The Road to Green Mountain Care

Robin J. Lunge, Director of Health Care Reform
House Committee on Health Care
January 16, 2014
Roadmap for Today

- Why health care reform?
- Green Mountain Care Overview & Implementation Update
WHY HEALTH CARE REFORM?
Why continue health reform after the ACA?

- Health care costs outstrip economic growth
- Costs are not spread fairly
  - disproportionately fall on private sector, especially small business

- Despite best efforts
  - 200,000+ Vermonters are uninsured or underinsured

Underinsured = deductibles exceed 5% of family’s income AND/OR total health care expenses exceed 10% of family income (5% if income below 200% of FPL).

- We don’t get the best value for our $$
USA Healthcare Spending Is Higher Than All Other OECD Countries Combined (with 35% of Other OECD Countries’ Combined Population)

USA Spending on Healthcare in 2007 = $2.2T
All Other OECD Countries’ Combined Spending = $2.2T

Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including households) on medical services and goods, public health and prevention programs, and administration. Excluded are health-related expenditures such as training, research, and environmental health. Source: OECD, Organization for Economic Co-operation and Development is an international organization of 31 developed and emerging countries with a shared commitment to democracy and the market economy.
More spending does not result in better health
Current financing is inequitable
Why worry? If we continue this trend, we won’t have anything left for other priorities
And...we don’t cover everyone

There are almost **43,000** Vermonters who are uninsured
The percentage of uninsured residents is largest among those whose family incomes are less than 200% of federal poverty level.

Data Source: 2012 Vermont Household Health Insurance Survey
Among the uninsured with some type of coverage during the prior 12 months, about half were previously covered by private health insurance through employment.

### Type of Health Insurance Coverage Person had Within Previous 12 Months
(Asked of those who have been uninsured for a year or less)

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Rate</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private health insurance through an employer or union</td>
<td>48.3%</td>
<td>8,336</td>
</tr>
<tr>
<td>Private health insurance bought directly, paid out of pocket</td>
<td>5.5%</td>
<td>958</td>
</tr>
<tr>
<td>State health insurance (Medicaid, VHAP, Dr. Dynasaur)</td>
<td>26.9%</td>
<td>4,638</td>
</tr>
<tr>
<td>Catamount Health</td>
<td>5.6%</td>
<td>959</td>
</tr>
<tr>
<td>Other</td>
<td>8.8%</td>
<td>1,894</td>
</tr>
<tr>
<td>Unsure</td>
<td>5.8%</td>
<td>498</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>17,261</strong></td>
</tr>
</tbody>
</table>

**Data Source:** 2012 Vermont Household Health Insurance Survey

*Rates and Counts may not sum to total as respondents could report more than 1 type of previous insurance coverage.*
Cost is the main reason uninsured Vermonters lack health insurance coverage.

How does cost rate as the reason why person is not currently covered by insurance?

- Absolutely the only reason: 49.9% (21,319)
- One of the main reasons: 22.4% (9,572)
- One reason among several: 11.7% (5,020)
- Not much of a factor: 9.8% (4,205)
- Unsure: 6.2% (2,644)

Data Source: 2012 Vermont Household Health Insurance Survey
But employment related factors, such as job losses, also lead to the loss of health insurance coverage.

Is this a reason why person no longer has health insurance coverage? (% who indicated “yes” among uninsured residents by age cohort, 2012)

