

# The American Rescue Plan Act and Vermont's Health Insurance Marketplace

Addie Strumolo  
Deputy Commissioner,  
Department of Vermont Health Access (DVHA)

Seán Sheehan  
Senior Policy and Implementation Analyst,  
DVHA

April 1, 2021



# Five Ways ARPA Impacts Vermont Health Insurance

2

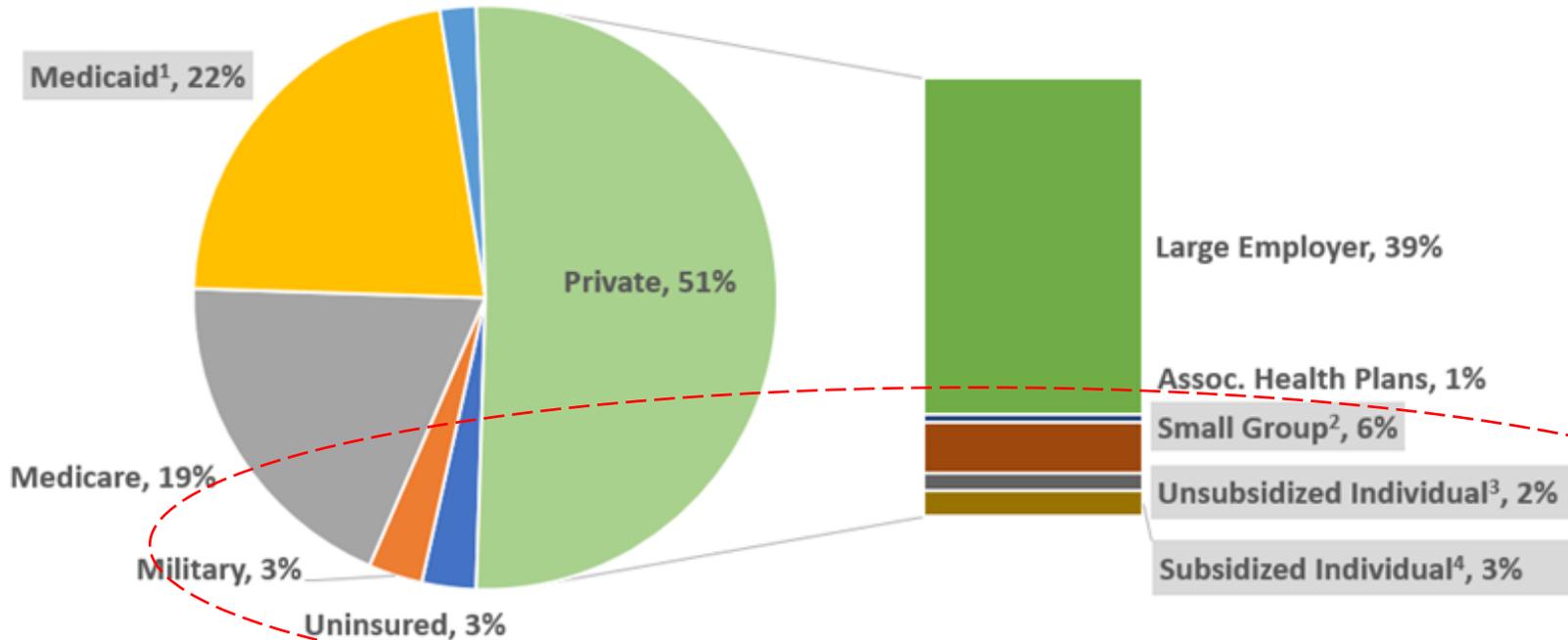
- 1) More Generous Premium Tax Credits – for 2021 and 2022
- 2) Tax Credit Eligibility for Vermonters with Much Higher Incomes – for 2021 and 2022
- 3) Opportunity for Zero-Premium Plans with Very Low Out-of-Pocket Costs for Households with 2021 Unemployment Compensation – for 2021
- 4) Holiday from Tax Credit Reconciliation – for 2020 only
- 5) Full COBRA reimbursement for six months (April 1 – Sept 30, 2021)

