The Road to Green Mountain Care

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House Committee on Health Care

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Roadmap for Today

- Why health care reform?
- Green Mountain Care Overview & Implementation Update

WHY HEALTH CARE REFORM?

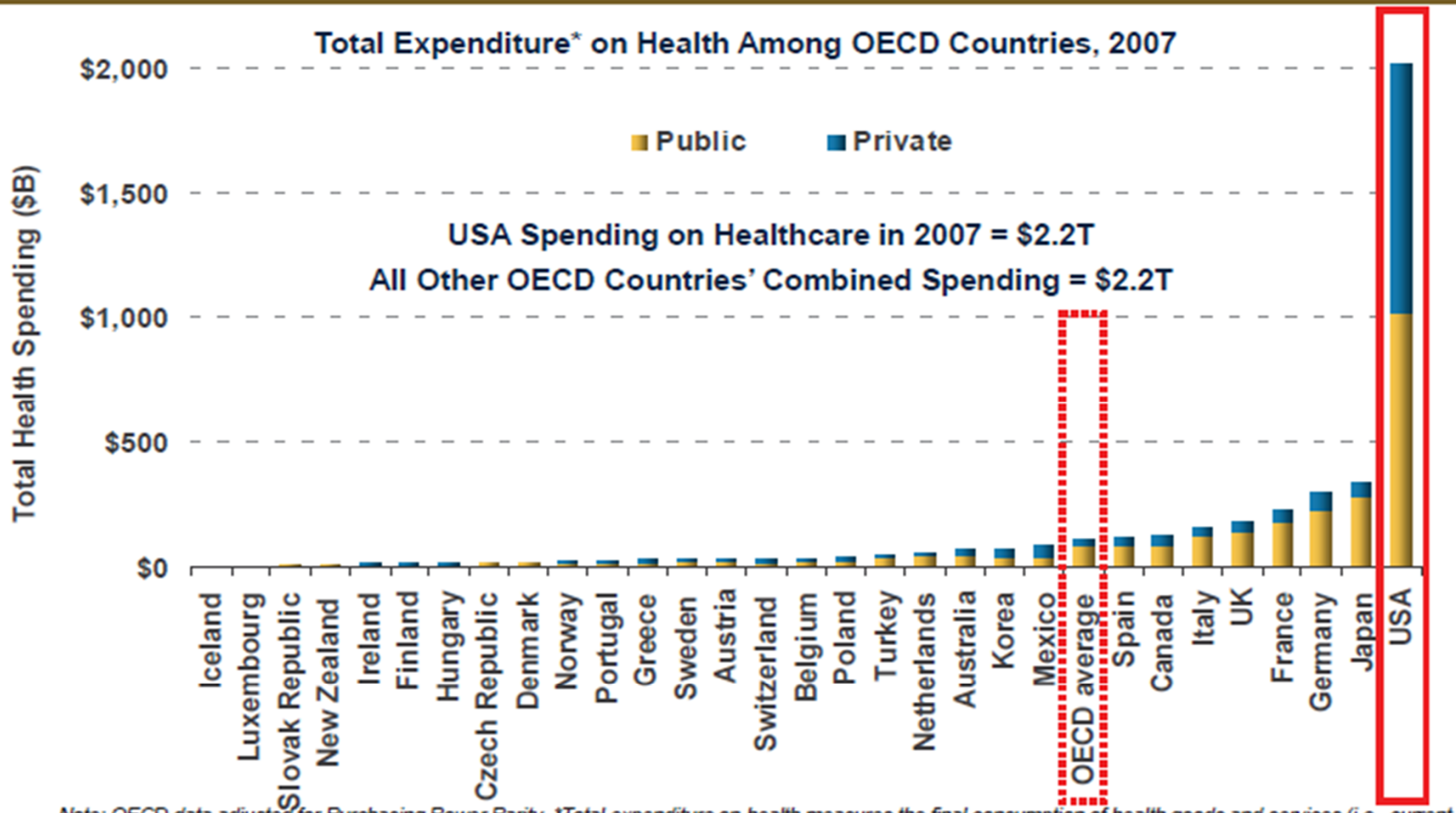
Why continue health reform after the ACA?

- 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).

