

Medicaid in Vermont

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Agenda

- How does Medicaid operate nationally?
- How does Medicaid operate in Vermont?
- What issues does Vermont Medicaid face?
- What can be done about them?

Medicaid

- Created in 1965 as Title XIX of the Social Security Act
- Partnership between states and federal government (unlike Medicare)
- Original focus
 - Low-income families
 - People with disabilities

Terms of the Partnership

- Eligibility
 - Mandatory
 - Optional (higher income groups, “spend down”)
- Benefits
 - Mandatory (hospital, physician, nursing home)
 - Optional (pharmacy, home and community based care)

Terms of the Partnership

- Financial
 - State spending is “matched” by the federal government (FMAP)
 - Match rate is determined by each state’s per capita income relative to the nation
 - Minimum rate of 50% (e.g. New York, Connecticut)
 - Current maximum 77.08% (Mississippi)
 - Feds limit spending only under specific circumstances (waiver, block grant)

State Flexibility

- In addition to optional benefits and eligibility, states have flexibility in:
 - Program administration
 - Reimbursement

Waivers

- The federal government is allowed to waive nearly any provision of Medicaid law in the interest of improving quality, access, efficiency of care
- Different types with different requirements

Medicaid in Vermont - History

- 1967 – first year of operation
- 1986 – spending exceeds \$100 million, 1st Home and Community Services waiver
- 1989 – Dr. Dynasaur created (state funded, children up to 6, 225% of poverty)
- 1992 – Dr. Dynasaur expanded to cover children up to 17, federal matching funds

Medicaid in Vermont - History

- 1996 – VHAP program created. Coverage for childless adults up to 150% of poverty, pharmacy assistance for Medicare beneficiaries up to 150% of poverty. Many beneficiaries enrolled in managed care.
- 1998 – coverage for children extended to 300% of poverty, partially with SCHIP funds.
- 2003 – Health Access Trust Fund consolidated.

Medicaid in Vermont - Enrollment

Families	67,690
Aged, Blind, and Disabled	23,083
VHAP Uninsured	21,739
Healthy Vermonters	11,159
VHAP Pharmacy	8,424
VScript	2,949
SCHIP	2,924
VScript Expanded	2,860
Parents and Caretakers	2,590
Underinsured Children	1,842
Ladies First	40

Vermont Medicaid Spending and Enrollment, 2004

	Enrollment		Spending	
Healthy Vermonters	11,159	8%	\$17	0%
Ladies First	40	0%	\$516,741	0%
Underinsured Children	1,842	1%	\$1,141,586	0%
VScript Expanded	2,860	2%	\$2,891,798	1%
SCHIP	2,924	2%	\$3,607,885	1%
Parents and Caretakers	2,590	2%	\$3,941,420	1%
VScript	2,949	2%	\$5,579,045	1%
VHAP Pharmacy	8,424	6%	\$16,221,334	3%
VHAP Uninsured	21,739	15%	\$55,504,808	11%
Families	67,690	47%	\$126,695,752	25%
Aged, Blind, and Disabled	23,083	16%	\$287,746,875	57%

Medicaid in Vermont – Finances

- FY 2005 Governor's Recommend
 - Total spending: \$886 million
 - Federal spending: \$536 million
 - State spending: \$350 million

 - OVHA: \$593 million
 - All other Depts. \$293 million

Medicaid in Vermont - HATF

- The Health Access Trust Fund is the single source of state dollars for all OVHA health care spending
- Sources of state funds
 - General Fund transfer
 - Tobacco taxes
 - Provider taxes

