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# Vermont Health Care Reform: The Road to Green Mountain Care A Universal, Unified Health Care System

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# Fast Facts

*Population:* 626,562

*Uninsured rate:*

2011 – 7%

2014 – 3.7%

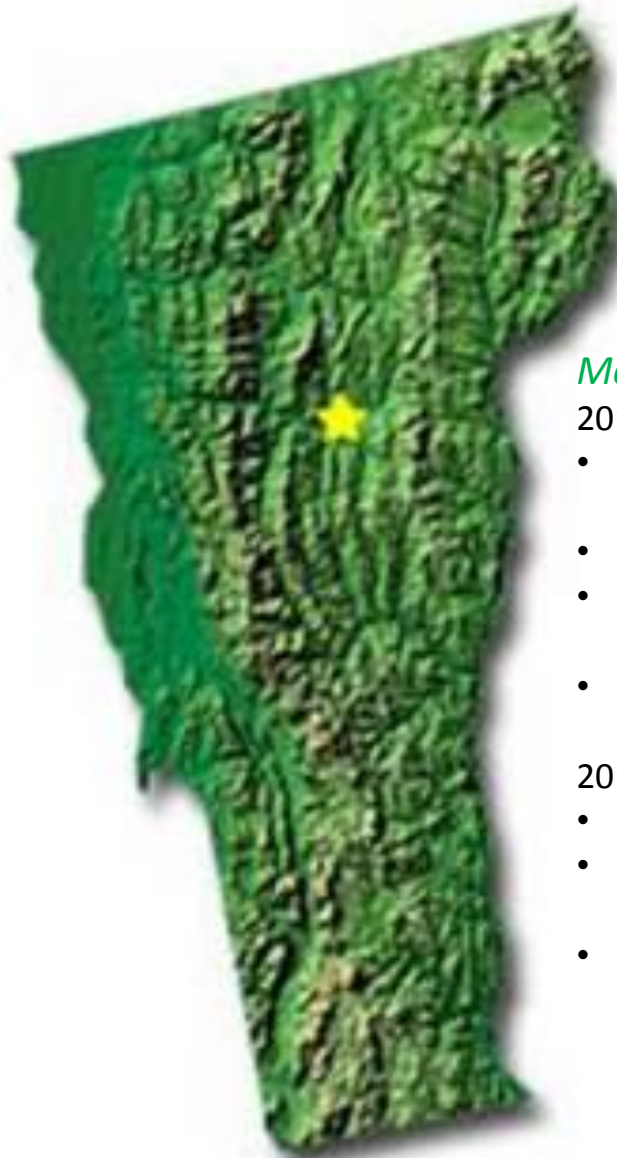
*Employer Size:*

90% of Vermont Businesses with fewer than 50 employees

*Provider Community:*

- 14 non-profit hospitals
- 3 Accountable Care Organizations
- Designated community mental health agencies

*Only state capital without a McDonalds!*



*Medicaid:*

2011 –

- 1115 waiver programs for kids and single adults
- Medicare Part D State Rx Program
- Expansion of coverage for those with disabilities
- Home & Community Based Services for LTSS

2014 –

- 135% FPL for Medicaid
- Continued waiver programs for seniors & those with disabilities
- State premium assistance (Medicaid funded) & state cost sharing reduction with state funds

