

Vermont Basic Needs Budget and Livable Wage: Health Care Methodology

Basic Needs Budget Technical Advisory Committee

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Basic Needs Budget (BNB): Health Components

- 1) Health Insurance Premiums & Out-of-pocket costs*
- 2) Dental Insurance Premiums & Out-of-pocket costs*

* Out-of-pocket costs:

- Spending for care not covered by insurance, including deductible, co-pays, and co-insurance.

Health Insurance: BNB Assumptions Summary

- Type of Insurance Plan
- Premium rates
- Level of employee contributions
- Out-of-pocket costs

Health Insurance: Type of insurance plan

- Based on employer-sponsored insurance (ESI).
- Prior to the 2008 study, BNB also included those without ESI. This was eliminated because:
 - Those without ESI who purchased insurance on the individual market represented less than 3% of the private insurance market.
 - Tables were cluttered and confusing (see below).

2007 Basic Needs Format (before change)

Category	Urban		Rural	
	A No Employer Assisted Health Care	B With Employer Assisted Health Care	A No Employer Assisted Health Care	B With Employer Assisted Health Care
	<i>cost estimates are per month</i>		<i>cost estimates are per month</i>	
Food (moderate cost plan)	266	266	266	266
Housing (rent & utilities)	783	783	606	606
Transportation	409	409	638	638

2008 Basic Needs Format (after change)

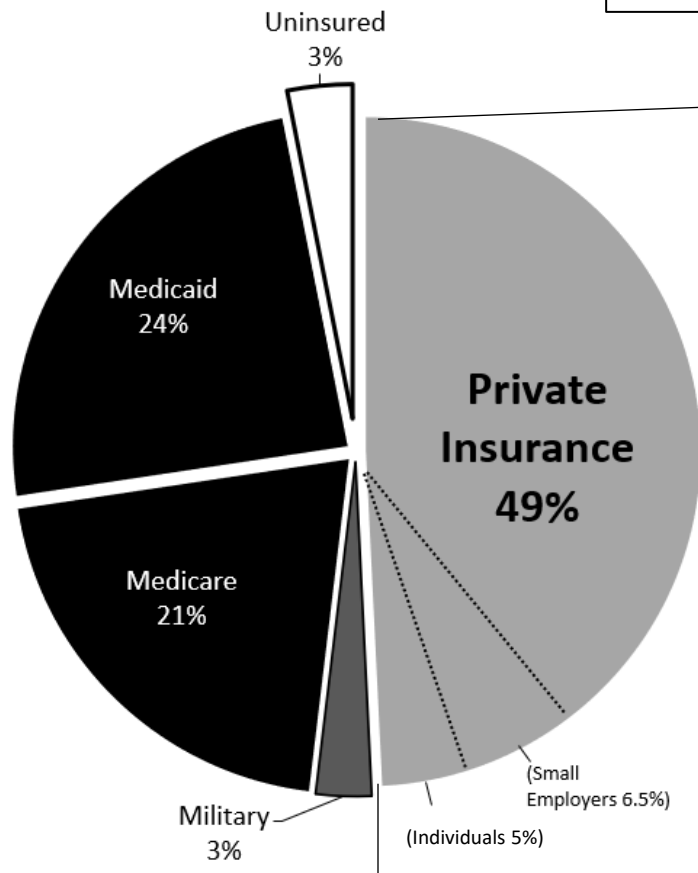
Category	Urban	Rural
	<i>cost estimates are per month</i>	
Food	295	295
Housing	883	674
Transportation	640	763



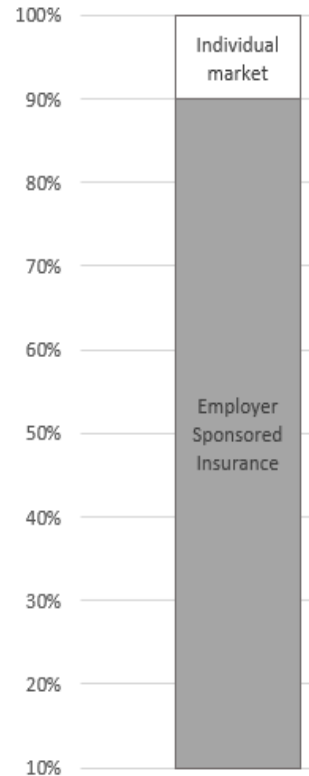
Health Insurance: Type of insurance plan

- Those with ESI still represent the vast majority of those with private insurance coverage:

Note: Based on March 2023 data



PRIVATE INSURANCE (PI)



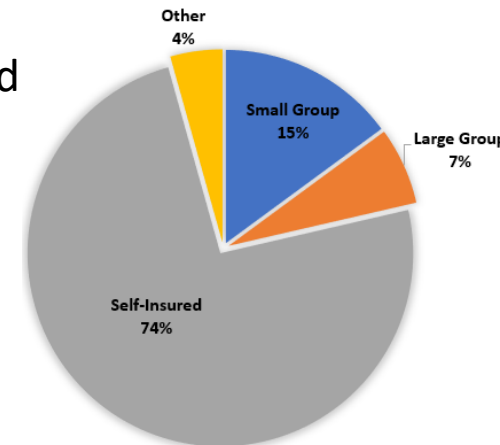
Individual Market¹

- 5% of Vermonters
- 10% of those with PI
- Approx. 80% have some form of state/federal subsidy

Employer Sponsored Insurance

- Over 40% of Vermonters
- 90% of those with PI
- 74% are in self-insured plans.

