



The 2014 Vermont Health Benefits Exchange Employer Guide & FAQs:

----- Introduction and Overview

Q: What is the Vermont Health Benefits Exchange?

A: The Patient Protection and Affordable Care Act was signed into federal law in March of 2010. It requires that each state create a Health Benefits Exchange that offers residents the means to compare information on available health benefit plans (including private insurance plans and state-sponsored plans such as Medicaid and Dr. Dynasaur), enroll in plans, and receive tax credits or public assistance, if eligible.

Q: What is Vermont Act 48?

A: In 2011, the Vermont legislature passed Act 48, which establishes Green Mountain Care, a unified health care system planned for 2017.

Q: Who does health reform affect?

A: By law, in **2014 all VT businesses with 50 or fewer employees** and all individuals and families who are not covered by their employer must select a health plan through the State's online health benefits Exchange. Businesses with between 51 and 100 employees must enter the Exchange in 2016, and businesses with over 100 employees will enter in 2017.

Q: When do I need to enroll?

A: Exchange open enrollment begins in **October of 2013, for coverage effective January 1, 2014**. Open enrollment ends on February 28, 2014, although you will still be able to enroll if you lose your insurance, get a divorce, or have other life changes.

Q: What do I need to do for my employees?

A: For the year **2014**, you will have two options as a small (50 or fewer employees) employer:

1. Purchase insurance inside the Exchange for your employees.
2. Stop offering insurance and have your employees purchase inside the Exchange as individuals. There is no penalty for this as a small employer, as the ACA does not mandate that small employers must offer insurance.

Q: What is the Small Business Tax Credit?

A: Right now, employers with fewer than 25 FTE employees and average annual wages less than \$50,000 can get this credit for 2012 and beyond if they offer a group health plan and pay at least 50% of the employee's premium. You should consult your CPA for guidance if you think you are eligible.

Q: Which insurance companies will be on the Exchange?

A: There are two carriers in the small group market now—BCBSVT and MVP— and both are expected to offer several plans on the Exchange. There is also a possibility that other carriers will apply to offer plans on Vermont's Exchange.

Q: How much will the plans cost?

A: The Green Mountain Care Board must approve the recommended plan designs before carriers can develop their plans, including the plans' costs. This information will be available well before open enrollment begins. It is important to note that there will be income-dependent subsidies and tax credits to help individuals and families pay for their plan. Remember, **subsidies are only available if your employees purchase as individuals**.

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Q: What happens if I stop offering benefits and my employees don't buy insurance?

A: Those not complying with the individual mandate will face a tax penalty phased in over three years of \$95 (or 1% of taxable income) in 2014 increasing to \$695 (or 2.5% of taxable income) in 2016, increasing by COLA after that. If the employee can afford a health plan offered on the Exchange (cost is 8% or less of household income), and the employee does not have any other health care coverage, then the employee will have to pay a penalty. The penalty is pro-rated by the number of months without coverage according to the amounts below:

2014	2015	2016	After 2016
\$95 per adult and \$47.50 per child (up to \$285 per family) or 1.0% of family income, whichever is greater	\$325 per adult and \$162.50 per child (up to \$975 for a family) or 2.0% of family income, whichever is greater	\$695 per adult and 347.50 per child (up to \$2,085 for a family) or 2.5% of family income, whichever is greater.	Penalty amount is increased annually by cost of living

The penalty cannot be more than the national average premium for a bronze level of coverage offered in the Exchange. There is no penalty if the employee has one episode of non-coverage that is less than three months in a year.

Q: Will I be able to purchase a plan similar to the one I have today? What will be covered?

A: The deductibles will be \$2,000/individual and \$4,000/family or less on all plan options, with varying levels of co-insurance, out of pocket maximums, and co-pays. The actual benefits covered will be identical across all Exchange plans, and will be based on a typical BCBSVT plan offered today.

Q: Will I still need a broker?

A: As of 2014, insurance carriers will no longer pay brokers in the small-group market, but employers may decide to do so themselves. The state also has funding available to compensate brokers for assisting in the transition to the Exchange, and plans to do so. Especially in 2014, small employers may wish to seek the advice and expertise of brokers to make a smooth transition into the Exchange.

Q: Will dental insurance be on the Exchange?

A: Pediatric dental benefits will be included in every plan on the Exchange. There is not currently an adult dental benefit in the recommended benchmark plan, however the Green Mountain Care Board is considering this option. If one were added it would have to be paid for completely by the state because the ACA does not define adult dental as an essential benefit.

Q: What about larger employers?

A: Employers with over 50 employees that do NOT offer coverage may pay a \$2,000 penalty per employee, excluding the first 30 FTE employees, IF at least one employee receives a subsidy in the Exchange. Employers with over 50 employees who offer coverage deemed "unaffordable" or "unqualified" have to pay a penalty of \$3,000 for each FTE employee receiving the premium tax credit. Employers with 50-100 employees may enter the Exchange in 2016. Employers with more than 100 employees may enter in 2017.

Q: Where can I find more information?

A: Please visit <http://dvha.vermont.gov/administration/about-the-exchange-1>.