# History of Universal Coverage Initiatives

**1995**

- 3 member Commission to study single payer

**2005**

- Legislation passed; vetoed by Governor Douglas

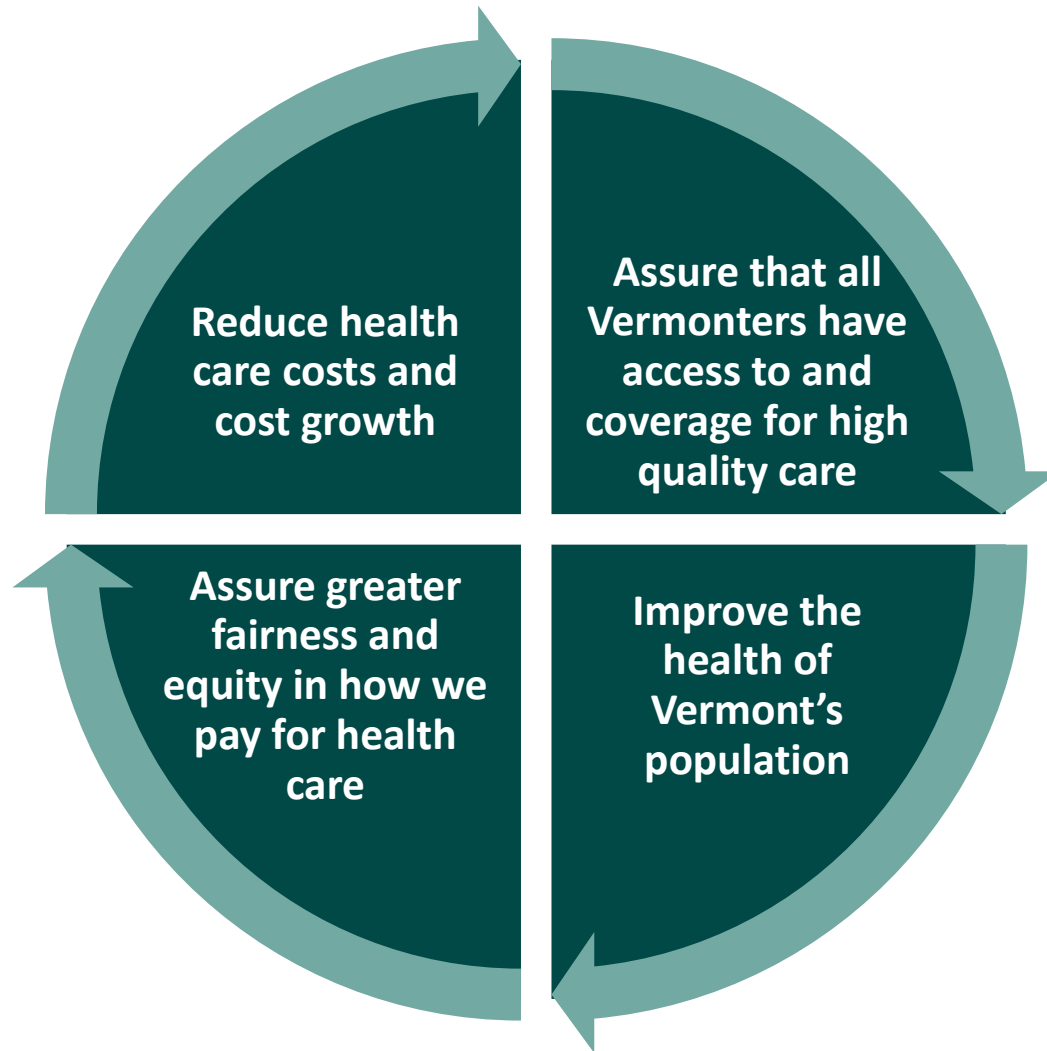
**2010**

- Legislative study conducted
- Governor Shumlin elected

**2011**

- Act 48 passed establishing Green Mountain Care

# Health Care Reform Goals: Ambitious Agenda



# Green Mountain Care – Who would be covered?

- All Vermonters by virtue of residency, except:
  - Those on Medicare
    - Phase 2 of GMC would provide secondary coverage to those on Medicare
  - Those on TRICARE
    - Legislative directive to maximize federal funds & TRICARE would pay second
- All employees working for Vermont businesses
  - Vermont is geographically small & out of state “commuters” into Vermont is a big issue

# Green Mountain Care: What would be covered?

- Essential health benefits found in Vermont Health Connect plans:
  - Primary care, preventive care, chronic care, acute episodic care, and hospital services
  - Dental and vision for children up to age 21
    - more comprehensive than a lot of coverage today
  - Additional Medicaid services still provided to that population to address the social determinants of health

