of its full-time employees AND one of those full-time employees receives subsidized coverage through an Exchange.

Annual Penalty = $2,000 per full-time employee (minus the first 30)

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The Two Penalty Scenarios

Scenario 2:

- If a large employer's health plan does not provide minimum value or is unaffordable, the employer will be subject to a $3,000 annual penalty for every full-time employee that receives subsidized coverage through an Exchange.

Defining Employer Risk:

Coverage does not provide minimum value or is unaffordable → employee buys plan on the Exchange → employee qualifies for subsidy → $3,000 fine

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The Employer Mandate: Determining Full-Time Status

- The statutory language: determination of full-time status and the application of the excise tax penalties would be required on a month-to-month basis.
  - The IRS and Treasury Department's realized how difficult and impractical such measurements would be for employers.
    - As a result, in early 2013 the government provided employers with an optional "safe harbor" method as an alternative to the rigid month-to-month calculation.

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Safe Harbor: Employee Categories

- **Ongoing Employees:** employed for at least one complete standard measurement period. This employee can be either part-time or full-time.
- **New Employees:**
  - **Expected Full-Time**
    - Reasonably expected to work 30 hours of service per week
    - Must be offered minimum essential coverage by the end of the first 3 months of employment (90 days)
    - Measurement of hours not required
  - **Variable Hour**
    - Employer is unable to determine at start date if the employee will average 30 hours a week or employment is expected to be of limited duration
    - Measurement of hours is required

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Safe Harbor: Employee Categories

- **Re-Hired Employees:**
  - Can be treated as “new” if the person had no hours of service for at least 26 consecutive weeks
  - Or a “Rule of Parity” can be applied for breaks less than 26 weeks. Under this scenario, an employee can be treated as new if the period of time with no hours of service is at least four weeks long and is longer than the immediately preceding period of employment
    - For example, if an employee works six weeks, terminates employment, and is rehired ten weeks later, that rehired employee is treated as a new employee because the ten week of non-employment is longer than the immediately preceding six week period of employment.
- **New Seasonal Employees:**
  - No precise definition for classifying seasonal employees, but employers may use a reasonable good faith interpretation of the term seasonal employee.

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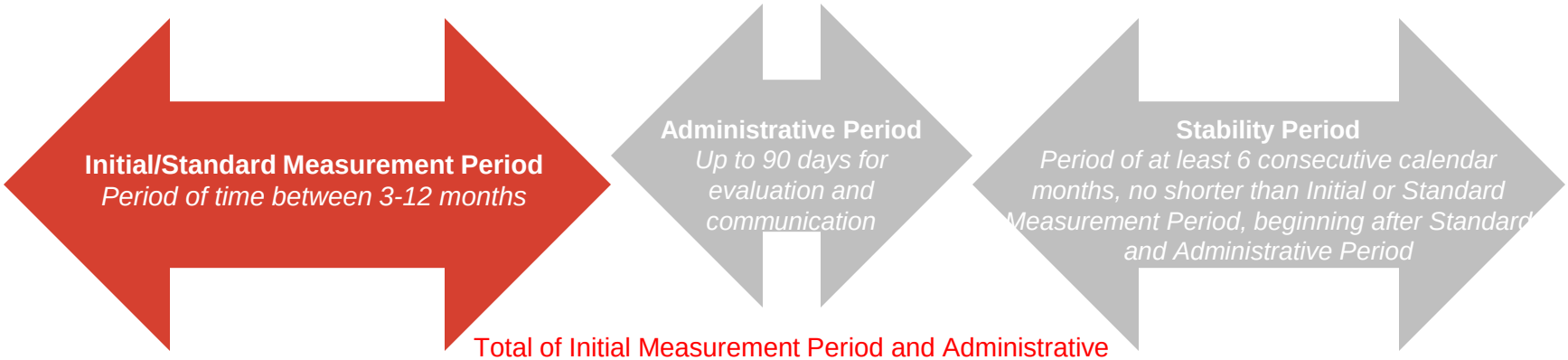
Safe Harbor: Hours of Service Defined

- **Non-hourly employees**
  - Employers may calculate hours by:
    - Counting actual hours of service
    - Days-worked equivalency (8 hours per day worked)
    - Weeks-worked equivalency (40 hours per week worked)
    - May use different methods for different classes of employees
- **Hourly employees**
  - Employers must use actual hours of service from records of hours worked and hours for which payment is made

The Safe Harbor: Less Rigid, More Complex

- Allows an employer to identify and choose the length of time an employees full-time or part-time status is determined.
- Those time periods are made up of the following:
  - **Measurement Period**: a look back time frame for counting hours of service in order to determine whether an employee averaged 30 hours per week during that time period.
    - Must be a period of between three and twelve months
    - An employer can determine when the Measurement Period starts and ends, but must be made consistent for all employees in a particular category or classification



Total of Initial Measurement Period and Administrative Period can't exceed 13 months – plus reminder of month if anniversary fall in middle of month

