

1 H.445

2 Introduced by Representative Jickling of Randolph

3 Referred to Committee on

4 Date:

5 Subject: Health; health insurance; affordability; Agency of Human Services;

6 Department of Financial Regulation

7 Statement of purpose of bill as introduced: This bill proposes to direct the
8 Agency of Human Services to develop a strategy for addressing the
9 unaffordability of health insurance premiums for individuals not eligible for
10 subsidized coverage through the Vermont Health Benefit Exchange.

11 An act relating to developing a strategy for addressing the unaffordability of
12 health insurance

13 It is hereby enacted by the General Assembly of the State of Vermont:

14 Sec. 1. FINDINGS

15 The General Assembly finds that:

16 (1) While Vermont has one of the lowest uninsured rates in the United
17 States at 3.2 percent, certain populations in Vermont are disproportionately
18 likely to be uninsured.

19 (2) The high cost of health insurance premiums can be a barrier to
20 enrolling in health coverage.

1 (3) Premiums for qualified health benefit plans available to individuals,
2 families, and small groups in Vermont will likely increase as some enrollees
3 move to coverage options outside the Vermont Health Benefit Exchange.

4 (4) Unsubsidized premiums for individuals 40 years of age and younger
5 are higher in Vermont than in all but five other states.

6 (5) Vermonters with income up to 400 percent of the federal poverty
7 level (FPL) who are eligible for premium assistance under the Affordable Care
8 Act are shielded from exposure to premium increases because the subsidies
9 increase in proportion with premium increases. In fact, many subsidized
10 enrollees paid lower premiums in 2018 than they did in 2014.

11 (6) Vermonters with income below 400 percent FPL do not qualify for
12 premium assistance if they have an offer of employer-sponsored insurance that
13 the federal government deems to be affordable, even if the employer-sponsored
14 insurance has higher premiums and out-of-pocket costs than these Vermonters
15 could otherwise purchase in the Exchange market.

16 (7) The family members of a Vermonter who is offered employer-
17 sponsored insurance are negatively impacted by the fact that the Affordable
18 Care Act requires a comparison of the cost of employer-sponsored coverage
19 for only the employee with the income for the entire household. In addition,
20 the opportunity for an employee to add family members to an employer-
21 sponsored insurance plan counts as an offer of coverage that can prevent the

1 family members from being eligible for premium assistance in an Exchange
2 plan, even if the employer does not contribute in any way to the cost of the
3 family members' coverage. This is commonly referred to as the Affordable
4 Care Act's "family glitch."

5 (8) Vermonters with income greater than 400 percent FPL are not
6 eligible for premium assistance under the Affordable Care Act and incur the
7 full extent of premium increases. In 2019, a couple earning just over
8 400 percent FPL would have to pay more than 15 percent of their annual
9 income to pay the annual premiums in the lowest-cost Exchange plan. A
10 couple earning a few dollars less would pay less than three percent of their
11 annual income for the same plan.

12 (9) Young persons are even less likely to purchase unsubsidized health
13 care at such high cost. Young persons in Vermont between 25 and 34 years of
14 age are three times more likely to be uninsured than Vermonters 45 to 64 years
15 of age, while young persons nationally are only twice as likely to be uninsured
16 than their older neighbors.

17 (10) In most other states, younger persons pay less for health care
18 coverage than do older persons. Younger persons as a group tend to have
19 fewer health care coverage needs and therefore pay lower premiums, as
20 permitted under the Affordable Care Act.

1 (11) In Vermont, everyone pays the same amount for health care
2 premiums, regardless of age. But younger Vermonters are more likely to have
3 additional monthly expenses, such as student loan debt, child care, and rent or
4 mortgage payments, that they may prioritize over health care coverage.

5 (12) Twenty-two percent of uninsured Vermonters have delayed routine
6 health care due to cost, compared with two percent of those with health
7 insurance, while twice as many uninsured Vermonters have delayed getting a
8 prescription medication—six percent of the uninsured, compared with three
9 percent of those with health insurance.

10 Sec. 2. HEALTH INSURANCE AFFORDABILITY; REPORT

11 (a)(1) The Agency of Human Services, in consultation with interested
12 stakeholders, shall develop a strategy to address the issue of premium
13 affordability for Vermonters who are not eligible for premium assistance,
14 including younger Vermonters.

15 (2) The Agency's strategy shall prioritize market stability and use
16 federal resources, if available. The strategy shall not disrupt coverage options
17 for the rest of the population.

18 (3) The strategy shall be developed after consideration of the analyses
19 and proposals described in subsections (b) and (c) of this section and shall be
20 implemented not earlier than the 2021 plan year.

1 (b)(1) The Department of Financial Regulation, in consultation with the
2 Agency of Human Services, shall develop a proposal to reduce premium costs
3 for younger Vermonters, particularly those 26 to 34 years of age, who are most
4 likely to be uninsured.

5 (2) In developing its proposal, the Department shall consider
6 implementing age rating in qualified health benefit plans, as permitted under
7 the Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111–148,
8 as amended by the Health Care and Education Reconciliation Act of 2010,
9 Pub. L. No. 111–152 (Affordable Care Act).

10 (3) The Department shall perform an actuarial analysis of 3:1 and 2:1
11 age curves and shall determine the impact of age rating on qualified health plan
12 benefit premiums, subsidies, and enrollment.

13 (c)(1) The Agency of Human Services shall develop a proposal for making
14 available to individuals and families in Vermont a lower-cost health insurance
15 product that meets the coverage requirements of a qualified health benefit plan
16 set forth in 33 V.S.A. chapter 18, subchapter 1, except that it may be offered
17 outside the Vermont Health Benefit Exchange.

18 (2) The Agency shall consider implementing a fee schedule or reference
19 price for provider reimbursement in the health insurance product designed
20 pursuant to this subsection and shall use the Department of Financial

1 Regulation's age analysis developed pursuant to subsection (b) of this section
2 to model reimbursement rates and premium impacts.

3 (d) On or before November 1, 2019, the Agency of Human Services shall
4 submit its proposed strategy for addressing premium affordability for
5 unsubsidized and younger Vermonters, as informed by the analyses and
6 proposals described in subsections (b) and (c) of this section, to the House
7 Committees on Health Care, on Appropriations, and on Ways and Means; the
8 Senate Committees on Health and Welfare, on Appropriations, and on Finance;
9 the Joint Fiscal Committee; and the Health Reform Oversight Committee. The
10 proposed strategy shall address any need for, and feasibility of, obtaining a
11 federal waiver of certain provisions of the Affordable Care Act, as permitted
12 under section 1332 of that Act.

13 Sec. 3. EFFECTIVE DATE

14 This act shall take effect on passage.