Require System Updates

Impacts Current Exchange Members and Direct Enrollees

# Context: Who We Are Talking About

## HEALTH COVERAGE IN VERMONT



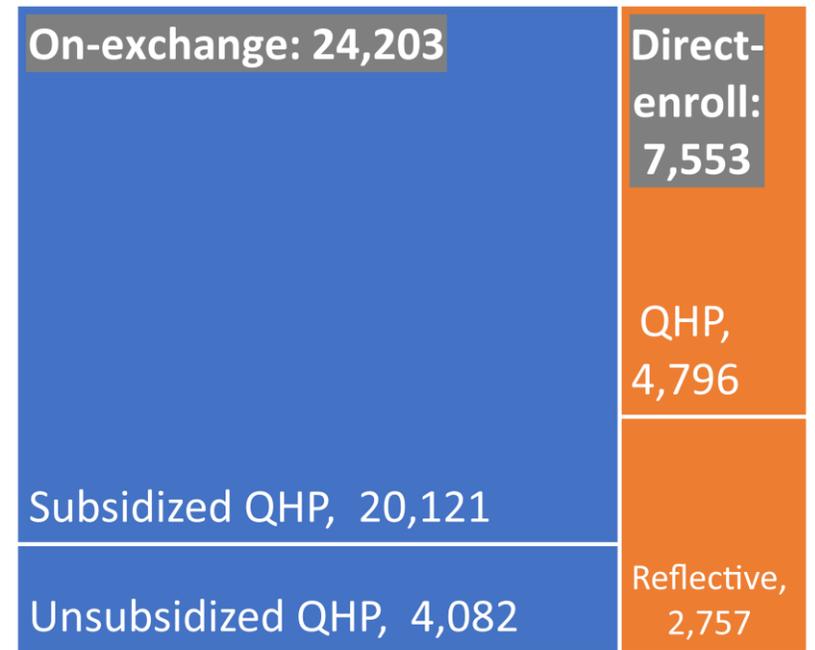
- 1- Enrollment administered by DVHA, benefits managed by DVHA
- 2- Certified by DVHA, enrollment and benefits administered by insurance carrier partners
- 3- Certified by DVHA, enrollment administered by DVHA or by insurance carrier partners, benefits managed by carrier partners
- 4- Certified by DVHA, enrollment administered by DVHA, benefits managed by insurance carrier partners

One out of three Vermonters are covered by a health plan that is administered and/or certified by the Department of Vermont Health Access (DVHA).

# Who Qualifies for Help

Tens of thousands of Vermonters could see tens of millions of dollars in additional federal tax credits and benefits.