1) [DVHA Health Insurance Map](#), March 2023



Health Insurance: Premiums

- BNB uses data from the Medical Expenditure Panel Survey (MEPS) to estimate average premiums.
 - MEPS is compiled and maintained by the Agency for Healthcare Research and Quality (AHRQ), which is part of the U.S. Dept of Health & Human Services.
 - Data has a two-year lag. Adjusted to year in question.

Health Insurance: Premiums

For Comparison to MEPS

- Nationally, the average actuarial value for ESI plans was 85% (which is generally equivalent to a **Gold Plan**).

Actuarial Value (AV): The percentage of total average cost for covered benefits that a plan will cover.

- For instance, for a plan with an AV of 85%, on average, the beneficiary would be responsible for 15% of the costs of all covered benefits.

- For the 2022 BNB report, the MEPS premium estimate fell between the lowest and highest cost gold plans in Vermont's small group market (coming very close to the medians).

SMALL GROUP MARKET

Gold Plans	SINGLE		SINGLE + 1		FAMILY	
	Lowest Cost	Highest Cost	Lowest Cost	Highest Cost	Lowest Cost	Highest Cost
Monthly Premium	\$667	\$741	\$1,333	\$1,482	\$1,873	\$2,082
Median	\$704		\$1,408		\$1,978	
MEPS (VT)	\$705		\$1,406		\$2,056	



Health Insurance: Employee Contribution

- BNB also uses MEPS data as the proxy estimate the levels of employer contributions to premiums
- MEPS 2021 Employer Contribution:
 - **Single = 22%**
 - **Single + 1 = 24%**
 - **Family = 26%**
- For comparison Kaiser Family Foundation Employer Health Benefit Survey (2022)
 - Single = 17%
 - Family = 28%
- Vermont State Employee Plan
 - 20%

Health Insurance: Out-of-pocket costs

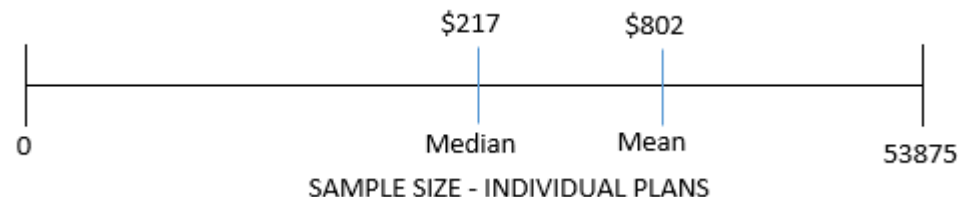
- BNB employs VHCURES data to estimate out-of-pocket costs (OOP)
- VHCURES = Vermont Health Care Uniform Reporting and Evaluation System
- VHCURES is Vermont's claims database (maintained by the Green Mountain Care Board)
- BNB OOP costs are estimated:
 - By type of insurance (single, single+1, family)
 - Based on spending for everyone with health insurance (whether or not they had an OOP expense) who had 12-months of continuous coverage.

Health Insurance: Out-of-pocket costs

- Uses Median OOP costs rather than the mean
 - Median is the middle value, meaning half of the sample was either above or below this value
 - This controls for extreme outliers

Annual Out-of-Pocket Spending - Comparison of Median vs. Mean (Average), 2021

Plan Type	% OOP below		% OOP below	
	Median	Median	Average	Average
Individual	\$217	50%	\$802	65%
Family	\$1,438	50%	\$2,286	62%



Health Insurance:

A quick note about HSAs & HRAs

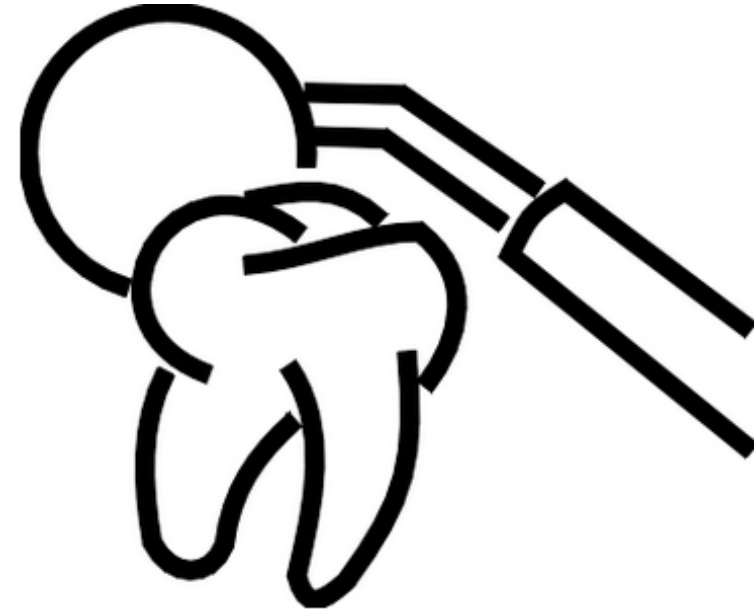
- It should be noted that employers have been increasingly offering health savings accounts (HSAs) and health reimbursement accounts (HRAs) to their employees.
- At this time, there is not enough data on HSAs/HRAs to accurately understand the level of contributions by employers or the impact of such plans on OOP costs.
- As such, the basic needs report DOES NOT account for this.

Health Insurance: BNB Assumptions Summary

- Type of Insurance Plan: ESI
- Premium rates: MEPS
- Level of employee contributions: MEPS
- Out-of-pocket costs: VHCURES

Dental Insurance: BNB Assumptions

- Premium rates
- Level of employee contributions
- Out-of-pocket costs



Dental Insurance: Premium Rates

- Approx. half of dentate adults aged 18-64 have dental insurance¹
 - Dentate = those who have not yet lost all their permanent/natural teeth
- The vast majority of those with dental coverage have coverage through employer-sponsored plans.
- Northeast Delta Dental has significant market share in Vermont – 224,638 lives (as of Sept. 2022).
- Given its vast market share in Vermont, BNB uses the most popular Delta Dental Plan as the proxy to estimate premiums.
- *Note: Plans sold through Vermont Health Connect include pediatric dental benefits.*



Dental Insurance: Employer Contribution

- Finding data on employer contributions to dental insurance has proven elusive.
- Anecdotally we've been told it ranges from 50% to 100%
- **BNB Assumptions**
 - **Single = 90%**
 - **Two-person = 70%**
 - **Family = 50%**



Dental Insurance: Out-of-pocket costs

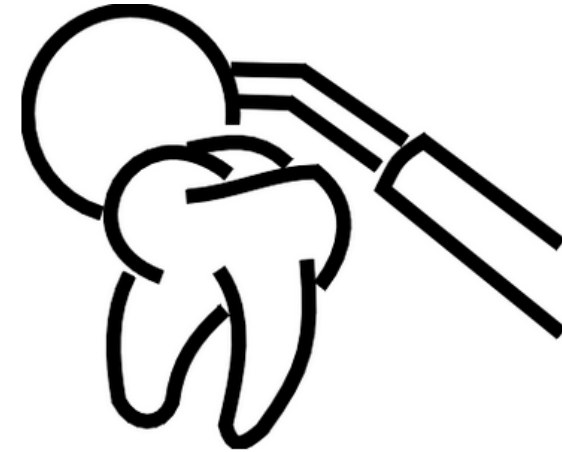
- Out-of-pocket costs based on data provided by NE Delta Dental, specific to their Vermont book of business
 - VHCURES does not collect data on dental claims.
- Uses Median OOP costs rather than the mean

**Out of Pocket Spending on Dental
Comparison of Median vs. Mean, 2022**

	Median	Mean
Adult	\$0	\$257
Child	\$0	\$247
Overall	\$0	\$254

Dental Insurance: Assumptions Summary

- Premium rates: NE Delta Dental
- Level of employee contributions: Anecdotal
- Out-of-pocket costs: NE Delta Dental



2022 Basic Needs Budget Estimates

Estimated Health Insurance Premiums + Out-of-Pocket Costs (Monthly \$)

	(a)			(b)	(a) + (b)
	<i>Health Insurance Premiums</i>			<i>Median</i>	TOTAL est.
	Total	Employer Share	Employee Share	OOP Costs	Employee Share
2020					
Single	705	551	154	18	172
Single + 1 child	1,361	1,064	297	71	367
Single + 2 children	2,056	1,519	536	99	636
Two Adults	1,406	1,065	341	71	412
Two Adults + 2 children	2,056	1,519	536	120	656

Estimated Dental Insurance Premiums + Out-of-Pocket Costs (Monthly \$)

	(a)			(b)	(a) + (b)
	<i>Dental Insurance Premiums</i>			<i>Median</i>	TOTAL est.
	Total	Employer Share	Employee Share	OOP Costs	Employee Share
2020					
Single	44	40	4	0	4
Single + 1 child	82	57	25	0	25
Single + 2 children	142	71	71	0	71
Two Adults	82	57	25	0	25
Two Adults + 2 children	142	71	71	0	71