

Vermont Health Benefit Exchange: Design

Advisory Group Meeting 1
Monday, March 7, 2011



Today's Agenda

- ❖ **Context**
 - ACA Exchange Requirement
 - Single Payer Bill
- ❖ **Exchange Overview**
 - Major Structural Issues and Decisions
 - Roadmap for Establishing an Exchange in Vermont
- ❖ **Background: Vermont Health Insurance Market**
 - Study of Uninsured
 - Overall Insurance Trends
 - Individual market
 - Small employer market
- ❖ **Next Steps**

ACA Exchange Requirement

Does Vermont need to Establish an Exchange?

- ❖ Must establish American Health Benefit Exchange (AHBE) by 1/1/2014 or HHS will establish for VT
- ❖ Exchanges may be administered by a Governmental Agency or a non-profit entity
- ❖ Exchanges may be organized at a multi-State, State, or a regional level
- ❖ VT must decide on the structure of their Exchange by 1/1/2013
- ❖ Federal government provides planning and start-up funds but must be self sufficient by 2015

Key Functions of the Exchange

- ❖ Determine and Coordinate Eligibility
- ❖ Create standardized benefit categories of health insurance plans
- ❖ Offer multistate plans
- ❖ Certify Qualified Health Plans
- ❖ Maintain a call center for customer service and establish procedures for enrolling individuals and businesses
- ❖ Establish website
- ❖ Assign quality ratings
- ❖ Reward Quality
- ❖ Set up a “Navigator” program

Vermont Single Payer Bill - 2011

❖ 3 Stages:

- ❖ Stage 1: Begins 7/11 Establish Health Benefit Exchange and Health Reform Board
- ❖ Stage 2: Exchange operational 2014
- ❖ Stage 3: Vermont Single Payer no later than 2017; earlier if possible

Goals for Vermont's Exchange

- ❖ Can easily transition to single payer
- ❖ Facilitates purchase of affordable, qualified health plans in individual and group market
- ❖ Reduces the number of uninsured and underinsured Vermonters
- ❖ Reduces administrative costs and improves quality of health care
- ❖ Reduces disruptions during income and employment transitions
- ❖ Promotes health, prevention, and healthy lifestyles

Governance of Vermont's Exchange

- ❖ Vermont will create its own Exchange
- ❖ Exchange will be a separate Division within DVHA
- ❖ Deputy Commissioner will lead the Exchange
- ❖ Exchange leadership will consult with health reform board

Major Issues and Decisions

- ❖ Vermont will establish one Exchange for individuals and businesses
- ❖ Upon approval from federal government Vermont's Exchange will serve:
 - ❖ Large employers including state and municipal employees
 - ❖ Medicare and Medicaid recipients
 - ❖ Worker's compensation recipients
- ❖ Vermont's Exchange will selectively contract for Qualified Health Plan(s)
- ❖ Vermont's Health Exchange will collect premiums from individuals and employers

Process for Designing Exchange

Existing Data Sources

- ❖ 10 years survey data on uninsured
- ❖ Multi-payer data set with commercial claims
- ❖ Health Information Exchange
- ❖ Robust Medicaid Management Information System (MMIS)
- ❖ Data Warehouse

Process for Designing Exchange

Analysis to be completed

- ❖ Targeted analysis of existing uninsured data (today)
- ❖ Survey of commercial payers on benefit design
- ❖ Stakeholder study
- ❖ Analysis of financial functions to be performed by

Exchange

- ❖ Analysis of financial sustainability options
- ❖ Writing of briefing memos around topical areas

Establishing the Exchange

Structure of Exchange

- ❖ Vision for Vermont's Exchange
- ❖ Governance of Vermont's Exchange
 - ❖ Location
- ❖ Size of the Exchange
 - ❖ Purchasing through the Exchange
 - ❖ One Exchange for businesses and individuals
 - ❖ Expanding Exchange's reach

Questions for Establishing Exchange

Interaction with Public Programs

- ❖ How will Exchange interact with other public programs?
- ❖ What opportunities exist to leverage new eligibility system?
 - ❖ How to address potential timing issues of two systems?
 - ❖ Evaluate existing e-mail and web portal and consider face-to-face and telephone options
- ❖ How will outreach be conducted?
- ❖ How can Vermont ensure “no wrong door”?
- ❖ Should Vermont develop Basic Health Plan?
- ❖ Will the same plans be offered through Exchange as other Vermont public programs?

