

# VERMONT

## MEDICAID 101: A HIGH-LEVEL OVERVIEW



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**DISCLAIMER:  
A QUICK NOTE ABOUT THE DATA IN THIS  
PRESENTATION**

**We attempted to use the most up to date available at the time of creating this presentation.**

**Much of the data come from either the Department of Vermont Health Access or the Green Mountain Care Board's Expenditure Analysis.**

**The latter, which is generally updated annually, has not been updated since 2022. As such, some of the charts may be several years old and will be updated when the new data are released.**





# MEDICAID: A High-Level Overview



❖ **CONTEXT: INSURANCE COVERAGE**

❖ **WHAT IS MEDICAID?**

❖ **MEDICAID FINANCE**

❖ **GLOBAL COMMITMENT**





# CONTEXT: INSURANCE COVERAGE



## Private / Commercial Insurance

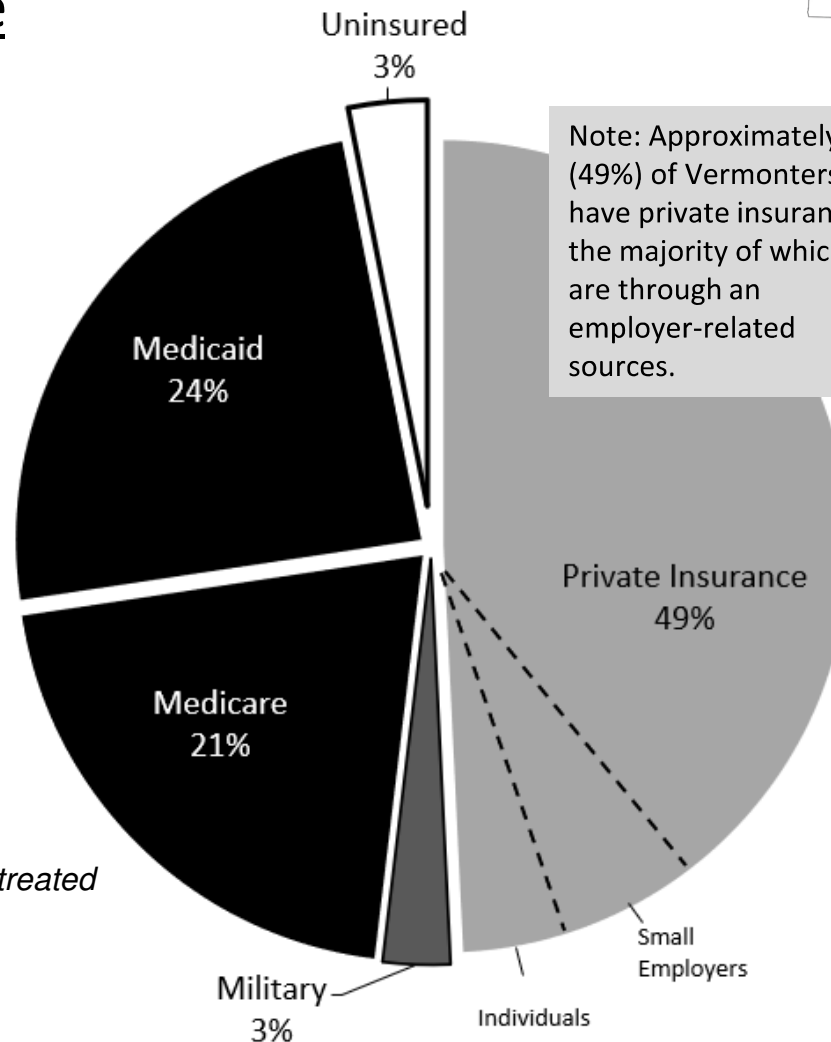
- Employer-based
- Individual Market

## Government

- Medicare
- Medicaid

## Military

Health Coverage by Source (2021)



Note: Approximately half (49%) of Vermonters have private insurance, the majority of which are through an employer-related sources.

