

Draft Consensus Cost and Revenue Estimate: Green Mountain Care (GMC) Public Financing

$$\boxed{\text{UMASS/Wakely Estimates}} + \boxed{\text{Adjustments \& Implementation Costs}} + \text{or -} \boxed{\text{Policy Levers}} = \boxed{\text{GMC Public Financing}}$$

UMASS/Wakely GMC Cost and Revenue Estimates: The sheet summarizes the staff’s consensus modifications to the initial UMASS/Wakely estimates. These serve as a set of shared assumptions to guide future work and discussion. This is an ongoing process which will involve further revisions as new information and updates to revenue and expense estimates occur.

| CY 2017 UMASS/Wakely GMC System Cost & Revenue Estimates (All estimates in Millions) | Cost | Revenue |
|---|--------------|--------------|
| Total System Costs | 5,916 | |
| Revenue Sources | | |
| Federal: Medicare | | 1,613 |
| Federal: Medicaid Match | | 1,247 |
| Federal: ACA | | 267 |
| Federal: Other | | 209 |
| Assumed Level of State Medicaid Funding | | 637 |
| Individuals and Employers (Non-GMC) | | 332 |
| Amount to be Publicly Financed | | 1,611 |
| Total Revenue | | 5,916 |

Adjustments & Implementation Considerations: Adjustments and implementation costs are issues that must be addressed prior to GMC financing proposal.

| Cost of Care and Implementation Estimates | Low Estimate | High Estimate | Notes |
|--|--------------|---------------|---|
| UMASS /Wakely Public Financing Estimate | 1,611 | 1,611 | |
| FMAP Adjustment | 21 | 36 | Low estimate based on 20-year trend of FMAP (Federal Medical Assistance Percentage) changes. High based on 10-year trend. |
| Provider Tax | 0 | 157 | Provider Tax may not continue in GMC. Considered a low to moderate risk. |
| Other Medicaid Revenue | 51 | 51 | Claims assessment and employer assessment may be eliminated or reduced in GMC. Based on Governor’s recommended budget. Considered high risk. |
| Reserves | 0 | 125 | Reserves calculated as 5% of approximate non-federal costs. Need for and amount of reserves subject to further analysis. See UMASS/Wakely report page 73. |
| Implementation, Start Up, and Transition | 50 | 150 | Operations budget for GMC implementation. See UMASS/Wakely report page 74. |
| Ongoing Investments | 33 | 45 | GMC may have ongoing technology, consultant, and staff needs. |
| Revenue Timing | Unknown | Unknown | First year revenue collection and revenue need may be out of sync. See UMASS/Wakely report page 73. |
| Range to be Publicly Financed Based on UMASS Report Baseline and Adjustments. | 1,766 | 2,175 | Updated data and policy choices can and will move this number up and down. |

Policy Levers: Policy decisions could either reduce or increase costs for Green Mountain Care.

| Policy Levers | Notes |
|---|--|
| Actuarial Value/Plan Metal level | Actuarial value is the proportion of medical expenses an insurance plan is expected to cover. The ACA created metal levels for plans, Platinum (90% AV) , Gold (80% AV), Silver (70% AV), and Bronze (60% AV). Report assumed 87% AV and modeled 80% AV and 100% AV. |
| Provider Reimbursement Rates | Policymakers may choose to pay higher or lower provider reimbursements than the assumptions in the UMASS/Wakely report. |
| Populations Covered/Secondary Coverage | Policymakers may choose to exempt some populations, such as Medicare recipients or federal employees. |
| Benefit Changes | Policymakers may change benefits covered. (Vision, dental, or other) |
| Changes in Cost Sharing Subsidies | Policymakers may revise cost sharing assistance that helps with out of pocket expenses. |
| Buy-in options | Policymakers may choose to allow nonresidents employed by VT businesses to purchase GMC coverage. |
| Workers’ Compensation | Policymakers may choose to merge Workers’ Compensation system into Green Mountain Care. |