

State of Vermont
Global Commitment to Health
Section 1115a Waiver



March 2005

Purpose of Public Hearings

- Provide overview of *Global Commitment to Health Waiver*
 - Status of current program
 - Program reform objectives
 - Overview of *Global Commitment to Health Concepts*
 - Overview of 1115 Waiver Process
- Obtain public input
 - Feedback and Ideas
 - Questions
 - Obtain information for preparation of waiver proposal

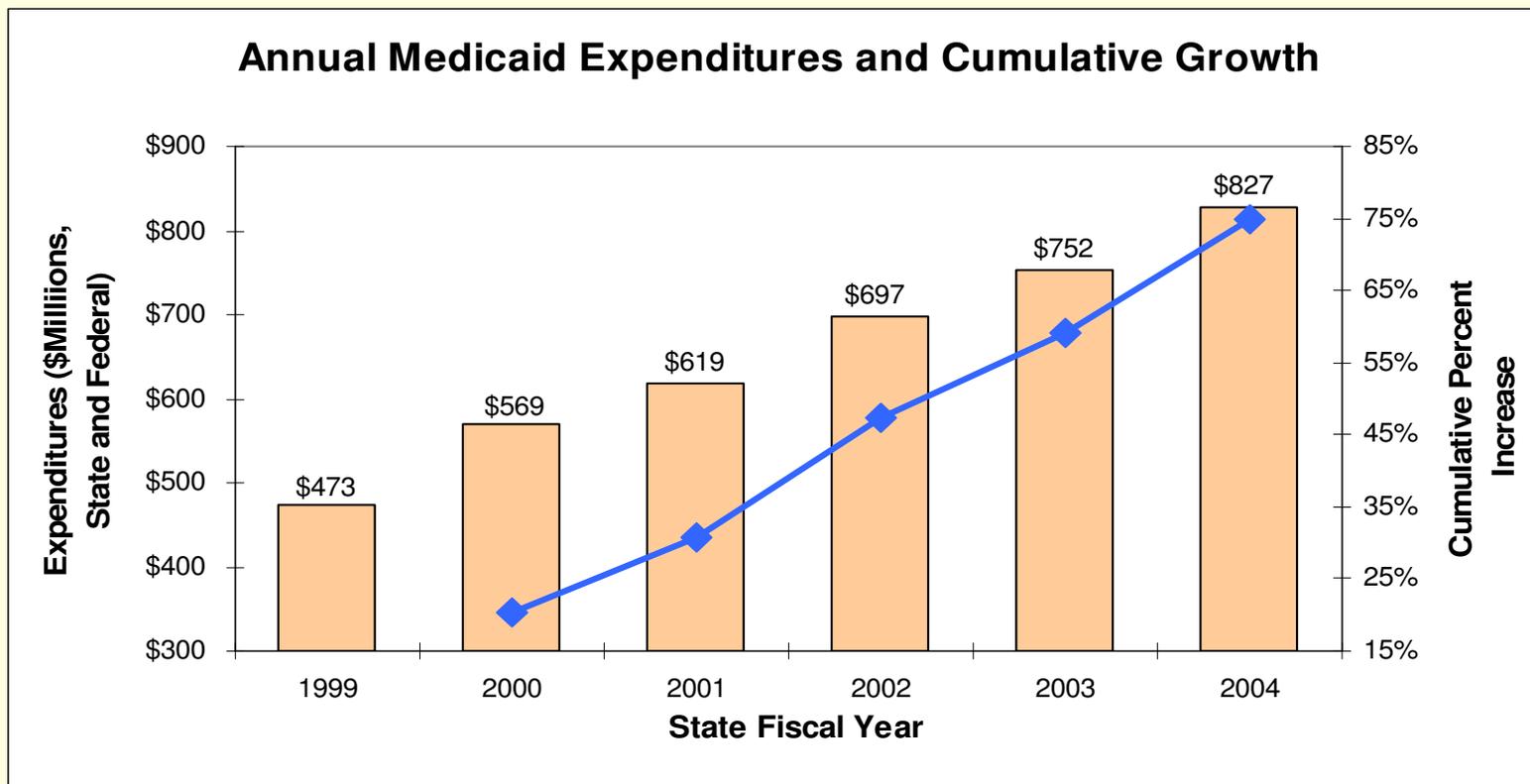
Status of Current Medicaid Program

- The Vermont Medicaid/VHAP program currently provides benefits to more than 130,000 Vermonters
- Program eligibility is broad compared with other states; expansion groups include:
 - Dr. Dynasaur/SCHIP covers children in households up to 300% of the Federal Poverty Level (FPL)
 - VHAP covers uninsured adults in households up to 150% of FPL (185% if children in household)
 - Pharmacy programs provide coverage for elderly persons and individuals with disabilities in households with incomes up to 225% of FPL
- Vermont has the sixth-lowest uninsured rate in the country