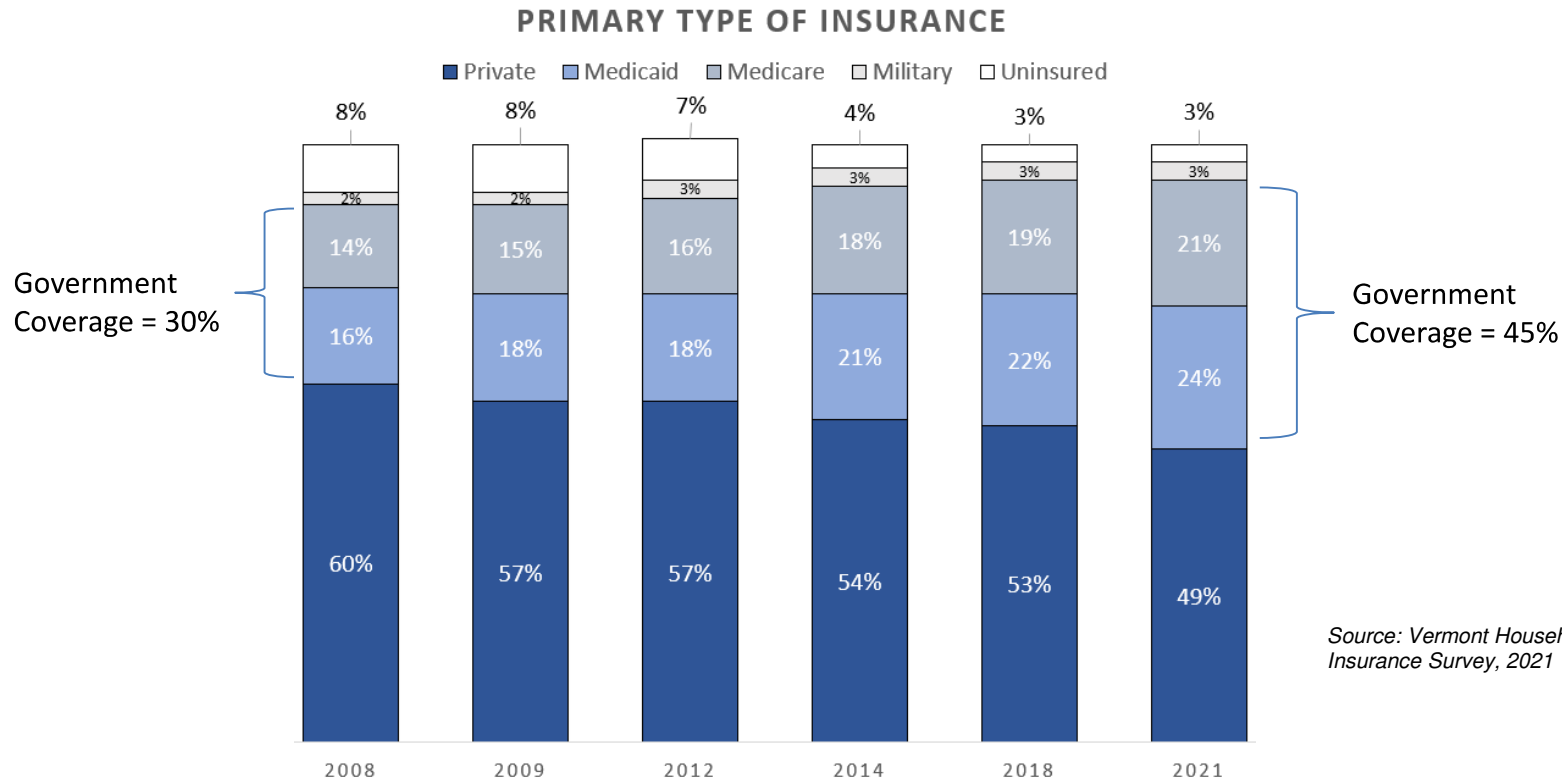
Notes:

1) Chart = Primary source of health coverage by source (Vermont Household Health Insurance Survey, 2021)

2) Public employees (such as State employees and teachers) are treated as "private" insurance, not "public" insurance, in this and other documents because they are administered by private insurance companies acting as third-party administrators.



# CONTEXT: INSURANCE COVERAGE TRENDS



Between 2008 and 2021:

- The rate of uninsured and commercially insured decreased
- The number of Vermonters with government insurance (Medicare and Medicaid) increased
- The % of Vermonters with Medicaid as a primary source of coverage increased from 16% to 24%
- *It will be important to see if/how this trend has continued through 2024 (data forthcoming).*





# WHAT IS MEDICAID?



**CAUTION**

**Medicaid  
&  
Medicare  
are not the same!**



# CONTEXT: **MEDICAID** vs. **MEDICARE**

## **MEDICAID**

- **State-federal program**
- **Low-income**
- **Children and adults**
- **65 or older, blind, or disabled**

*Note: The list above is meant for illustrative purposes and does not include "Medicaid expansion" eligibilities which may differ from state to state.*

## **MEDICARE**

- **Federal program**
- **All incomes**
  - 65 or older
  - Any age with end stage renal disease
- **Under 65 with certain disabilities**







# WHAT IS MEDICAID?



- Created in 1965 as Title XIX of Social Security Act
- Public health benefit program for low-income individuals and families and individuals with disabilities
- Financed through a federal-state partnership and administered by the states
- Each state designs and operates its own program within broad federal guidelines

*“If you’ve seen one Medicaid Program, then you’ve seen one Medicaid program.”*



# MEDICAID COVERAGE

(As of July 2024)



## NATIONWIDE

**Approximately 80 million** individuals nationwide had coverage through Medicaid and CHIP\* (approx. 23% of Americans)

## VERMONT

**Approx. 197,000** (1/3) of Vermonters received some form of assistance through Medicaid and CHIP

- Primary source of coverage:
  - Approximately **151,000** Vermonters (approx. 23%).
- Partial or supplemental assistance for approx. **46,000** Vermonters (approx. 7%)
  - e.g. premium assistance, Rx assistance, etc.