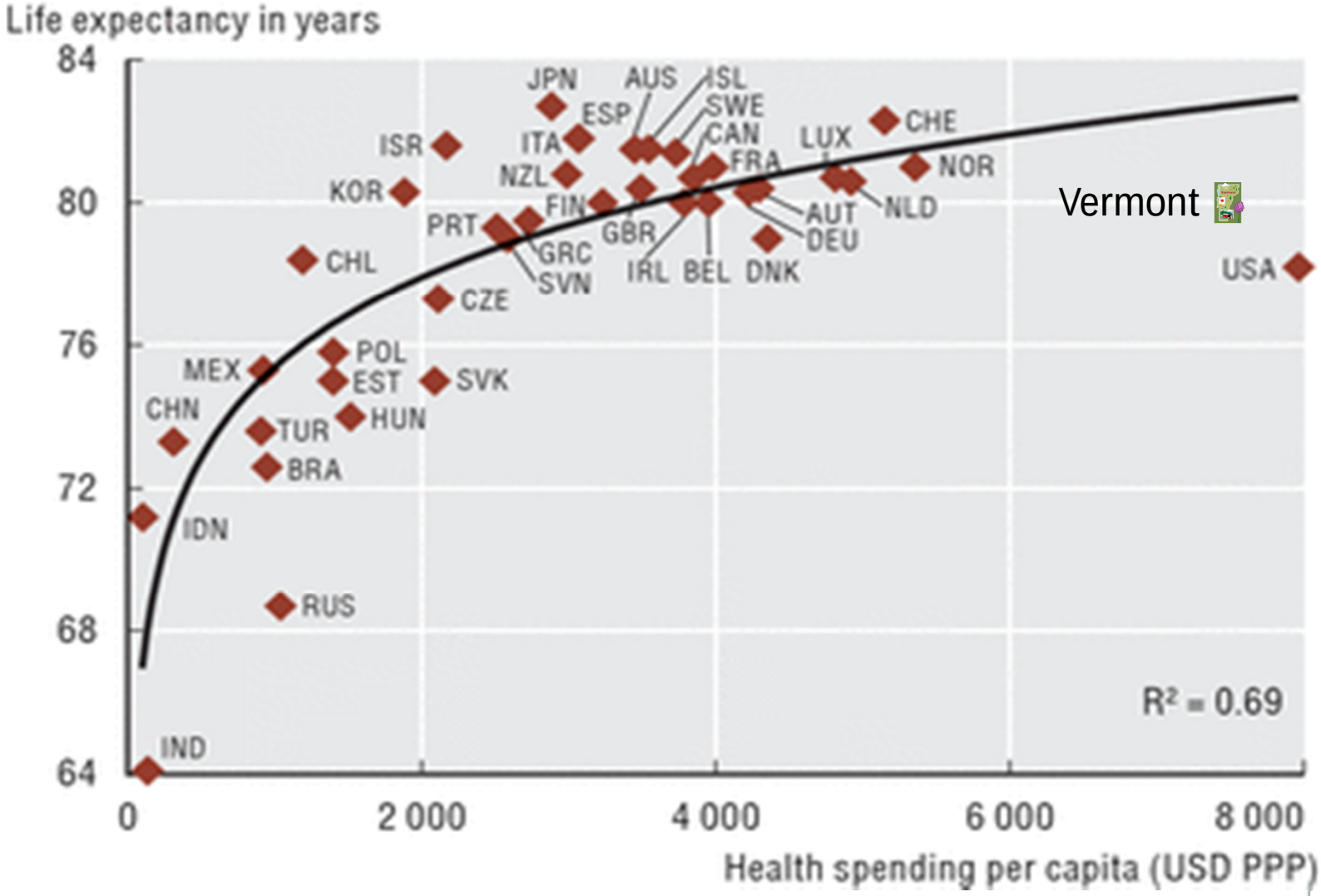
- We don't get the best value for our $$

USA Healthcare Spending Is Higher Than All Other OECD Countries Combined (with 35% of Other OECD Countries' Combined Population)

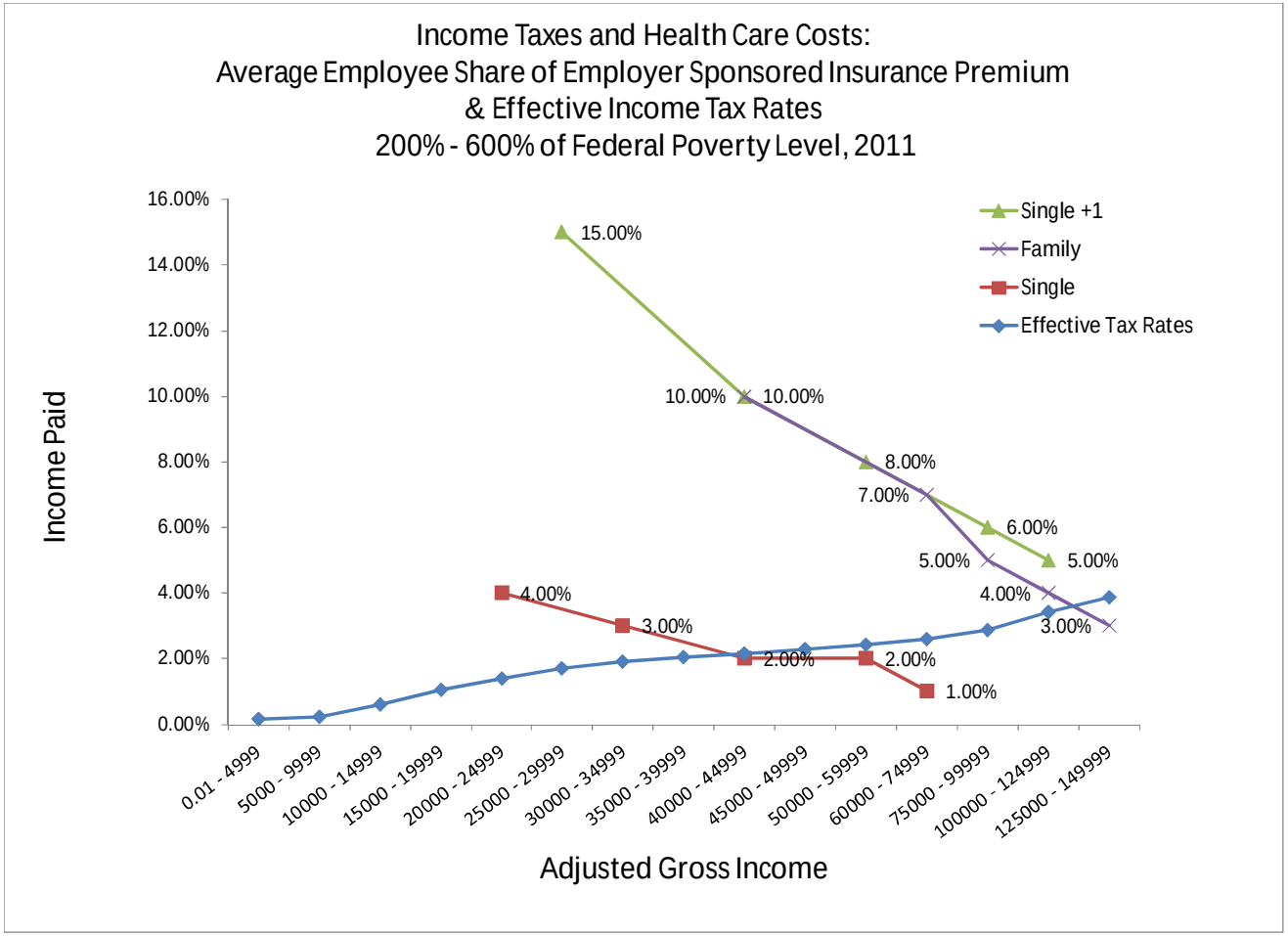


*Note: OECD data adjusted for Purchasing Power Parity. *Total expenditure on health measures the final consumption of health goods and services (i.e., current health expenditure) plus capital investment in healthcare infrastructure. This includes spending by both public and private sources (including 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.*

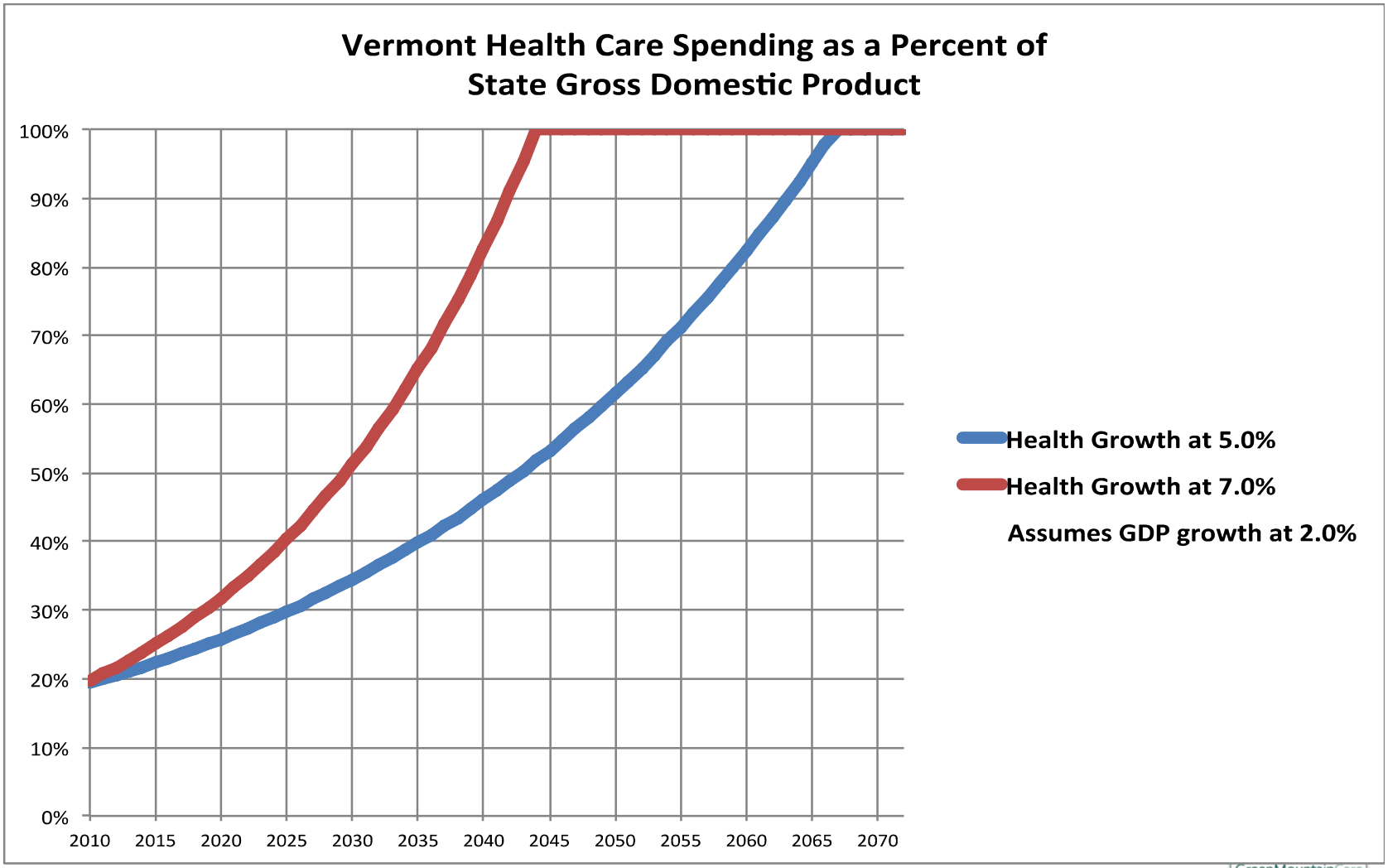
More spending does not result in better health



Current financing is inequitable



Why worry? If we continue this trend, we won't have anything left for other priorities