Questions for Establishing Exchange

Interaction with the Insurance Market

- ❖ How will Exchange market interact with outside market?
- ❖ How will ACA required MLRs and rating rules affect Vermont?
- ❖ How will Vermont address any issues of adverse selection?
- ❖ Is a merging of non-group and small group markets advisable in 2014?
- ❖ Will products in both markets be the same?
- ❖ How will Vermont address any differences in essential benefits?

Questions for Establishing Exchange

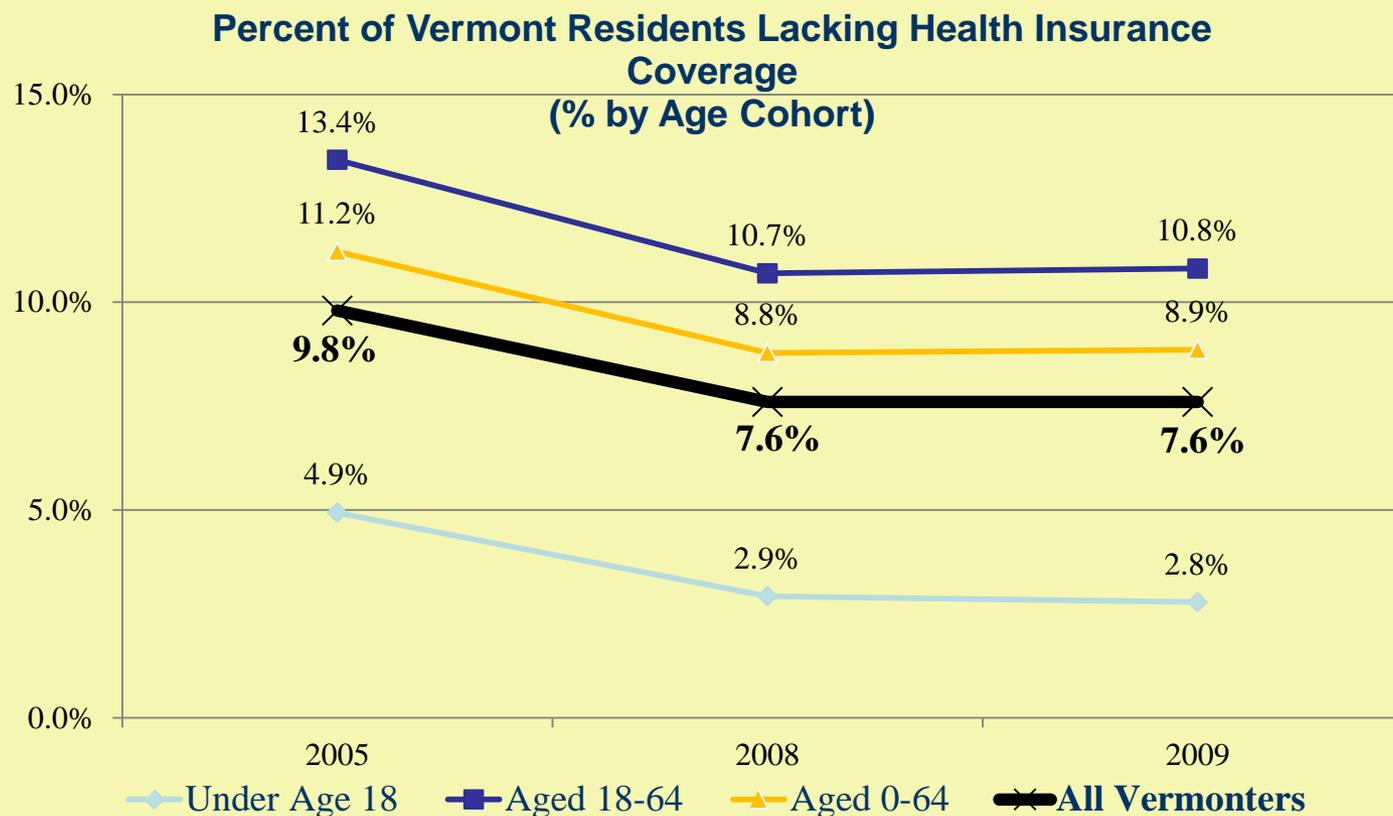
Business Operations

- ❖ How will operations differ for individuals and businesses?
- ❖ How will Vermont market the Exchange?
- ❖ How will Vermont's Exchange address enrollment issues?
- ❖ How will the Navigator program be implemented?
- ❖ How will web portal operate and what information will be available on the web?
- ❖ How will the Exchange procure and certify plans?
- ❖ How will the Exchange interact with employers?
- ❖ What capital investment is needed for Exchange and how will it become financially sustainable?

Characteristics of Uninsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