The 2014 Vermont Health Benefits Exchange Employer Guide & FAQs: ----- Focus on Eligibility and Enrollment Issues for Small & Large Employers

Q: What is Vermont Health Connect?

A: Starting on January 1, 2014, all VT businesses with 50 or fewer full time employees and all individuals not covered by their employer must select a health plan through the State's online health benefits exchange, Vermont Health Connect. In 2016, businesses with 100 or fewer employees will be able to offer coverage for their employees through Vermont Health Connect.

Q: Should I offer my employees an exchange plan or should I drop coverage all together?

A: Every small employer is going to face this question in the fall of 2013, and each employer's situation is going to be different. If you drop coverage, your employees may enter the exchange as individuals and may, depending on their household income, be eligible for premium subsidies and tax credits. Generally speaking, those employees with **household** incomes of under \$90,000 per year will qualify for some level of subsidy if you don't offer coverage. If you choose to offer your employees an exchange plan or plans, those employees will not be eligible for subsidies but will have the ability to pay their portion of the monthly premiums through pre-tax payroll deductions.

Q: What defines a "full time" employee?

A: The Affordable Care Act defines full time as any employee working 30 hours per week or more. Vermont law complies with this rule, meaning that starting in 2014 all Vermont employers must consider 30 hours or more to be full time, regardless of their previous employment policies. All employees working 30 hours or more during a certain previous period of time (the actual "look back" period is still being determined) will be considered full time and will be eligible for health benefits should the employer decide to purchase a plan through the exchange.

Q: What about probationary periods for new employees?

A: Although there is an individual mandate that all Vermonters must purchase health coverage, the ACA provides a 62-day grace period during which an individual may be employed but not covered by the employer's exchange plan. The State will likely impose a maximum probationary period that employers may enforce, but that is currently being developed.

Q: What if I have employees who reside out of state?

A: If you as an employer drop coverage, those out of state employees will have the option to enter their own state's exchange. If you offer a Vermont exchange plan to your employees, out of state employees can choose to participate in either your plan or their own state's exchange plan.

Q: Will there be participation requirements to purchase and offer an exchange group plan?

A: There will no longer be minimum participation requirements to offer group plans from the exchange.

Q: What if I have a renewal date other than January 1st?

A: If you have a renewal date other than January 1st and you decide to purchase a group plan from the exchange, you may either enter the exchange on January 1st and keep a calendar year deductible, or you may continue to use your traditional renewal date and enter the exchange later in the year. If you typically renew on July 1st, for example, your options are to either enter the exchange on January 1st and cancel your current plan for

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12/31/13, or enter the exchange on July 1st and continue to offer your current group plan until that time. Note, however, that all association health plans will expire on 12/31/13, so if your plan is purchased through a group such as VACE, you should take advantage of the exchange open enrollment period beginning in October of 2013.

Q: Are there penalties to employers who don't offer coverage after January 1, 2014?

A: If you are a small employer, there are no penalties for dropping coverage. If you have 51 or more employees, you may face a penalty for dropping coverage if any one of your employees accesses a subsidy on the exchange. In that case the employer would have to pay a penalty of \$2,000 on each of their full time employees, excluding the first 30. So, an employer with 65 employees who drops coverage would have to pay a penalty of \$70,000 if any one of their employees goes to the exchange to fulfill the individual mandate and receives a subsidy.

Further, if an employer with 51 or more employees offers coverage that is deemed by the State to be "unaffordable" or "unqualified," they will also be subject to a penalty of the lesser of the following:

- \$3,000 for each FTE who receives a premium tax credit against that "unaffordable" employer-sponsored, private coverage.
- Or, number of total FTEs employed less 30 multiplied by \$2000.

Q: What is the definition of "unaffordable?"

A: Your coverage could be considered unaffordable if the deductible exceeds 5% of your employee's family income and/or if your employee's total health care expenses (out of pocket costs) exceed 10% of his or her family income (or 5%, if the employee's income is less than 200% of FPL). For example, if your single employee has a household income of less than \$40,000, a deductible of \$2,000 or more could be deemed unaffordable and you could be subject to the \$3,000 penalty on that individual should they go to the exchange and receive a subsidy.

Q: What is the definition of "unqualified?"

A: Your plan may be considered unqualified if it does not pay at least 60% of covered health care expenses.

Q: If an employer offers an exchange plan to employees, can they continue to provide funding toward an H.S.A. or H.R.A.?

A: Yes, there will be H.S.A. compatible plans on the exchange, and employers may continue with their current H.R.A. arrangements to help fund deductibles and out of pocket costs.

Q: Many sole proprietors and family-run businesses currently purchase group coverage through associations such as VACE. How will they be treated on the exchange?

A: Federal regulations do not permit sole proprietors to purchase small group coverage, so these individuals will not shop as a small business. A business must have at least one common law employee to shop for small business coverage on Vermont Health Connect. An employee does not include a sole proprietor or their spouse.

Q: When can employers view the plans that will be offered on Vermont Health Connect?

A: The plans and their premiums will be available at www.vermonthealthconnect.gov in the summer of 2013.

Q: Where can I find more information?

A: Please visit www.vermonthealthconnect.gov for more information and a calendar of upcoming events.