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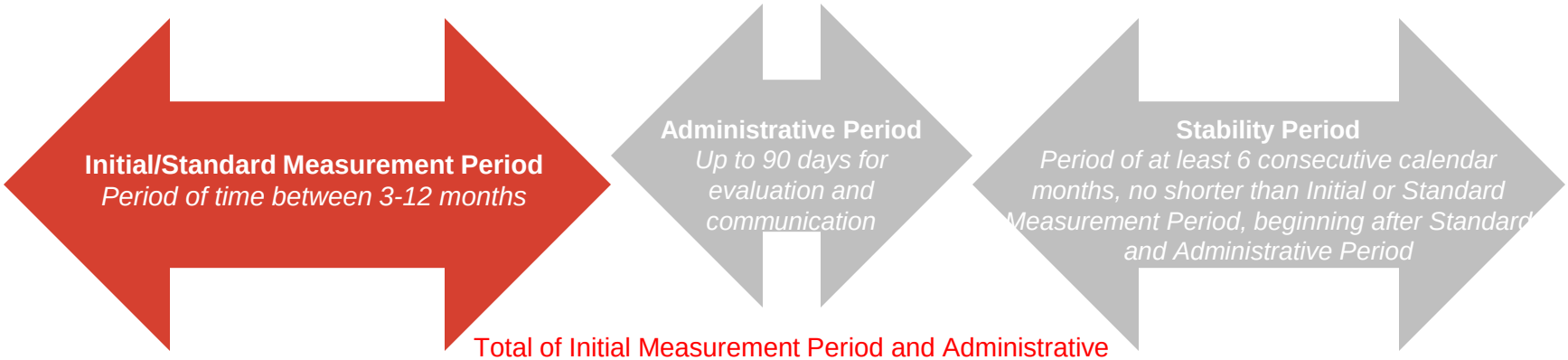
The Safe Harbor: Less Rigid, More Complex

- New Variable Hour Employees are measured with an Initial Measurement Period, ongoing employees are measured in the Standard Measurement Period
  - These two periods can be of different length and may overlap with each other
  - Note that Initial Measurement Periods are based off initial hire date of the employee, so those periods will vary for each new variable employee
  - If the new variable hour employee is tested with ongoing employees and passes after failing during new hire testing, coverage is extended as an ongoing employee



Total of Initial Measurement Period and Administrative Period can't exceed 13 months – plus reminder of month if anniversary fall in middle of month

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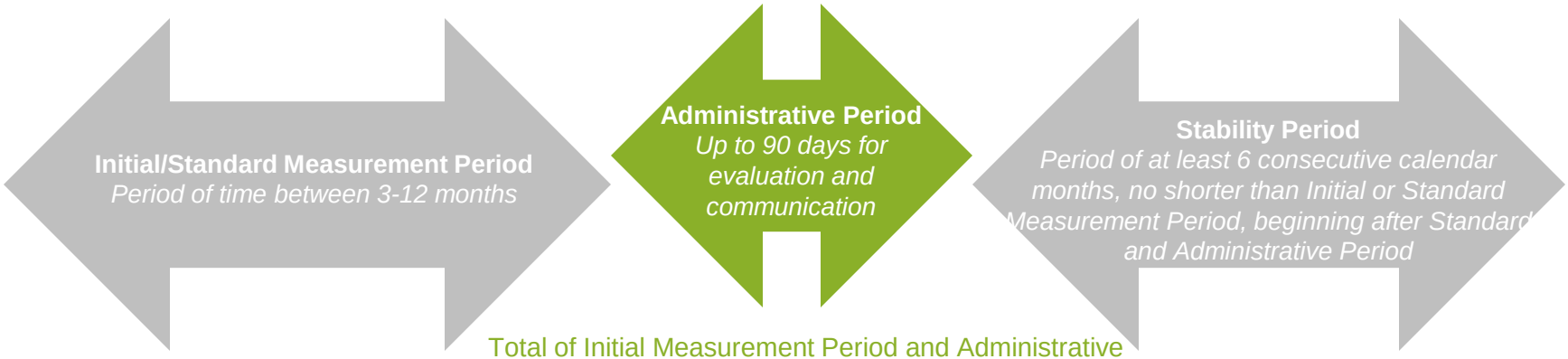
The Safe Harbor: Less Rigid, More Complex

- **Administrative Period**: an optional time frame that allows for enrollment and disenrollment in the plan.
  - Must begin immediately following the end of the Measurement Period and ends immediately before the start of an associated Stability Period
  - Must not exceed 90 days and cannot create a potential lapse in coverage



Total of Initial Measurement Period and Administrative Period can't exceed 13 months – plus reminder of month if anniversary fall in middle of month

