



## **Tens of thousands of Vermonters are expected to see significant premium increases if American Rescue Plan Act affordability measures are not extended.**

The American Rescue Plan both increased premium assistance and eliminated the cliff at which middle-income Americans did not qualify for financial assistance. A September 2021 report showed Vermonters' average savings were the largest in the nation and nearly triple the national average. Vermonters who took advantage of the law during the first year of implementation saved an average of \$186 per month, a 62% decrease from their previous premium.<sup>i</sup>

Unless Congress acts, these needed affordability supports will expire at the end of this year.

## **The American Rescue Plan lowered cost and expanded access to health insurance for more than 23,000 Vermonters enrolled in Vermont's health insurance marketplace, Vermont Health Connect.**

### **Increased marketplace enrollment**

As of February 2022, 25,836 Vermonters were enrolled in the marketplace, a 9% increase over February 2021.<sup>ii</sup>

### **Financial help for more Vermonters**

Thanks to the American Rescue Plan, over 90% of the Vermont marketplace population now receive premium assistance – a 19% increase from February 2021 to February 2022.

- The average net premium across Vermont's marketplace fell by 25% in 2022.<sup>iii</sup>
- One in four enrollees now pay less than \$25 per month for health coverage.
  - 16% (4,240) now pay a monthly net premium =<\$1 per person
  - 19% (5,058) now pay <\$10 per month per person
  - 25% (6,659) now pay <\$25 per month per person
- Before the American Rescue Plan, a Vermonter earning \$52,000 didn't qualify for financial help. The lowest-cost plan would have cost them \$491 per month. Now, they can get this same plan for \$190.

### **Maintained low levels of uninsurance**

The Vermont Household Health Insurance Survey, fielded in fall 2021, estimates just 3% of Vermonters were uninsured, matching 2018's record low level. The U.S. Census Bureau's Current Population Survey shows Vermont as having the second lowest uninsured rate in the nation.<sup>iv</sup>



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## **Increased appeal for young adults**

Young adults are traditionally the most likely to be uninsured, and cost is usually given as the primary reason. The Vermont Household Health Insurance Survey estimates the number of uninsured Vermonters aged 25-34 fell 10% from fall of 2018 to fall of 2021.<sup>v</sup>

## **Affordability enhancements enable greater financial security and health protections for Vermont consumers.**

### **Increased purchasing power**

Affordability enabled consumers to “purchase up” in 2022, many opting for silver or gold plans that offer better financial protection from unexpected out-of-pocket costs.

- 1,201 lower-income households now pay less than \$1 per month for enhanced silver plans with low out-of-pocket costs.
- Many households with middle-and higher-incomes opted to use the expanded premium subsidies to enroll in gold plans. Enrollment in gold plans grew 25% from February 2021 to February 2022, far outpacing the marketplace’s overall 8% enrollment growth.

## **The expiration of American Rescue Plan premium affordability measures will significantly raise premiums, disrupt markets, and increase the number of uninsured, with Vermonters feeling the impacts as soon as October.**

### **Increased cost to consumers**

Marketplace enrollees can expect significant premium spikes for 2023 coverage if premium supports are not extended.

- More than 23,000 enrollees from Vermont will see reduced or eliminated financial support without the American Rescue Plan. Many will see their net premiums more than double.
- “Sticker shock” will begin as soon as October 2022, when customers begin to receive renewal notices for their health insurance and will be intensified by anticipated premium rate increases for 2023 due to medical inflation and increased cost of care.
- Thousands of Medicaid members who will be disenrolled from Medicaid in the months after the end of the continuous coverage requirement will be less likely to enroll in a qualified health plan at higher premiums and more likely to drop coverage.

### **Many could drop coverage**

- The Congressional Budget Office has estimated that 1.7 million Americans enrolled in the Marketplaces will drop coverage because of increased premiums.<sup>vi</sup>
- Enrollment losses will worsen risk mix of insurance markets, which will further increase premium costs, exacerbating the impact of the lost financial support.
- In addition to dropping coverage, increased costs will drive many customers to “purchase down” to lower metal levels with higher out-of-pocket costs, thus reducing the financial security enabled by the American Rescue Plan.

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<sup>i</sup> CCIIO’s “Health Insurance Marketplaces 2021 Special Enrollment Period (SEP) Report” showed that, nationally, more than 8 million existing marketplace customers took advantage of the American Rescue Plan Act to pay a lower premium. Nationally, these consumers saved an average of \$67 per consumer per month. In Vermont, the average savings was \$186 per consumer per month. <https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf>

<sup>ii</sup> Most of this growth is attributed to individuals transferring into the marketplace from direct-enroll plans as enrollment in the overall individual market is slightly down, although it would presumably be up if not for Medicaid’s continuous coverage requirement and the resulting major increases in Medicaid enrollment.

<sup>iii</sup> Per DVHA enrollment data: Average Feb 2021 Net Premium per person: \$254.51. Average Feb 2022 Net Premium per person: \$190.85. This drop is more notable when considering that metal level selection has skewed higher and average income in the marketplace has increased nearly 10%, largely attributed to both a loss of lower-income members due to the Medicaid continuous coverage requirement and growth in higher-income members coming into the marketplace.

<sup>iv</sup> As cited by the State Health Access Data Assistance Center’s “Comparing Federal Government Surveys That Count the Uninsured: 2021”

[https://www.shadac.org/sites/default/files/publications/Comparing%20Federal%20Surveys\\_\\_2021.pdf](https://www.shadac.org/sites/default/files/publications/Comparing%20Federal%20Surveys__2021.pdf)

<sup>v</sup> Vermont Household Health Insurance Survey estimated 7,100 uninsured 25-34 year-olds in fall 2018 and 6,400 in fall 2021.

<sup>vi</sup> Congressional Budget Office (2021). Reconciliation Recommendations of the House Committee on Ways & Means (revised Feb 17, 2021). Available at: <https://www.cbo.gov/system/files/2021-02/hwaysandmeansreconciliation.pdf>.