Joe Colangelo

From:	Ione Minot <iminot@vlct.org> on behalf of Dave Sichel <dsichel@vlct.org>
Sent:	Wednesday, November 13, 2013 4:34 PM
To:	Dave Sichel
Cc:	Ken Canning; Larry Smith; Tanya Chambers; Kelley Avery; Ione Minot
Subject:	Concerning the VHC Press Release of November 8, 2013
Attachments:	Press Release Additional Vermont Health Connect Enrollment and Extension Information Now Available_11.8.13.pdf; SmallBusinessEnrollmentOptions_Nov8_withPressRelease.pdf

VLCT MEMBER MEMORANDUM

To: VLCT members with 50 or fewer employees
From: David Sichel, Deputy Director, Risk Management Services
Larry Smith, Manager, Member Relations
Tanya Chambers, Senior Member Relations Representative
Date: November 12, 2013
RE: **Concerning the VHC Press Release of November 8, 2013**

As a small employer, you now have **three options** for providing your employees with a health insurance benefit that will be effective on January 1, 2014. The options are stated in the Vermont Department of Health Access (DHA) press release dated November 8, 2013, and they are explained in some more detail in Vermont Health Connect (VHC)'s 3-page Small Business Options Fact Sheet (which has Enrollment Options listed on page 1 and FAQs on pages 2-3). Both documents are attached and are also posted at www.vlct.org.

The intent of this email is to explain the circumstances under which each option is either desirable or undesirable. We will quote the press release just enough to define each option, and right below it provide our explanation with VLCT's small and medium-size members in mind. You should already have received a mailing about these options from your current health insurance carrier. If you choose option 2 or 3, be sure to follow the carrier's specific instructions.

Option 1: "Vermonters can continue to sign up for health coverage for their businesses or themselves through Vermont Health Connect – online, by phone or paper, or with the help of an in-person assister."

If you have prepared your employees to have full choice for their 2014 health insurance, this is your best option. If your group is in this category,

- You must notify your current carrier before November 25th that you are enrolling your group with VHC. If you do not do this, the carrier will assume that you are doing nothing and will map your entire group to one of the VHC plans it offers (described below in Option 2, Sub-option 1).
- Because online enrollment continues to be quite problematic, we strongly recommend that all covered employees do the following:
  1. Complete their application either with a Navigator or on paper. For the most current paper applications, go to http://info.healthconnect.vermont.gov/paper. In the Small Business column, choose the Coverage Application for Employees ***and*** whichever Appendix B for Employees matches your choice of carrier.
  2. Send the applications to VHC before the November 30, 2013 deadline.
  3. Mail the applications via Certified Mail and request a signature for proof of delivery.

Option 2: "Vermont small businesses can enroll in Vermont Health Connect plans directly through either MVP or Blue Cross."

If you either **currently have a Platinum-type plan** or **have worked out a health benefit structure** (including a particular insurance plan paired with IRS-compliant HSAs, FSA, HRA, or a combination) **that suits all of your covered employees**, we believe this option makes most sense. Be certain to understand the three sub-options that are available in this. The quotations below are from page 1 of VHC's *Small Business Options Fact Sheet.*

IMPORTANT: If you registered as an employer with VHC – or even just **started** an employer account – and you decide to enroll through a carrier instead, be sure to follow your carrier's instructions ASAP to **contact VHC and formally withdraw your group's registration**.

- **Sub-option 1:** "Take no action, and your current carrier will automatically enroll you and your current employees in the Vermont Health Connect Plan that most closely matches your current coverage."
  Read the mailing from your carrier carefully and compare your current plan to the VHC plan that your carrier maps it to. The mapping might suit your group well, in which case taking no action will be the right choice. For instance, if your current plan is "rich", it will probably be mapped to a Platinum plan, and your group will be happy for you to take no action.
- **Sub-option 2:** "… Inform your carrier that you wish to enroll in an alternate Vermont Health Connect plan."
  If your carrier's mapping doesn't suit your group, but you have designed a health benefit structure that works well with one or more of your carrier's VHC plans, you can stay with your current carrier and have the carrier do the VHC paperwork for you. This carrier already has your current employees' information, saving you some of the normal start-up paperwork.
- **Sub-option 3:** "Enroll with a new carrier."
  If you have designed a health benefit structure that works well with one or more of the other carrier's VHC plans, you can cancel with your current carrier, enroll with your new one, and have the new carrier do the VHC paperwork for you. You and your employees will have to complete your new carrier's paperwork.

Option 3: "Extend your existing 2013 health plan for up to three months."

We have studied this matter carefully and have concluded that **extending your current insurance plan for three months is the least desirable** of the three options. It introduces several complications. For example,

- **If you currently offer a high deductible health insurance plan**, employers and employees will need to pay particular attention to pre-tax HSA contributions in 2014. One must have a high deductible health plan for a full 12 months in order to contribute pre-tax to into an HSA account. Making HSA contributions in the first quarter of 2014 will limit subscribers' choices in VHC to only high deductible plans or they will have tax implications.
- While employees will be credited for any met deductibles prior to the start of the VHC plan when continuing coverage with the same carrier, **not all plans have the same deductible amount**. For example, the Platinum plan deductible is $150.00. It is possible that the deductibles paid under the carry-over plan will not be recaptured under the plan chosen in VHC.
- If you currently offer a plan without a high deductible, such as a co-pay plan like BCBS Vermont Health Partnership of Freedom Plan, continue current coverage into 2014 would waste municipal money because the VHC Platinum plans offer similar coverage for lower premiums.

We at VLCT hope that this summary is helpful. If you have any questions, please feel free to contact your Member Relations Representative or Dave Sichel at 800-649-7915.