\* CHIP = the Children's Health Insurance Program



# MEDICAID COVERAGE



## Eligibility – *who is covered*

- **In order to qualify, beneficiaries must be:**
  - Vermont resident
  - U.S. citizen, permanent resident, or noncitizen with lawful presence
    - *Act 48 of 2021 provided for state-only coverage for all income-eligible children and pregnant women regardless of immigration status.*
  - Financial situation would be characterized as low income or very low income and be one of the following:
    - Pregnant
    - Responsible for a child 18 years old or younger
    - Blind
    - Have a disability or a family caretaker of someone with a disability
    - 65 years of age or older
  - The Affordable Care Act allowed coverage for “new adults” who do not fall into the categories above but have low income.

## Benefits (Services) – *what is covered*

- Under Medicaid, states are required to cover mandatory benefits and may choose to cover optional benefits.



# Vermont Covered State Plan Services

## (What is covered)



Mandatory Services	Optional Services	
Inpatient hospital services	Prescription drugs	Chiropractic services
Outpatient hospital services	Clinic services	Other practitioner services
Rural health clinic services	Physical therapy	Private duty nursing services
Nursing facility services	Occupational therapy	Personal care
Home health services	Eyeglasses	Hospice
Physician services	Respiratory care services	Case management
Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services	Other diagnostic, screening, preventive, and rehabilitative services	Services for individuals age 65 or older in an institution for mental disease (IMD)
Federally qualified health center services	Podiatry services	Services in an intermediate care facility for individuals with an intellectual disability
Laboratory and X-ray services	Optometry services	Health homes for enrollees with chronic conditions
Family planning services	Dental services	Speech, hearing, and language disorder services
Nurse midwife services	Tobacco cessation counseling	Inpatient psychiatric services for individuals under age 21
Certified pediatric and family nurse practitioner services	Prosthetics	Self-directed personal assistance services
Freestanding birth center services (when licensed or otherwise recognized by the state)	<p><b>NOTE: Under Medicaid, states are required to cover MANDATORY benefits and may choose to cover OPTIONAL benefits.</b></p>	
Transportation to medical care		



# MEDICAID FINANCE

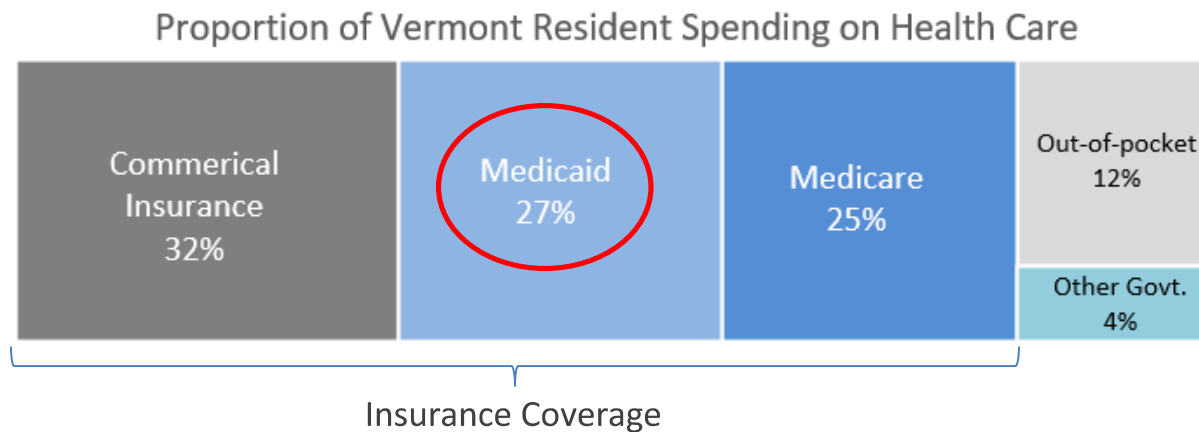




# CONTEXT: OVERALL HEALTH SPENDING



- In 2020, Vermonters spent **\$6.37 billion** on health care.
  - Note: TOTAL health care spending by Vermonters is likely more than \$8 billion today. However, at this time we do not have more up to date data on health care spending in Vermont.
- **Medicaid** accounted for **27%** of Vermonters health spending.
  - This has state budget implications.



Source: 2020 Vermont Health Care Expenditure Analysis (published May 2022)



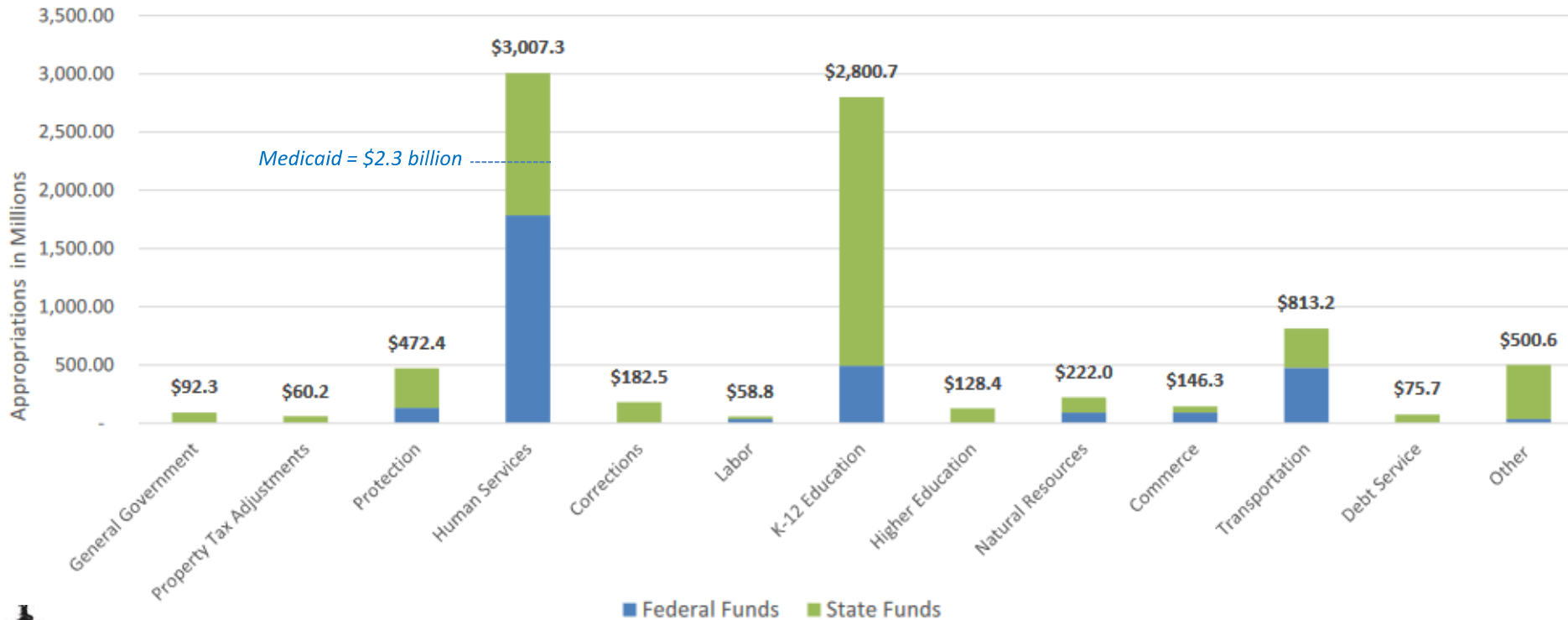
# CONTEXT: STATE BUDGET

## (2024 illustration)



In FY 2024, Medicaid accounted for approx. 27% of the total Vermont state budget

FY 2024 Appropriations by Area of Government – \$8.69 billion



# CONTEXT: STATE BUDGET

## (2024 illustration)



**Total FY 2024 State Appropriation = \$8.69 Billion**



FY 2024 Medicaid  
expenditures = \$2.3 Billion  
(27% of the state appropriation)



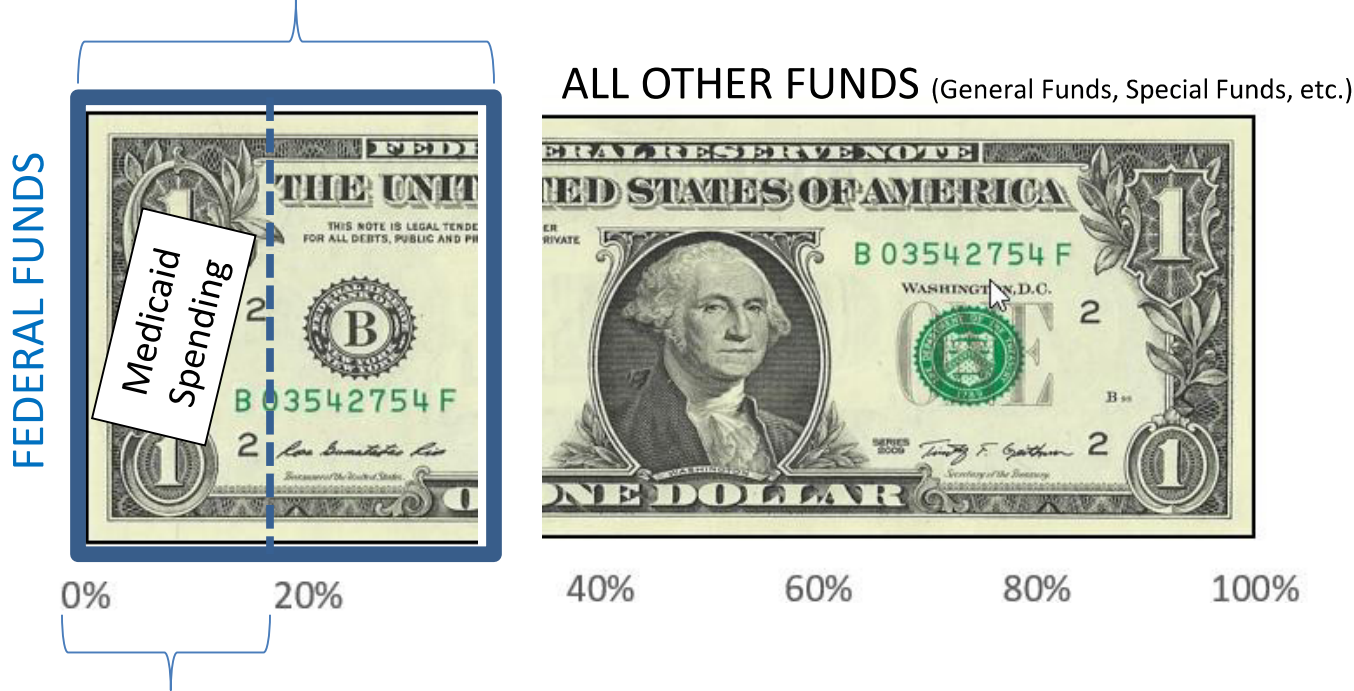


# CONTEXT: STATE BUDGET

## (2024 illustration)



**Total FY 2024 Federal Funds = \$3.17 Billion**  
This is 36% of the total state budget



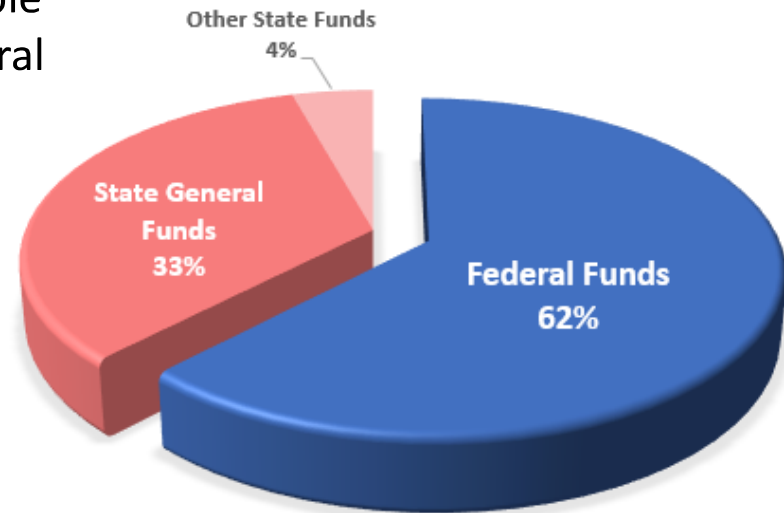
**Medicaid accounts for 40% of the federal dollars appropriated in the state budget**



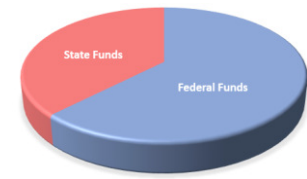
# MEDICAID FINANCING



- Overall FY 2024 Medicaid expenditures = \$2.3 billion (gross)
- Medicaid is funded through a combination of both State and Federal matching dollars.
  - ❖ The federal government matches allowable state expenditures according to the **F**ederal **M**edicaid **A**ssistance **P**ercentage (FMAP).
  - ❖ Most (not all) of the federal funds for the State's Medicaid are from FMAP.
  - ❖ Federal matching dollars range between 50% to 90% depending on the program and/or the expenditure.
  - ❖ In FY'24 total federal participation accounted for approximately 62% of overall Medicaid spending in Vermont.



# Federal Medical Assistance Percentage (FMAP)



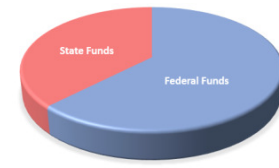
- FMAP is the share of state Medicaid benefit costs paid by the federal government
- FMAP is calculated based on a 3-year average of state per capita personal income compared to national average
- No state can receive less than 50% or more than 83%

<i>COMPARISON OF FMAPs - Selected States (FFY 2026)</i>			
<u>New England States</u>	<u>Highest FMAP</u>	<u>Lowest FMAP (50% FMAP)</u>	
CT, NH, MA = 50%	Mississippi (76.90%)	California	New Hampshire
RI = 57.50% ↑	West Virginia (74.22%) ↑	Colorado	New Jersey
Vermont = 59.01% ↑	Alabama (72.63%) ↓	Connecticut	New York
Maine = 61.29% ↓	New Mexico (71.66%) ↓	Maryland	Washington
		Massachusetts	Wyoming
↑ = Increased from previous year			
↓ = Decreased from previous year			

- States also receive “enhanced FMAPs” for expansion populations under the ACA and for the *Children’s Health Insurance Program (CHIP)*



# Federal Medical Assistance Percentage



## SFY 2026 RATES

### Federal Medical Assistance Percentage (FMAP)

- 58.81% Federal / 41.20% State
- Applied to the majority Medicaid expenditures

### *Enhanced FMAPs*

#### Children’s Health Insurance Program (CHIP)

- 71.17% Federal / 28.84% State
- Applied to Medicaid expenditures for approx. 4,400 low-income children

#### Childless New Adults

- 90% Federal / 10% State
- Applied to the Medicaid expenditures for approx. 41,000 childless adults
- Enacted as part of the Affordable Care Act

## STATE SHARE

\$1.00



## GROSS

\$2.43



=

\$1.00



\$3.47



=

\$1.00



\$10.00



=

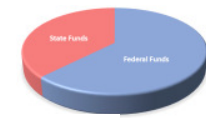
\* The State fiscal year is different than the federal fiscal year. As such, the state uses a blended match rate to calculate SFY FMAP rates.



