

## **The Vermont Health Care Exchange for Employers Understanding your choices, making your decisions<sup>1</sup>**

The following document is designed for Vermont employers as a guide for deciding the best course of action to provide health care benefits to their employees after January 1, 2014. Every Vermont employer will need to make a decision on their level of participation in the Vermont Health Care Exchange in the fall of 2013. As passed into federal law, states are required to set up an Exchange where businesses and individuals will purchase health care. This document does not attempt to discuss the concept of Green Mountain Care (aka single payer or universal health care) as enacted into law in 2011 because it is currently in the planning stages for implementation in 2017.

### **IF YOU ARE AN EMPLOYER OF ANY SIZE**

#### **In 2012**

- Your health plan must meet reporting requirements to employees as defined by the federal government starting on or before March 23. This includes a uniform health plan summary of benefits and coverage with definitions of insurance related terms and medical terms.
- Your health plan must meet administrative requirements set by the federal government such as required communication to employees of material modification of your plan.

#### **In 2014**

- According to federal law, the individual mandate will begin which requires all residents to have insurance coverage. Your health plan must be a qualified plan which is expected to pay at least 60% of allowed charges and it must be affordable, defined as no more than 9.5% of household income. It also must provide the minimum essential coverage which will be defined later by both federal and state law.

### **IF YOU ARE AN EMPLOYER WITH FEWER THAN 50 EMPLOYEES**

#### **In 2014**

- You must choose one of the following three options:
  1. Purchase insurance in the Exchange for your employees
  2. Purchase insurance outside of the Exchange for your employees (the availability of this option will be reviewed and decided by the VT Legislature probably in 2012)
  3. Stop offering insurance to your employees and have them purchase insurance as individuals inside (or outside) the Exchange

### **INFORMATION to HELP DECIDE which OPTION is BEST FOR YOUR BUSINESS**

- All health insurance plans (inside and outside of the Exchange) must provide:
  - Essential benefits and services and qualified coverage as defined by the federal government
  - Annual cost-sharing limits will be defined by the federal government
- No penalty applies for not offering health insurance for employers with <50 employees
- If you choose to not offer insurance to your employees, they may be eligible for a cost-sharing subsidy to help pay for their insurance premium. Household income eligibility for a family of four ranges from \$22,050 to \$88,200. For an individual it ranges from \$10,830 to \$43,320.

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<sup>1</sup> Document prepared by Vermont Retail Association and Vermont Chamber of Commerce

- If you have fewer than 25 full-time employees, you may be eligible for a tax credit beginning in 2010 if your average annual wage is less than \$50,000 per employee, you offer group health insurance and pay at least 50% of the single premium. Initially, the maximum tax credit is up to 35% of an employer's contributions (25% if tax-exempted).

**IF YOU ARE AN EMPLOYER WITH 50-100 EMPLOYEES:**

- You may purchase insurance through the Exchange in 2016. (Vermont is currently reviewing whether or not to make the Exchange available to employers up to 100 employees in 2014. This decision will likely be made by June 2012. If this is mandated, your choices will be the same as outlined above for the employers with fewer than 50 employees.)

**IF YOU ARE AN EMPLOYER WITH MORE THAN 100 EMPLOYEES:**

- You may purchase insurance through the Exchange in 2017.

**IF YOU ARE AN EMPLOYER PURCHASING THROUGH AN ASSOCIATION:**

- In 2014, associations *may* still be able to assist employers with the purchase of health care for their employees; however this option will be reviewed by the Legislature in 2012.

**PENALTY PROVISIONS for NOT OFFERING HEALTH CARE TO EMPLOYEES:**

If an employer does not offer minimum essential coverage that is both "qualified" and "affordable" a penalty may be assessed. However, it doesn't apply to small businesses with less than 50 employees. The penalty applies in the following instances:

If you do not offer minimum essential coverage that is both "qualified" and "affordable" and you:

- Employ more than 50 employees, AND
- One or more employees receive a subsidy for purchasing coverage through the Exchange; the employer must pay a fine, THEN
- The fine is \$2,000 per employee per year

At the end of this document, you will find a link to slides from a presentation by Anya Rader Wallack, Special Assistant to Governor Shumlin for Health Care Reform.

In these slides, Ms. Wallack identifies the administration's position on the Health Care Exchange. Most of these issues regarding the Health Care Exchange will be discussed in next year's legislative session.

<http://healthforum.brandeis.edu/meetings/materials/2011-13-July/HIF-vermont.pdf>

Thank you for your interest in this issue. We will provide periodic updates on insurance changes going forward.