# GMC: Level of Cost-Sharing

94% AV

Higher cost

Increased usage of care

Administratively simple

Majority of current market

Can wrap around other programs, like Medicare

No room for supplemental market for out of pocket costs

87% AV

Mid-range cost

Administratively more difficult

Average of current market

Can wrap a little bit around other programs

Room for supplemental market for out of pocket costs

80% AV

Lower cost

Decreases usage of care

Complex

Tax advantage

No wrap around for other programs

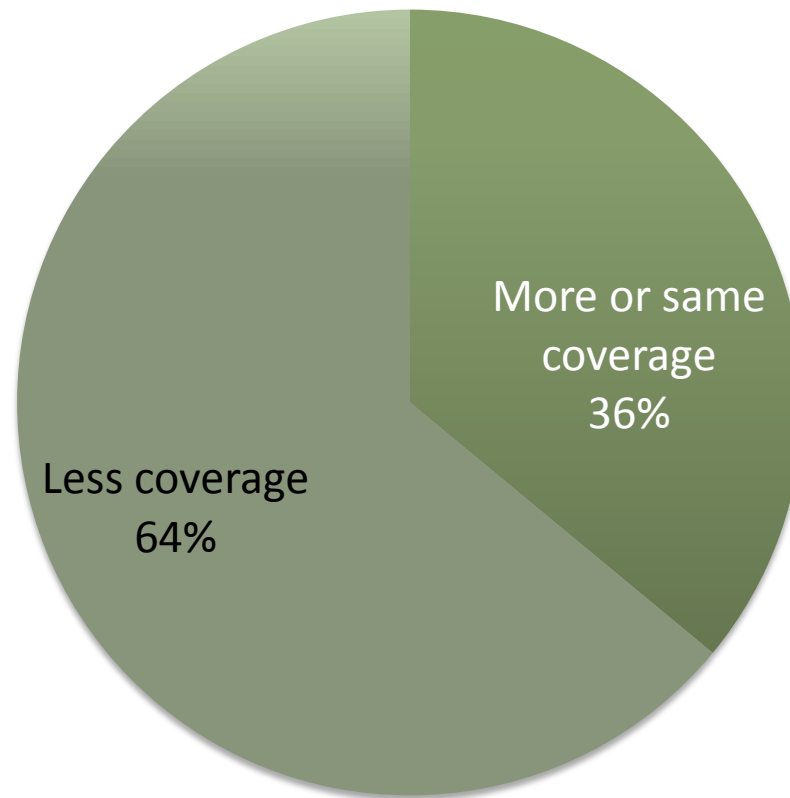
Room for supplemental market for out of pocket costs

\$200 Million

\$200 Million

# GMC: Level of Cost Sharing

**87% Level of Cost Sharing for Private Individual and Employer Coverage**





# Road to a Finance Proposal

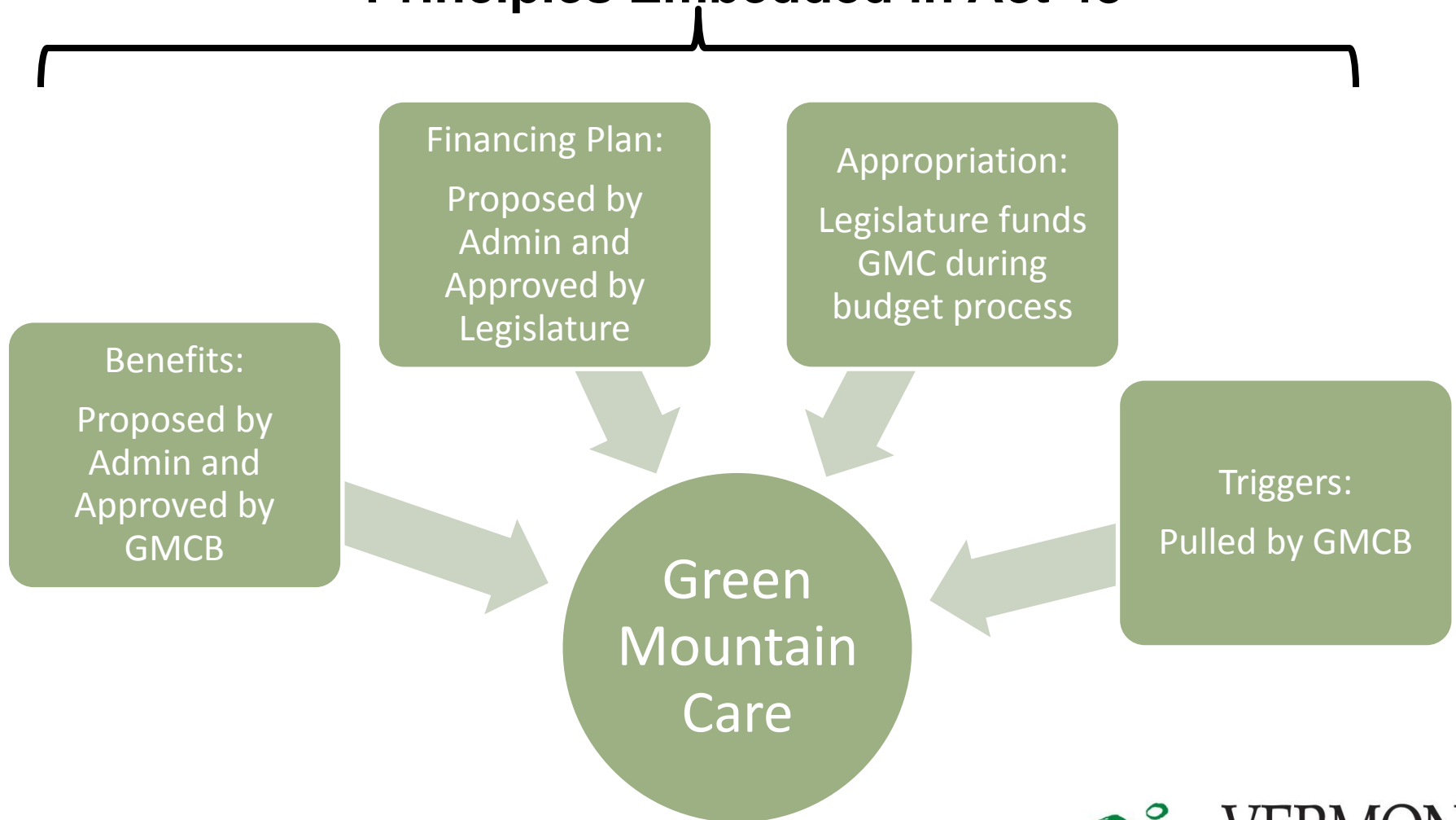
- **Green Mountain Care would feature a new funding source, not new funding**
  - Policy debate on redirecting the money Vermonters already spend
  - But...most people don't know what is spent, because their employer substantially covers the premium
  - Averages are not your friend