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# FMAP History: Ups & Downs



## State Fiscal Year

Year	State Share
2000	37.83%
2001	37.64%
2002	37.11%
2003	36.57%
2004	34.48%
2005	39.58%
2006	41.11%
2007	41.18%
2008	41.00%
2009	33.90%
2010	30.04%
2011	31.93%
2012	42.14%
2013	43.58%
2014	43.56%
2015	43.51%
2016	44.97%
2017	45.68%
2018	46.28%
2019	46.21%
2020	46.13%
2021	45.61%
2022	44.01%
2023	44.02%
2024	43.48%
2025	42.17%
2026	41.20%

Temporary fiscal relief to states

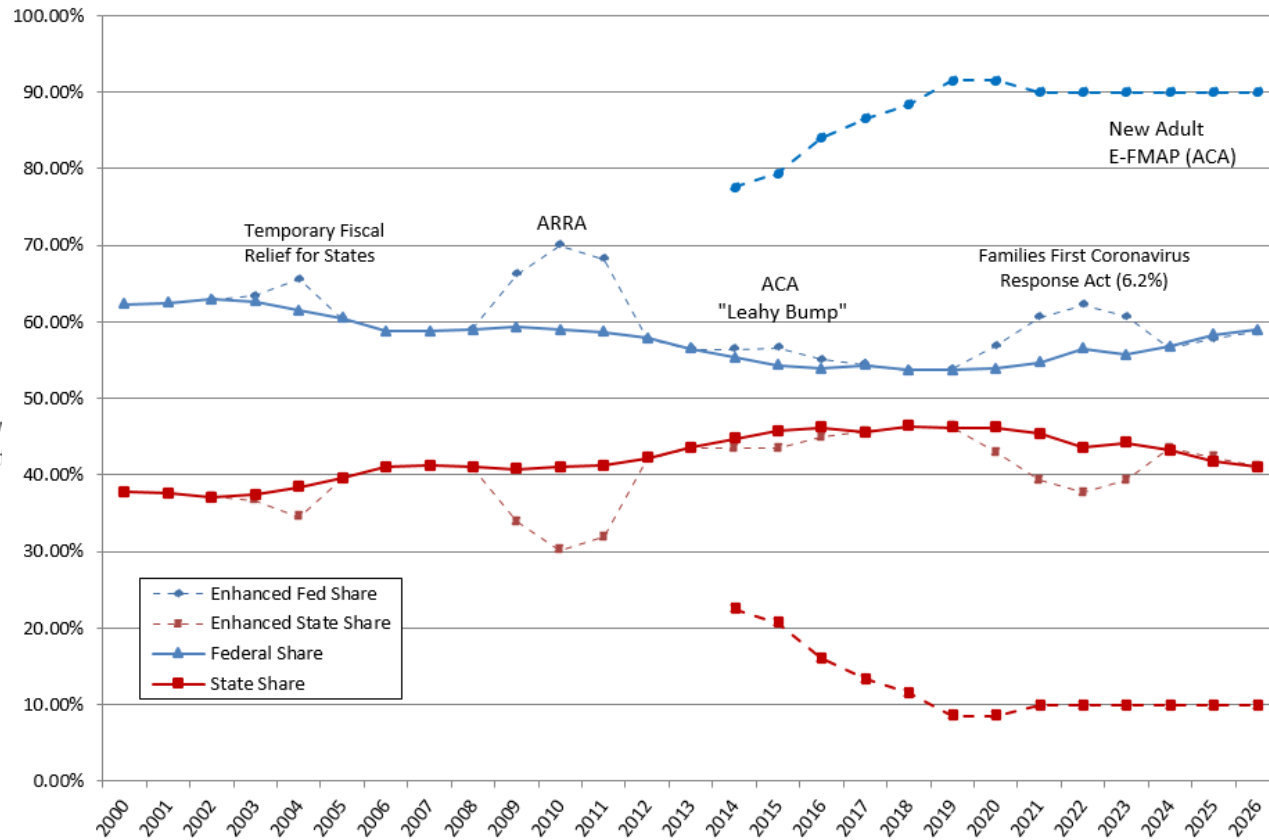
American Recovery & Reinvestment Act (ARRA)

Affordable Care Act (ACA) "Leahy Bump"

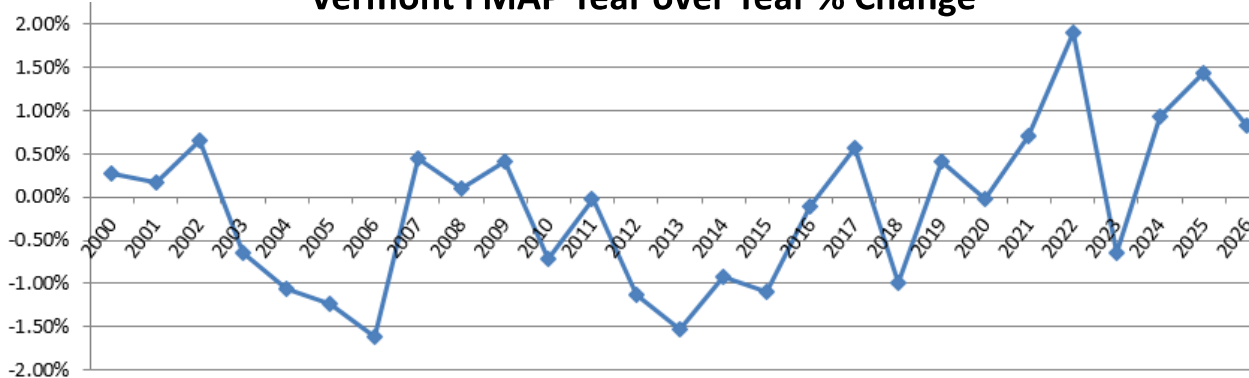
+ 6.2% FMAP bump, Families First Coronavirus Response Act

- Years where FMAP decreased (and state share increased).

