

Catamount Health Financial Facts Under the Senate Bill

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Catamount Health

- Comprehensive insurance subsidies available through 300% of poverty
- Assistance to enroll those not currently covered by their employers' plan (if the benefits are as generous as CH). Limits "crowd-out" and reinforces coverage in the private market.
- Financial assistance to reduce the cost of insurance in the individual market
- Free basic immunizations for Vermonters

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Catamount Health Benefit

- Based on typical plan in BCBSVT book of business
- Plan design
 - In-network: \$200 deductible, 20% coinsurance, \$600 limit on out-of-pocket spending . \$10 office co-pay.
 - Out-of-network: \$400 deductible 30% coinsurance, \$1,200 limit on out-of-pocket spending
 - No copayments on clinically recommended services for chronic disease
 - No drug deductible, \$15 copay for generic, \$25 for preferred brand and \$50 for non-preferred brand

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Catamount Health Premiums For those Enrolling in CH

- Single premium for this benefit in the commercial market today = \$423 per mo.
- The premium is high since commercial payers reimburse hospitals and other providers at 44% above the cost of treatment!
- CH would pay 10% above the cost of treatment, reducing the premium by 24%
- Differences in morbidity between the CH eligibles and those privately insured reduce the premiums by 10%
- Overall reduction in premium is 34%—24% from lower payments and 10% due to differences in health status
- Used a lower reduction (28%) to build in a "cushion" in case actual costs exceed estimated costs.

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CH Premium Also Lower Due to Demographics

- Age-adjusted prevalence of chronic illnesses including diabetes, hypertension, cancer, heart disease are higher in VT's employer-based system than among the uninsured
- Uninsured are also younger. Nearly 50% of uninsured adults are aged 19-34 compared to 25% of privately insured adults.

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Growth in Premiums Over Time

- Linked to the growth in Medicare spending per capita
- CBO projects for hospital, outpatient, ancillary services and physician services spending will rise 3.6% per year between 2007 and 2010. Assuming drug spending rises 9% per year under the program yields an average growth in CH premiums of 4.5%
- Actual growth will of course differ based on changes in Medicare rules
- Payments to hospitals start in 2008 at 110% of costs

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Reduction in Uncompensated Care

- Today-private health insurers pay providers \$183 million (at least) more than the cost of treating their insured patients in hospitals
- Under no reform and current law private health plans will pay \$287 million more than the cost of treatment by 2010
- CH will reduce these above cost payments by \$53 million by 2010 —reducing the cost shift and slowing the growth in insurance premiums

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Compared to No Reform CH Results in Lower Health Insurance Premiums By Reducing the Cost Shift

■ Payment to Cost Ratios

	No Reform	CH	Enrollees
Uninsured in CH	13%	1107	16,095
Uninsured in ESI VHAP	13%	144%	1,469
 Uninsured 	13%	73%	4,060
= Uninsured to	ESI 13%	144%	2,808
 Currently Es To ESI 	erolled 73%	144%	3,180
Currently insure	rd 144%	110%	2,635
Payments to			
Hospitals % Co	ets 30%	113%	30,247

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What Happens if Hospital Spending Rises Faster Than the Medicare Payment Updates? Cost Shifting is Reduced Dramatically and Premiums are Still Lower!

 Assumes BISHCA Not CBO Projections of Hospital Spending Increase (6.36% per year)

Payment to Cost Ratios for the Uninsured

=	No Reform	CH	
2008	13%	1.10%	
2009	13%	1.08%	
2010	13%	1.06%	

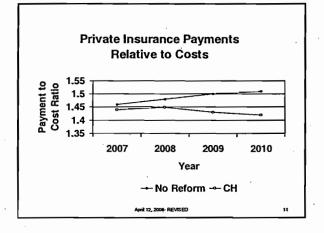
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Reduction in Cost Shift Under CH

- The cost shift facing commercial insurers RELATIVE to the no reform (i.e. baseline of no change) will unambiguously be reduced
- The cost shift is reduced and private insurance premiums will lower relative to the no reform option due to:
 - Moving the uninsured to CH and ESI coverage
 - Moving VHAP insured to ESI coverage

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Family Premiums Under No Reform and CH				
■ Year	No Reform	Catamount Health		
2008	\$12,950	\$12,560		
2009	\$14,050	\$13,065		
2010	\$15,245	\$13,872		
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