The percentage of uninsured residents in Vermont has decreased significantly since 2005.



Characteristics of Uninsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Among the 18 to 64, uninsured rates were highest among those:

- ❖ Aged 18 to 24 (17%)
- ❖ Aged 25 to 34 (16%)
- ❖ Residents of Essex County (17%)
- ❖ With family incomes between 134% and 200% of FPL (22%)
- ❖ Those in single adult households without children (24%)
- ❖ Among the employed, those earning between \$9.00 and \$15.00 per hour (20%)
- ❖ Employed by companies with 50 or fewer employees (19%)

Characteristics of Uninsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Within prior 12 months, uninsured adults report they are less likely to have a usual source of care, receive medical care and more likely to experience hardships.

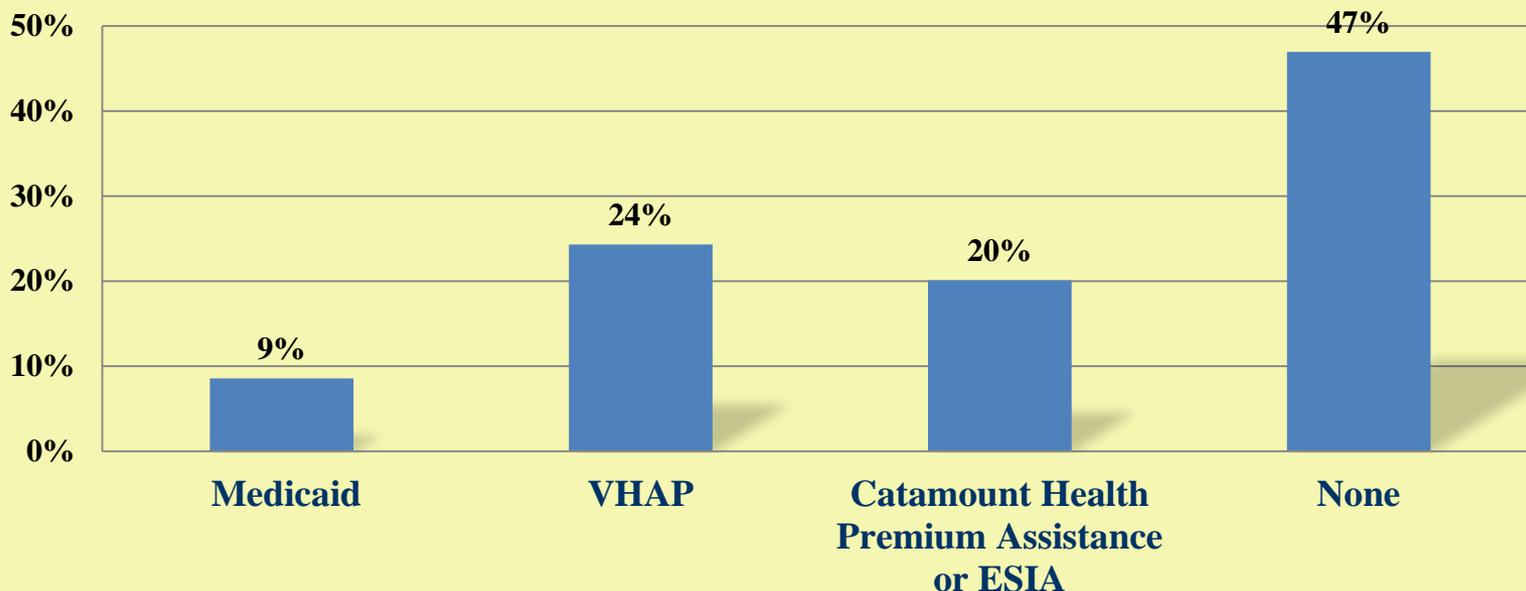
- ❖ 42% did not have a usual source of care
- ❖ 40% had not visited a health care provider
- ❖ 52% had not received routine or preventive care
- ❖ 19% did not receive needed medical care, 35% dental care and 13% did not fill a needed prescription
- ❖ 43% experienced problems paying medical bills
- ❖ 35% were contacted by a collection agency about unpaid bills

