

Navigating Vermont's Path to Health Care Reform

Susan Gretkowski

Senior Government Affairs Strategist, MVP Health Care

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Vermont's Response to the ACA

Act 48 of 2011



Three (3) main components:

- 1) Green Mountain Care Board
- 2) Health Benefit Exchange
- 3) Green Mountain Care
“single payer”



Green Mountain Care Board

What is it?



- Responsible for all aspects of state's health care system—which represents \$5 billion annually—including decisions around the Exchange and single-payer system.
- Five-member board
 - Appointed by Governor for six-year terms
 - Chair serves seven-year term
 - Members:
 - > Anya Rader Wallack, Chair
 - > Al Gobielle
 - > Karen Hein, MD
 - > Con Hogan
 - > Alan Ramsey, MD

For more information visit: <http://gmcboard.vermont.gov>



Green Mountain Care Board

Duties



- Develop payment reform pilot projects
- Review/approve state HIT plan
- Ensure adequate health care workforce
- Set payment rates for providers
- Review/approve
 - health insurance rates
 - hospital budgets
 - certificates of need (CON) applications
 - benefit packages (Exchange and single-payer)
- Provide recommendations on insurer contracts in Exchange
- Measure system-wide performance and quality
- Recommend three-year budgets for the single-payer system



Vermont Health Benefit Exchange

What is it?



- Operated by state Medicaid Department
- Online health insurance market for:
 - Individuals
 - Small employers
- Compare plans, shop for coverage
- Often compared to travel websites
- 2014 start date



Vermont Health Benefit Exchange

How will it work?



Mandatory Insurance

- Individuals **must** purchase coverage or pay a fine
- Employers with over 50 workers **must** offer insurance or pay penalty
- Coverage **must** be purchased through the Exchange
 - Current markets for individuals and small groups eliminated



Vermont Health Benefit Exchange

How will it work?



Federal dollars will help pay premiums

- Tax credits and sliding-scale subsidies
 - Up to 400 percent of federal poverty level
 - > (\$92,000 for family of four)

Exchange will include

- Only health plans that meet federal “essential health benefits” standards
- Two (2) additional, federally administered plan options



Vermont Health Benefit Exchange

Timeline



2014

Exchange becomes operational for:

- Individuals
- Small businesses with 50 or fewer workers



2016

Employers with 100 or fewer workers *must* use Exchange



2017

All employer groups *must* purchase through the Exchange



For more information visit: <http://healthreform.hff.org>



Green Mountain Care Transition to Single Payer



- In 2017, the state wants to transform the Exchange into a publicly financed single-payer system
- State first needs federal approval
 - Must be granted a number of “waivers”
- State can’t seek waiver under ACA until 2017



Green Mountain Care

How would single-payer work?



- All Vermont residents would receive publicly financed health coverage
 - Private sector premiums/plans eliminated
 - Coverage not linked to employment
 - Vermonters will pay into a system to pay for the coverage
 - > Financing mechanism won't be unveiled until January 2013
- Employers could choose to continue private insurance to employees



2012 Legislation: H.559

What additional changes?



- Passed the legislature on May 4
 - Pending Governor’s signature
- Fleshes out additional Exchange details
 - Keeps small employer definition at 50 and under until 2016
 - Allows sale of plans at four “metal” cost-sharing levels—instead of only three—in the Exchange
 - > Bronze (60 percent)
 - > Silver (70 percent)
 - > Gold (80 percent)
 - > Platinum (90 percent)
 - Prohibits private insurers from selling plans outside the Exchange
 - Merges individual, small group and association markets
 - Allows for “grandfathered” plans



Laudable Goals

Acknowledges need for health care reform



- Vermont officials are attempting to address very real problems
 - Health care costs continue to outpace inflation and wages
- Advocates believe that Vermont's efforts will:
 - Do away with administrative cost drivers
 - Help reign in medical spending
 - > Lower costs through payment reform
 - Improve quality



Looking Forward

Short term: What's the Exchange impact?



Unanswered questions and issues remain

- Elimination of the commercial market outside the Exchange
- Cost of merging individual, small group and association markets
 - Association plans eliminated
- “Essential benefits” that must be covered
- The future role of brokers
 - Commission no longer included in insurer premiums



Looking Forward

What don't we know about single payer?

- What will medical benefits be?
 - Sufficient coverage?
 - Affordable?
- How much will it cost?
- How will it be paid for?
 - Payroll tax?
 - Income tax?
 - Other options?
- Who will pay for it?



Looking Forward

What don't we know about single payer?

- How will cross-border issues be handled?
 - Out-of-state residents working for Vermont employers?
 - In-state residents working for out-of-state employers?
- How will providers and facilities be paid?
 - Will reimbursement be adequate?
 - Will provider recruitment/retention be an issue?
- Will this actually reduce administrative costs?
- Taken together, what's the overall impact on Vermont's economy and job growth?



Looking Forward: National Unknowns

The fate of the Affordable Care Act (ACA)

- Supreme Court review of ACA
 - June decision expected
 - > What parts of the law will remain?
 - Individual mandate?
 - Federal subsidies?
- Presidential election in November
 - What's the fate of the ACA if Obama not re-elected?
- If struck down or repealed, Vermont could seek single-payer waiver before 2017



Questions?