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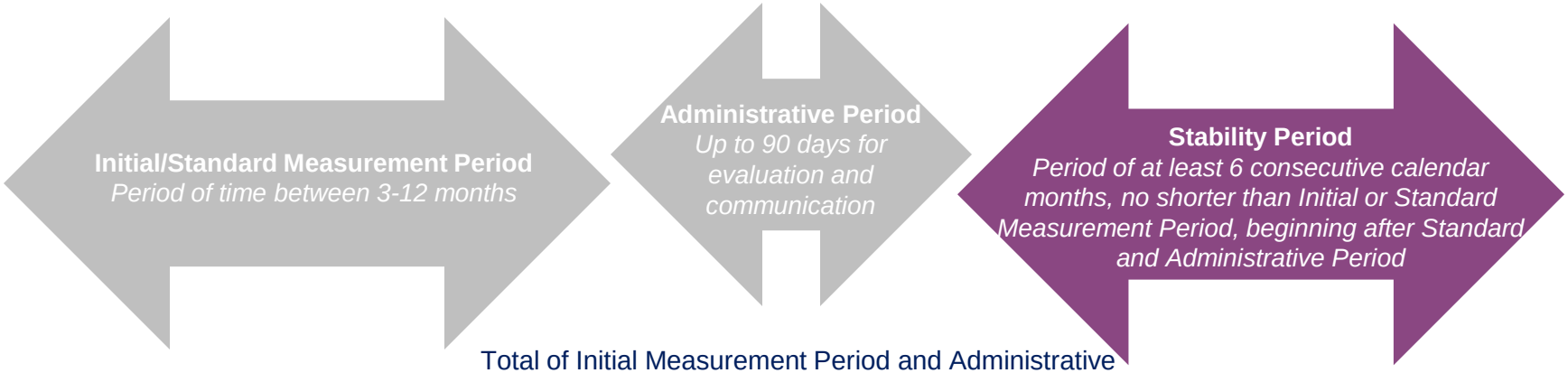
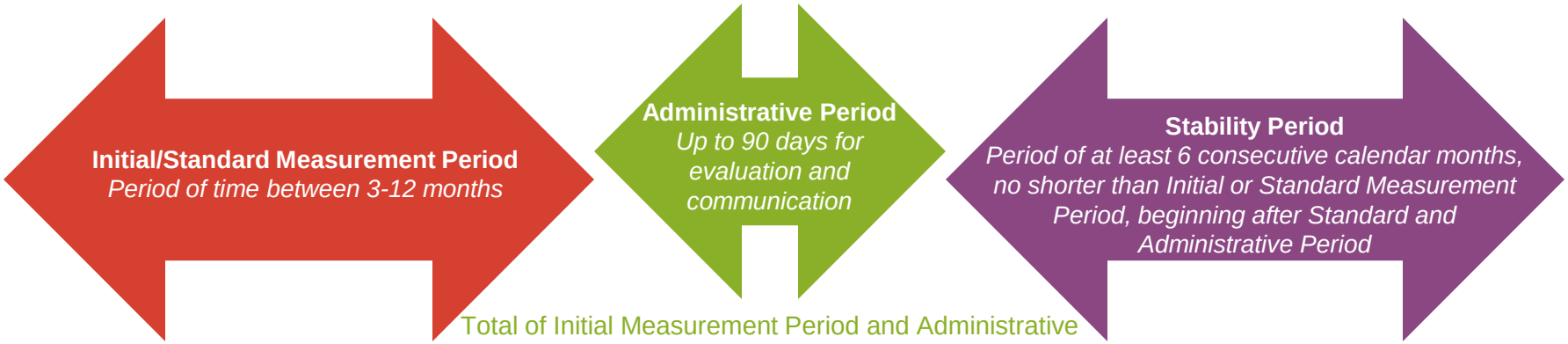
The Safe Harbor: Less Rigid, More Complex

- **Stability Period**: a time frame in which coverage might have to be provided based on full-time status during the measurement period.
  - If the employee is determined to be full-time, the Stability Period must be at least 6 consecutive months and as long as the Initial Measurement Period
  - Coverage for the entire Stability Period is guaranteed even if the employee falls below 30 hours during ongoing measurement
  - If the employee is determined to not be full-time, the Stability Period can be shorter; however, the Stability Period for that part-time employee cannot be longer than the Standard Measurement Period



Total of Initial Measurement Period and Administrative Period can't exceed 13 months – plus remainder of month if anniversary fall in middle of month



Total of Initial Measurement Period and Administrative Period can't exceed 13 months – plus reminder of month if anniversary fall in middle of month

Employee Type	Definition	Penalty / Parameters
Full-Time Ongoing	Always average more than 30 hours per week	Employer must offer affordable coverage, 90 day or less waiting period. No measurement required.
Full-Time New Hire	Expected to always average more than 30 per week	Employer must offer affordable coverage, 90 day or less waiting period. No measurement required.
Part-Time	Always average less than 30 hours per week	If coverage is offered to employees working less than 30 hours per week, the employer must have 90 day or less waiting period; but no applicable employer penalty. Measurement required.
Variable	Employee hours vary such that the employer can not determine whether employee is reasonably expected to work at least 30 hours per week	Eligibility determined based on measurement process.
Seasonal Employee	Worker who performs labor or services on a seasonal basis, including (but not limited to) retail workers employed exclusively during holiday seasons	Treat as variable employee for measurement and stability process

