HEALTH CARE REFORM: INFORMATION VERMONTERS NEED TO KNOW

The Federal Affordable Care Act means new health insurance products, new rules and new systems for purchasing plans beginning in 2013. Blue Cross and Blue Shield of Vermont (BCBSVT) is your resource to learn the facts and support you in making the right decisions for you and your family or your small business.

What is the health insurance exchange?
The Federal Affordable Care Act (ACA), enacted in 2010, requires each state to have a health benefit exchange where individuals and small businesses (employs 50 or fewer full-time employees) purchase standardized health insurance products from health plans, like BCBSVT, using an online marketplace. In Vermont, the online marketplace or “exchange” is called Vermont Health Connect.

Who buys health insurance through Vermont Health Connect?
All individuals must buy health insurance through the exchange. Small businesses with 50 or fewer full-time employees will buy health insurance through the exchange when the Small Business Health Options Program (SHOP) becomes available. Until that time, small business may purchase the standardized health insurance products directly from approved health plans, like BCBSVT. Large employers (with 51 or more full-time employees) will continue to purchase health insurance as they do today, off the exchange.

What types of products are offered on Vermont Health Connect?
There are four “metallic levels” of coverage: bronze, silver, gold and platinum. The products offer a range of deductibles and consumer cost sharing requirements, with different premium costs depending on the level of the coverage.

For example, bronze level products have the lowest premium costs and the highest deductible and out-of-pocket costs. Platinum products have the highest premium costs and lowest deductible and out-of-pocket costs. Small businesses have access to the same plans* offered on Vermont Health Connect; however, small business must enroll for these products through an approved health plan, like BCBSVT. View and compare BCBSVT’s plans and pricing at bcbsvt.com/vtreform.

*The only exception for small businesses is catastrophic plans. Catastrophic plans are only available to individual purchasers that meet specific eligibility criteria.

What services are covered in the standardized insurance plans?
Federal law requires that all health benefit plans on the exchange include a comprehensive set of health care services and supplies called “essential health benefits”. The State of Vermont decided to base its essential health benefits on a typical BCBSVT small group plan with the inclusion of pediatric dental and pediatric vision services and the exclusion of adult vision services.

Can I keep my Blue Cross and Blue Shield of Vermont plan?
BCBSVT has several plans on the exchange to meet your needs and budget; however, there may not be a plan identical to your current plan. Since the State of Vermont based the definition of “essential health benefits” on our plan, you have access to covered services similar to your current BCBSVT plan. However, product details such as deductibles and copayments will vary. BCBSVT has an on-line tool which allows you to find the exchange product which most closely matches your current plan. View and compare BCBSVT’s plans and pricing at bcbsvt.com/vtreform.
Who manages Vermont Health Connect and what does it look like?
The State’s Department of Vermont Health Access (DVHA) created and maintains Vermont Health Connect based on federal and state guidelines. Vermont Health Connect serves as an online marketplace, which allows Vermonters to make side-by-side comparisons of health coverage options. Individual purchasers may also select, enroll and pay for plans through Vermont Health Connect.

When am I required to sign up?
Open enrollment for individuals on Vermont Health Connect was from **October 1, 2013 to March 31, 2014**. If you missed the March 31, 2014 deadline, you may still be allowed to enroll – for example, if you experience a qualifying life event (see below), you may be eligible for a special enrollment period. Enrollment is conducted online through the Vermont Health Connect portal, by phone or in person. To determine if you are eligible to enroll outside the annual open enrollment period, you should contact Vermont Health Connect directly at (855) 899-9600.

Small businesses offering health insurance products to their employees may enroll directly with BCBSVT at anytime throughout 2014. However, employers who extended their 2013 coverage under new exchange options announced by the State in late 2013 must have enrolled in an exchange product prior to March 31, 2014, when their extended coverage expired, to avoid a gap in coverage.

Where can I go for more information or with questions?
Learn more at [bcbsvt.com/vtreform](http://bcbsvt.com/vtreform) or call and speak to one of our exchange specialists at (800) 255-4550. You can also call Vermont Health Connect at (855) 899-9600 or visit [VermontHealthConnect.gov](http://VermontHealthConnect.gov).

FOR INDIVIDUALS

When will my coverage start?
Your coverage effective date will depend on when you enroll. If you enrolled between October 1, 2013 and December 15, 2013, your health coverage started January 1, 2014.

In general, if you enroll between the first and fifteenth day of the month, your plan will take effect the first day of the following month. If you enroll between the sixteenth and the last day of the month, your plan will take effect the first day of the second following month. For example, if you enrolled by January 2nd your plan would be effective on February 1st OR if you enrolled on January 16th your plan would be effective on March 1st.

The 2014 open enrollment for individuals on Vermont Health Connect ended **March 31, 2014**. If you missed the March 31, 2014 deadline, you may still be allowed to enroll – for example, if you experience a qualifying life event (see below), you may be eligible for a special enrollment period. To determine if you are eligible to enroll outside the annual open enrollment period and when your coverage will be effective, you should contact Vermont Health Connect directly at (855) 899-9600.

If you failed to enroll during the 2014 open enrollment period and you do not qualify for a special enrollment period, you will have to wait until the next open enrollment period or you have a qualifying life event to enroll.

Do I need to pay for coverage when I enroll?
You must pay your first month’s premium by the last day of the month preceding the month coverage begins. For example, if you enrolled for coverage effective April 1st, you will need to pay your first month’s premium by March 31st. However, your coverage will not be effective at BCBSVT until the State of Vermont processes your payment, and sends
us your enrollment information. To avoid possible enrollment delays, we encourage you to make your initial payment well in advance of the due date.