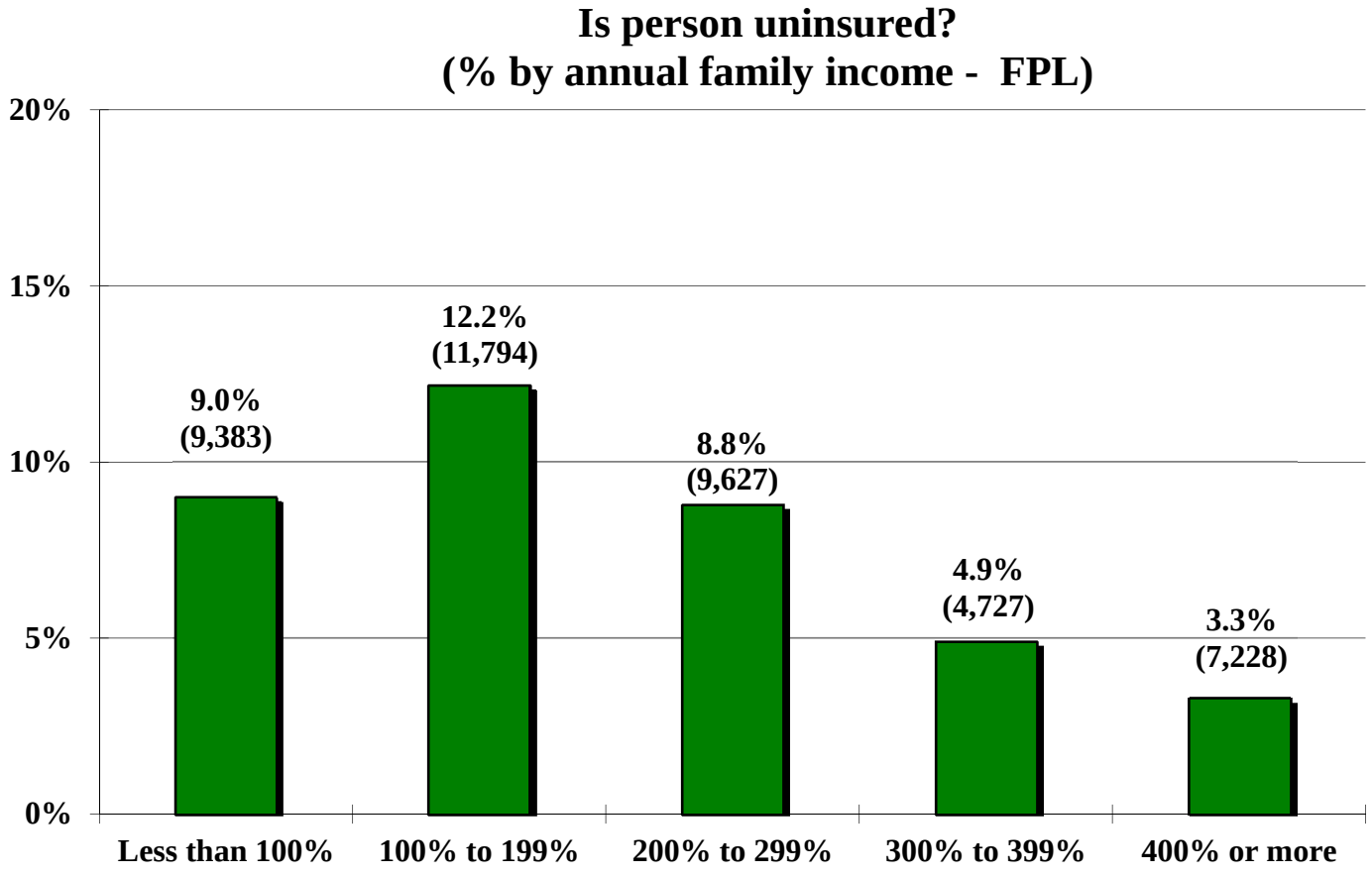
And….we don’t cover everyone

There are almost 43,000 Vermonters who are uninsured

VERMONT HEALTH REFORM

GreenMountainCare
A HEALTHIER STATE OF LIVING

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

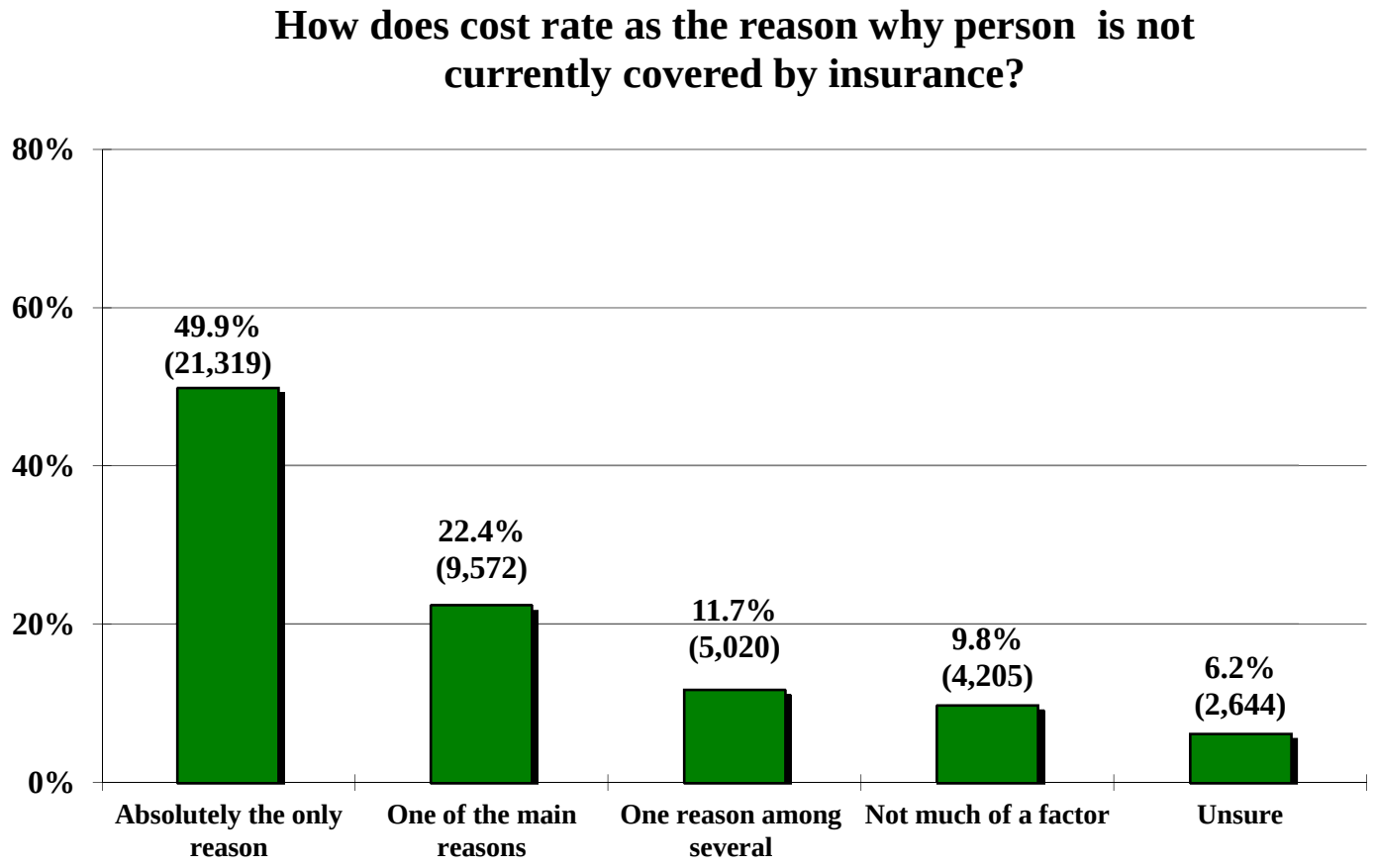
Among the uninsured with some type of coverage during the prior 12 months, about half were previously covered by private health insurance through employment.

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

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

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.



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)

