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# The Road to Green Mountain Care Financing



Michael Costa,  
Deputy Director of Health Care Reform

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VERMONT HEALTH REFORM



# Road to a Finance Proposal: Four Major Questions

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- How much do we pay now?
- How much will Green Mountain Care cost?
- How will we pay for it?
- What will be the economic impact?

# Road to a Finance Proposal: How Much Do We Pay Now?

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- Individuals and businesses make a substantial and regular direct contribution to health care.

Contributing Group	Amount Spent on Health Care (Millions)
Premiums	1,849
Out of Pocket	715

Source: 2011 Health Care Expenditure Analysis, GMCB



# Road to a Finance Proposal: How Much Do We Pay Now?

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- Individuals and businesses make a substantial and regular direct contribution to health care.

Contributing Group	Amount Spent on Health Care (Millions)
Premiums	1,849
Out of Pocket	715

- But how do people experience this system?

Source: 2011 Health Care Expenditure Analysis, GMCB

# Road to a Finance Proposal: How Do We Pay Now?

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Health  
Care  
Spending



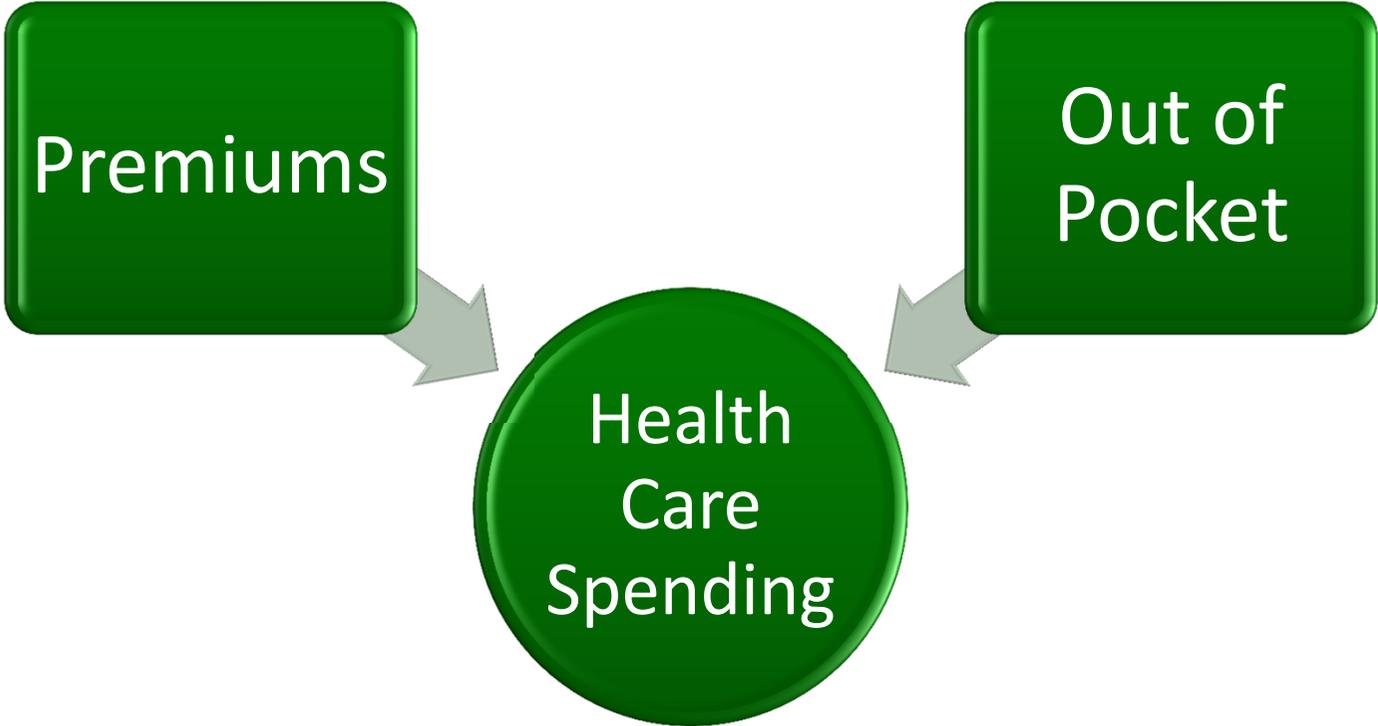
# Road to a Finance Proposal: How Do We Pay Now?

