



State Chart Book: Comparison of Predicted Premium Differences across Counties under the Affordable Care Act and the American Health Care Act

State: Vermont

About this Chart Book:

This State Chart Book supplements NASHP's brief, [Health Care is Local: Impact of Income and Geography on Premiums and Premium Support](#). Using data and modeling from the Kaiser Family Foundation, we present estimated premiums and tax credits under current law created by the Affordable Care Act (ACA) and under the American Health Care Act (AHCA) by high and low cost regions and by age and income.¹

The Kaiser Family Foundation analysis assumes that the majority of states will adopt the AHCA's option to expand the allowable age rating ratio from 3-to-1 to 5-to-1—with the exception of Massachusetts, New York, Vermont and the District of Columbia, which have established separate rating bands lower than the 3-to-1 ratio. The data do not account for the adoption of waivers to provide less comprehensive coverage which could lower premiums, as provided as state option under the AHCA. The Kaiser Family Foundation data account for anticipated non-enforcement of the individual mandate, which the Congressional Budget Office (CBO) predicts could increase premiums by an additional 15 to 20 percent; data also account for the AHCA risk stabilization programs states could adopt to help offset insurance cost. Experts have questioned the adequacy of this fund to significantly address costs.²

Note that these estimates *only* consider premium costs – they do not incorporate any analysis of predicted out-of-pocket expenses due to cost-sharing. Thus, this analysis only provides a partial picture of how consumer costs may shift due to changes incurred under the AHCA. The AHCA's proposed elimination of Cost Sharing Reduction payments (CSR) and predicted stimulation of high-deductible health plans, for example, are expected to increase out-of-pocket spending, with especially significant increases predicted for consumers in states that opt to waive Essential Health Benefits requirements under the AHCA.³

Methodology:

NASHP sorted all counties into even groups (usually quintiles) by gross premium rate; counties highlighted in this report are those with the highest population within each grouping. The data identifies 27-, 40- and 60- year olds that, respectively, have annual incomes of \$20,000, \$30,000, \$50,000 or \$75,000 and projects potential total premium, tax credit and premium share paid directly by the consumer in high and low cost counties in the state in 2020.

¹ Kaiser Family Foundation, "Premiums and Tax Credits Under the Affordable Care Act vs. the American Health Care Act: Interactive Maps", accessed June 7, 2017 : <http://kff.org/interactive/tax-credits-under-the-affordable-care-act-vs-replacement-proposal-interactive-map/>.

² Hall, J., "High-Risk Pools for People with Preexisting Conditions: A Refresher Course", accessed June 7, 2017, <http://www.commonwealthfund.org/publications/blog/2017/mar/high-risk-pools-preexisting-conditions>;

Capretta, J. and Miller, T., "How to Cover Pre-existing Conditions", accessed June 7, 2017, <http://www.nationalaffairs.com/publications/detail/how-to-cover-pre-existing-conditions>; Politz, K., "High-Risk Pools for Uninsurable Individuals", accessed June 7, 2017, <http://www.kff.org/health-reform/issue-brief/high-risk-pools-for-uninsurable-individuals/>.

³ Congressional Budget Office, "Cost Estimate H.R. 1628 American Health Care Act of 2017, As passed by the House of Representatives on May 4, 2017", accessed on June 7, 2017, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr1628aspassed.pdf>

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NASHP is solely responsible for the content of these documents.