Vermont's Individual Enrollment, as of Jan. 2021



**Uninsured**  
  
**Uninsured, ~20,000**

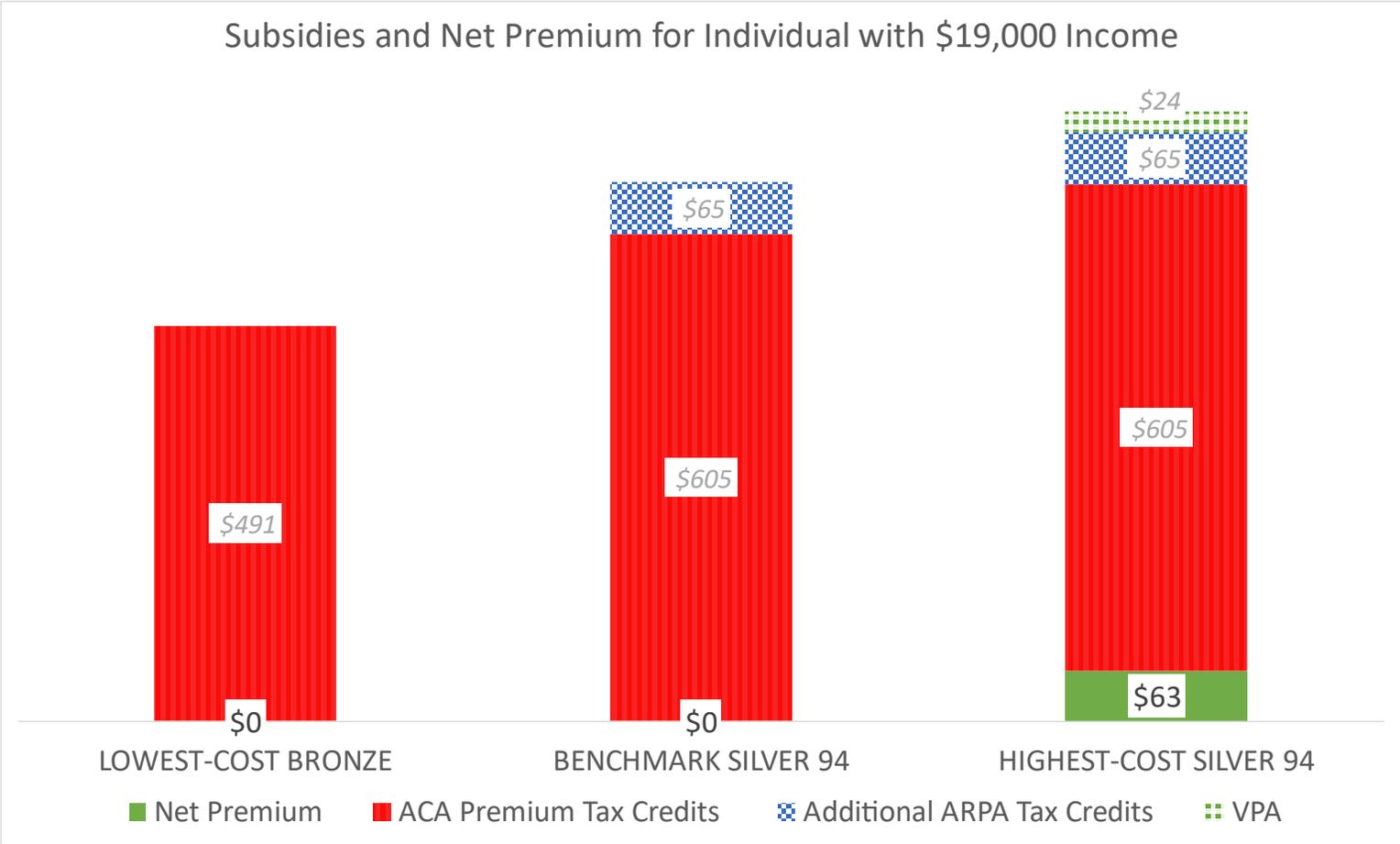
1) More Generous Premium Tax Credits

2) Tax Credit Eligibility for Vermonters with Much Higher Incomes

3) Opportunity for Zero- and Low-Premium Plans with Very Low Out-of-Pocket Costs for Households with 2021 Unemployment Compensation

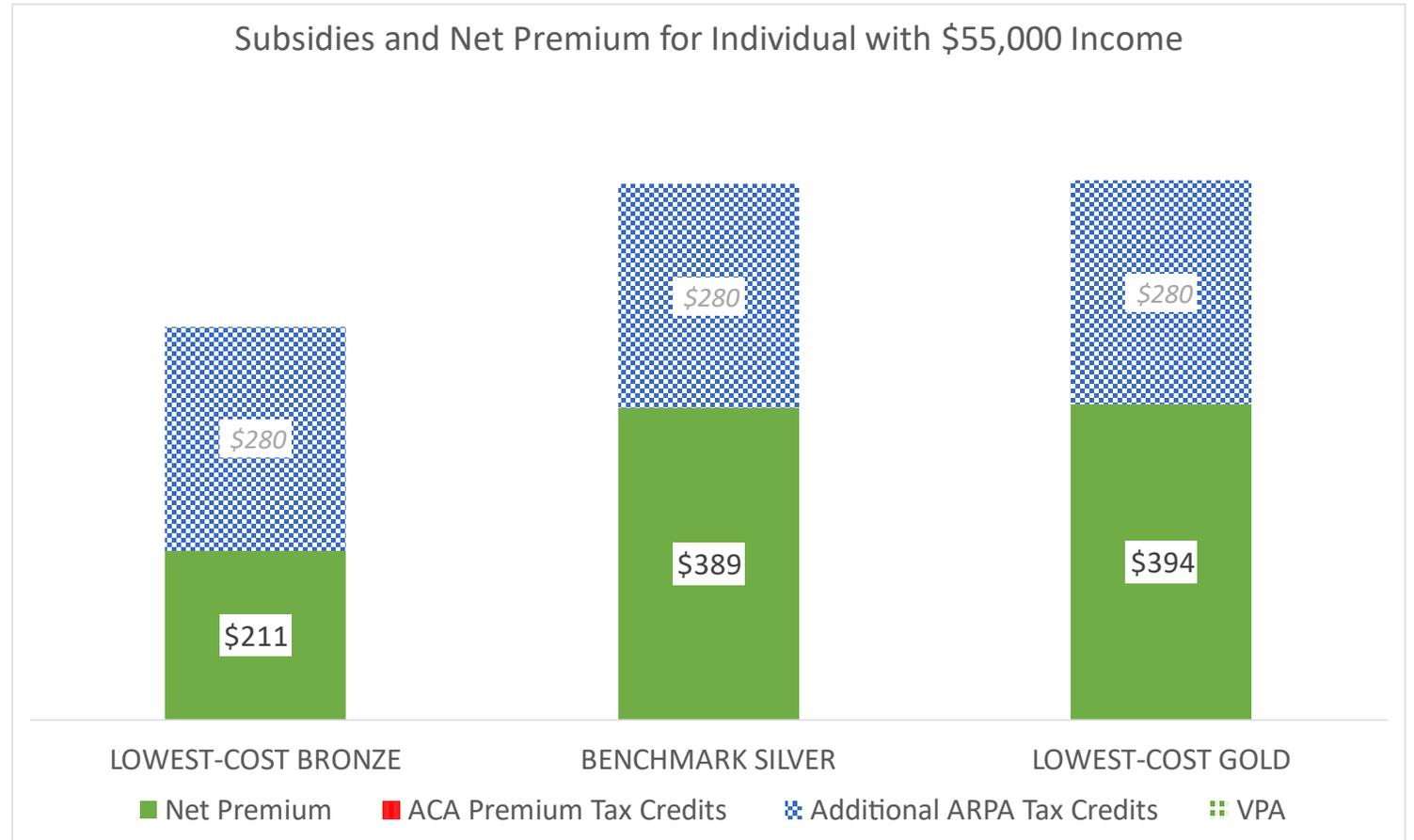
# How It Works – More Generous Premium Tax Credits