# GMC Public Financing Proposal

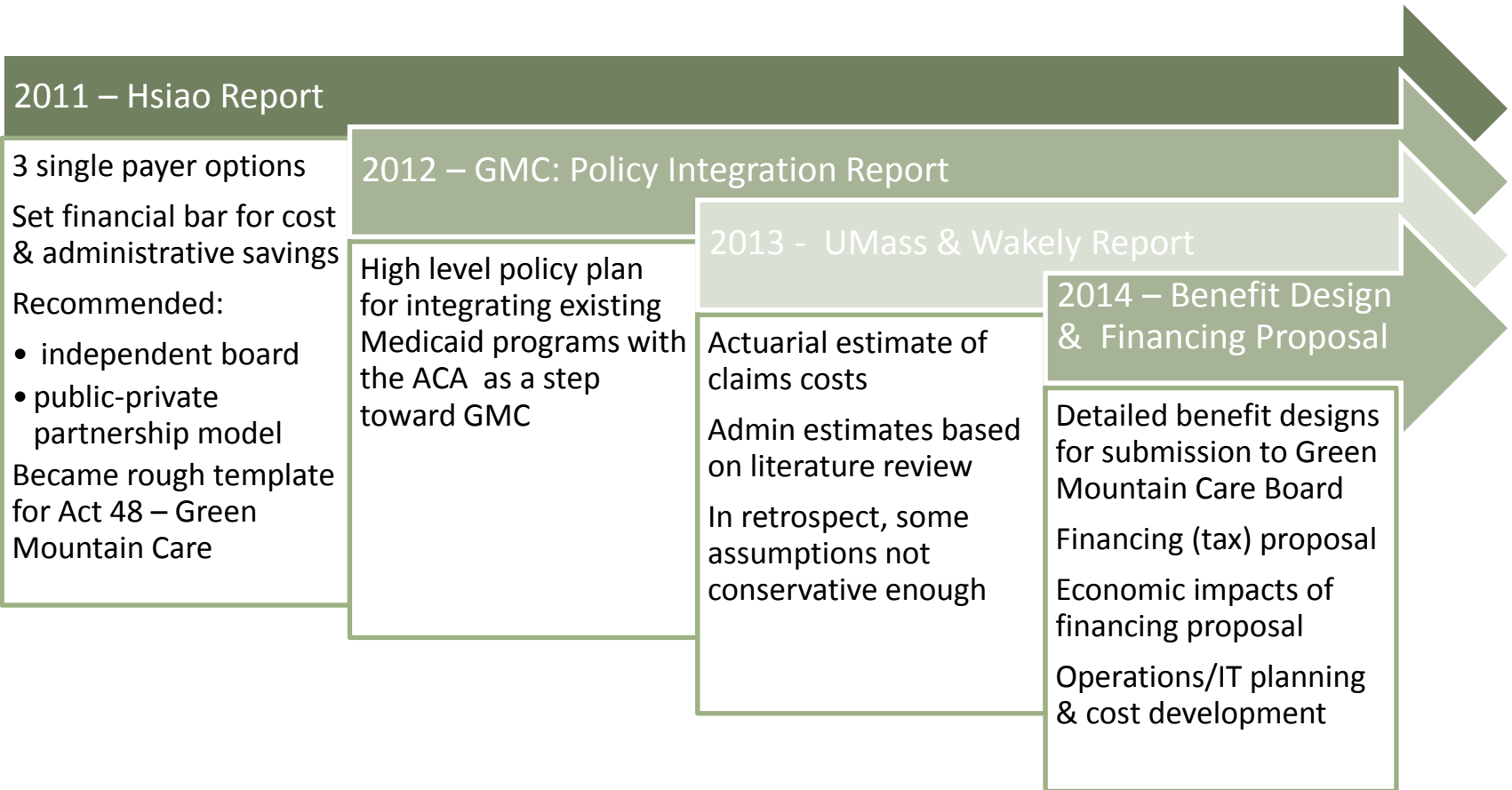
- Uniform payroll tax would have to be:
  - **11.5 % tax** on all Vermont businesses on their qualifying Vermont payroll, no exceptions and no transitions
- Income Based Public Premium would have to be:
  - Sliding scale from **0%-9.5% of income**, depending upon income and family size,
  - Requires all Vermonters over 400% FPL (\$102,220 for family of 4 in 2017) to pay 9.5% of income, capped at \$27,500.

