
Health Reform Update: Vermont Health Benefit Exchange & Medicaid



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VERMONT HEALTH REFORM



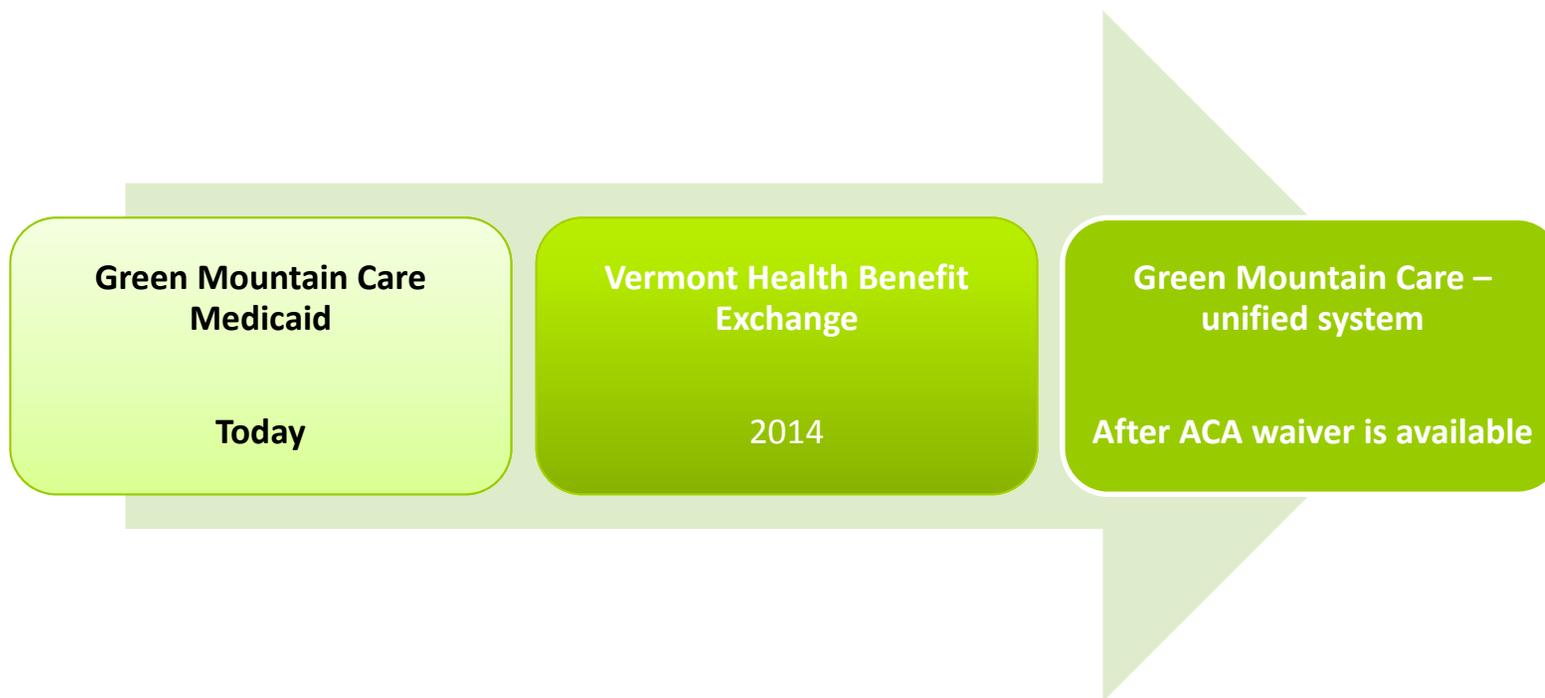
Purpose

- Ensure members of the public, interested parties, members of the legislature and others are informed of Exchange and Medicaid planning over the summer and fall
- Required in months Health Access does not meet, but...
 - Seems easier to have standard date/time
 - 3rd Tuesday of each month at 10:00am
 - Trying out webinar format, but will also have conference call only option. Slides will be posted.