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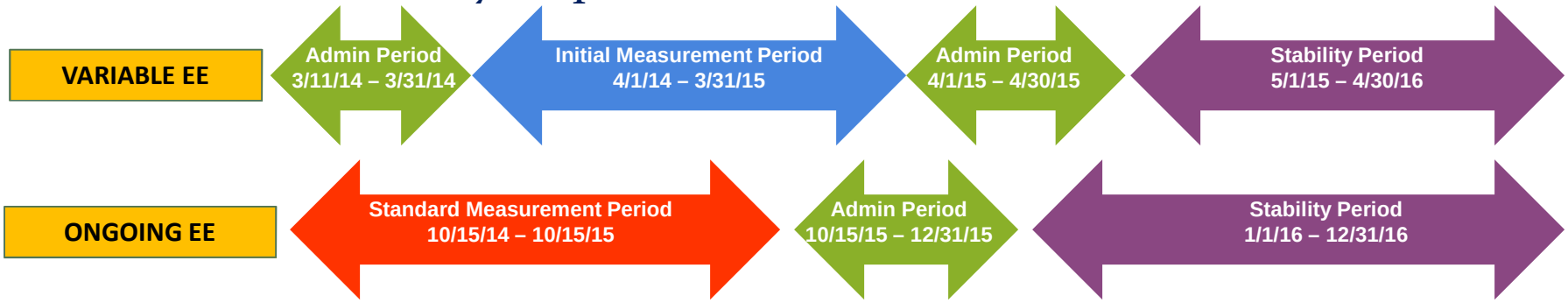
Variable Hour Example: 12 month Initial Measurement Period followed by 1+ partial month Administrative Period



Facts:
- **Ongoing employees must average 30 hours per week for eligibility**
- **Employer chooses Standard Measurement Period of October 1st – September 30th for ongoing employees**
- **Employer chooses Administrative Period of Oct 1st– Dec 31th for ongoing employees**
- **Employer chooses Stability Period of Jan 1st – Dec 31th for ongoing employees**

Situation:
- Employee Y is New Variable and is hired on March 11, 2014
- Initial Measurement Period begins first of the month following date of hire
- Initial Admin Period is from date of hire to the first of the next month and a second admin period is the month following the end of the measurement period.
- Employee Y works an average 30 hours per week during Initial Measurement Period

Conclusion:
- Employee Y is eligible for coverage during Stability Period 5/1/15 – 4/30/16
- Initial Measurement Period does not exceed 12 months
- Administrative Period does not total more than 90 days
- Combined Initial Measurement period and Administrative Period is less than 14 months
- Employer is not subject to penalty
- Employer must test Employee Y again as an Ongoing Employee from October 1, 2014 through September 30, 2015 (employer's first Standard Measurement Period that begins after Employee Y's start date)

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The ACA in 2013:
Comparative Effectiveness Research Fee...
now affectionately known as
The Patient-Centered Outcomes Research Fee

- Revenue from this fee will fund research to determine the effectiveness of various forms of medical change.
  - Annual fee on both fully insured (fee built into rates) and self-insured (self reported on Excise Tax Form 720) medical plans
  - Applies to plan years beginning after 10/1/2012 and continues through 2019
- First payments are due on July 31, 2013 ~Self-funding reminder~!!!!!!
  - Initial annual fee is $1 per plan participant, including dependents
  - Increases to $2 for plans renewing November 1, 2012 and indexed for inflation for future years

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The ACA in 2013:
Comparative Effectiveness Research Fee...
now affectionately known as
The Patient-Centered Outcomes Research Fee

- Uh-oh, special rules for account-based plans
  - Flexible Spending Arrangements (FSA's) are exempt from the fees (unless FSA is only benefit option offered)
  - Health Reimbursement Arrangements (HRA's) will generally be subject to the fees
    - If a medical plan consists of fully insured coverage plus an HRA, both the plan sponsor of the HRA and the issuer of the medical benefit will pay the fees, even if the lives covered under both are the same
    - Plan sponsors that provide self-insured health coverage and a self-insured HRA would pay the fee once for each individual enrolled in the plan. The self-insured coverage is not counted separately from the HRA.

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The ACA in 2014:
Health Insurance Industry Fee

- Beginning in 2014, the ACA will tax health insurance companies based on their market share of premium dollars.
  - In 2014, the fee raises $8 billion and increases on a fixed dollar schedule through 2018
  - 2015: $11.3 billion
  - 2016: $11.3 billion
  - 2017: $13.9 billion
  - 2018: $14.3 billion. Beyond 2018, the total annual fee amount will increase in direct proportion to the growth in health insurance premiums
  - Applies only to fully insured plans, but does include dental and vision benefits
  - Fee is NOT tax deductible, which significantly increases the cost impact which is expected to be in the range of 2 to 2.5% of premium in 2014, increases to 3% to 4% in future years

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The ACA in 2014:
Reinsurance Assessment

- Beginning in 2014, the ACA will assess both fully insured and self-insured medical plans to reimburse companies that insure high-cost individuals within the individual insurance market.
- Assessment works on a fixed dollar schedule and applies to medical plans only
  - In 2014, the total assessed amount is $12 billion, or roughly $63 per member per year
  - 2015: $8 billion, roughly $50 per member per year
  - 2016: $5 billion, roughly $30 per member per year
- This assessment is tax-deductible

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Vermont-Specific Fees

- **VT Health Care Claims Assessment (HCC)** – A fee of 0.8% on claims went into effect on October 1, 2011. Likely to increase to fund further VT reform initiatives.
  - Update 5-14-13: Legislature voted to not increase this assessment. Instead they voted to continue the Employer Health Care Contribution (EHCC, aka Catamount Health) to fund subsidies for low-income individuals entering the Exchange. Although Catamount Health goes away, employers will still be responsible for reporting and payment.
- **Vermont Information Technology Leaders (VITL):** Beginning with VITL's institution in 2008, this is a 0.199% assessment on all claims and capitations to fund the adoption and networking of electronic health records in Vermont.
- **Vermont Blueprint for Health**: This program first began in July of 2008 and has been expanding since its inception. The charge includes the costs incurred under the current program (which are not included in the claims) and the projected future costs for the expansion of Blueprint to additional practices.