Status of Current Medicaid Program

(Continued)

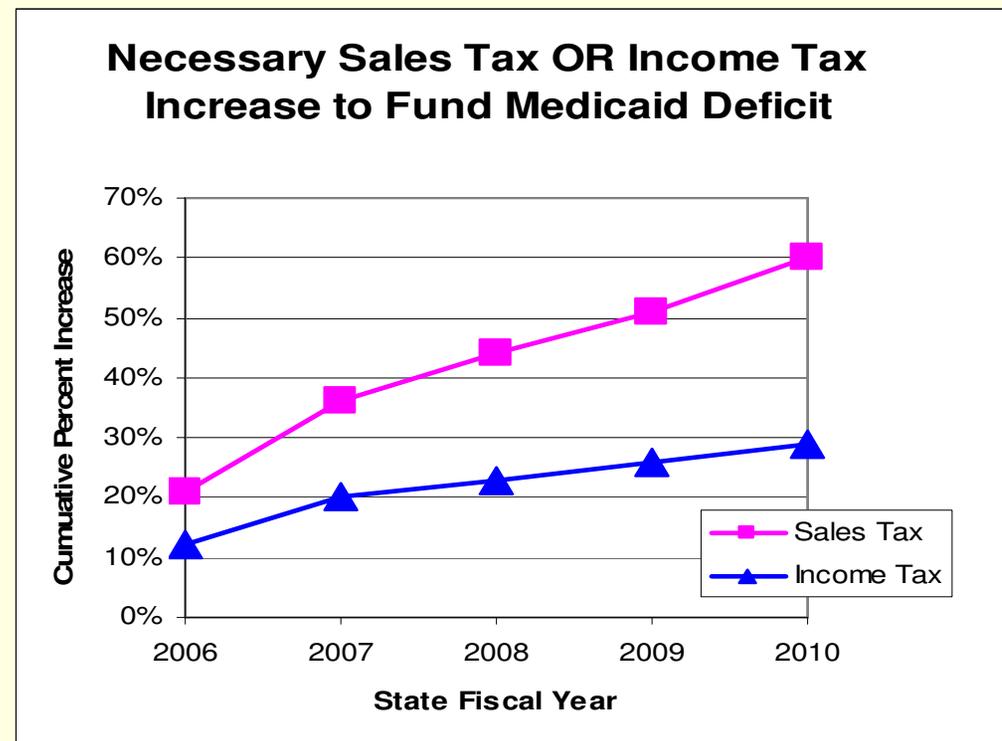
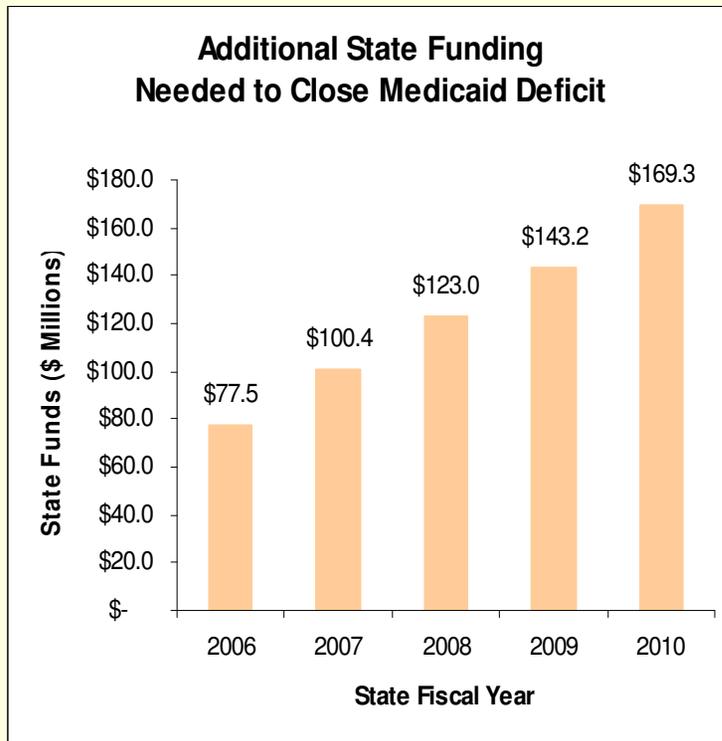
Federal Medicaid expenditures have grown at an average rate of 13 percent over the last six years; the Vermont share has grown at an average annual rate of nearly 10 percent over the same period