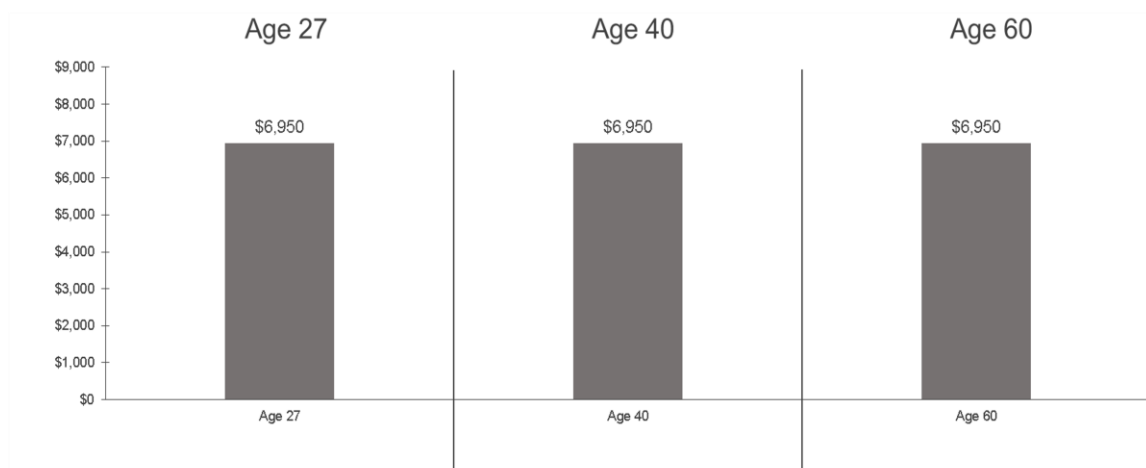
Comparison of Predicted Premium Differences across Counties under the Affordable Care Act and the American Health Care Act

State: **Vermont**

Estimated premium variation by age

Vermont state law mandates that issuers in the state use a community rating methodology to establish rates. The law explicitly prohibits rating based on factors including demography, including age and gender and geography.⁴ Assuming Vermont maintains its current law, gross premiums are estimated to be \$6,950 per year in 2020.

Figure 1 – Estimated Gross AHCA Premiums by Age in 2020



All data for this report were adapted from analysis conducted by the Kaiser Family Foundation (which contains data for every county).⁵ See State Fact Sheet Overview for further details on the data source and limitations.

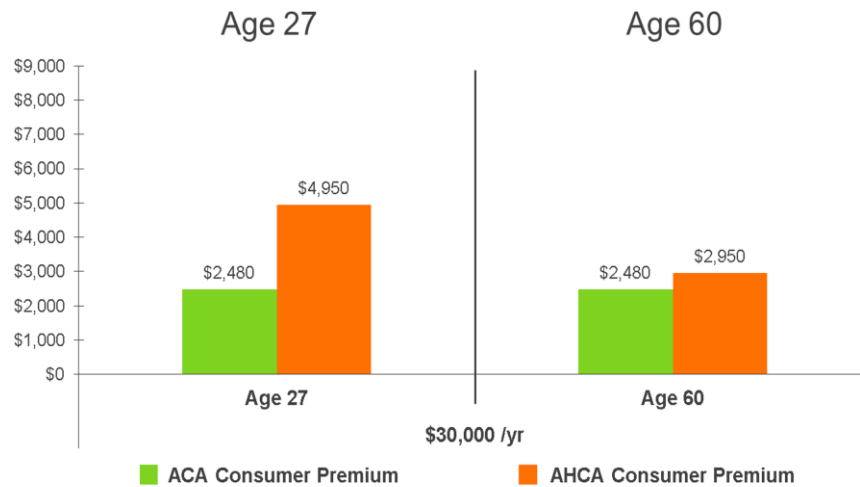
⁴ 33 V.S.A. § 1811

⁵ Kaiser Family Foundation, "Premiums and Tax Credits Under the Affordable Care Act vs. the American Health Care Act: Interactive Maps" (April 27, 2017): <http://kff.org/interactive/tax-credits-under-the-affordable-care-act-vs-replacement-proposal-interactive-map/>.

AHCA would have disproportionate effects across age groups and income levels

Regional market conditions cause variation in premiums charged across states. The Affordable Care Act's (ACA) tax credit structure is adjusted to reflect differences in region, age, and income. By contrast, the American Health Care Act (AHCA) provides a flat tax credit based on age, and capped for individuals making over \$75,000 per year. The charts below reflect predicted tax credits and consumer (net) premium based on premiums costs estimated by the Kaiser Family Foundation under the ACA and AHCA in 2020.

