## *VEHI's ACA Affordability Calculator for Large Employers*

***Now Updated with FY16 Rates***

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The Affordable Care Act (ACA), as you know, contains provisions that requires "large" employers (those with 50 or more FTEs) to pay a penalty (a) if they do not offer health insurance to their employees or (b) the insurance they do offer is deemed unaffordable under the ACA, *and* (c) their employees receive premium tax credits on the new state insurance Exchanges. The federal government deferred imposing the penalty until 2015 for employers with 100 or more FTEs, and until 2016 for employers with between 50-99 FTEs.

In response to member requests, VEHI developed an *affordability calculator* to assist in determining if the health insurance benefits that a member offer to their employees, with or without an employer contribution to premium, are "affordable" as that term is defined by the ACA. This tool was developed in partnership with Gallagher Benefit Services, and is based the most up to date guidance on affordability and safe harbor income.

With the recent announcement of FY16 rates for VEHI plans, we've released a new version of the affordability calculator for use by large districts and their local unions. This tool can be accessed on VEHI's website at http://www.vehi.org/reform/aca_support.html. The calculator is relatively simple to operate and has just three sections:

**Section 1** requires you to input the class(es) of employees you are concerned about—teachers, paras, bus drivers, kitchen workers, clerical/secretarial, custodians, administrators, etc. There are slots for 12 classes. You will assign separate class markers for employee groups if their contributions for single health coverage vary. If all your employee groups or most of them, on the other hand, contribute the same percentage toward the cost of single coverage, you do not need to differentiate so acutely.

**Section 2**, just below section 1, asks you to input an employee's percentage of premium contribution per work classification (see section 1) for single coverage only for each VEHI plan offered. Be careful to insert the contribution data under the correct class of workers if there is more than one. Remember, too, that even if an employee needs or takes family benefits, the ACA's affordability test is linked only to the employee's contribution toward an employer's lowest cost single plan.

**Section 3**, at the top of the calculator, will self-populate and tell you the minimum household income an employee must have in 2014-15 to meet the ACA's "safe harbor" income threshold for that year. If an employee's salary from the district or his or her household income is equal to or greater than this threshold, s/he will not be eligible for premium tax credits on Vermont Health Connect (VHC), our state's "Exchange," and a "shared responsibility penalty" on the district cannot be triggered by this employee. Employees who are not eligible for premium tax credits can still forego employer-based coverage and buy on VHC, but they cannot receive federal subsidies until their income justifies it. Section 3 also shows which VEHI plans you offer are the most "affordable" for the employee groups in question. Employees may enroll in any VEHI plan offered by a district, but the most affordable plan is the benchmark for determining an employer penalty.

It's important to reiterate that "affordability" in this context is based on a definition in the ACA—***not*** on an employee's perceptions of affordability or fairness, or the need for dependency coverage. Please contact Laura Soares at Laura@vsbit.org or Mark Hage at MHage@vtnea.org if you have questions about the calculator.