Status of Current Medicaid Program

(Continued)

State revenues would need to increase dramatically in order to keep pace with Medicaid funding alone



Status of Current Medicaid Program

(Continued)

The State of Vermont must take steps to make the program financially sustainable. However, Vermont remains committed to:

- Ensuring access to health care
- Serving as a safety net for individuals with complex health needs
- Developing programs that impact the entire Vermont health care system
- Developing programs that enable individuals to remain in their communities and homes

Program Reform Objectives:

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- Address unsustainable growth in state expenditures for Medicaid, SCHIP and VHAP programs
- Assure federal funding at levels that enable Vermont to preserve the gains made over the past ten years in covering the uninsured and meeting the needs of special populations
- Obtain greater flexibility in the state's management of the overall Medicaid program
- Adopt market-based solutions where feasible
- Implement options to reduce the number of uninsured Vermonters

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts

- Vermont proposes to operate its entire Medicaid program under a single, Section 1115a waiver demonstration
- The concept paper describing the need for program reform and the waiver design is available on OVHA's web-site (www.ovha.state.vt.us)
- Under the proposed waiver, federal funding will be based on historical spending and caseload growth, that is increased annually by a negotiated trend rate
- In exchange for the predictable federal funding, Vermont is seeking flexibility to maximize the use of public resources

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts (continued)

Key Components:

- **Appropriate Base Year and FMAP**
 - Initial “lump sum” payment amount will be based on federal expenditures in the base year
- **Federal Trend Rate Based on Vermont’s Historical Experience**
 - Not the same as the 2003 Bush Administration proposal (“Partnership Allotments”) that included federal reductions over a ten-year period, nor other allotment proposals with inadequate trend rates
- **Financial Protections**
 - The federal government should include protection against catastrophic costs – such as a national epidemic
 - Vermont should benefit from any national Medicaid reform initiatives that benefit states

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts (continued)

Key Components (cont'd):

- **Complete Flexibility in Program Operations & Eligibility**
 - Vermont will need the authority to make operational adjustments without first going through a lengthy federal approval process; potential expansion of programs and services
- **Retention of Federal Protections for Beneficiaries**
 - Vermont will continue to adhere to federal requirements intended to protect beneficiaries' rights and ensure due process
- **Fixed Program Terms**
 - Vermont will want to limit the length of its initial Global Budget agreement to five years, with options to renew

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts (continued)

Potential Risks:

- Negotiated federal commitment would need to address future needs (e.g., caseload growth, aging of population, increased demand for developmental services)
- Vermont would not benefit from any increase in federal match rate (if match rate fixed by base year)

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts (continued)

Potential Benefits:

- Greater flexibility in managing program costs and allocating public resources, including ability to:
 - Offer alternative coverage options (ESI/HSAs)
 - Streamline eligibility criteria and processes
 - Design programs to address health needs, rather than meeting federal requirements (provider consultations, early intervention programs)
 - Develop innovative strategies to manage service utilization and costs (e.g., pharmacy)
 - Create alternative funding arrangements for development of broad-based health care programs (chronic care initiative, programs to improve access)

Overview of GLOBAL COMMITMENT TO HEALTH Waiver Concepts (continued)

Potential Benefits (cont'd):

- Reduced administrative costs related to federal requirements and oversight
- Potential for system-wide efficiency improvements (claims payment, clinical eligibility, financial incentives, coordinated IT investments)

Overview of 1115 Waiver Process:

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Implementation of the Global Commitment to Health will require approval by the Vermont Legislature and the Federal Government (Centers for Medicare and Medicaid Services, or CMS)

Key dates include the following:

February 24th – Distribute Concept Paper

March 15th-17th – Public Hearings

March 23rd – Written Public Comments Due

April 15th – Submit Waiver Proposal to CMS

July 1st – Waiver Start Date

Overview of 1115 Waiver Process:

GLOBAL COMMITMENT TO HEALTH

- How to Submit Written Comments (due no later than March 23):
 - By e-mail : candiy@ahs.state.vt.us
 - By Postal MAIL: **Candi Young
Planning Division
Agency of Human Services
103 South Main Street
Waterbury, VT 05671-1201**
- Responses to all comments posted on OVHA Web-site no later than Monday, April 4: www.ovha.state.vt.us