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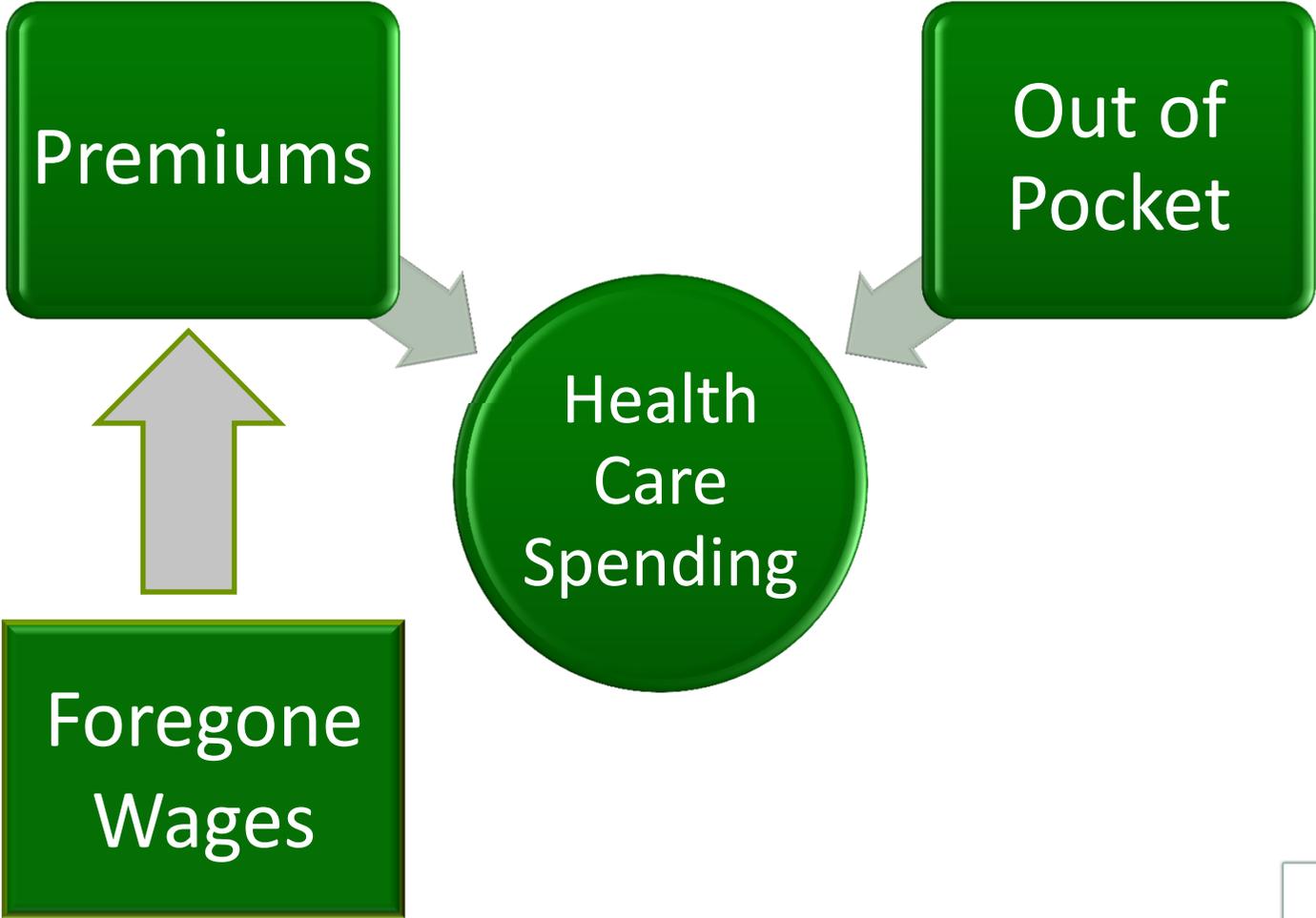
# Road to a Finance Proposal: How Do We Pay Now?

