

MEMORANDUM

TO: Chair Alyssa Black, House Committee on Health Care

FROM: Stephanie Barrett, Chief Financial Officer, Department of Vermont Health Access

DATE: February 20, 2025

SUBJECT: **Requested Cost Estimate**

This memo is in response to a requested cost estimate for changing the Medicare Savings Program, Qualified Medicare Beneficiaries (QMB), by 5% for the planned income expansion for January 1, 2026. This would increase the enacted federal poverty level (FPL) for QMB from 145% to 150% FPL to align with the current Low Income Subsidy (LIS) and VPharm 1 income limits. There would also be a corresponding increase to the FPL for the Qualifying Individual (QI) program and a cost savings for the VPharm program as a result of this change.

The Administration's recommended SFY26 budget for DVHA includes the adjustments summarized for the enacted 145% FPL QMB beginning January 1, 2026. As requested, the estimated net caseload impact for each program has been added in the table below.

Current law - MSP Expansion

\$10,859,728 GROSS / \$1,822,382 GF

The amounts below reflect the net cost of implementing the expansion of our MSP programs on January 1, 2026. Act 113 of 2024 significantly increased eligibility from 100% to 145% FPL for the Qualified Medicare Beneficiaries (QMB) and from 135% to 195% for the Qualified Individual (QI-1) MSP programs. The amounts presented above are the estimated partial year, 5-month MSP expansion costs and corresponding estimated savings to the VPharm program resulting from this eligibility expansion. Please note this expansion will need to be fully annualized in the SFY27 budget.

Appropriation	GROSS	GF	Est. Caseload
B.307 Global Commitment (QMB 145%)	\$7,114,153	\$2,930,320	6,208
B.309 State Only (VPharm)	-\$1,107,936	-\$1,107,936	-2,991
B.310 Non-Waiver (QI 195%)	\$4,853,511	\$0	5,556
Total Changes	\$10,859,728	\$1,822,384	8,774



House Health Care Request: SFY26 Cost Estimate if QMB is set at 150% instead of 145%

The additional SFY 26 cost if the 5% FPL change is summarized in the same format. This assumes a QI limit at 202% FPL. These are partial year amounts; this will also need to be annualized in the SFY27 budget process.

Appropriation	GROSS	GF	Est. Caseload
B.307 Global Commitment (QMB 150%)	\$1,549,777	\$638,353	1,566
B.309 State Only (VPharm)	\$0	-\$221,587	-286
B.310 Non-Waiver (QI 202%)	\$866,274	\$0	992
Total Changes	\$2,416,051	\$416,766	2,272