Figure 2a – Premium Cost to Consumer after Tax Credit, under the ACA & AHCA, in 2020



(estimated for individual earning \$30,000 per year)

Figure 2b – Comparing Estimated ACA and AHCA Premiums and Tax Credits, by Age and Income, for a Low Cost Region (Chittenden County), in 2020

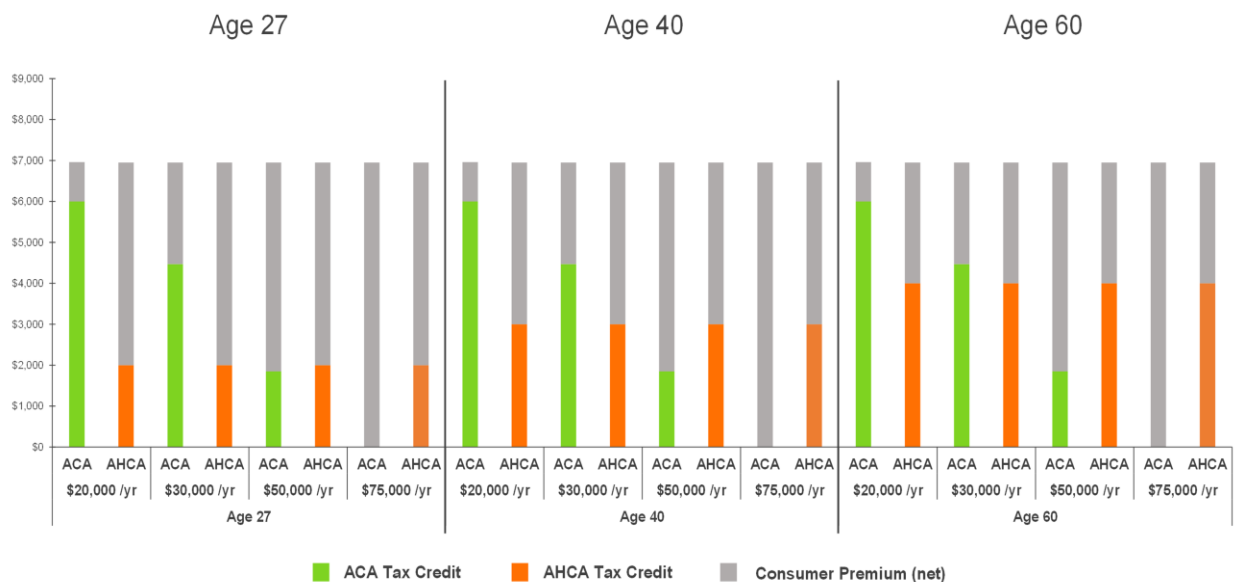


Table 1 – Comparing Estimated ACA and AHCA Premiums and Tax Credits, by Age and Income, in 2020

	TOTAL PREMIUM (\$)			TAX CREDITS (\$)			CONSUMER PAYS (\$)		
	ACA	AHCA	Change	ACA	AHCA	Change	ACA	AHCA	Change
Age 27									
\$20,000 /yr	6,950	6,950	0	6,000	2,000	-4,000	960	4,950	+3,990
\$30,000 /yr	6,950	6,950	0	4,470	2,000	-2,470	2,480	4,950	+2,470
\$50,000 /yr	6,950	6,950	0	1,850	2,000	+150	5,100	4,950	-150
\$75,000 /yr	6,950	6,950	0	0	2,000	+2,000	6,950	4,950	-2,000
Age 40									
\$20,000 /yr	6,950	6,950	0	6,000	3,000	-3,000	960	3,950	+2,990
\$30,000 /yr	6,950	6,950	0	4,470	3,000	-1,470	2,480	3,950	+1,470
\$50,000 /yr	6,950	6,950	0	1,850	3,000	+1,150	5,100	3,950	-1,150
\$75,000 /yr	6,950	6,950	0	0	3,000	+3,000	6,950	3,950	-3,000
Age 60									
\$20,000 /yr	6,950	6,950	0	6,000	4,000	-2,000	960	2,950	+1,990
\$30,000 /yr	6,950	6,950	0	4,470	4,000	-470	2,480	2,950	+470
\$50,000 /yr	6,950	6,950	0	1,850	4,000	+2,150	5,100	2,950	-2,150
\$75,000 /yr	6,950	6,950	0	0	4,000	+4,000	6,950	2,950	-4,000