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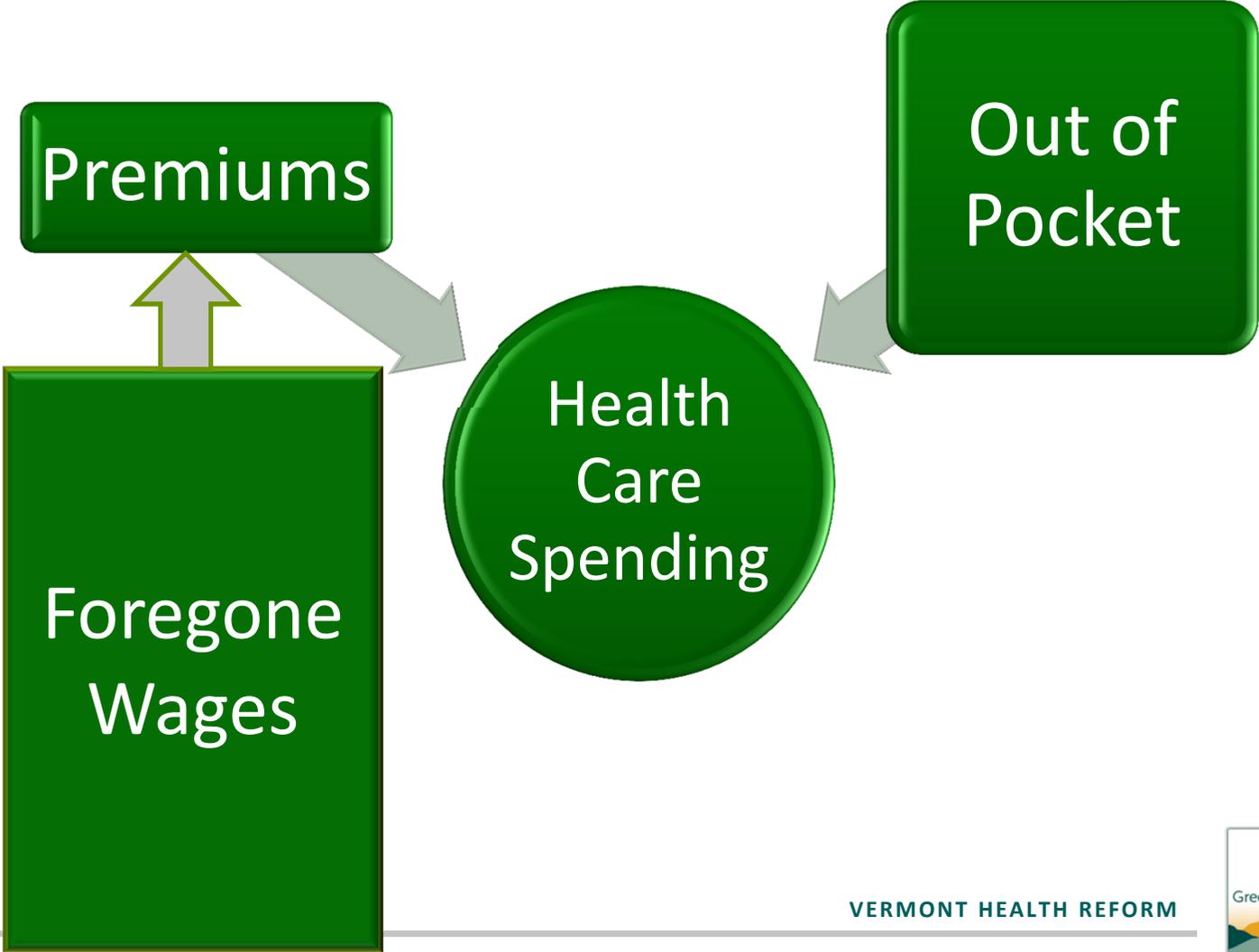
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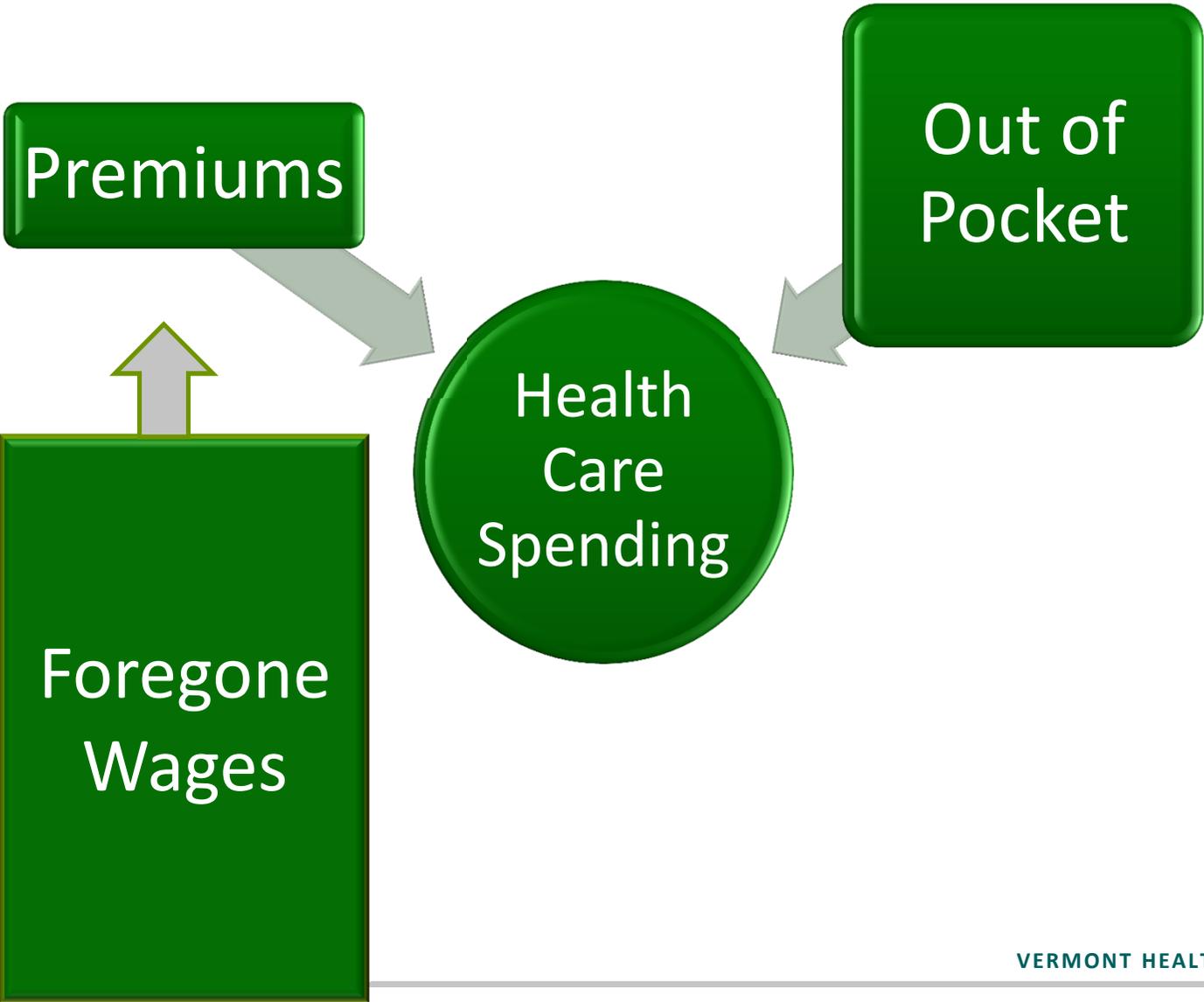