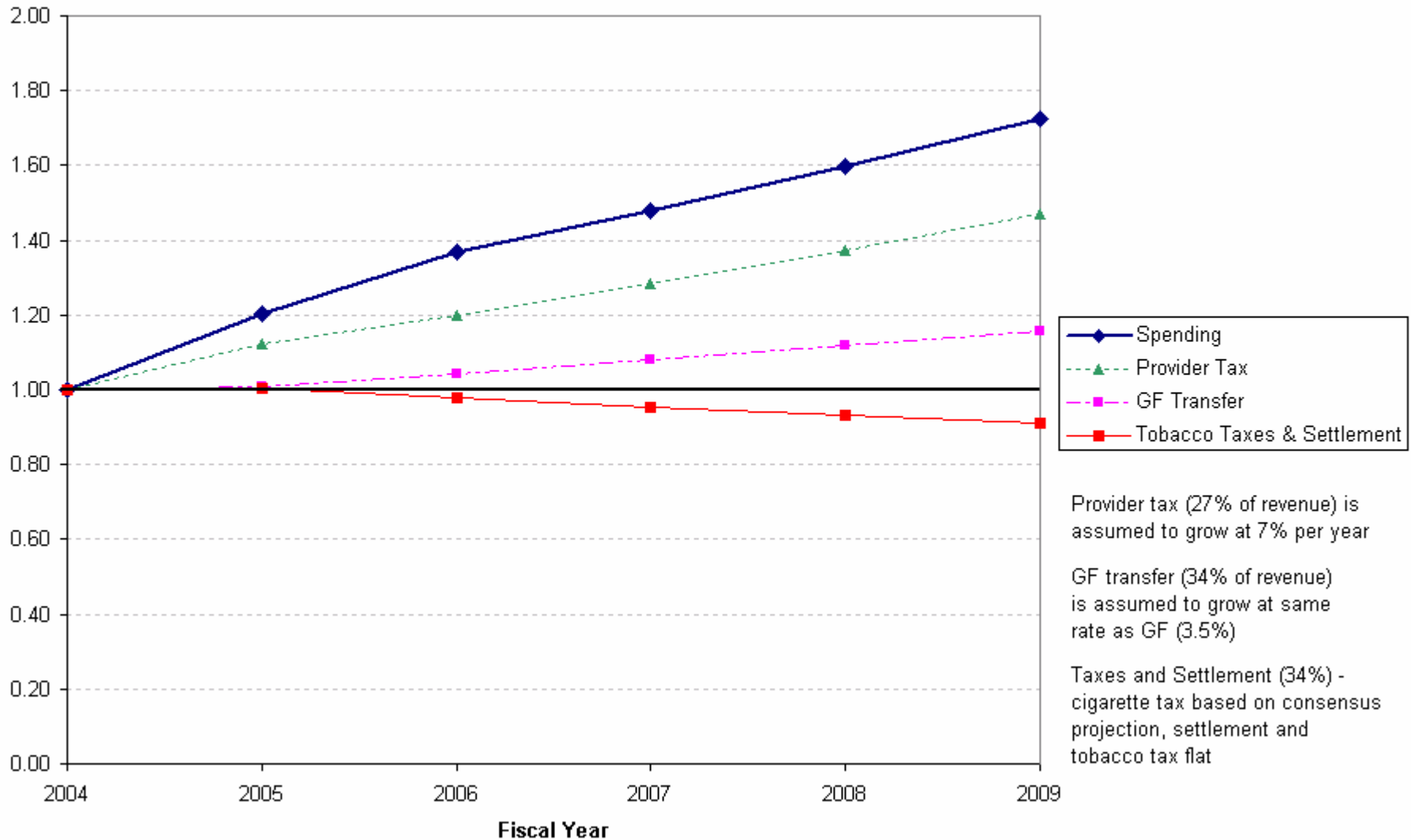
The Sustainability Problem

- According to July projections, the HATF will have a \$52.7 million shortfall by the end of FY 2006.
- More recent projections are for a \$15 to \$20 million shortfall this fiscal year (2005) and an FY 2006 shortfall of \$60 to \$70 million.
- The shortfall increases by \$15 to \$20 million per year.