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total Rate</th>
<th>Age 0 to 17 Rate</th>
<th>Age 18 to 64 Rate</th>
<th>Total Count</th>
<th>Age 0 to 17 Count</th>
<th>Age 18 to 64 Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Could no longer afford the cost of premiums for employer’s insurance.</td>
<td>9.2%</td>
<td>4.4%</td>
<td>9.6%</td>
<td>3,946</td>
<td>123</td>
<td>3,810</td>
</tr>
<tr>
<td>A family member lost their job.</td>
<td>10.4%</td>
<td>3.4%</td>
<td>10.8%</td>
<td>4,434</td>
<td>95</td>
<td>4,300</td>
</tr>
<tr>
<td>Employer stopped offering health insurance coverage.</td>
<td>3.8%</td>
<td>5.3%</td>
<td>3.7%</td>
<td>1,609</td>
<td>147</td>
<td>1,462</td>
</tr>
<tr>
<td>Person no longer eligible through employer because of a reduction in the number of hours for employed family member.</td>
<td>5.1%</td>
<td>4.6%</td>
<td>5.1%</td>
<td>2,187</td>
<td>127</td>
<td>2,039</td>
</tr>
</tbody>
</table>

Data Source: 2012 Vermont Household Health Insurance Survey
Reasons for loss of coverage:

The main reasons for a loss of coverage include:

- Person with health insurance lost their job, was unemployed (20.1% of those with a loss of coverage during the prior 12 months).
- The cost was too high, cost increased, the cost of premium, the person could no longer afford (19.4%).
- Waiting period for coverage, waiting for recertification of coverage (12.5%).
- Not eligible or no longer qualified for Medicaid, VHAP, or Dr. Dynasaur (9.9%).
- Problems with paperwork, late payments (9.7%).
- Person with health insurance quit job or switched jobs (5.7%).

- During their gap in coverage, 47.2% did apply for coverage through the state.
What about public coverage?

- Remember Steve Kappel’s churn chart!
So what?

- When payment and coverage are coupled, it is very difficult to get to universal coverage.
  - If you split up how people contribute from keeping people covered, you can cover everyone

- Employers as the source of health coverage means people lose coverage when they change jobs.
  - If you split coverage from employment, people have more flexibility in their employment choices
  - People may be willing to take the risk of starting businesses
GREEN MOUNTAIN CARE
OVERVIEW
Vermont’s Health Care Goals

- Reduce health care costs and cost growth
- Assure that all Vermonters have access to and coverage for high quality care
- Assure greater fairness and equity in how we pay for health care
- Improve the health of Vermont’s population
Vermont’s Health Care Goals

Reduce health care costs and cost growth

Assure that all Vermonters have access to and coverage for high quality care

Assure greater fairness and equity in how we pay for health care

Improve the health of Vermont’s population

The point: we believe we can improve the health of our people, communities, and economy by providing better care for less money than the status quo.
Vermont’s Health Care Goals

How do we achieve these goals?

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2/24/2014
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ACT 48 of 2011

The point: we believe we can improve the health of our people, communities, and economy by providing better care for less money than the status quo.
The Road to Green Mountain Care: The Divided Highway

- What’s with the road sign?

- Perception
  - The ACA, a federal mandate, confused the issues and obscured the final goal and the process to get there

- Reality
  - 2017 Financing report and Act 48 provides blueprint for health care reform
The 2017 Financing Report

- A plan to provide universal health care coverage to all residents, primarily through Green Mountain Care, beginning in 2017
The 2017 Financing Report

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- Consultants Retained:
  - University of Massachusetts Center for Health Law and Economics - a health policy consulting team
  - Wakely Consulting - an actuarial firm
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- Questions answered:
  - Benefits
  - Range of costs
  - Potential revenue sources
GMC Model for 2017

- All Vermont residents will be enrolled in Green Mountain Care (GMC)

- If individuals have other coverage, the other coverage would pay first and GMC would supplement as needed ("GMC Secondary")

- GMC will provide comprehensive health care benefits

- GMC enrollees who meet Medicaid eligibility criteria will also be eligible for certain federally mandated services
The 2017 Financing Plan Report

- UMASS conclusion
  - Vermont has the opportunity to provide better care and greater coverage at less cost than the status quo
The 2017 Financing Plan Report

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- Is this news?
The 2017 Financing Plan Report