# Road to a Finance Proposal: How Do We Pay Now?

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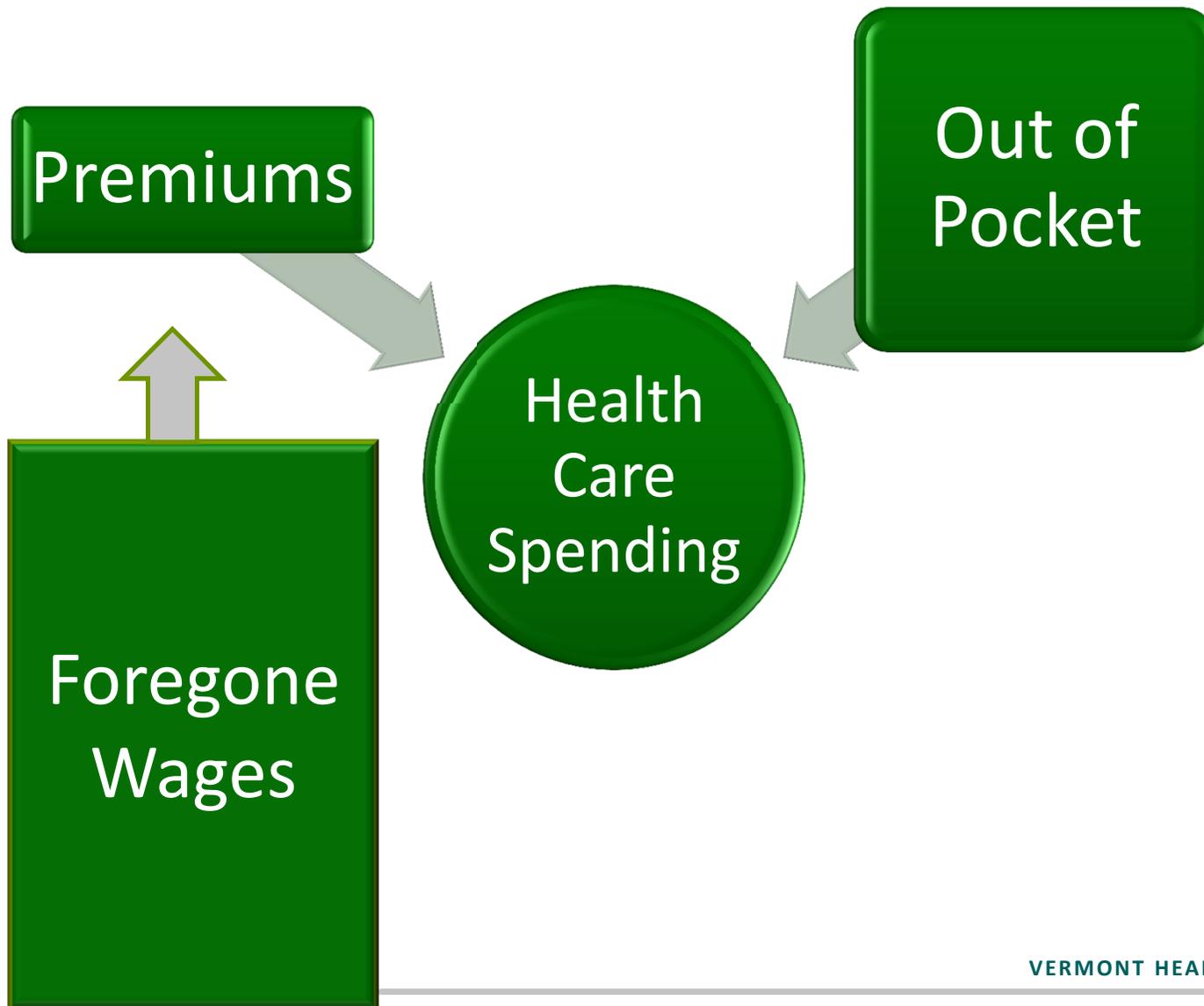
# Road to a Finance Proposal: How Do We Pay Now?



Consider health care costs embedded in taxes:

- Federal
- State
- Local

# Road to a Finance Proposal: How Do We Pay Now?



Consider health care costs embedded in taxes:

- Federal
- State
- Local

Consider health care costs embedded in goods and services

# How Do We Pay Now?

## An Example Taxpayer

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- My friend the landscaper
  - Is this person a winner or loser?