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The ACA in 2014:
Health Insurance Exchanges

- Exchanges will offer standardized health plans in an effort to make health insurance more accessible and easier to purchase for small businesses and individuals. *Their words not mine!*
- All states are required to have Exchanges functioning by January 1, 2014 and ready for open enrollment by October 2013.
- Exchanges will vary from state to state, but they all must conform to certain requirements determined by the federal government.
- The federally qualified health plans will be available at five benefit levels:
  - Platinum (90% Actuarial Value)
  - Gold (80% Actuarial Value)
  - Silver (70% Actuarial Value)
  - Bronze (60% Actuarial Value)
  - Catastrophic (below 60% Actuarial Value, only can be purchased by young adults)

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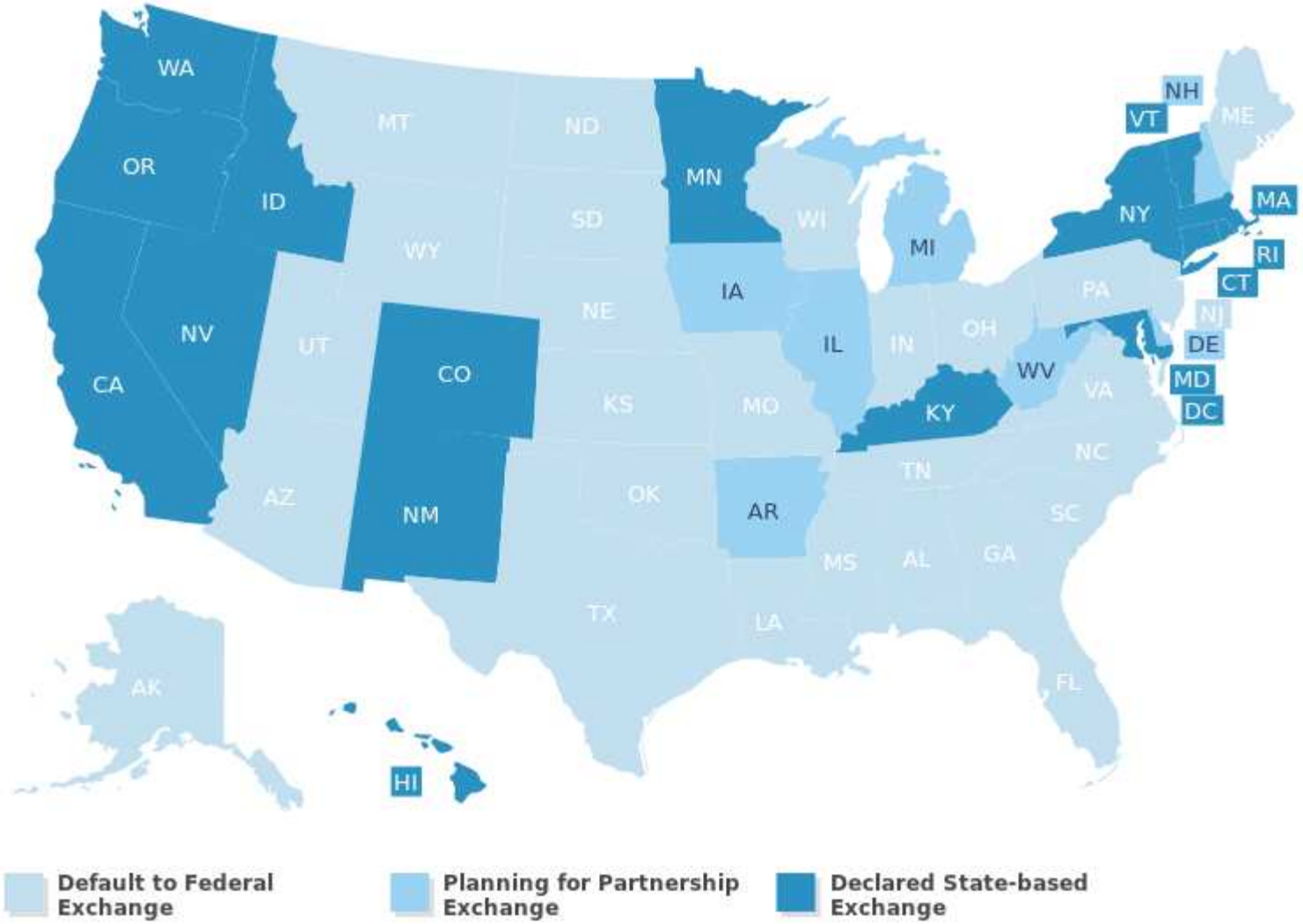
State Decisions for Creating Health Insurance Exchanges (as of 5/28/13)



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2014 Exchange Standard Platinum Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	$10 copay	
Specialists	$20 copay	
Preventative Care	Covered in full	
Maternity		
Initial Visit to Confirm Pregnancy	$10 copay	
Hospital Charges	10% after deductible	
Other Services		
X-Ray & Lab	10% after deductible	
Outpatient Procedures	10% after deductible	
Inpatient Care	10% after deductible	
Inpatient Mental Health/ Substance Abuse	10% after deductible	
Outpatient Mental Health/ Substance Abuse	$10 copay	
Emergency Room	$100 copay	
Ambulance	$50 copay	
Prescription Drugs		
Rx Deductible	No deductible	
Generic	$5 copay	
Preferred Brand	$40 copay	
Non-Preferred Brand	50% coinsurance	
Annual Deductible	Stacked	
Individual	$150	
Family	$300	
Out of Pocket Maximum		
Individual	$1,250	
Family	$2,500	
Actuarial Value	**88.1%**	
	BCBS Rates	***MVP Rates***
Single	$582.79	$594.30
Couple	$1,165.58	$1,188.60
Parent and Child	$1,124.78	$1,147.00
Family	$1,637.64	$1,669.98

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2014 Exchange Standard Gold Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	$15 copay	
Specialists	$25 copay	
Preventative Care	Covered in full	
Maternity		
Initial Visit to Confirm Pregnancy	$15 copay	
Hospital Charges	20% after deductible	
Other Services		
X-Ray & Lab	20% after deductible	
Outpatient Procedures	20% after deductible	
Inpatient Care	20% after deductible	
Inpatient Mental Health/ Substance Abuse	20% after deductible	
Outpatient Mental Health/ Substance Abuse	$15 copay	
Emergency Room	$150 copay	
Ambulance	$50 copay	
Prescription Drugs		
Rx Deductible	$50	
Generic	$5 copay	
Preferred Brand	$40 copay	
Non-Preferred Brand	50% coinsurance	
Annual Deductible	Stacked	
Individual	$750	
Family	$1,500	
Out of Pocket Maximum		
Individual	$4,250	
Family	$8,500	
Actuarial Value	**80.2%**	
	BCBS Rates	***MVP Rates***
Single	$497.06	$513.83
Couple	$994.12	$1.027.66
Parent and Child	$959.33	$991.69
Family	$1,396.74	$1,443.86

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2014 Exchange Standard Silver Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	$20 copay	
Specialists	$40 copay	
Preventative Care	Covered in full	
Maternity		
Initial Visit to Confirm Pregnancy	$20 copay	
Hospital Charges	40% after deductible	
Other Services		
X-Ray & Lab	40% after deductible	
Outpatient Procedures	40% after deductible	
Inpatient Care	40% after deductible	
Inpatient Mental Health/ Substance Abuse	40% after deductible	
Outpatient Mental Health/ Substance Abuse	$20 copay	
Emergency Room	$250 copay	
Ambulance	$100 copay	
Prescription Drugs		
Rx Deductible	$100	
Generic	$12 copay	
Preferred Brand	$50 copay	
Non-Preferred Brand	50% coinsurance	
Annual Deductible	Stacked	
Individual	$1,900	
Family	$3,800	
Out of Pocket Maximum		
Individual	$5,150	
Family	$10,300	
Actuarial Value	**71.8%**	
	BCBS Rates	***MVP Rates***
Single	$425.19	$427.51
Couple	$850.38	$855.02
Parent and Child	$820.62	$825.09
Family	$1,194.78	$1,201.30

2014 Exchange Standard Silver HDHP Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	10% after deductible	
Specialists	20% after deductible	
Preventative Care	Covered in full	
Maternity		
Initial Visit to Confirm Pregnancy	10% after deductible	
Hospital Charges	20% after deductible	
Other Services		
X-Ray & Lab	20% after deductible	
Outpatient Procedures	20% after deductible	
Inpatient Care	20% after deductible	
Inpatient Mental Health/ Substance Abuse	20% after deductible	
Outpatient Mental Health/ Substance Abuse	10% after deductible	
Emergency Room	20% after deductible	
Ambulance	20% after deductible	
Prescription Drugs		
Rx Deductible	$1,250	
Generic	$10 copay	
Preferred Brand	$40 copay	
Non-Preferred Brand	50% coinsurance	
Annual Deductible	Aggregate	
Individual	$1,550	
Family	$3,100	
Out of Pocket Maximum		
Individual	$5,750	
Family	$11,500	
Actuarial Value	**68.7%**	
	BCBS Rates	***MVP Rates***
Single	$412.83	$428.58
Couple	$825.66	$857.16
Parent and Child	$796.76	$827.16
Family	$1,160.05	$1,204.31

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2014 Exchange Standard Bronze Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	$35 copay	
Specialists	$80 copay	
Preventative Care	Covered in Full	
Maternity		
Initial Visit to Confirm Pregnancy	$35 copay	
Hospital Charges	50% after deductible	
Other Services		
X-Ray & Lab	50% after deductible	
Outpatient Procedures	50% after deductible	
Inpatient Care	50% after deductible	
Inpatient Mental Health/ Substance Abuse	50% after deductible	
Outpatient Mental Health/ Substance Abuse	$35 copay	
Emergency Room	50% after deductible	
Ambulance	$100 copay	
Prescription Drugs		
Rx Deductible	$200/$400	
Generic	$20 copay	
Preferred Brand	$80 copay	
Non-Preferred Brand	60% coinsurance	
Annual Deductible	Stacked	
Individual	$3,500	
Family	$7,000	
Out of Pocket Maximum		
Individual	$6,400	
Family	$12,800	
Actuarial Value	**61.5%**	
	BCBS Rates	***MVP Rates***
Single	$359.47	$336.13
Couple	$718.94	$672.26
Parent and Child	$693.78	$618.73
Family	$1,010.11	$944.53