# The Process: What Needed to Happen?

## Principles Embedded in Act 48



# The Process: Analytics



# Moving from Financing Concept to Finance Plan: What Were the Major Headwinds?

- Our federal and state funding estimates for Green Mountain Care were less than expected.
- Critical policy choices not included in previous reports cost more money.
- Our economy is growing more slowly than we had expected.
- Easing the transition for thousands of small Vermont businesses into Green Mountain Care is necessary but extremely expensive.

## Preferred Plan Balance Sheet

Year	2017	2018	2019	2020	2021
Spending (All Values in Millions)					
Cost of GMC Coverage and Operations	-4,340	-4,579	-4,820	-5,001	-5,177
Current Law Revenue Estimates					
Federal Medicaid Match	1,310	1,364	1,413	1,445	1,505
Federal ACA Waiver Funding	106	114	119	123	129
State Medicaid Dollars	335	352	362	369	377
<b>New Revenue Needed</b>	<b>-2,589</b>	<b>-2,749</b>	<b>-2,926</b>	<b>-3,064</b>	<b>-3,166</b>
Payroll Tax of 11.5%	1,510	1,542	1,574	1,606	1,639
Public Premium up to 9.5% or \$27,500	1,247	1,306	1,359	1,372	1,381
<b>GMC Fund Fiscal Position</b>	<b>168</b>	<b>99</b>	<b>7</b>	<b>-86</b>	<b>-146</b>

- Runs deficit by Year 4
- Provides no transition for small firms. Transitioning small businesses would reduce revenue by **\$500+ million**, equivalent to **4% more payroll** or **50% increase in income tax for residents**.
- **Does not meet Governor's policy priority to transition small businesses into Green Mountain Care over time.**

# GMC Alternatives Considered

## ■ Lower Benefit Plan

- Lower AV not acceptable because:
  - It would be a step down in benefits for many Vermonters.
  - Vermonters would see their net family income **decline**.
  - Only 14% less expensive to move to lowest AV (80%)

## ■ Other policy choices

- Excluding out of state employees commuting to Vermont businesses saves \$200+ million but adds enormous complexity for businesses.
- Eliminated the provider tax in modeling; Keeping provider tax funding saves \$160 million but continues a hidden tax that is circular in a universal system.

# Contact us:

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