Characteristics of Uninsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Based on existing programs, about 1/3 of uninsured adults were eligible for coverage through Medicaid or VHAP.

**Eligibility for State Health Insurance Programs
(% among uninsured residents aged 18 to 64)**



Characteristics of Uninsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Under PPACA Guidelines, 85% of uninsured adults would qualify for coverage through Medicaid or be eligible for subsidies to assist in purchasing health insurance.

	Count	Rate
Eligible for Medicaid	13,399	31%
Income 133% - 150% FPL	2,558	6%
Income 150% - 200% FPL	6,684	15%
Income 200% - 250% FPL	5,357	12%
Income 250% - 300% FPL	4,099	9%
Income 300% - 400% FPL	5,198	12%
Income > 400% FPL	6,481	15%
Total	43,776	100%

Among the 3,626 uninsured children:77% were eligible for coverage through existing programs (Medicaid or Dr. Dynasaur), an additional 4% lived in families that would be eligible for subsidies to assist in purchasing health insurance.

Characteristics of Underinsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Economic definition of uninsured: Does an insured person have the ability to pay for health care needs and out of pocket costs?

- ❖ Examined at family level for people with private health insurance only
- ❖ Among those whose incomes are less than 200% FPL: Actual out of pocket expenses excluding monthly insurance premiums that exceed 5% of a family's annual income.
- ❖ Among those whose incomes are greater than 200% FPL: Actual out of pocket expenses excluding monthly insurance premiums that exceed 10% of a family's annual income; or
- ❖ A deductible for a health insurance plan that exceeds 5% of a family's annual income.

Characteristics of Underinsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Reason why resident is classified as underinsured:.

	Rate	
	< 18	18 - 64
Underinsured due to deductible	53%	40%
Underinsured due to health care expenses	27%	32%
Underinsured due to both deductible and expenses	20%	29%
Total	100%	100%

Characteristics of Underinsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Among the privately insured the rates of underinsurance were highest among those:

- ❖ Aged 18 to 24 (39%)
- ❖ Residents of Bennington County (41% among adults and 34% among children)
- ❖ In single adult households without children (58%)
- ❖ The percentage that were classified as underinsured decreases sharply with rising income.
- ❖ Families purchasing their insurance directly were much more likely to be underinsured (51% of adults and 48% of children).

Characteristics of Underinsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

A significant percentage of the underinsured experience financial hardships:

	Rate	
	< 18	18 - 64
Were there times that there were problems paying for medical bills for anyone in your household?	40%	33%
Was anyone in your family contacted by a collection agency about owing money for unpaid medical bills?	22%	19%

Characteristics of Underinsured Adults Aged 18-64 in 2009

*Background:
Uninsured Study*

Under PPACA, 88% of underinsured children and 81% of underinsured adults would qualify for coverage through Medicaid or would be eligible for subsidies.

	< 18	18-64
Eligible for Medicaid	16%	19%
Income 133% - 150% FPL	2%	4%
Income 150% - 200% FPL	16%	13%
Income 200% - 250% FPL	21%	14%
Income 250% - 300% FPL	9%	11%
Income 300% - 400% FPL	25%	20%
Income > 400% FPL	12%	19%
Total	100%	100%

Exchange Advisory Group Meetings

March	April	May
Meeting 1: 3/21/2011 Background and Roadmap	Meeting 2: 4/4/2011 Interaction and Integration	Meeting 3: 4/25/2011 Business Operations
		Meeting 4: 5/9/2011 Business Operations & Financing