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

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

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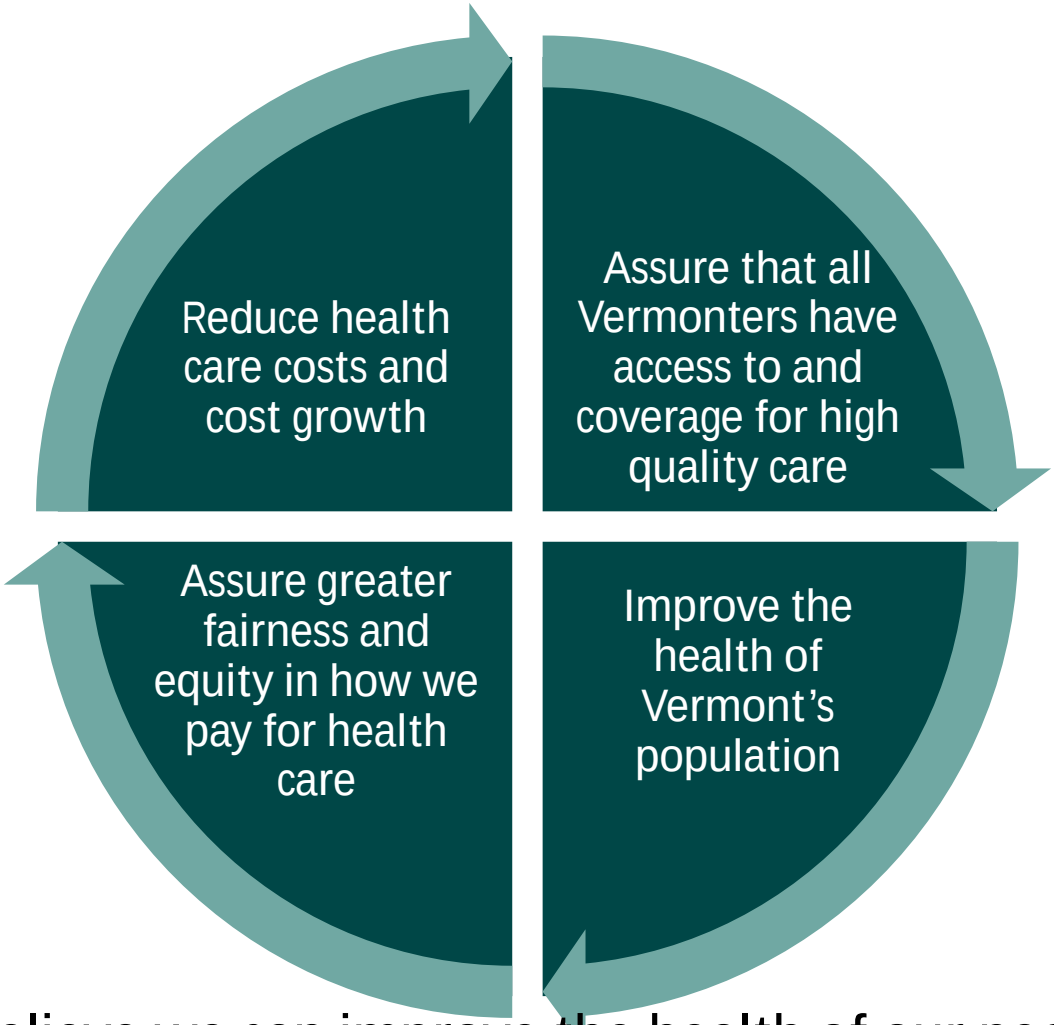
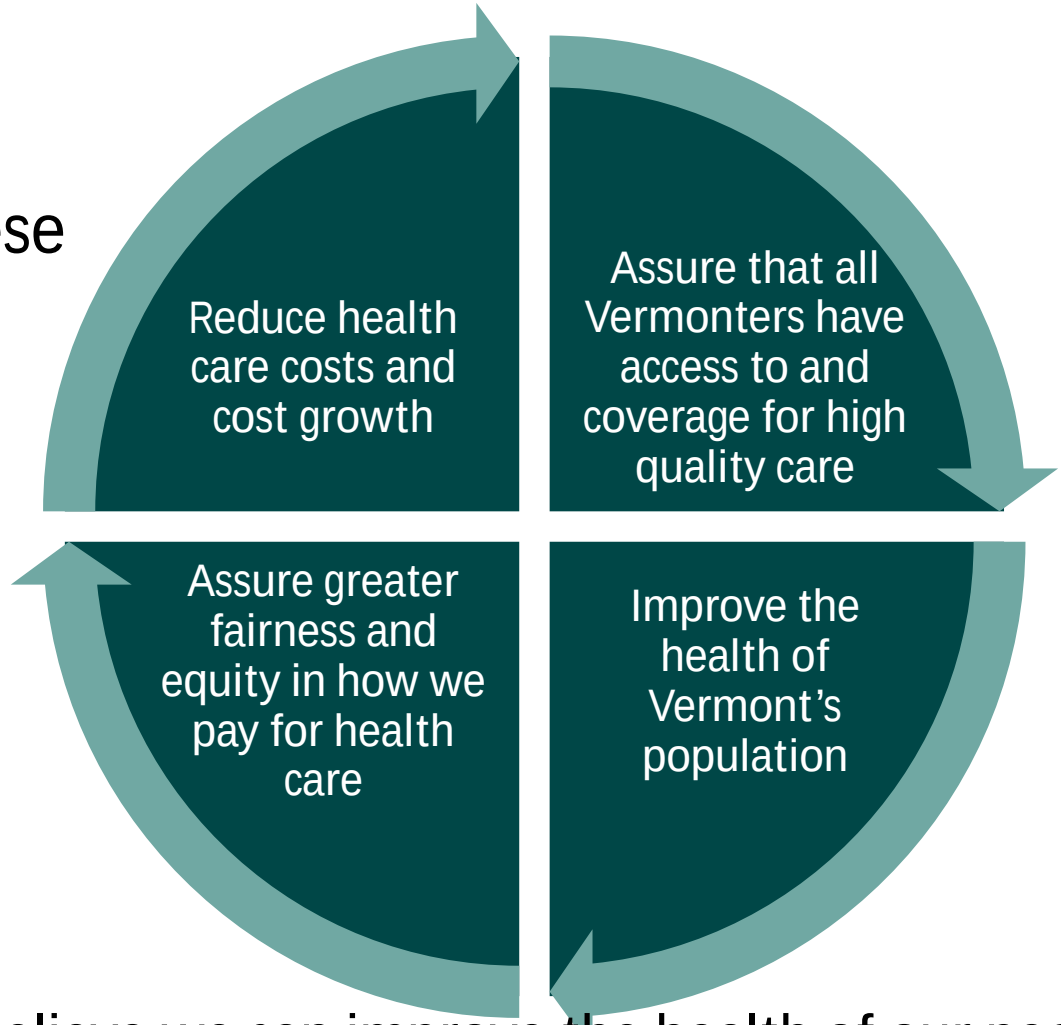


The point: we believe we can improve the health of our people, communities, and economy by providing better care for less money than the status quo.

Vermont's Health Care Goals

How do we achieve these goals?



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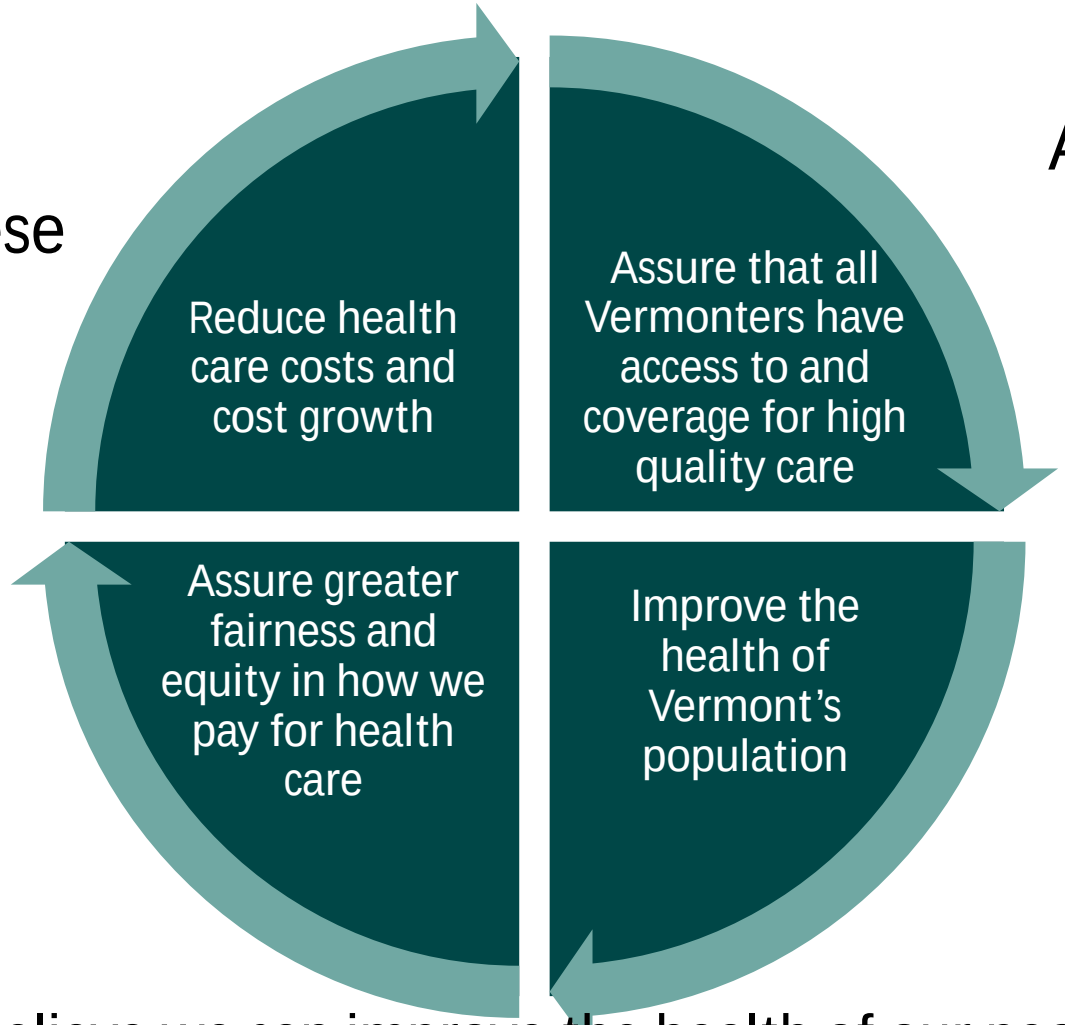

ACT 48 of 2011

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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

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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

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

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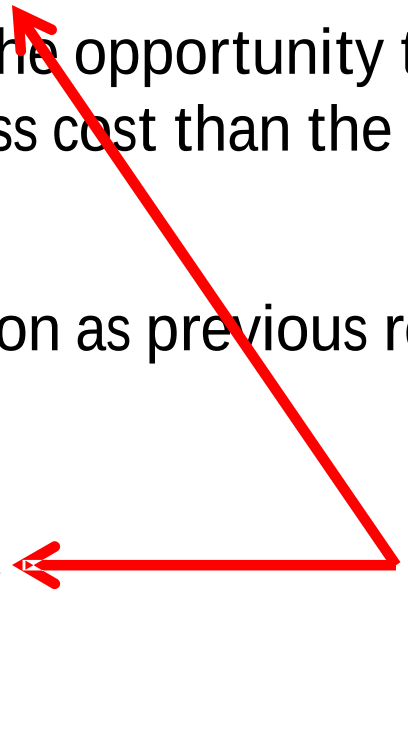

5 Studies offer the same answer

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- Created Green Mountain Care Board
  - Cost containment
  - 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

	Rate					Count				
	2000	**2005**	**2008**	**2009**	**2012**	**2000**	**2005**	**2008**	**2009**	**2012**
Private Insurance (including Catamount Health)*	60.1%	59.4%	59.9%	57.2%	56.8%	366,213	369,348	370,981	355,358	355,857
Private Insurance (alone)	60.1%	59.4%	58.4%	55.8%	55.2%	366,213	369,348	362,544	346,953	345,586
Catamount Health	NA	NA	1.5%	1.4%	1.6%	NA	NA	8,437	8,405	10,271
Medicaid	16.1%	14.7%	16.0%	17.6%	17.9%	97,664	91,126	99,159	109,353	111,833
Medicare	14.4%	14.5%	14.3%	15.3%	16.0%	87,937	90,110	88,915	95,182	100,506
Military	0.9%	1.6%	2.4%	2.2%	2.5%	5,626	9,754	14,910	13,917	15,478
Uninsured	8.4%	9.8%	7.6%	7.6%	6.8%	51,390	61,057	47,286	47,460	42,760

Data Sources: 2000, 2005, 2008, 2009, and 2012 Vermont Household Health Insurance Surveys
****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

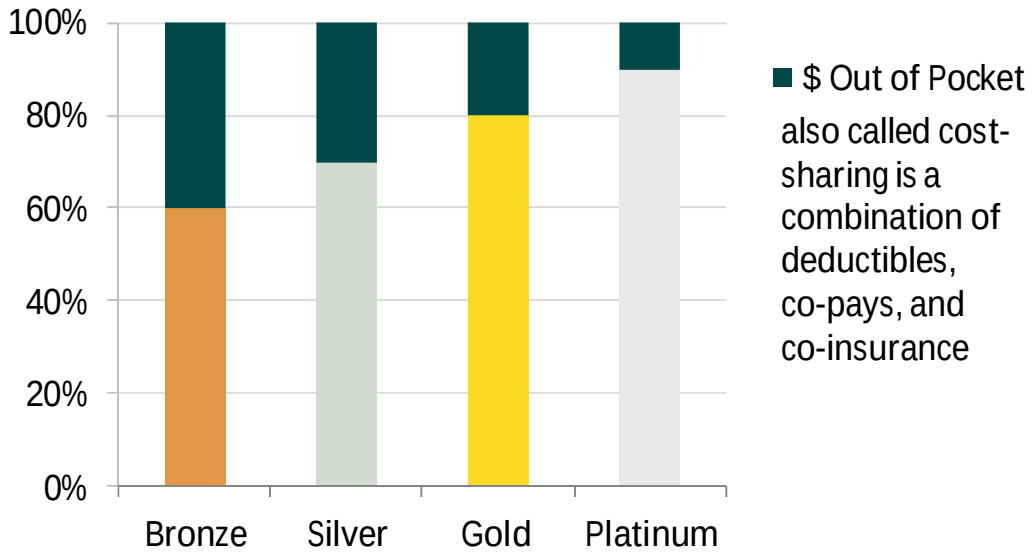
- EHB benchmark plan: BCBSVT
- Pediatric Dental: SCHIP benefit package
  - Identical to coverage under Medicaid and familiar to more Vermont families than federal benefits

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

Deductible/Out of Pocket Maximum	Single/Family
Medical Deductible	$750/$1500
Rx Deductible	$50/$100
Medical Out of Pocket Maximum (OOPM)	$4250/$8500
Rx OOPM	$1250/$2500
Medical Deductible waived:	Prev, OV, UC, Amb, ER
Service Category	**Coinsurance/Copay**
Hospital Services	20%
Preventive	$0
Office Visit w/PCP or Mental Health	$15
Specialist Office Visit	$25

Cost sharing reduction plans

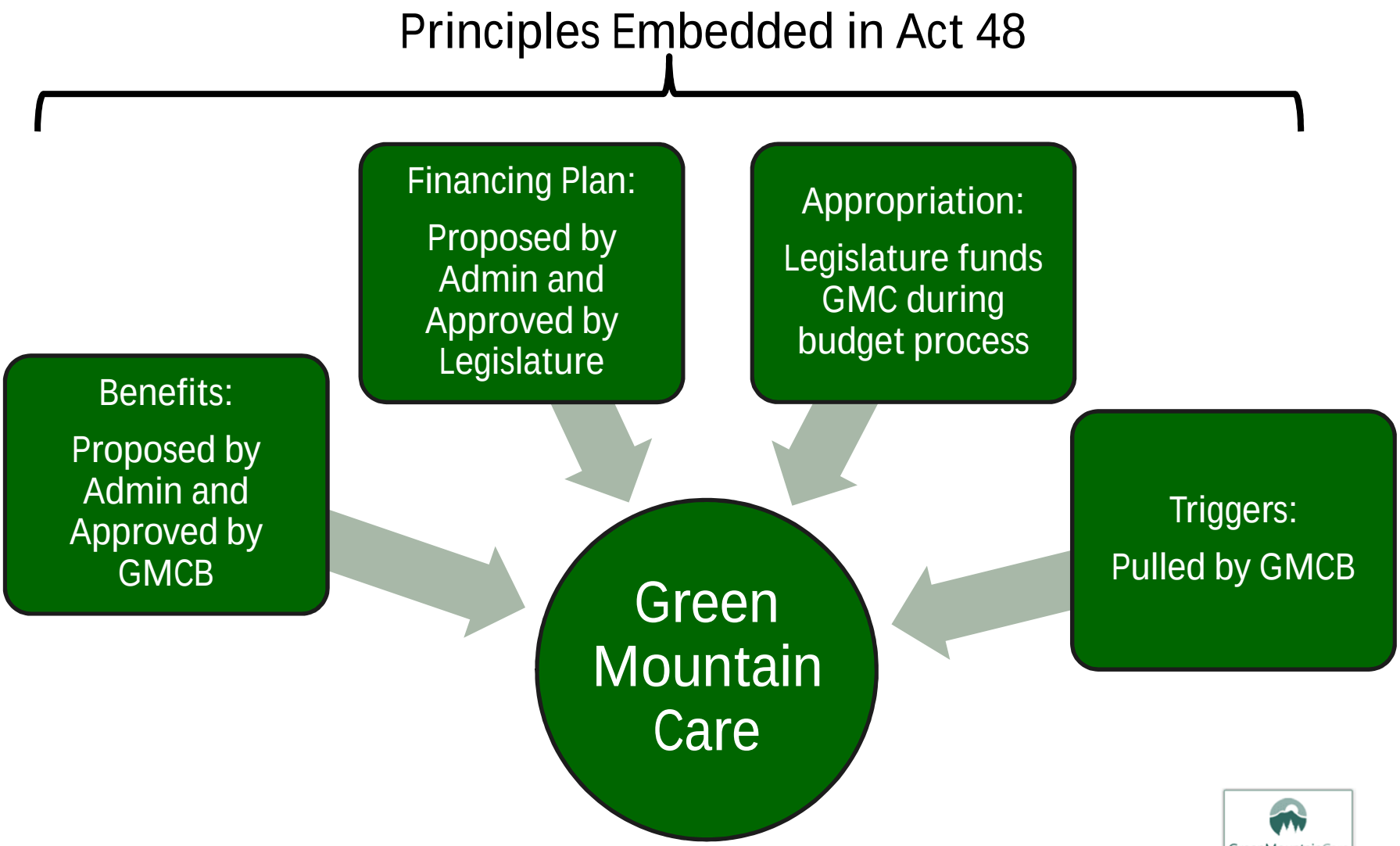
	Medicaid	94% AV	87% AV	80% AV
Deductible Single/Family	N/A	$100/$200	$750 / $1,500	$750 / $1,500
Out of Pocket Maximum Single/Family	N/A	$500/$1,000	$1,250 / $2,500	$4,250/ $8,500

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?



The Process: Who are the Main Players?

Administration	Legislature	Green Mountain Care Board
•Propose finance plan	•Approve finance plan	•Approve benefit package
•Propose benefit package	•Appropriate funding	•Provide final checks and balances
•Ensure operational readiness	•Oversight	•Trigger implementation
•Apply for ACA Section 1332 waiver		

The Process: What is The Timeline?

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

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