2014 Exchange Standard Bronze HDHP Plan

Dr. Office Visit	Member Cost	
Primary Care Physician/OBGYN	50% after deductible	
Specialists	50% after deductible	
Preventative Care	Covered in full	
Maternity		
Initial Visit to Confirm Pregnancy	50% after deductible	
Hospital Charges	50% after deductible	
Other Services		
X-Ray & Lab	50% after deductible	
Outpatient Procedures	50% after deductible	
Inpatient Care	50% after deductible	
Inpatient Mental Health/ Substance Abuse	50% after deductible	
Outpatient Mental Health/ Substance Abuse	50% after deductible	
Emergency Room	50% after deductible	
Ambulance	50% after deductible	
Prescription Drugs		
Rx Deductible	$1,250	
Generic	$12 copay	
Preferred Brand	40% after deductible	
Non-Preferred Brand	60% after deductible	
Annual Deductible	Aggregate	
Individual	$2,000	
Family	$4,000	
Out of Pocket Maximum		
Individual	$6,250	
Family	$12,500	
Actuarial Value	**60.9%**	
	BCBS Rates	***MVP Rates***
Single	$362.34	$366.22
Couple	$724.68	$732.44
Parent and Child	$699.32	$706.80
Family	$1,018.18	$1,029.08

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Monthly Rates for Standard Plans on Vermont Health Connect in 2014

	Single Rate			*Couple Rate*			*Parent and Child(ren) Rate*			*Family*		
	BCBSVT	**MVP**	**Average**	**BCBSVT**	**MVP**	**Average**	**BCBSVT**	**MVP**	**Average**	**BCBSVT**	**MVP**	**Average**
Platinum	*$582.79*	*$594.30*	*$588.55*	*$1,165.58*	*$1,188.60*	*$1,177.09*	*$1,124.78*	*$1,147.00*	*$1,135.89*	*$1,637.64*	*$1,669.98*	*$1,653.81*
Gold	*$497.06*	*$513.83*	*$505.45*	*$994.12*	*$1,027.66*	*$1,010.89*	*$959.33*	*$991.69*	*$975.51*	*$1,396.74*	*$1,443.86*	*$1,420.30*
Silver *(non-HDHP)*	*$425.19*	*$427.51*	*$426.35*	*$850.38*	*$855.02*	*$852.70*	*$820.62*	*$825.09*	*$822.86*	*$1,194.78*	*$1,201.30*	*$1,198.04*
Silver *(HDHP)*	*$412.83*	*$428.58*	*$420.71*	*$825.66*	*$857.16*	*$841.41*	*$796.76*	*$827.16*	*$811.96*	*$1,160.05*	*$1,204.31*	*$1,182.18*
Bronze *(non-HDHP)*	*$359.47*	*$336.13*	*$347.80*	*$718.94*	*$672.26*	*$695.60*	*$693.78*	*$648.73*	*$671.26*	*$1,010.11*	*$944.53*	*$977.32*
Bronze *(HDHP)*	*$362.34*	*$366.22*	*$364.28*	*$724.68*	*$732.44*	*$728.56*	*$699.32*	*$706.80*	*$703.06*	*$1,018.18*	*$1,029.08*	*$1,023.63*
**Catastrophic	*$328.91*	*$201.70*	*$265.31*	*$657.82*	*$403.40*	*$530.61*	*$634.80*	*$389.28*	*$512.04*	*$924.24*	*$533.78*	*$745.51*

*** Final rates not officially released. Illustrated rates are filed premium rates only. Catastrophic plans are required by the Affordable Care Act and may only be offered to young adults under 30 years of age. Note that parents may cover their children up to age 26.*

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Monthly Rates for Non-Standard Plans on Vermont Health Connect in 2014

	BCBSVT			
	Single	Couple	Parent and Child(ren)	Family
Gold 1: Blue For You	*$460.37*	*$920.74*	*$888.51*	*$1,293.64*
Silver 1: Blue For You	*$395.26*	*$790.52*	*$762.85*	*$1,110.68*
Bronze 1: Blue for You CDHP	*$341.15*	*$682.30*	*$658.42*	*$958.63*

*Second Lowest ---> Cost Silver Plan**

	MVP Healthcare			
	Single	Couple	Parent and Child(ren)	Family
Gold 1: Gold HMO 500	*$521.59*	*$1,043.18*	*$1,006.67*	*$1,465.67*
Silver 1: Silver HMO 1700	*$419.17*	*$838.34*	*$809.00*	*$1,177.87*
Bronze 1: Bronze HMO 3000	*$341.95*	*$683.90*	*$659.96*	*$960.88*

** Subsidies are available starting at the Second Lowest Cost Silver plan (Non-Standard Silver 1: MVP Silver HMO 1700) up to and including all plans with a greater actuarial value (AV) and premium rate*

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The ACA in 2014:
Premium Tax Credits

- The ACA provides that, beginning in 2014, individuals purchasing coverage through the Exchange will be eligible for refundable premium tax credits if they:
  - Are not eligible for health insurance coverage through an employer or through a government program;
  - Have modified adjusted gross household incomes (MAGI) between 100% and 400% of the federal poverty level;
  - Are citizens of or lawfully present in the United States and not incarcerated (other than pending final disposition of charges);
- The tax credits will be paid on a monthly basis directly to the qualified health plan that an individual enrolls in through the exchange.