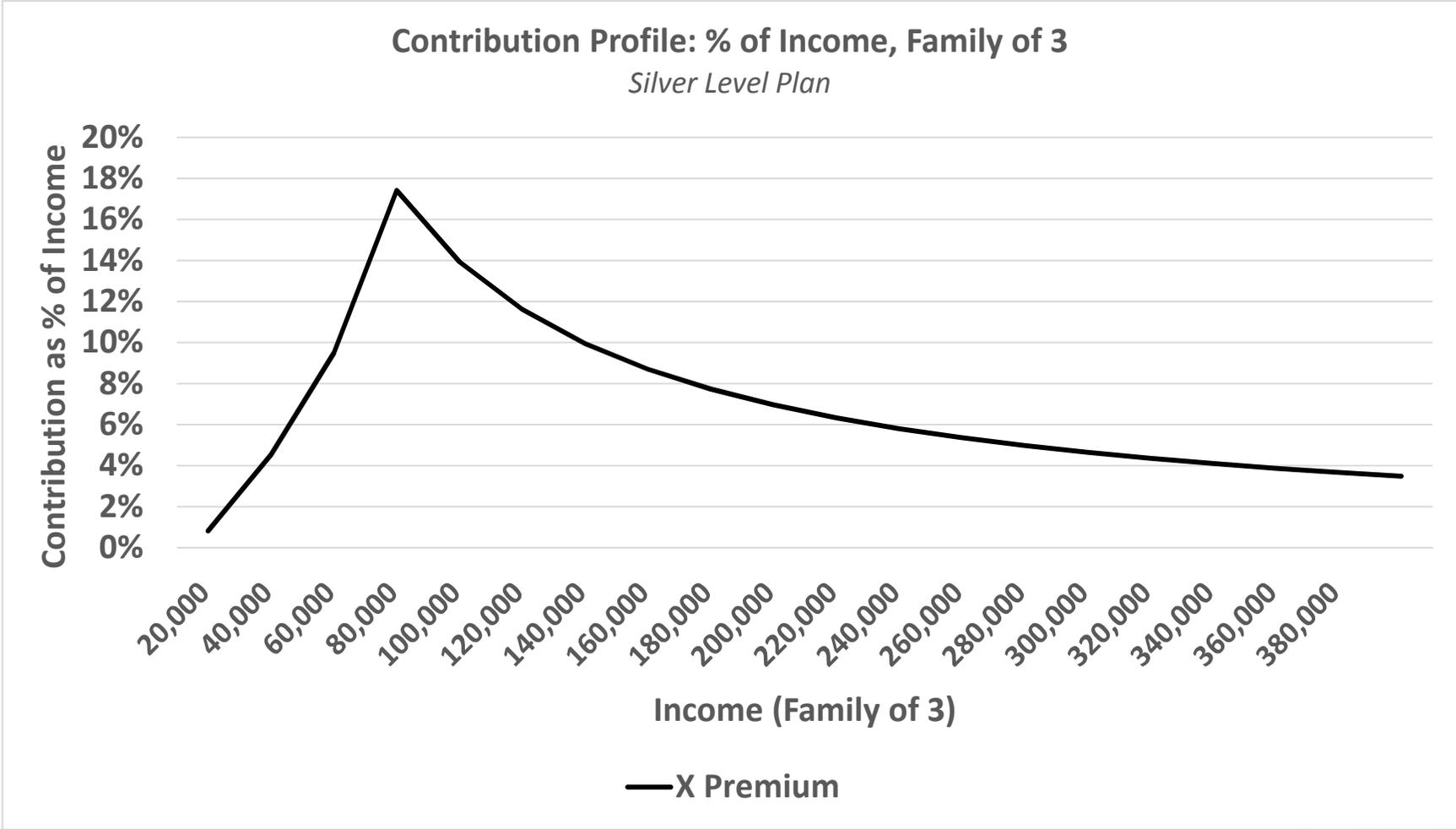
# How Do We Pay Now?

## An Example Taxpayer

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- My friend the landscaper
  - Is this person a winner or loser?
- Opaque health care system makes accurate comparison a huge challenge