- For 2021 and 2022, ARPA reduces the percentage of household income that customers are expected to pay toward a benchmark health insurance premium.
- For example, an individual earning 149% of the federal poverty level (~\$19,000 for an individual) was expected to pay 2.58% of income, or just under \$65. The difference - \$665 – was provided as a premium tax credit, regardless of which plan they chose. Under ARPA, this federal tax credit covers 100% of the benchmark plan.
- Before, this member could get a bronze plan (high out-of-pocket costs) for free. Under ARPA they will be able to get very low out-of-pocket costs *and* a low (or free) premium.



# How It Works – Increased Threshold

- For 2021 and 2022, all members are capped at paying 8.5% of their income for the benchmark plan.
- For an individual earning \$55,000 (above the previous eligibility threshold for subsidies), 8.5% amounts to \$389/month. They get a tax credit for the difference (\$280).
- They get the same tax credit regardless of their chosen plan – for some plans the credit will cover more than half the premium.
- They can collect their tax credits when they file their 2021 taxes, or they will be able to apply their credits to future bills.



# How It Works -

## Opportunity for Households with 2021 Unemployment Compensation

7

- For 2021 only, if a member of a household receives unemployment compensation for at least one week during the year, the household is deemed to have an income not exceeding 133% of the federal poverty level for the purposes of calculating health insurance marketplace subsidies.
- Therefore, a member can receive a maximum tax credit, regardless of whether their actual income is over the eligibility threshold.
- Reduced cost-sharing is also available through enhanced silver plans.



AGENCY OF HUMAN SERVICES  
DEPARTMENT OF VERMONT HEALTH ACCESS

# Action Steps for Vermonters

## Special Enrollment Period

All winter and spring, Vermonters have been able to enroll in the marketplace through a COVID special enrollment period. Previously slated to end May 14, we are working on an extension to allow uninsured Vermonters to take advantage of the new subsidies.

## Plan Transfers from Direct-Enroll

NOW: Members who direct-enrolled with an issuer can transfer their plan to Vermont Health Connect. They will qualify for tax credits for every month enrolled with Vermont Health Connect, payable through a tax refund next spring and/or a lower monthly bill later this year. Any payments already made towards the deductible and out-of-pocket limit will transfer with the plan.

## Applying Subsidies

When system updates are deployed, members will automatically be told of their new eligibility amounts and will have the opportunity to apply some or all of the new tax credits to their monthly bill.

## Opportunity to Change Plans

With a change in eligibility, members have the opportunity to choose a plan that best meets their needs and takes the fullest advantage of their new subsidies. The 2021 Plan Comparison Tool will be updated to assist them with their decision.

