



March 21, 2016

Vermont House
State House
Montpelier, VT 05633

RE: Tax Bill, Employer Assessment

Dear House Members,

We urge House members to reject yet another increase in the employer health care assessment that is contained in H.873, the misc. tax bill.

The quarterly fee on “uncovered employees” is unique to Vermont. Massachusetts repealed their assessment when the ACA kicked in a few years ago to avoid charging employers under both federal and state. Vermont does both, although they are calculated differently.

What started out as the catamount assessment at \$91.25 per quarter, has now increased to \$151.12/quarter (\$604.48 annually) and up 7.3% in the past year alone. Contained in H.873 are further increases on all employers who pay the assessment in addition to many others that will no longer fall under the 4 person exemption.

Here are just a few examples from our membership:

Independently owned convenience store

\$604 annual increase – 20% increase over current annual assessment of \$3,020

Independent retailer:

\$604 annual increase – 25% increase over current annual assessment of \$2,416

Food manufacturer:

\$4,894 annual increase – 30.5% increase over current annual assessment of \$16,045

Independent grocer:

\$604 increase – 6.7% increase over current annual assessment of \$9,015

Beverage and redemption center:

\$604 increase – 9% increase over current annual assessment of \$6,711

Vermont based convenience store group
\$70,961 increase – 68% increase over current annual assessment of \$104,516

Having “uncovered employees” *does not* mean the business does not offer health insurance. Many retailers offer coverage to their full time employees but still pay the assessment on part time associates. These companies must pay the assessment on full-time employees who choose to go without insurance and part-time or seasonal staff who do not qualify for coverage and go without or are on Medicaid.

We are concerned that increasing the assessment will place an undue burden on these employers and require them to make changes that could negatively impact their business or their employees as well as potentially increase prices to consumers.

We encourage the House of Representatives to oppose this tax package.

Sincerely,



Jim Harrison

CC: Governor Peter Shumlin

Backgrounder - Who pays? Employers, for their “uncovered employees.”

21 V.S.A. chapter 25 requires an employer to pay the contribution for “uncovered employees,” which means:

- An employee of an employer who does not offer to pay any part of the cost of health care coverage for its employees;
- An employee who is not eligible for health care coverage offered by an employer to any other employees (*such as part time employees not eligible for health plan offered to full time employees*); or
- An employee who is offered and is eligible for coverage by the employer but elects not to accept the coverage and either:
 - is enrolled in Medicaid
 - has no other health care coverage under either a private or public plan except Medicaid; or
 - has purchased health insurance coverage as an individual through the Vermont Health Benefit Exchange.

DOL’s rules also treat an employee as “uncovered” when no declaration of coverage form is on file from an employee who declines the employer’s offer of health coverage.