Cost Sharing Reduction Program

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Health Reform Oversight Committee
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Vermont Subsidies

Two components to health insurance:

**Premiums**
- What it costs to have coverage—which is made more affordable through Vermont Premium Assistance

**Cost Sharing**
- What it covers—which is made more affordable through Vermont Cost Sharing Reduction
  - Co-pays
  - Coinsurance
  - Deductible
Level of Cost Sharing

- Different levels of cost sharing are called actuarial value (AV)
- Actuarial value means the total average costs of covered services that your plan will cover
  - In a plan with a high AV, you will pay less in co-pays, co-insurance, and deductibles
  - A plan with a low AV, you will pay more in co-pays, co-insurance, and deductibles
The ACA cuts off cost sharing assistance at 250% FPL. Vermont subsidies target households at 200%-300% FPL to try to maintain affordability levels under Catamount.

<table>
<thead>
<tr>
<th>FPL</th>
<th>AV - ACA</th>
<th>AV - Current VT Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>133-150%</td>
<td>94%</td>
<td>94%</td>
</tr>
<tr>
<td>150-200%</td>
<td>87%</td>
<td>87%</td>
</tr>
<tr>
<td>200-250%</td>
<td>73%</td>
<td>77%</td>
</tr>
<tr>
<td>250-300%</td>
<td>70%</td>
<td>73%</td>
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Vermont Cost Sharing Reductions

- **Caseload**
  - FY ‘14: 3,929
  - FY ‘15: 6,067

- **Cost**
  - FY ‘14: $332,623
  - FY ‘15: $1,138,775
Vermont CSR

- Cost is the #1 reason Vermonters are uninsured
- Since Vermont Health Connect and VT subsidies, uninsured rate has been cut in half

![Graph showing the impact of Vermont Subsidies on annual deductible and out-of-pocket maximum costs for a family of 4 with income of $70,000/year.]

- Family may pay $300 more towards deductible w/out VT Subsidy
- Family may pay $4,700 more in out of pocket costs annually w/out VT Subsidy

- Family of 4 with Income of $70,000/year

- Annual Deductible
- Annual Out of Pocket Maximum
Vermont cost sharing subsidies pay for actual health care costs

- Insurer provides monthly estimate to VHC
- VHC pays monthly estimate to insurer
- Vermonter goes to doctor and pays subsidized out of pocket amount
- At end of year, insurer reconciles actual claims to monthly amount

NOTE: Reconciliation of 2014 CSR payments will begin in 2016
Targeted Benefits

- The current cost sharing process is set up to closely match the federal process for ease of administration.

- Vermont receives federal Medicaid match for premium assistance, but not for cost sharing:
  - Federal government has not matched cost sharing in any other state doing state premium assistance and cost sharing reductions.

- Although no federal match for Vermont Cost Sharing Reductions, increased funding would target people who are experiencing high costs RIGHT NOW.
Questions?