**What if I’m unemployed, self-employed or my employer doesn’t offer coverage?**
You may purchase individual coverage for you and your family on the exchange. By Vermont law, all individuals purchasing insurance must buy their insurance on Vermont Health Connect. No other individual insurance will be available to purchase.

**What if I decide not to purchase coverage?**
If you don’t purchase coverage, you will likely have to pay a penalty at tax time for anyone in your household who goes without coverage. This penalty starts in 2014 at $95 per adult and $47.50 per child or 1 percent of your household income, whichever is higher. The tax penalty goes up each year until 2016, when it will be $695 per adult and $347.50 per child or 2.5 percent of your household income, whichever is higher. Any applicable penalty would be assessed when you file your 2014 income taxes.

**What if I wait until I’m sick to purchase coverage?**
If you do not purchase coverage during open enrollment and you do not qualify for a special enrollment period as a result of experiencing a qualifying life event (see below), you must wait until the next open enrollment period or you experience a qualifying life event to sign up for coverage. You cannot wait until you have health care needs to enroll.

**What happens if I miss the deadline?**
If you missed the open enrollment period deadline of March 31, 2014, you will not be allowed to buy health insurance until the next open enrollment period unless you have a “qualifying life event” (see below for a description).

**What is a “qualifying life event”?**
Qualifying life events are special events or changes in your coverage that allow you to purchase health insurance through Vermont Health Connect outside of the open enrollment period. They include:

- Losing your coverage (for reasons other than failure to pay your premium)
- Having a child, gaining a dependent or getting married or divorced
- Becoming a U.S. citizen
- Experiencing a change in your household income that may affect your tax credit

If you experience a qualifying life event, you generally qualify for a special enrollment period of 60 days from the date of the triggering event, in which you can enroll in coverage on Vermont health Connect. If you fail to enroll or change your coverage (example: add a new dependent) within the 60 day special enrollment period, you will have to wait until the next open enrollment period to enroll for coverage.

**What if I can’t afford coverage?**
Many Vermonters will receive assistance in paying for coverage through new tax credits and/or subsidies. Depending on your household income and size, you may qualify for assistance paying for your premium and/or paying for the cost of your care through a cost share reduction plan. You may be eligible for a federal premium tax credit if your income is less than $45,960 per year for an individual or $94,200 for a family of four. Cost-sharing subsidies to help pay for your care may be available for individuals who earn less than $34,470 per year or a family of four with household income under $70,650 per year.

**Can I get that tax credit if my employer offers coverage and I want help paying for it?**
No, not if your employer offers “minimum essential coverage,” which is coverage that...
provides sufficient benefits based on federal guidelines. However, even if your employer offers minimum essential coverage, if your portion of the premium for self-only coverage exceeds 9.5 percent of your household income, you may be eligible for a tax credit. Go to VermontHealthConnect.gov to determine if your employer-offered insurance is unaffordable.

FOR SMALL BUSINESSES (50 OR FEWER FULL-TIME EMPLOYEES)

What does this mean for my small business?
If your business employs at least one employee, that is not the owner or their spouse, and an average of 50 or fewer full-time employees and you choose to offer health insurance coverage, Vermont state law requires that you purchase a standardized health insurance product. You will need to purchase the standardized health plan upon your plan’s next renewal on or after January 1, 2014. Employers who extended their 2013 coverage under new exchange options announced by the State in late 2013 must have enrolled in an exchange product prior to March 31, 2014, when their extended coverage expired to avoid a gap in coverage.

If you purchase your health insurance coverage through an Association, please note that all Association health plans will expire on March 31, 2014, and you must directly enroll through an approved health plan, like BCBSVT, to obtain coverage for the remainder of 2014.

Can I decide not to offer group coverage to employees?
Yes, there is no federal penalty if you have 50 or fewer employees. You will, however, be subject to a Vermont Employer Assessment. The 2014 Assessment is $119.12 quarterly ($476.48 annually) for every “uncovered” Full-Time Equivalent (FTE) in excess of four FTEs. If you do decide not to offer coverage, your employees will need to buy coverage on Vermont Health Connect as individuals or they will face a penalty.

Can I give my employees funds they can use to buy individually on Vermont Health Connect?
If you provide your employees with additional wages to help buy health insurance, those wages will be subject to payroll and income taxes and your employees can use that money as they see fit.

How do I enroll my small business and employees for coverage?
Contact an approved health plan, like BCBSVT, to purchase standardized health insurance product(s). When the Small Business Health Options Program (SHOP) becomes available, you and your employees may enroll directly through Vermont Health Connect.

Will my employees have access to the full “employee choice”* model when I purchase through an approved health plan?
No; full employee choice* is not currently available when purchasing through an approved health plan. When the Small Business Health Options Program (SHOP) becomes available, your employees will have access to full employee choice.

*Employee choice means employees may select any standardized insurance product offered from any health plan on the exchange.

What if I have employees who reside out of state?
You can allow those employees to purchase on the exchanges that serve the region where their primary worksite is located or you can offer them coverage through the standardized health insurance product(s) you are offering Vermont employees. If they choose a BCBSVT plan, they will have access to a national network.
What are the details of the small business tax credit? Do I qualify?

If you have 25 or fewer full-time employees, pay average annual wages below $50,000, and pay at least 50 percent of your employee health insurance premiums, you may qualify for a small business tax credit of up to 35 percent (up to 25 percent for nonprofits) to offset the cost of your insurance. These credits will increase to 50 percent (35 percent for nonprofits) in 2014 for qualifying employers. To learn more go to: www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers.