

**Vermont Health Benefit Exchange Plan Design
Department of Health Access (DVHA) Recommendations**

Background

Per the passage of the Affordable Care Act (ACA), every state must establish an online health insurance exchange where residents can find, compare, and select a health insurance plan that fits their needs. The Vermont Exchange must guarantee a standard Essential Health Benefits package across all plans, and it will be up to the consumer to determine which plan’s cost-structure works best for their budget.

With respect to cost-sharing, the ACA specifies that states must:

- Place caps on the maximum out-of-pocket costs and deductibles.
 - The limits for out-of-pocket costs are \$6,250 for an individual and \$12,500 for a family for 2014.
 - Generally plan designs must have deductibles no greater than \$2000.
- Offer qualified plans in one of four actuarial value levels: 60% (bronze plan), 70% (silver plan), 80% (gold plan), and 90% (platinum plan).

***Cost-sharing**, or out-of-pocket costs, include co-pays, deductibles, and co-insurance—all of which are costs to the consumer beyond premiums.*

***Actuarial value** is the percentage of an average enrollee’s medical costs that an insurance provider is expected to cover.*

On Tuesday, August 21, DVHA presented recommendations around Exchange plan design and cost structure to the Green Mountain Care Board (GMCB).

Recommending Plan Designs

A group of diverse stakeholders worked in partnership with DVHA to develop recommendations on the number of plans and how to best structure cost-sharing options offered through the Exchange. Consistent with state law, DVHA established principles to guide the decision-making process, including: minimizing market disruption, ensuring meaningful choice for consumers, maximizing individual premium tax credits, allowing seamless movement between employer and individual coverage, and administrative simplicity.

Recommendations

DVHA recommends that the Exchange offer some state-specified plan designs and some “choice” plans (designed by insurance carriers within set parameters). By establishing parameters and recommending fewer plans, consumers will be able to make apples-to-apples comparisons when choosing their health coverage and carriers will have the opportunity to offer innovative choices.

Within this approach, DVHA recommends six state-specified cost-sharing plans across the four metal levels. The plans offer a range of different choices among the metal levels, prioritize low cost-sharing for primary care services and generic drugs, and allow portability—giving individuals consistent coverage options regardless of their employment situation.

State-specified metal specific recommendations are as follows—

- **Platinum**- One plan similar to the most popular Vermont state employee plan. This includes a moderate deductible and comparatively small out-of-pocket maximum.
- **Gold**- One plan similar to the Catamount Health plan.
- **Silver**- Two plans: one deductible plan consisting primarily of co-pays, and one high deductible plan consisting primarily of co-insurance. High deductible plans qualify for health savings accounts and health reimbursement accounts.
- **Bronze**- Two plans: one deductible plan consisting primarily of co-pays, and one high deductible plan consisting primarily of co-insurance.

DVHA will be making recommendations on choice plan parameters to the Green Mountain Care Board on September 6.

Options for Low Income Individuals

Under the Affordable Care Act, low to moderate income individuals will receive affordability assistance from the federal government. These individuals will be provided with reductions for out-of-pocket costs as well as tax credits to lessen the burden of premium costs.

Next Steps

On Tuesday, August 21, DVHA recommended Exchange plan design options to the GMCB at a public meeting. Following this meeting, the GMCB will open a period for public comment. By the end of September, the GMCB will announce their decisions on the Exchange Plan Design as well as the Essential Health Benefits package. Once the Exchange Plan Design decision has been made, insurance carriers who intend to offer insurance plans in the state will proceed with creating plans that follow the guidance set by the GMCB.

EXAMPLE

Bob is a 50 year old male. He is not offered health coverage by his employer. Bob decides to purchase the **Silver deductible plan**.

His cost-sharing will include:

Generic Rx-\$10

Medical deductible-\$1,900

Medical out-of-pocket maximum-\$5,000

Preventive care co-pay-\$0

Primary care office visit-\$20

*Premiums for Exchange plans will be established by insurance carriers. If Bob qualifies for a federal premium tax credit, the credit would reduce the premiums charged by the insurer.