- Years where state received enhancements to FMAP



## Vermont FMAP Year over Year % Change





# GLOBAL COMMITMENT





# What is an 1115 Waiver?



- Federal government can “waive” many, but not all, of the laws governing Medicaid, including eligible people and services.
- Section 1115 waiver authority is intended to encourage state innovation in the Medicaid program.
- Often, states identify ways to save Medicaid funds and are permitted to use the savings to expand coverage
- The federal government approves Section 1115 Demonstrations for five-year terms, but Demonstrations can be extended.
- **Section 1115 waivers must be budget neutral.**

## Without a waiver:

- Medicaid is limited to what is approved by CMS in the Medicaid State Plan – mandatory and optional populations and services.
- Medicaid is strictly administered in compliance with Medicaid regulations (either FFS or Managed Care).

The Global Commitment to Health is the name of Vermont’s 1115 waiver.

Current agreement: July 1, 2022 through Dec. 31, 2027





# Why does Vermont have a Waiver?



Vermont has had an 1115 waiver since 2005, allowing:

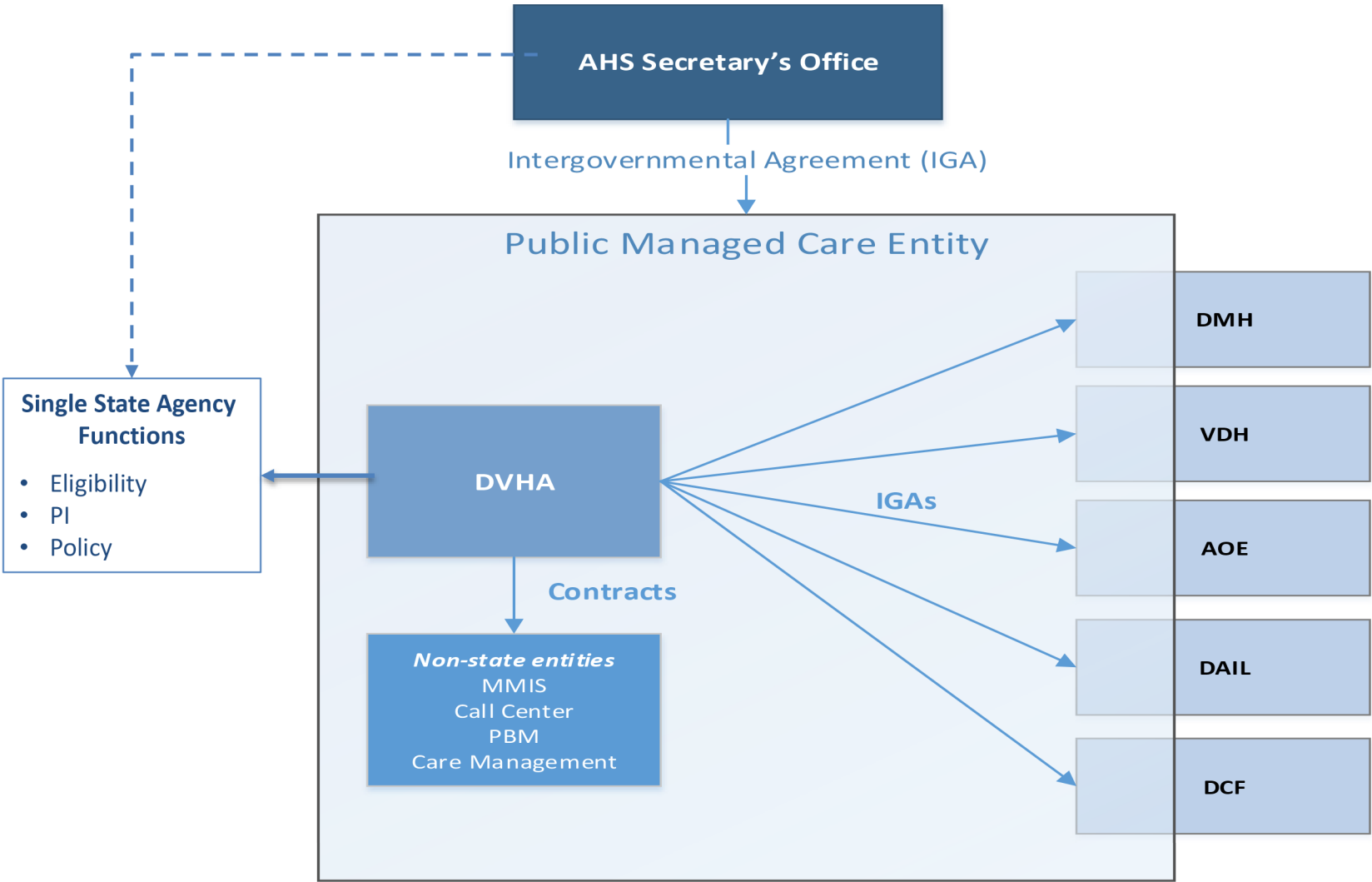
1. FFP for populations and services that are not authorized under the State Plan\*
  - Marketplace subsidy (up to 300% FPL)
  - Community Rehabilitation and Treatment expansion benefit (above 138% FPL)
  - VPharm
  - Moderate Needs
  - IMD payments
  - Children's palliative care services
  - Investments
  - Substance Use Disorder expansion benefit (138%-225% of FPL)
  - Permanent Supportive Housing
  - As of 1/2/2025, up to 6 months of rent and medical respite (not currently enacted)
  