Format of the call/webinar

- Brief presentation by state officials
 - Today – will give big picture overview, plus update
 - Future - will assume a certain level of knowledge, so we don't repeat same information every month
 - Will be repetitive of HAOC updates
- Q and A time
 - Feel free to email Marisa with topics of interest for the next call

Health Care Reform Timeline



Vermont health benefit exchange

- A mechanism for purchasing health insurance
- Simplifies shopping – like Expedia
- Standardizes insurance options
- “Qualifies” health plans
- Administers new federal tax credits
- Provides guidance and quality ratings to people shopping
- If state doesn’t develop, feds will

Vermont health benefit exchange

- Who can get health benefits through the Exchange?
 - Individuals and small business (50 employees or less) in 2014
 - Business with 100 employee or less in 2016
 - Per federal law - larger employers in 2017, although we expect to move into Green Mountain Care by then

THE MASSACHUSETTS CONNECTOR: AN EXAMPLE OF AN EXCHANGE



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Connect to good health, Massachusetts!

Our online Commonwealth Choice marketplace is the only place where you can compare plans from the state's major insurers. We're an independent state agency, so you can shop with confidence.

Our Commonwealth Care program offers low-or-no-cost health insurance for people who qualify. It provides comprehensive benefits and a choice of health plans.

Find the plan that's right for you and enroll today!

Glad to be insured

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— **Andrew Herlihy of Malden**
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Plans from top Mass insurers!



MASSACHUSETTS

For Commonwealth Care Members Only

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Sort plans by Benefits Package

You've Selected:

Benefits Package

- Bronze
- Silver
- Gold

Narrow Your Plans by:

Monthly Cost

- \$301 - \$400 (0)
- \$401 - \$500 (0)
- \$501 - \$600 (0)
- \$601 - \$700 (0)
- \$701 - \$800 (0)
- \$801 - \$900 (0)
- Greater than \$900 (35)

Annual Deductible

- None (10)
- \$250 - \$500 (5)
- \$500 - \$1,000 (5)
- \$1,000 - \$2,000 (5)

Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.

	\$ Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
Bronze Low Benefits Package 5 plans available Show Plans About Bronze Low	as low as \$955	STANDARD BENEFITS FOR ALL BRONZE LOW PLANS					
		\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	annual deductible, then \$25 copay	annual deductible, then \$15 copay	annual deductible, then \$100 copay	annual deductible, then 20% co-insurance
Bronze Medium Benefits Package 5 plans available Show Plans About Bronze Medium	as low as \$926	STANDARD BENEFITS FOR ALL BRONZE MEDIUM PLANS					
		\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$30 copay	\$10 copay	annual deductible, then \$150 copay	annual deductible, then \$500 copay
Bronze High Benefits Package 5 plans available Show Plans About Bronze High	as low as \$996	STANDARD BENEFITS FOR ALL BRONZE HIGH PLANS					
		\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copay	\$15 copay	\$150 copay	annual deductible, then 35% co-insurance
Silver Low Benefits Package 5 plans available Show Plans About Silver Low	as low as \$1,126	STANDARD BENEFITS FOR ALL SILVER LOW PLANS					
		\$1,000 (ind.) \$2,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	annual deductible, then \$100 copay	annual deductible, then no copay
Silver Medium Benefits Package 5 plans available Show Plans About Silver Medium	as low as \$1,193	STANDARD BENEFITS FOR ALL SILVER MEDIUM PLANS					
		\$500 (ind.) \$1,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	\$100 copay	annual deductible, then no copay

For individuals (no employer "sponsor")

Exchange Development Process

- Policy
 - Largely finished
 - Regulations to draft
 - Finalize benefit design with the GMC Board (talk in more detail about this next)
 - Finalize reinsurance and risk adjustment
 - Finalize affordability (timing dependent on the waiver process – more on this later)
- Business Processes
 - Developing process flows now – large piece of work
- Procure IT solutions for business processes
 - After business processes are defined

Federal Oversight & Timeline

- “Gate reviews” for Exchange development with CClIO
 - May 2012 – reviewed planning efforts to date
 - Powerpoint on Exchange website
<http://dvha.vermont.gov/administration/hbe-powerpoint-presentation-for-vermonts-planning-review-with-hhs-05-2012.pdf>
 - TOC next slide
 - Late July – technical assistance consultation
 - Late August/early September – design review

Planning Review Deck: Table of Contents

Topic

Exchange Consumer & Stakeholder Engagement/Support Activities

Exchange Legal Authority

Exchange Governance

Exchange Administrative Activities

Project Summary

Project Management

Plan Management & Quality Activities

Qualified Health Plans

Financial Management, Risk Adjustment, & Reinsurance Activities

SHOP Exchange Options

Eligibility, Enrollment & Education

Appendix

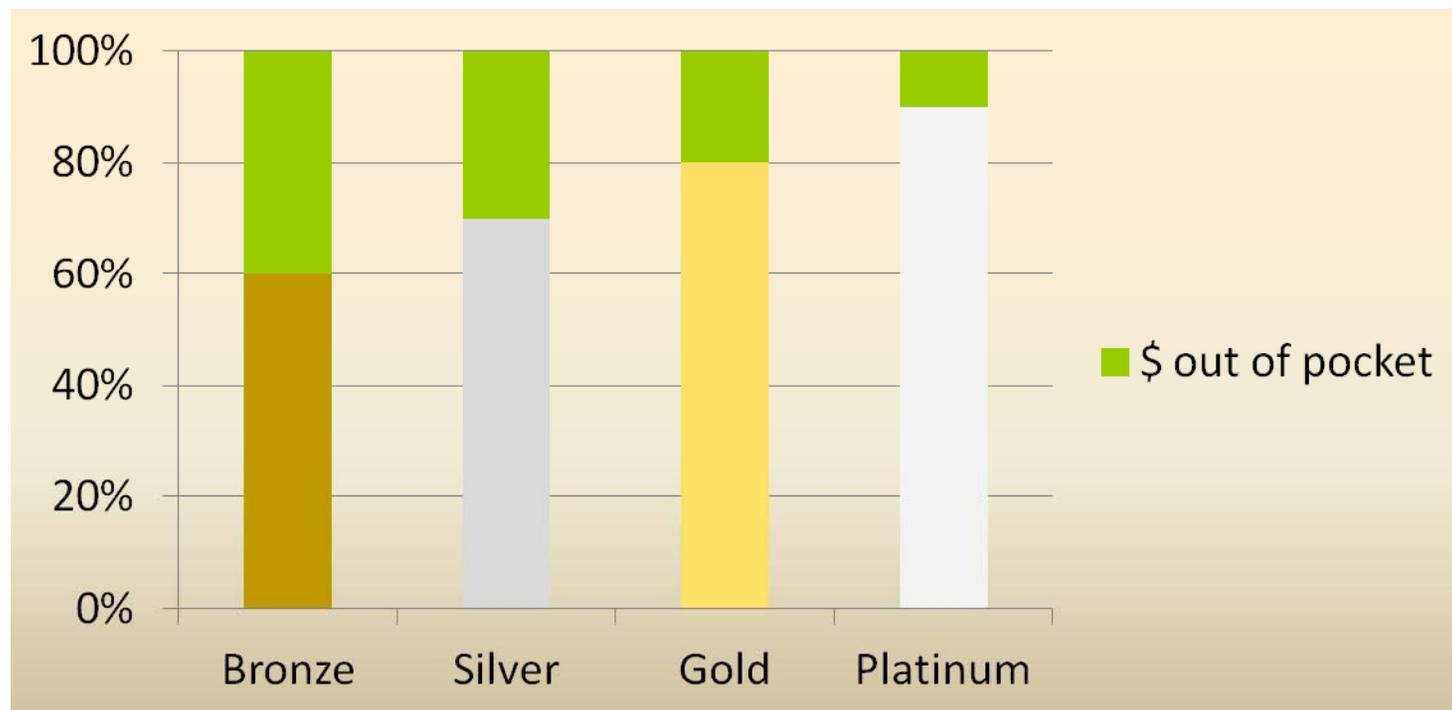
Federal Oversight & Timeline cont.

- Summer – Level II Grant Application
 - Level I grant through September 30th
 - Level II grant October 1, 2012 through 2014
- Nov. 16 - Intent to create an Exchange
 - Feds just released the “Blueprint” for this submission
- January 1, 2013 – demonstration of initial readiness & request for staged approval
- July 1, 2013 – system testing
- October 1, 2013 – shopping starts

Vermont health benefits exchange

Qualified health plans:

- Provide “essential health benefits”
- Actuarial Value (AV) = % of cost insurance will cover



Review of ACA Benefit Requirements

Essential Health Benefits Must Include Services Within 10 Categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and chronic disease management
- Laboratory services
- Preventive and wellness services
- Pediatric services, including oral and vision care

HHS Approach: Use of a Benchmark Plan

- EHB will be defined by a benchmark plan selected by each state; applies to 2014 & 2015
- The benchmark plan will serve as a reference plan reflecting the scope of services and any limits offered by a “typical employer plan”
- The plans offered in the state must be “substantially equal” to this benchmark plan
 - Insurers may adjust the specific services covered and any quantitative limits provided

HHS Approach: State Options

- Four Benchmark Plan Options:
 1. Any of three largest products from the small group market
 2. The largest HMO operating in the state
 3. The state employee health benefits plan
 4. The Federal employee health benefits plan

Process for Selecting Plan Designs

- Understand current market
 - Distribution of members by actuarial value of plan
 - Common plan design structures
- Develop a set of plan designs at each of the metal levels for GMC Board consideration
 - Determine which current plan designs should be considered
 - Gather input
 - Provide multiple plan design options for each metal level, focusing on both structure and dollar/percent cost share amounts
 - Discuss benefits and concerns with each plan design, as well as member/group disruption
 - Get feedback and make revisions
 - Once federal model is released, may need to adjust the cost sharing amounts (e.g. move deductible from \$1000 to \$1100) if AVs differ from those developed
 - GMC Board makes final decision on designs & approach

Current AVs by Market - Combined

- Percent of relevant markets analyzed = 93%
- Average AV = 73%

Combined Actuarial Value Range	# of Members	% of Members
<45.0%	1,009	1%
45.0%-55.9%	920	1%
55.0%-64.9%	15,700	21%
65.0%-74.9%	28,280	38%
75.0%-84.9%	12,908	17%
85.0%-94.9%	15,068	20%
95.0% or higher	277	0%
Total	74,162	100%

Choice of Benchmark Option

- Under Act 48, the Green Mountain Care Board will choose the plan.
 - 2 hearings so far to introduce concepts and information on Vermont plans
 - 3rd hearing scheduled for later this month
 - Need clarification from the feds on a couple of issues relating to the 10 coverage areas & what is included
 - Existing market analysis completed
 - Actuarial work in progress on cost-sharing designs

Federal Premium Tax Credits

- Premium subsidies available to individuals
 - Refundable tax credit in advance to the insurer for the premium subsidies
 - Not available if employer offers insurance
- Credit toward second lowest cost silver plan
 - Individual pays the difference if they choose a richer plan
- Eligibility
 - Income under 400% FPL
 - Family of 3 = \$73,240 /yr
 - Not eligible for Medicaid, Medicare, military, employer plan, or “grandfathered plan”
- Small businesses may receive tax credits for contributing to their employees
- State likely can provide supplemental subsidies

Premiums in the Exchange

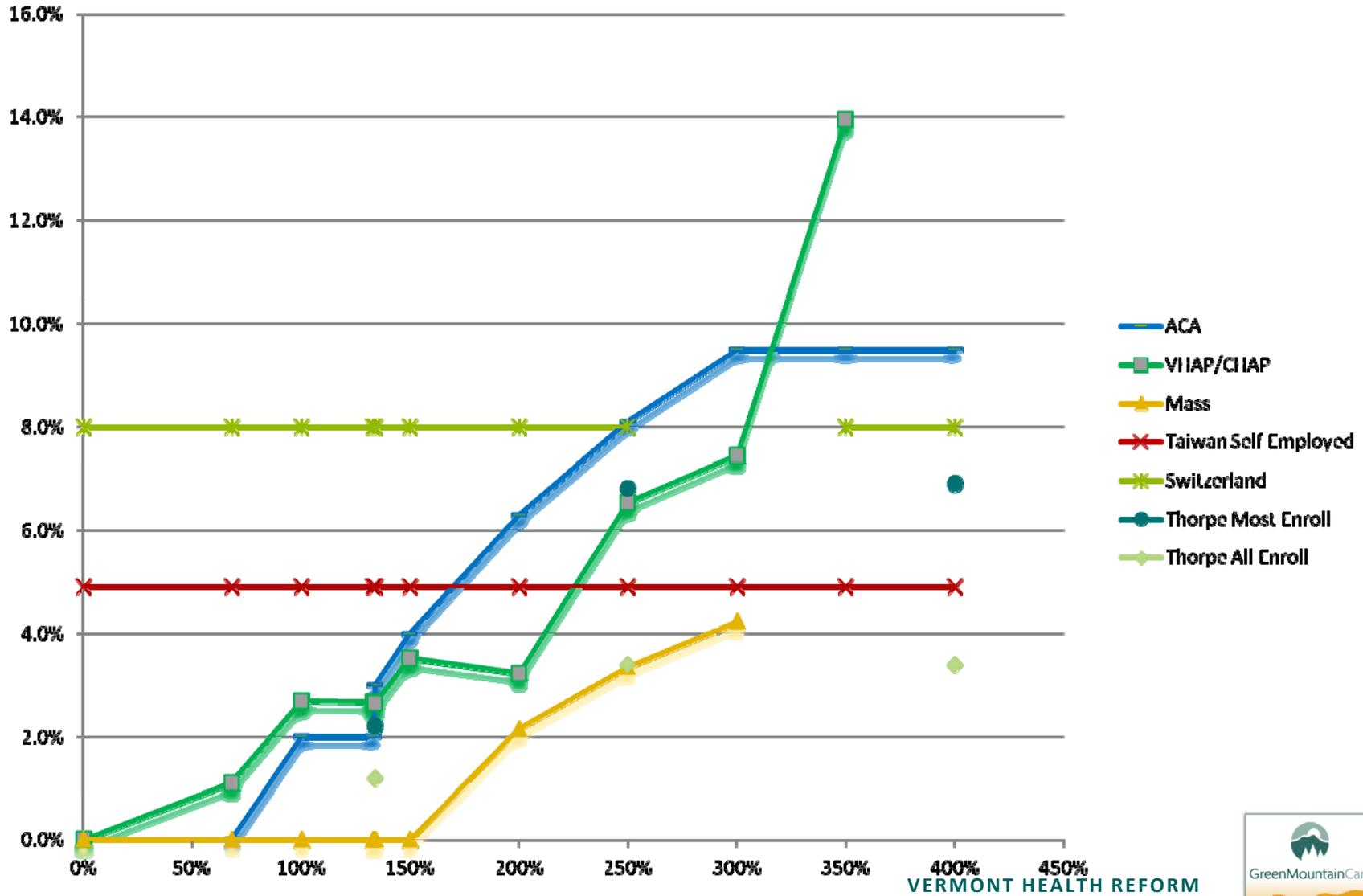
2011 FPL range	Income (1 person)		Premium for 1-person household	
	Monthly income		% of income	Monthly amount
0-100%	\$0-\$931		0.0%	\$0
100 - 133%	\$932-\$1238		2.0%	\$19-\$25
133 - 150%	\$1239-\$1397		3-4%	\$37-\$56
150 -200%	\$1398-\$1862		4-6.3%	\$56-\$117
200 - 250%	\$1863-\$2328		6.3-8.1%	\$117-\$189
250 - 300%	\$2329-\$2793		8.1-9.5%	\$189-\$265
300 - 350%	\$2794-\$3259		9.5%	\$265-\$310
350 - 400%	\$3260-\$3724		9.5%	\$310-\$354

2011 FPL range	Income (2 people)		Premium for 2-person household	
	Monthly income		% of income	Monthly amount
0-100%	\$0-\$1261		0.0%	\$0
100 - 133%	\$1262-\$1677		2.0%	\$25-\$34
133 - 150%	\$1678-\$1892		3-4%	\$50-\$76
150 -200%	\$1893-\$2522		4-6.3%	\$76-\$159
200 - 250%	\$2523-\$3153		6.3-8.1%	\$159-\$255
250 - 300%	\$3154-\$3783		8.1-9.5%	\$255-\$359
300 - 350%	\$3784-\$4414		9.5%	\$359-\$419
350 - 400%	\$4415-\$5044		9.5%	\$419-\$479

Comparison of Subsidies (1 person): Exchange Subsidy & Current Vermont

Income		Premium contribution			
2011 FPL	Monthly income	Fed law % of income	Monthly amount	VHAP	CHAP/ESIA
0 - 50%	\$0 - \$461	0.0%	\$0	\$0	\$60
50 - 75%	\$462 - \$691	0.0%	\$0	\$7	\$60
75 - 100%	\$6920 - \$921	0.0%	\$0	\$25	\$60
100 - 133%	\$922 - \$1226	2.0%	\$18 - \$25	\$33	\$60
133 - 150%	\$1227 - \$1382	3-4%	\$37 - \$55	\$33	\$60
150 - 200%	\$1383 - \$1842	4-6.3%	\$55 - \$116	\$49	\$60
200 - 225%	\$1843 - \$2072	6.3%	\$116 - \$131		\$124
225 - 250%	\$2073 - \$2303	6.3%	\$131 - \$145		\$152
250 - 275%	\$2304 - \$2533	8.1%	\$187 - \$205		\$180
275 - 300%	\$2534 - \$2763	8.1%	\$205 - \$224		\$208
300 - 350%	\$2764 - \$3224	9.5%	\$263 - \$306		
350 - 400%	\$3225 - \$3684	9.5%	\$306 - \$350		

Comparison of Premiums



Federal Cost-sharing subsidies

2011 FPL range	Actuarial value
0- 50%	97%
50 - 75%	97%
75 - 100%	97%
100 - 138%	97%
138 - 150%	94%
150 - 185%	87%
185 - 200%	87%
200 - 225%	73%
225 - 250%	73%

So an individual who purchases a silver plan (70% actuarial value), and whose income is 140% FPL, would receive a cost-sharing subsidy equal to 94% minus 70%. The cost-sharing subsidy would be paid by the federal government to the issuer of the plan the individual chooses.