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The ACA in 2014:
Premium Tax Credits

- Who's eligible??????
  - The individual must be an "applicable taxpayer" (i.e., file a tax return and not be claimed as a dependent on someone else's return)
  - The applicable taxpayer's family, which is also covered by the tax credit, includes all persons for whom the taxpayer claims a dependent tax deduction
  - Starting in 2014, Medicaid eligibility in Vermont expands to 133% of FPL
    - In 2014 dollars, 133% of FPL = $15,500 of annual income for individuals; 400% of FPL = $46,600 of annual income for individuals
    - For a family of four, 133% of FPL = $31,800; 400% of FPL = $95,500

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Individual Annual Incomes Relative to the Federal Poverty Level, 2014 Dollars

% of Poverty Level	Age of Policyholder				
	20	30	40	50	60
<133%	Medicaid	Medicaid	Medicaid	Medicaid	Medicaid
133%	$15,496	$15,496	$15,496	$15,496	$15,496
150%	$17,476	$17,476	$17,476	$17,476	$17,476
175%	$20,389	$20,389	$20,389	$20,389	$20,389
200%	$23,302	$23,302	$23,302	$23,302	$23,302
225%	$26,214	$26,214	$26,214	$26,214	$26,214
250%	$29,127	$29,127	$29,127	$29,127	$29,127
275%	$32,040	$32,040	$32,040	$32,040	$32,040
300%	$34,953	$34,953	$34,953	$34,953	$34,953
325%	$37,865	$37,865	$37,865	$37,865	$37,865
350%	$40,778	$40,778	$40,778	$40,778	$40,778
375%	$43,691	$43,691	$43,691	$43,691	$43,691
400%	$46,603	$46,603	$46,603	$46,603	$46,603
>400%	>$46,603	>$46,603	>$46,603	>$46,603	>$46,603

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Estimated Subsidy Amount Relative to the Federal Poverty Level, 2014 Dollars

% of Poverty Level	Age of Policyholder				
	20	30	40	50	60
<133%	Medicaid	Medicaid	Medicaid	Medicaid	Medicaid
133%	$4,905	$4,905	$4,905	$4,905	$4,905
150%	$4,670	$4,670	$4,670	$4,670	$4,670
175%	$4,319	$4,319	$4,319	$4,319	$4,319
200%	$3,901	$3,901	$3,901	$3,901	$3,901
225%	$3,487	$3,487	$3,487	$3,487	$3,487
250%	$3,025	$3,025	$3,025	$3,025	$2,894
275%	$2,559	$2,559	$2,559	$2,559	$2,559
300%	$2,049	$2,049	$2,049	$2,049	$2,049
325%	$1,772	$1,772	$1,772	$1,772	$1,772
350%	$1,495	$1,495	$1,495	$1,495	$1,495
375%	$1,219	$1,219	$1,219	$1,219	$1,219
400%	$942	$942	$942	$942	$942
>400%	None	None	None	None	None

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Projected Subsidy by Income

Individual

2014 Projected Income: **$30,000**

Second-lowest-cost Silver Plan: **$419.17**
$838.34
$1,177.87

Percent of Federal Poverty Level (FPL)*		
Single	257%	
Maximum % of Income Enrollee Must Pay		
Single	8.25%	
Unsubsidized Premium Cost		
Single	$5,030	
Government Subsidy Amount		
Single	$2,555	Individual % Share of Premium
Actual Premium Cost		
Single	$2,475	49%
Maximum Out-of-Pocket Liability		
Single	$3,125	

Family of 4

2014 Projected Income: **$75,000**

Second-lowest-cost Silver Plan: **$419.17**
$838.34
$1,177.87

Percent of Federal Poverty Level (FPL)*		
Family of 4	314%	
Maximum % of Income Enrollee Must Pay		
Family of 4	9.50%	
Unsubsidized Premium Cost		
Family of 4	$14,134	
Government Subsidy Amount		
Family of 4	$7,009	Family % Share of Premium
Actual Premium Cost		
Family of 4	$7,125	50%
Maximum Out-of-Pocket Liability		
Family of 4	$8,338	

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Ok, Now What Do I Do?

- What if I decide NOT to continue sponsoring a health plan?
  - The burden of purchasing insurance for your employees goes away……hooray!!!!!
  - There are no financial penalties levied on employers with under 50 employees for not offering insurance
  - If I do owe penalties, they are likely to cost less than offering a plan
  - Employees value cash compensation more than health coverage
- Before you decide that, be sure to consider…….
  - Can I attract and retain employees without offering health insurance?
  - Federal subsidies available to help pay premiums are based on income levels
  - Thinking about paying an employee more in salary? Taxes increase for both the employee and employer