

**From:** Gray, Laura [Laura.Gray@vermont.gov]  
**Sent:** Wednesday, January 14, 2015 5:07 PM  
**To:** EXE  
**Subject:** Daily Legislative Report for Wednesday, January 14

**House convenes Thursday, January 15 at 1:00 p.m.**  
**Senate convenes Thursday, January 15 at 1:30 p.m.**

**HOUSE FLOOR ACTION TODAY:**

**Joint Energy Committee Appointed**

- Rep. Klein of East Montpelier
- Rep. Sullivan of Burlington
- Rep. Van Wyck of Ferrisburgh

**Legislative Council Committee Appointed**

- Rep. Clarkson of Woodstock
- Rep. Smith of Morristown
- Rep. Turner of Milton
- Rep. Martin of Wolcott

**House Bills Released for Introduction But Not Yet Introduced**

- [H.22](#), by Rep. Donahue proposes to exempt from income taxation the first \$5,000.00 of military retirement income.
- [H.21](#), An act relating to a study of Vermont's public campaign financing option sponsored by Rep. Townsend with an additional Sponsor Rep. Poirier to create a legislative study committee for evaluating the State's current public campaign financing option, including whether the option should be expanded to be made available to all candidates for statewide office and the General Assembly.
- [H.20](#), Sponsored by Rep. Dickinson and Rep. Huntley; This bill proposes to allow licensed alcohol and drug abuse counselors who are in private practice to participate in Medicaid. \$\$?
- [H.19](#), proposes to require health insurance coverage for hearing aids and to direct the Green Mountain Care Board to consider including coverage for hearing aids as part of Green Mountain Care. Rep. Poirier with Rep. Dakin as an additional sponsor.

**SENATE FLOOR ACTION TODAY:**

- No actions of importance.

**COMMITTEE INTEL:**

**Update from Maribeth Spellman:**

- Testified yesterday before House Gov Ops. – they were very interested in the position pilot program and have asked Sue Minter to come talk with them about it as well. Generally supportive of concept but concerned about budget implications of growing government. They are also expressed interest in seeing the legislative

report on sick leave for temp employees, which is due tomorrow. Report has been vetted by Aly/Justin.

- Testified today before House Approps. with Jim Reardon. Questions re: the ‘why’ behind the State Health Plan premium increases. Provided the committee with a copy of the health plan presentation given the VSEA/VTA. Believe we satisfied their questions.

#### **Governor's Proposed FY2015 Budget Adjustment – DVHA:**

- Summary: Overall educational in tone. Members forming understanding. Some desire to follow up with Mark, Lawrence and Richard Bose on exchange \$ and contracts to come up with big picture.
- Mark walked through the VHC budget and explained State vs. Medicaid vs. total expenses. Clarification that cost allocation has shifted based on CMS communication. This results in increased \$ for Medicaid vs. Exchange.
  - Mitzi- that is good news for the general fund.
  - Q- when did the change occur?
  - Mark- the cost allocation formula has changed 3 times based on different agreements with CMS. Driven by the person coming in and what they qualify for. Will always vary in future based on that. Previous assumptions must be updated as we get more data and can start making more accurate projections. Mark- this will stabilize although individuals will continue to transition.
- Anne- testimony from Lawrence to HROC that dollars will even out for contracts for exchange because the state did not pay out certain funds. Anne, it surprised me to see this big up in VHC operations and contracts.
  - Mark- they are both accurate. We were allocated a certain amount of money from the feds for the Exchange. CGI was descoped and transitioned to Optum. Those costs were specific to development, not operations. We have managed those within the scope of the federal grants.
  - This operations budget is the cost of the exchange moving forward. This cost of hosting the system, was always going to be non-federal exchange \$ in 2015. We have known that all along. These dollars are not related to what was paid to CGI or Optum as those would never have come here.
  - Anne- so estimate was way off?
  - Mark- changing requirements beyond our control. Some costs that were beyond our experience. Some that was related to change in contractors.
  - Mitzi- this will be a good conversation when looking at 2016 information. Add Lawrence and Richard B and Mark to go through it all.

#### **Child Protection –**

- The purpose of the joint hearing was to hear from Legislative Council about S. 9, which seeks to address concerns that the committee heard from the public and other sources over the past several months. The bill creates a new crime of Failure to Protect, re-defines the roles of SIU’s, creates a uniform referral process, narrows who carries out investigations, improves investigatory capabilities of DCF, creates postadoption contact agreements, addresses prevalence of substance abuse in cases in which children are abused or neglected (broadens the definition

of “harm to include exposing a child to illegal substances), provides a mechanism for continued oversight of families by DCF, expands the ‘cone of confidentiality’, allows entities that administer drug tests to share results with DCF, authorizes DCF to require tests, allows DCF workers to remove a child on an emergency basis, creates a custody hierarchy at temporary care hearings that prioritizes the best interests of the child, establishes a legislative oversight committee, creates the expectation that DCF will report to committees of jurisdiction on policy and practice changes they are implementing, establishes an advocate’s or ombudsman’s office that would function independently of DCF, improves a number of DCF policies, procedures and practices, seeks to address delays in CHINS court proceedings and quality of decisions, addresses resources and support and finds that the GAL program should be adequately supported.

#### **Update on e-Cigarettes**

- Sara Teachout briefed House Ways and Means committee on how e-Cigarettes are taxed in other states. No new information for tax, but good background can be found in her handouts. [Here](#), [here](#), and [here](#).

#### **House Committee on Ways and Means:**

##### **Cadillac Tax**

- Joyce Manchester briefed the Committee on how the “Cadillac Tax” – a new federal excise tax on high-cost health plans – will impact Vermont when it goes into effect in 2018. HWM Chair Janet Ancel anticipated that the Cadillac Tax will come up in any health reform discussion the Committee engages in this session, and wanted members to understand that its impact is real and potentially large.
- The Cadillac Tax will be assessed, beginning in 2018, on the cost of coverage for health insurance plans that exceed a certain annual thresholds (\$10,200 for individual coverage and \$27,500 for family coverage set to grow annually by inflation + 1%). Health insurance “issuers” (meaning either the insurer or employers themselves if they self-insure) must pay the tax of 40 percent of any dollar amount above the thresholds.
- Manchester presented an analysis that shows that most of Vermont’s health care plans (including almost all state employee plans and teachers’ plans) will be subject to the tax when it’s enacted in 2018. Using data from the Congressional Budget Office, Manchester anticipated that the federal government would get \$9M from Vermont plans in 2018 and up to \$40M in 2023. (More and more plans will be subject to the Cadillac Tax over time, assuming health care costs continue to grow faster than inflation.) Gruber’s GMC analysis, which used real data from Vermont employers, estimated that the 2018 tax from Vermonters’ plans would be closer to \$24M. The SOV and teachers both self-insure, and would be directly responsible for paying the tax. The incidence of the tax, however, will be passed down to those getting coverage regardless of who is paying.
- The Committee was unhappy about the potential of sending millions of dollars out of Vermont to the federal government, but acknowledged that there is not much to be done legislatively. There are a range of options for bringing the value of various Vermont insurance plans down to avoid the tax, but such measures would need to be orchestrated by contract negotiators (in the case of the SOV and teachers), employers, and insurers.