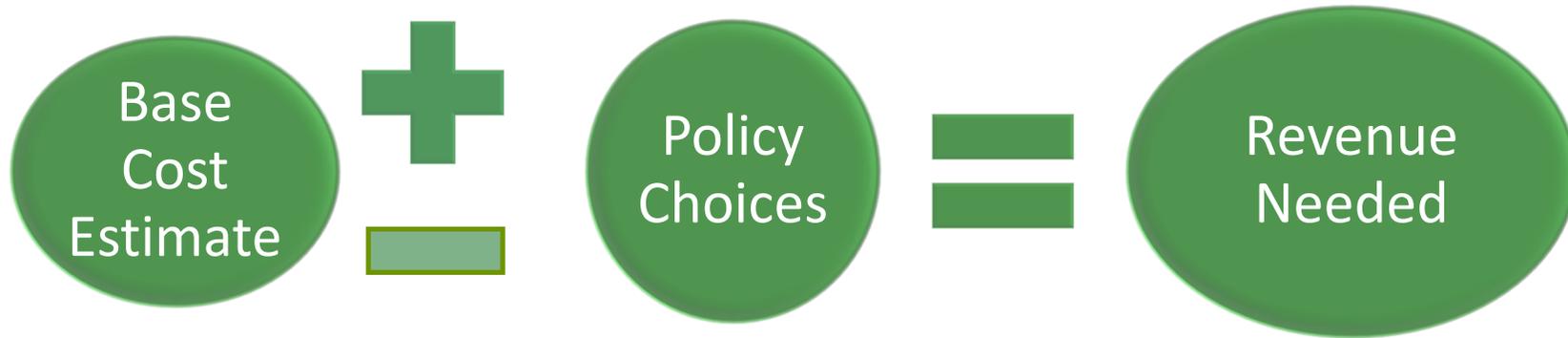
# Financing System Snapshot



# How Much Will Green Mountain Care Cost?

## Revenue Range, Not a Bullseye

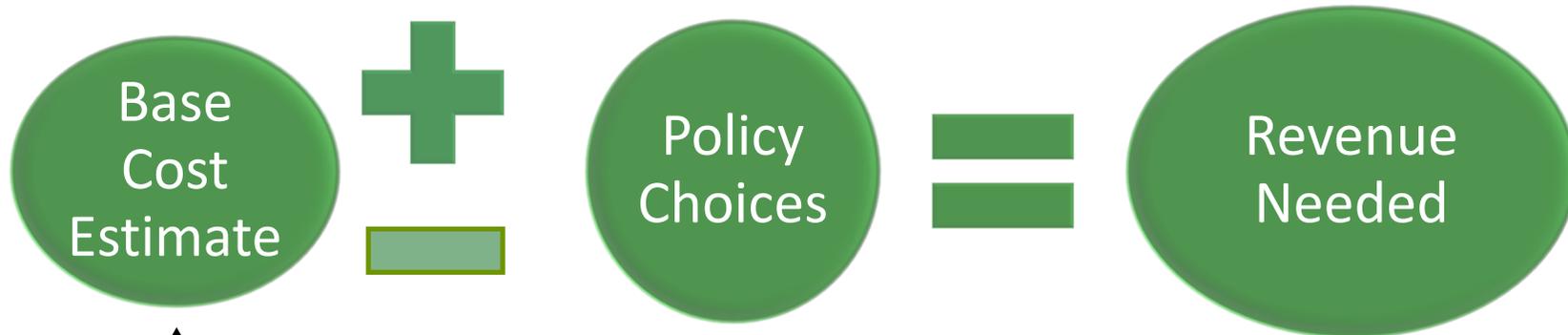
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# How Much Will Green Mountain Care Cost?

## Revenue Range, Not a Bullseye

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Adjustments as we update and scrutinize plan

Any costs to operationalize GMC

# Financing Process

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- UMASS/Wakely baseline
  - PLUS
- Adjustments & implementation costs
  - PLUS OR MINUS
- Policy levers
  - EQUALS
- Green Mountain Care public financing

# Road to a Finance Proposal:

## How Much Will Green Mountain Care Cost?

UMASS/Wakely GMC Cost & Revenue Streams	Dollars (Millions)
<b>Total System Costs</b>	(5,916)
<b>Federal: Medicare</b>	1,613
<b>Federal: Medicaid Match</b>	1,247
<b>Federal: ACA</b>	267
<b>Federal: Other</b>	209
<b>State Medicaid Funding</b>	637
<b>Individuals and Employers (Non-GMC)</b>	332
<b>Total Sources of Funds</b>	4,305
<b>Amount to be Publicly Financed</b>	<b>(1,611)</b>

A new financing system will need to produce \$1.6 billion in funding that was previously paid by individuals and employers



# Road to a Finance Proposal: How Will We Pay for It?

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- **Green Mountain Care will feature a new funding source, not new funding**
  - Policy debate should focus on redirecting the money Vermonters already spend
- Paying less to cover more people with more valuable benefits

# Road to a Finance Proposal: How Will We Pay for It?

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- Individuals and businesses make a substantial and regular contribution to health care
  - They should expect that may continue in some form

# Road to a Finance Proposal: How Will We Pay for It & Economic Impact?

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- Process
  - Develop multiple options for raising the required revenue
  - Assess the impact of finance plan on taxpayers, Vermont's economy, and Vermont's revenue streams
  - Goal is to discuss potential revenue options in 2014 and present a plan to the Legislature in January 2015

# Ongoing Considerations

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- Data gathering on current system
- Tax status of contributions
- Transitions and stabilizers
- Developing consensus on GMC costs over time
- Simplicity versus fairness

# The Road to Green Mountain Care Financing

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- Most importantly, what are your questions?