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- **Is this news?**
  - Same conclusion as previous reports
    - Avalere
    - Hsaio
    - Lewin
    - Thorpe
The 2017 Financing Plan Report

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  - Vermont has the opportunity to provide better care and greater coverage at less cost than the status quo

- **Is this news?**
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    - Avalere
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    - Lewin
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5 Studies offer the same answer
Review: What is Act 48?
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- Concrete plan for universal coverage
  - All Vermonters receive high quality health care coverage based on residency
  - Coverage is publicly financed
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- Created Green Mountain Care Board
  - Cost containment
  - Payment reform
  - Oversight of workforce and health information technology
Review: What is Act 48?

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  - Payment reform
  - Oversight of workforce and health information technology

- Ensured detailed planning for Green Mountain Care
  - Operational planning
  - Financing plan
## Trends in Primary Source of Health Insurance Coverage, 2000 - 2012

<table>
<thead>
<tr>
<th>Private Insurance (including Catamount Health)*</th>
<th>Rate</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.1%</td>
<td>59.4%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Private Insurance (alone)</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>60.1%</td>
<td>59.4%</td>
<td>58.4%</td>
</tr>
<tr>
<td>Catamount Health</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>NA</td>
<td>NA</td>
<td>1.5%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>16.1%</td>
<td>14.7%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Medicare</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>14.4%</td>
<td>14.5%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Military</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>0.9%</td>
<td>1.6%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Uninsured</td>
<td>Rate</td>
<td>Count</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>8.4%</td>
<td>9.8%</td>
<td>7.6%</td>
</tr>
</tbody>
</table>


*For the remainder of this report, Catamount Health is included with private insurance.

Note: Primary type of health insurance coverage classifies residents with more than one type of insurance into a single category based upon the following hierarchical order; Medicare (except in cases where resident was over 64 and covered by a private insurance policy through an employer with 25 or more employees or person was covered by military insurance), private insurance, military, state health insurance and uninsured. Included in the category of private health insurance coverage are those covered through the Catamount Health Program.
How does source of coverage change?

- What is primary versus secondary coverage?

- For special populations, we have options to review with you - examples
  - What about folks enrolled in Medicare?
    - 3 models to review with you – need to come back.
  - What about state and teacher retirees?
    - 2 models for coverage of retirees who move out of state

- Please see handout on coverage transition.
Benefits: legal considerations

- Covered Services
  - Affordable Care Act requirements
    - Covered services at least as good as those provided by essential health benefits
  - Act 48 requirements
    - Covered services at least as good a Catamount Health (less than ACA)
    - Consider adding dental, vision, long-term services & supports
      - Cost estimates in UMass report
Benefits: legal considerations

- Cost-sharing
  - Affordable Care Act requirements
    - at least as good as income-sensitive cost-sharing
    - out of pocket maximum limits of $6350 (HHS proposed $6750 for 2015)
  - Act 48 requirements
    - Cost-sharing must be sliding scale based on income
    - Preferred actuarial value: 87% with 80% minimum
**ACA Essential Health Benefits**

**Services In 10 Categories:**

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services, and chronic disease management
- Laboratory services
- Preventive and wellness services
- Pediatric services, including oral and vision care
2012 GMCB EHB Decisions

- EHB benchmark plan: BCBSVT
- Pediatric Dental: SCHIP benefit package
  - Identical to coverage under Medicaid and familiar to more Vermont families than federal benefits
Definition of plan design

- The total cost of providing EHB will be split between insurance coverage (funded by premiums) and what people pay out of pocket for services (cost sharing).

