

**The Payroll Tax and Cost Shift Premium Savings: Consensus Estimates**

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On March 10, the Administration proposed a new payroll tax of 0.35 percent in 2016 to address the Medicaid cost shift and expects the rate of growth of health insurance premiums to decline 2.34 percentage points as a result.

Which employers would pay more if the rate of growth of premiums declines between 4 percentage points and 1 percentage point?

The Break-Even Point	
If premiums decline by	Employers pay more if premiums as a share of payroll are less than
4 percent	8.8%
3 percent	11.7%
2.34 percent	15.0%
2 percent	17.5%
1 percent	35.0%

What percentage of payroll will public sector employers in Vermont pay for health insurance in 2016?

Projected premiums as a share of payroll in 2016	
State employees	24.6%
School employees	24.4%
Municipal government employees	19.5%

What is the projection of premiums as a percentage of payroll in 2017?

Projected premiums as a percentage of payroll in 2017	
Vermont average,* including public sector	11.4%
Private sector*	9.3%
Public sector	24.0%

\*The Vermont average reflects all employers, including those that do not offer insurance. In 2012, among employers with fewer than 50 employees, 54 percent did not offer insurance. For 50-99 employees, 16 percent did not; for 100-499 employees, 1% did not; for 500+ employees, 0% did not. The average for employers that offer insurance would be higher.