2. Flexibility to manage using a unique delivery model – Public Managed Care
  - Waivers of:
    - Payments outside of State Plan
    - State-wideness/Uniformity
    - Freedom of Choice of Providers (allows restriction)
    - Upper Payment Limit (above Medicare amounts)





# Waiver Delivery Model

[Public Non-Risk PIHP]



# Medicaid Eligibility: Waiver Populations

## Medicaid State Plan Eligibility Groups – Full State Plan Benefits

**Aged, Blind, Disabled**  
Eligible for SSI or otherwise meet financial eligibility for ABD

**New Adults**  
at or below 138% FPL who are:

- Not Pregnant
- Not 65 or older
- Not Receiving Medicare

**Working Disabled**  
at or below 250% FPL

**Pregnant Women**  
[Dr. Dynasaur]  
at or below 213% FPL

**Children under 19**  
[Dr. Dynasaur]  
at or below 317% FPL

**Katie Beckett**  
Disabled children under 19 meeting institutional level of care. Parental income/resources not counted.

## HCBS for Designated State Plan Populations – Full State Plan Benefits + HCBS

CFC Highest/High Needs -DAIL

Developmental Disabilities -  
DAIL

Permanent Supportive  
Housing - DCF

Traumatic Brain Injury -  
DAIL

## Limited Benefit Waiver Groups – Not State Plan Eligible

**VPharm**  
For Medicare beneficiaries with income 150 - 225% FPL.

**Community Rehabilitation Treatment -DMH**  
For individuals with severe and persistent mental illness – above 138% FPL

**SUD Expansion Group –VDH**  
For individuals with substance use disorder with incomes 138-2225% FPL)

**Moderate Needs -DAIL**  
Below 300% of SSI benefit rate who meet clinical criteria and are at risk of institutionalization.

**Marketplace Subsidy Program**  
For individuals at or below 300% FPL who purchase health care coverage in VHC.

## Waiver Only Expenditures

Investments

SUD/SMI IMD Payments

Cost-Effective Alternatives

Palliative Care for under 21 - VDH

Rent and Medical Respite

Allowable without Waiver (WOW)

With Waiver Only (WW)

# GLOBAL COMMITMENT:

## Investments



Under Global Commitment, the Department of Vermont Health Access (DVHA) operates in a managed care-like model

- In traditional managed care programs, achieved savings become profits. Under GC, savings are repurposed as “*investments*”.
- These investment dollars can be spent on programs and initiatives that meet established criteria in the terms and conditions of the agreement and receive CMS approval.
- In FY 2024, Vermont spent approx. \$120 million across 69 *investments*. Without GC, these would require all State funds only or be eliminated.
- A list of the FY 2024 *investments* can be found [here](#).

# 2024 FEDERAL POVERTY LEVELS (FPLs)

**Monthly**

Household Size	100%	138%	150%	200%	250%	300%	400%
1	\$1,255	\$1,732	\$1,883	\$2,510	\$3,138	\$3,765	\$5,020
2	\$1,703	\$2,351	\$2,555	\$3,407	\$4,258	\$5,110	\$6,813
3	\$2,152	\$2,969	\$3,228	\$4,303	\$5,379	\$6,455	\$8,607
4	\$2,600	\$3,588	\$3,900	\$5,200	\$6,500	\$7,800	\$10,400
5	\$3,048	\$4,207	\$4,572	\$6,097	\$7,621	\$9,145	\$12,193
6	\$3,497	\$4,825	\$5,245	\$6,993	\$8,742	\$10,490	\$13,987

**Annually**

Household Size	100%	138%	150%	200%	250%	300%	400%
1	\$15,060	\$20,783	\$22,590	\$30,120	\$37,650	\$45,180	\$60,240
2	\$20,440	\$28,207	\$30,660	\$40,880	\$51,100	\$61,320	\$81,760
3	\$25,820	\$35,632	\$38,730	\$51,640	\$64,550	\$77,460	\$103,280
4	\$31,200	\$43,056	\$46,800	\$62,400	\$78,000	\$93,600	\$124,800
5	\$32,470	\$44,809	\$48,705	\$64,940	\$81,175	\$97,410	\$129,880
6	\$41,960	\$57,905	\$62,940	\$83,920	\$104,900	\$125,880	\$167,840

<https://aspe.hhs.gov/poverty-guidelines>

*Note: New Poverty Guidelines will likely be released later in January 2025*

