MVP Health Care Government Affairs

Impact Analysis: H.766 Sections 2(b) and (3)

April 3, 2024

Added Costs for Vermonters—Every $1.00 that MVP spends on prior authorization saves its members at least $5.00 dollars in unnecessary, wasteful, and/or avoidable costs. H.766 Sections 2(b) and (3) would erode those member protections and savings, exposing Vermonters to higher premiums and out-of-pocket costs—without providing any corresponding patient/consumer value, such as increased access, affordability, quality or better outcomes.

Premium Increases—H.766 Sections 2(b) and (3) would cost MVP's 27,000 Vermont commercial members upwards of $9 million in 2025. This would add an estimated 3% to premiums on top of any other necessary rate increases.

~ 3 Percent ($375 Per Member Per Year) Premium Increase Due To						
Higher utilization of costly, inappropriate services				Implementation Costs		
 DME	 Imaging	 Lab	 Procedures	 IT Config	 New Policies	 Added Labor

Out-of-Pocket Costs—H.766 Sections 2(b) and (3) would also expose MVP's Vermont members to significantly higher out-of-pocket costs.

- Most Vermont commercial enrollees are in deductible plans, and commercial payers pay much higher prices than Medicaid.
- Today, PA ensures that more cost-effective alternatives are considered first, but under H.766 Section 3, MVP's members will incur significantly higher out-of-pocket costs because evidence-based, lower-cost alternatives are no longer prioritized as part care delivery.

		Medicaid*	Commercial**
Benefit Design Comparison	Annual Premium (single only plan)	$0	$9,039.96
	Out-of-Pocket (OOP)	$3 copay	$9,400 deductible 50% coinsurance

Example: Head Scan (MRI vs. CT)	Service reimbursement (MRI - 70552)	$240.59	$1,651
	Requires prior authorization?	No	Yes
	Cost of evidence-based alternative (CT - 70460)		$699
	Net Member OOP Cost Increase from H.766 Sec. 3		**$952**

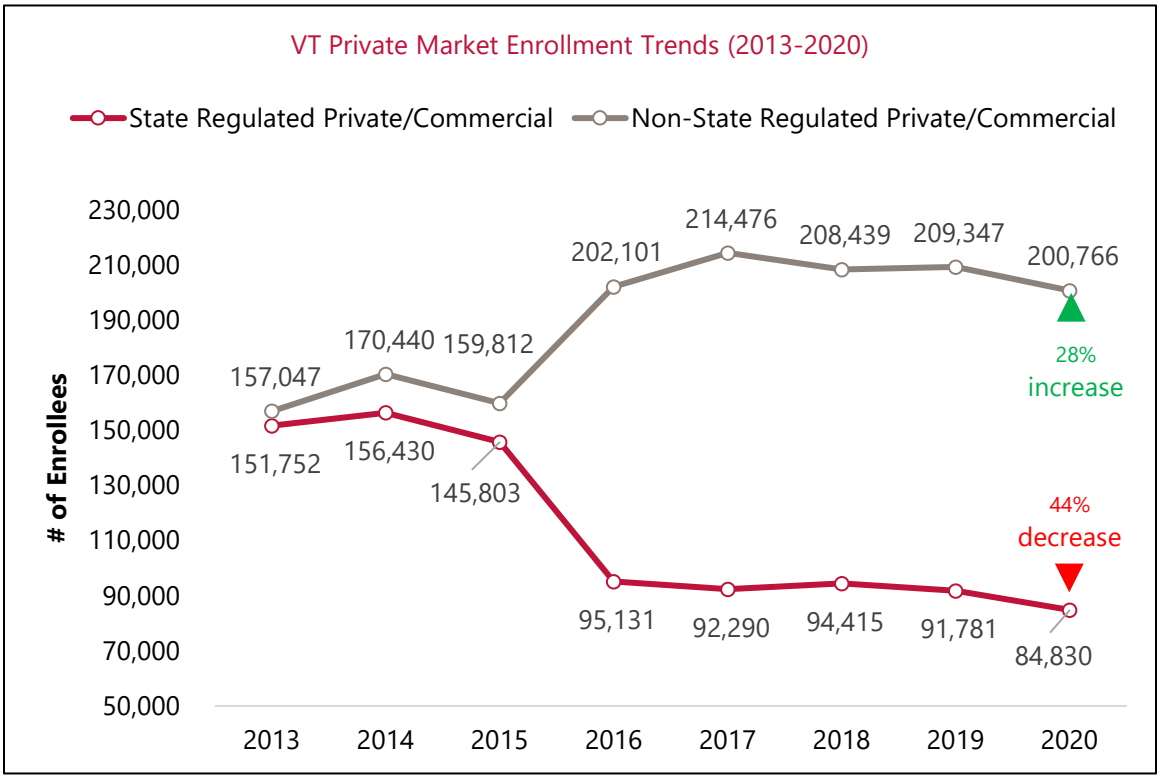
Example: Abdomen Scan (CT vs. Ultrasound)	Service reimbursement (CT - 74160)	$207.47	$1,191
	Requires prior authorization?	No	Yes
	Cost of evidence-based alternative (Ultrasound - 76700)		$506
	Net Member OOP Cost Increase from H.766 Sec. 3		**$685**

References

- Vermont Medicaid benefit design from https://dvha.vermont.gov/members/medicaid
- 2024 QHP Plan Design and Rates from https://info.healthconnect.vermont.gov/sites/vhc/files/documents/2024_PlanDesigns_FinalRates.pdf
- Commercial plan design for illustrative purposes: MVP VT Bronze 4 Standardized and Integrated High-Deductible

Added Complexity—MVP believes that H.766 Sections 2(b) and (3) would add, not lessen, administrative complexity for providers. MVP has thousands of New York members that receive care from Vermont providers. MVP will not apply these changes to its New York business, even when seeing a Vermont provider. So, providers will now follow two separate sets of payment and prior authorization policies for MVP's members based on where the member's coverage is issued.

Market Impacts—H.766 will not apply to non-state regulated "self-funded" coverage options. So, the bill's costs will worsen a decade-long trend of employers leaving state-regulated health insurance markets in search of more affordable options. As Vermont's regulated markets continue to erode, consumers have less choice, fewer coverage options, and their per-member costs increase because of a shrinking risk pool.



Source: Langwell, Nolan. (2023). Health insurance overview [PowerPoint slides]. Retrieved from Health Care Finance 101 (New Member Orientation) (vermont.gov)

Market Sustainability—Contrary to oft-cited perspectives about health insurers' profitability, Vermont's state-regulated commercial health insurance markets have experienced sustained and substantial operating losses. Since 2018, the health insurers have lost a collective $80 million (net operating income) serving these Vermont-regulated markets.