

# Health Reform in the US

## Summaries of State Legislation

### Vermont's Health Care Affordability Act<sup>1</sup>

#### What is it?

- An act designed to provide quality, affordable health care to all Vermonters.
- Establishes the Catamount Health Care Plan to make health insurance accessible to individuals who are not covered by employer sponsored insurance and who are not eligible for state health care programs by consolidating the uninsured into a single eligible group.
- Provides subsidies towards insurance costs for low-income individuals.
- Establishes the Blueprint for Health, to help all Vermonters manage chronic disease, improve the quality of their care and reduce the number of hospitalizations associated with unmanaged chronic illness.
- Is a partial employer obligation, as employers who fail to pay for coverage at specified levels are required to pay penalties for every employee they do not insure.

#### What it's not:

- An individual coverage mandate.
- An attempt to address health insurance costs.
- Is not a publicly-managed health insurance system, but offers coverage through private insurers.

**Year of enactment: 2006**

#### Details:

**Eligibility:** Individuals are eligible to join the plan if: they have been uninsured for the previous 12 consecutive months and are not covered by state or federal health plans, they have become uninsured

#### VERMONT HEALTH CARE FACTS\*

TOTAL POPULATION:	617,730
NUMBER OF UNINSURED:	70,370
PERCENT OF POPULATION THAT IS UNINSURED:	11%
PERCENT OF ADULT, NON-ELDERLY POPULATION WITH EMPLOYER-SPONSORED INSURANCE:	63%
AVERAGE EMPLOYER CONTRIBUTION TO FAMILY PREMIUM COST:	\$8,033
AVERAGE EMPLOYEE CONTRIBUTION TO FAMILY PREMIUM FOR EMPLOYER-BASED INSURANCE:	\$2,657
AVERAGE PERCENT OF PREMIUM COST PAID BY EMPLOYEE FOR FAMILY COVERAGE:	25%
FAMILY INCOME ELIGIBILITY FOR CHILDREN IN MEDICAID/SCHIP, AS PERCENTAGE OF FEDERAL POVERTY LEVEL:	300%
MEDICAID INCOME ELIGIBILITY FOR NON-ELDERLY, NON-DISABLED ADULTS, AS % OF FPL:	185-192%

\*2004, Kaiser Family Foundation

within the previous 12 months for reasons specified in the law, or their current coverage does not include both physician visits and hospital services. Individuals earning below 300% of the Federal Poverty Level (FPL) are eligible for subsidies.

**Benefits:** Coverage is provided for primary, preventative, chronic, acute episodic and hospital care. Benefits include the following: \$250-\$500 deductibles, 20% co-insurance, \$10 office co-pays, \$10/30/50 drug co-pays, and \$800-1500 out-of-pocket maximums.

**Cost to individuals:** Individuals earning below 300% of FPL are eligible for subsidies on a sliding scale depending on income: those earning less than

200% of FPL will pay \$60 monthly premiums and those earning above 300% of FPL will pay full cost.

**Cost to employers:** Employers will pay an annual assessment based on the number of workers they do not insure, at \$365 annually per full-time employee (equivalent to 520 hours worked, or 40 hrs/wk for 13 weeks). Employers are allowed eight exempt uninsured workers during fiscal years 2007 and 2008, six in 2009, and four in 2010. The assessment increases annually at the same rate as the Catamount Health premiums, or 5% per year.

#### **Financing:**

The plan will be financed through:

- Individual premium payments.
- Employer assessments.
- Revenue from increased tobacco taxes.
- Federal matching dollars.
- State fiscal obligations are protected through an enrollment cap.
- There is no state subsidy involved in this plan and therefore no cost accruing to the state.

## **ANALYSIS**

#### **Affordability:**

Even for the lowest-income individuals, the cost for Catamount Health will be at least \$60 per month, with additional deductible, co-payment and co-insurance requirements, making the plan not very affordable for low-income uninsured workers.

#### **Enrollment:**

Because the plan includes no enrollment mandate, and due to the relatively high cost for low-income individuals to enroll, the program may face under-enrollment problems which could affect its cost-effectiveness. In 2009, the Commission on Health Care Reform will evaluate enrollment in the plan. If it finds that less than 96% of Vermonters are insured in 2010, steps will be taken to implement an insurance mandate.

#### **Private insurers:**

The plan offers coverage through private insurers, but does not address private insurance costs. When the plan is evaluated in 2009, the Commission is authorized to decide the program is not cost-

effective as administered by private insurers and the state will then have the authority to administer the plan itself.

#### **No improvement in coverage for the under-insured:**

Vermonters who are under-insured are not eligible for Catamount Health and therefore are not affected by this program.

#### **Financing:**

Due to the overall cap of federal financing the state can access under its Global Commitment Waiver, committing federal funds to finance this program may force Vermont to cut Medicaid benefits or to raise eligibility levels if Medicaid has greater than expected costs.

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<sup>1</sup>Information on Vermont's Health Care Affordability Act obtained from:

- Families USA, <http://www.familiesusa.org/assets/docs/Health-Care-Affordability-Q-A.doc> and <http://www.familiesusa.org/resources/publications/fact-sheets/vermont-health-reform-law.html>