MVP HEALTH CARE

Summary: Single Payer Health Care Law

On May 26, 2011, Governor Shumlin signed a new law that would eventually create a single payer system in Vermont. This summarizes the major components of the new law.

Exchange

The Exchange will be located within the Medicaid department of state government. It defers decisions on whether to increase the definition of small employer to 100 employees until 2016. Health plans in the Exchange must offer silver and gold plans; platinum plans may be offered at the discretion of the insurer. Bronze level plans will not be allowed. Two or more insurers will participate in the Exchange. The bill is unclear if plans can be offered outside the Exchange.

Green Mountain Care Board

A five person Board appointed by the Governor will be responsible for all aspects of health care and coverage in Vermont. The Board will commence its work in October 2011, and be responsible for decisions around the Exchange and eventually the single payer system. This includes overseeing and evaluating payment reform pilots, developing methodologies for payment reform and cost containment, reviewing and approving the state HIT plan, developing and maintaining an adequate health care workforce, setting payment rates for providers, reviewing and approval of BISHCA insurance rate requests as well as hospital budgets and certificate of need applications, providing recommendations to Medicaid related to contracts with insurers in the Exchange, reviewing and approving the Exchange benefit package, developing and maintaining a method for evaluating system-wide performance and quality, developing and approving the single payer benefit package, recommending three year budgets for the single payer system, monitoring the extent of in-migration to Vermont after the single payer system is implemented. In short, they will control every aspect of the health care system in Vermont.

They will also be responsible for developing a strategic plan to implement both the Exchange and the single payer system. They will be the responsible entity for overseeing the application for and obtaining the necessary waivers from the federal government and Congress. They also have annual reports to the legislature on all aspects of their jurisdiction.

Green Mountain Care

This is to be the single payer system, to go into effect on receipt of the necessary waivers. It is intended to be comprehensive, affordable, high quality health care coverage for all Vermonters, regardless of income, health status or availability of other coverage. However, a Senate amendment requires a determination by the Green Mountain Care Board that all of the following conditions be met before the single payer system is implemented:

1. Each Vermonters covered will receive benefits with an actuarial value of 80% or greater;
2. Implementing single payer will not have a negative aggregate effect on the Vermont economy;
3. The financing for the single payer will be fair, equitable and sustainable;
4. Administrative expenses will be reduced;
5. Cost containment efforts will reduce Vermont's per-capita health care spending below the national rate, adjusted to account for differences; and
6. Providers will be paid at levels sufficient to allow Vermont to recruit and retain high quality providers.

Eligibility: All Vermont residents are eligible regardless of whether their employer offers coverage. The Board will consider whether to impose supplemental financing contribution for Vermonters temporarily out of state, and non-residents will be billed for all services provided.

Benefit package: The minimum benefit package will be that of Catamount, and cost sharing is required to be actuarially equivalent to 87% of full value. Note that above the standard in the criteria is 80%, but in the benefit design section it is 87%. The Board will consider whether to include dental, vision, hearing and long term care benefits. There will be a ban on pre-existing condition exclusions. For Medicare and Medicaid beneficiaries, if waivers are obtained to fold them into the single payer system, their benefits will stay the same as what they currently have, and will have Green Mountain Care as a wrap around.

Administration: They would allow for supplemental insurance and prohibit balance billing. Vermont will request permission from CMS to be the Medicare administrator. The state may contract out administrative functions – such as claims processing and provider relations.

Budget and financing: The Board will annually prepare a three year budget, which must be approved by the Legislature. Financing plan is not due until January of 2013.

Implementation: The single payer system will be implemented 90 days following the last to occur of the enactment of the financing law, the approval of the benefit package by the Board (note, not the Legislature), enactment of the appropriations for the initial single payer benefit package, and receipt of waiver from the Exchange and the ACA.