Qualified health plans are grouped into four sets of actuarial value (AV) or “metal level” which is the amount covered by insurance:
- Bronze – 60%
- Silver – 70%
- Gold – 80%
- Platinum – 90%
Example of gold plan

<table>
<thead>
<tr>
<th>Deductible/Out of Pocket Maximum</th>
<th>Single/Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Deductible</td>
<td>$750/$1500</td>
</tr>
<tr>
<td>Rx Deductible</td>
<td>$50/$100</td>
</tr>
<tr>
<td>Medical Out of Pocket Maximum (OOPM)</td>
<td>$4250/$8500</td>
</tr>
<tr>
<td>Rx OOPM</td>
<td>$1250/$2500</td>
</tr>
<tr>
<td>Medical Deductible waived:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prev, OV, UC, Amb, ER</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Coinsurance/Copay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Services</td>
<td>20%</td>
</tr>
<tr>
<td>Preventive</td>
<td>$0</td>
</tr>
<tr>
<td>Office Visit w/PCP or Mental Health</td>
<td>$15</td>
</tr>
<tr>
<td>Specialist Office Visit</td>
<td>$25</td>
</tr>
</tbody>
</table>
# Cost sharing reduction plans

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>94% AV</th>
<th>87% AV</th>
<th>80% AV</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductible</strong></td>
<td>N/A</td>
<td>$100/$200</td>
<td>$750 / $1,500</td>
<td>$750 / $1,500</td>
</tr>
<tr>
<td><strong>Single/Family</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Out of Pocket</strong></td>
<td>N/A</td>
<td>$500/$1,000</td>
<td>$1,250 / $2,500</td>
<td>$4,250/ $8,500</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Single/Family</strong></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Cross-Border GMC Plan Issues

- **Coverage**
  - Out-of-state employers with Vermont employees
  - Vermont employers with out-of-state employees

- **Network**
  - Out-of-state care for Vermont residents

- **Administrative Costs**
  - Out-of-state residents using Vermont providers
WHERE DO WE GO FROM HERE?
The Process: What Needs to Happen?

Principles Embedded in Act 48

Green Mountain Care

Benefits: Proposed by Admin and Approved by GMCB

Financing Plan: Proposed by Admin and Approved by Legislature

Appropriation: Legislature funds GMC during budget process

Triggers: Pulled by GMCB
<table>
<thead>
<tr>
<th></th>
<th>Administration</th>
<th>Legislature</th>
<th>Green Mountain Care Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Propose finance plan</td>
<td>• Propose finance plan</td>
<td>• Approve finance plan</td>
<td>• Approve benefit package</td>
</tr>
<tr>
<td>Propose benefit package</td>
<td>• Propose benefit package</td>
<td>• Appropriate funding</td>
<td>• Provide final checks and balances</td>
</tr>
<tr>
<td>Ensure operational</td>
<td>• Ensure operational readiness</td>
<td>• Oversight</td>
<td>• Trigger implementation</td>
</tr>
<tr>
<td>readiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apply for ACA Section</td>
<td>• Apply for ACA Section 1332 waiver</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1332 waiver</td>
<td></td>
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</tr>
</tbody>
</table>
## The Process: What is The Timeline?

<table>
<thead>
<tr>
<th>Administration</th>
<th>Legislature</th>
<th>Green Mountain Care Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Propose finance plan (2015)</td>
<td>• Approve finance plan (Consider in 2015)</td>
<td>• Approve benefit package (2016)</td>
</tr>
<tr>
<td>• Propose benefit package (2016)</td>
<td>• Appropriate funding (2016)</td>
<td>• Provide final checks and balances (2016)</td>
</tr>
<tr>
<td>• Ensure operational readiness (Ongoing)</td>
<td>• Oversight (Ongoing)</td>
<td>• Trigger implementation (Target January 1, 2017)</td>
</tr>
<tr>
<td>• Apply for ACA Section 1332 waiver (2015/16)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Suggested Future Topics

- More on special populations (as noted earlier)
- Delivery System Reform
  - Transition from fee-for-service to other forms of value-based payments, including global budgets
- ACA Waiver
- Administration of GMC
- What else?
The Vermont Lesson:
Sustainable reform requires a comprehensive approach

Increase Access

Contain Costs  Improve Quality