Federal Out-Of-Pocket Maximums

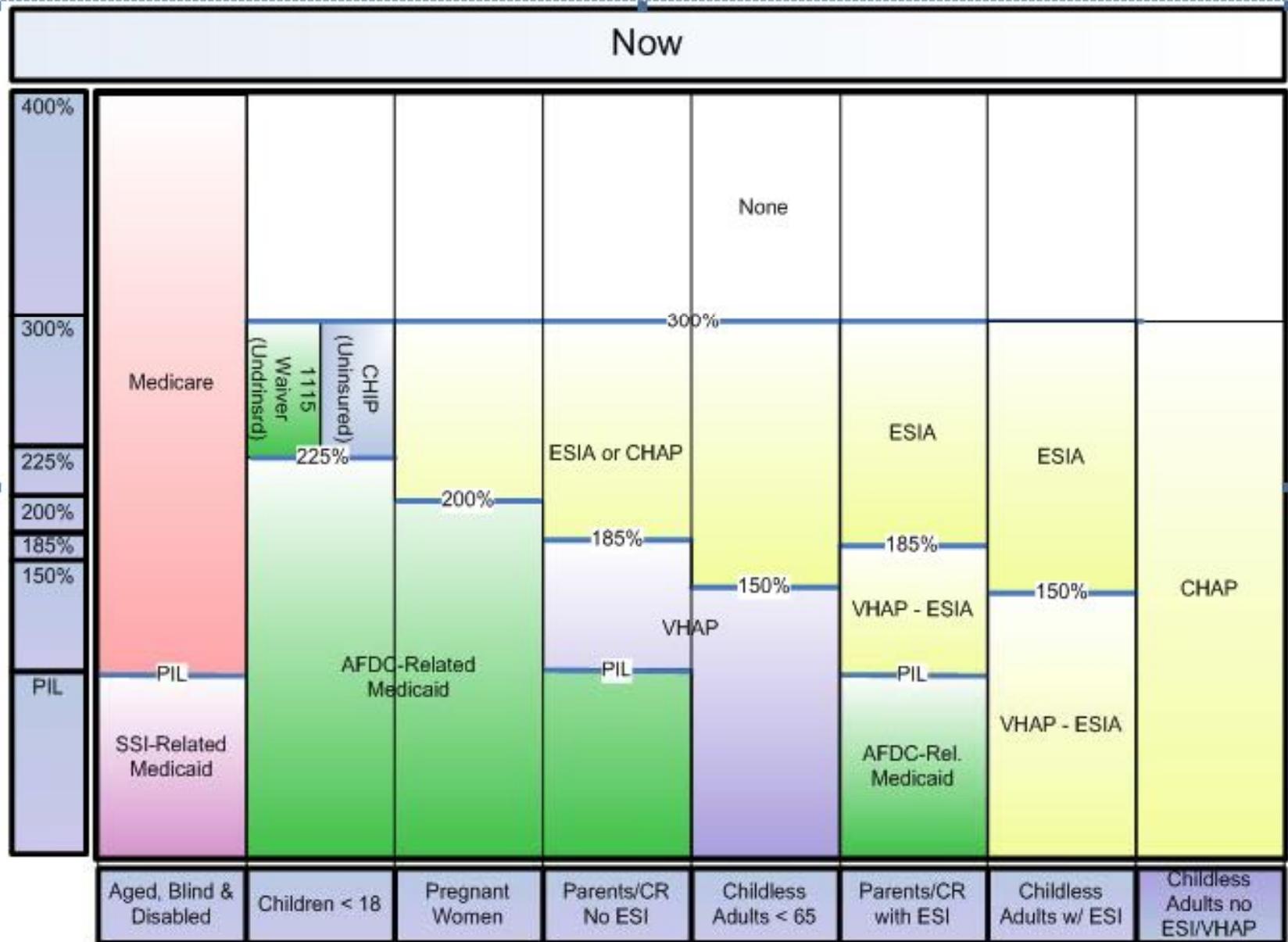
Income level	Out-of-pocket reduction	Out-of-pocket max in \$
100-200%	2/3 of maximum	\$1983
200-300%	1/2 of maximum	\$2975
300-400%	1/3 of maximum	\$3967
400%+	Maximum	\$5950

State affordability schedule

- State subsidy in addition to federal subsidy
 - Could provide additional assistance so people don't have dramatic increases
 - Flexibility in income phase-out
 - 60-40 if approved in new Medicaid waiver request
- Basic Health Plan
 - 95% federal funds that would have been received in Exchange
 - Could be protective of consumers financially
 - More chance of people losing coverage due to transitions
 - Designed for states with private Medicaid managed care
 - Impacts on Exchange financial sustainability & viability
 - Provider rates unclear at this point
 - Could be Medicaid; could be Catamount Health level; could be private insurance level

State affordability schedule: work in progress

- Working on cost estimates with various assumptions
- Analysis of how many people go into different coverages
 - 70-80% of people in VHAP move to Medicaid
 - Uninsured come into Medicaid & the Exchange
 - People shift into different income eligibility due to change in Medicaid income calculation changes in 2014
 - Current income disregards to modified adjusted gross income from tax return
- Need final guidance on premium tax credits & cost-sharing subsidies from the feds to properly design operations (impacts on who goes where)



Medicaid changes in 2014

- Medicaid income eligibility – 133% FPL
- Eligibility process modifications
 - New federal requirements, including MAGI income calculation
 - Transition from current system to new requirements
- Global Commitment Section 1115 waiver
 - Expires Dec 31, 2013
 - Preserve access to demonstration populations
 - Integrate eligibility with the Exchange
 - Unify Choices for Care and CHIP payment provisions with GC

Medicaid changes: Work in progress

- Eligibility transition plan due July 2012
 - Overview of current eligibility
 - Eligibility process modifications to comply with the ACA
 - Options under consideration for preserving access through a new waiver to replace GC
 - Impacts of eligibility changes on access to care
 - Current pilot program descriptions
 - Blueprint for Health – Medicare participation
 - Payment reform pilot development
- Draft waiver application or renewal fall/winter