

Status of Healthcare Reforms in Vermont – November 2007

Catamount Health

- ◆ Enrollment started Oct 1; Eligibility started Nov 1; target enrollment for VHAP, Medicaid and Catamount: 20,000 by 2010. Will reduce uninsured from 10.6% to 7.9% of population.¹ Legislation had set a target of 4% uninsured
- ◆ State and community organizations investing heavily in outreach – television, radio, print and grass-roots outreach. State investment: \$5 million over four years.
- ◆ Single toll-free number for access to all Vermont plans: Medicaid, VHAP, Catamount, and subsidies for employer-sponsored plans: 1-800-250-8427
- ◆ Potential problems
 - No credible actual cost information until program is running for 15 months: January 2009
 - Current premiums are artificially below-market, due to assumptions made by state. Single: \$393.11/mo; 2-person: \$786.22; Family: \$1,100.79; Single-parent: \$746.90 (MVP only)
 - Assumption #1: enrolled population will be younger and healthier than “average” population.
 - Assumption #2: health costs will go up only 5% per year, and utilization will be moderate and not spike because people were uninsured and suddenly have coverage. If these assumptions don’t hold, costs will be significantly higher than budget.
 - MVP filed rate of \$391 per person per month. BCBS filed \$430 and was ordered to decrease to match MVP. What if BCBS was right?
 - The cost of Catamount will have to increase if these assumptions don’t hold. For people not getting state subsidy, the premium will increase to the actual real cost. For people being subsidized, the legislature will have to come up with 100% of the increased cost (Formula for shortfall: # of enrolled X \$ premium increase per month X 12)

Preview of 2008 Session

- ◆ Despite being 15 months away from credible premium experience, legislators talking about reducing the 12-month waiting period to allow the current insured to get into Catamount Health sooner. Target: farmers, small businesses, non-profits.
- ◆ Political pressure to implement a single payer for all hospital care. Pricetag: \$750 million. Various tax options examined.

Meanwhile...

- ◆ Hospital costs in VT are growing at the fastest rate in the nation. Average growth of 8% per year. Ask hospital trustees what they are doing to quench this. Is “growth” part of their strategic plan?
- ◆ Cost shifting continues to grow, though for the first time legislators are paying attention. Will they prove their intent to stop cost shifting in the 2008 budget process for Medicaid? (14% of last year’s premium increase was due to cost shifting from hospitals to private insurance.)

¹ State of VT Joint Fiscal Office, October 2007