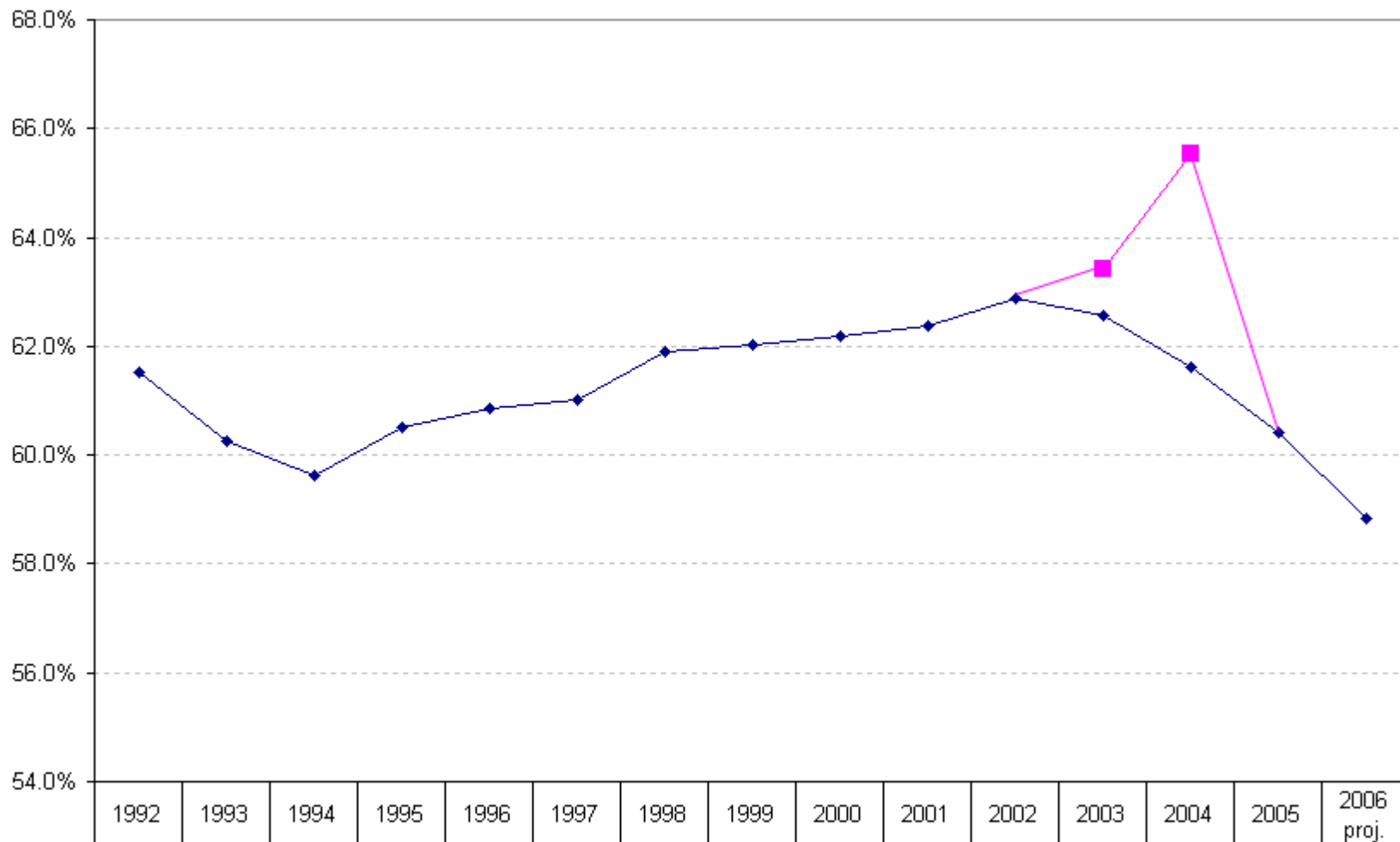
The Sustainability Problem

- Contributors to this problem include
 - An imbalance in revenue and spending
 - A sharp decline in FMAP

HATF Spending and Major Revenue Sources - Relative Growth



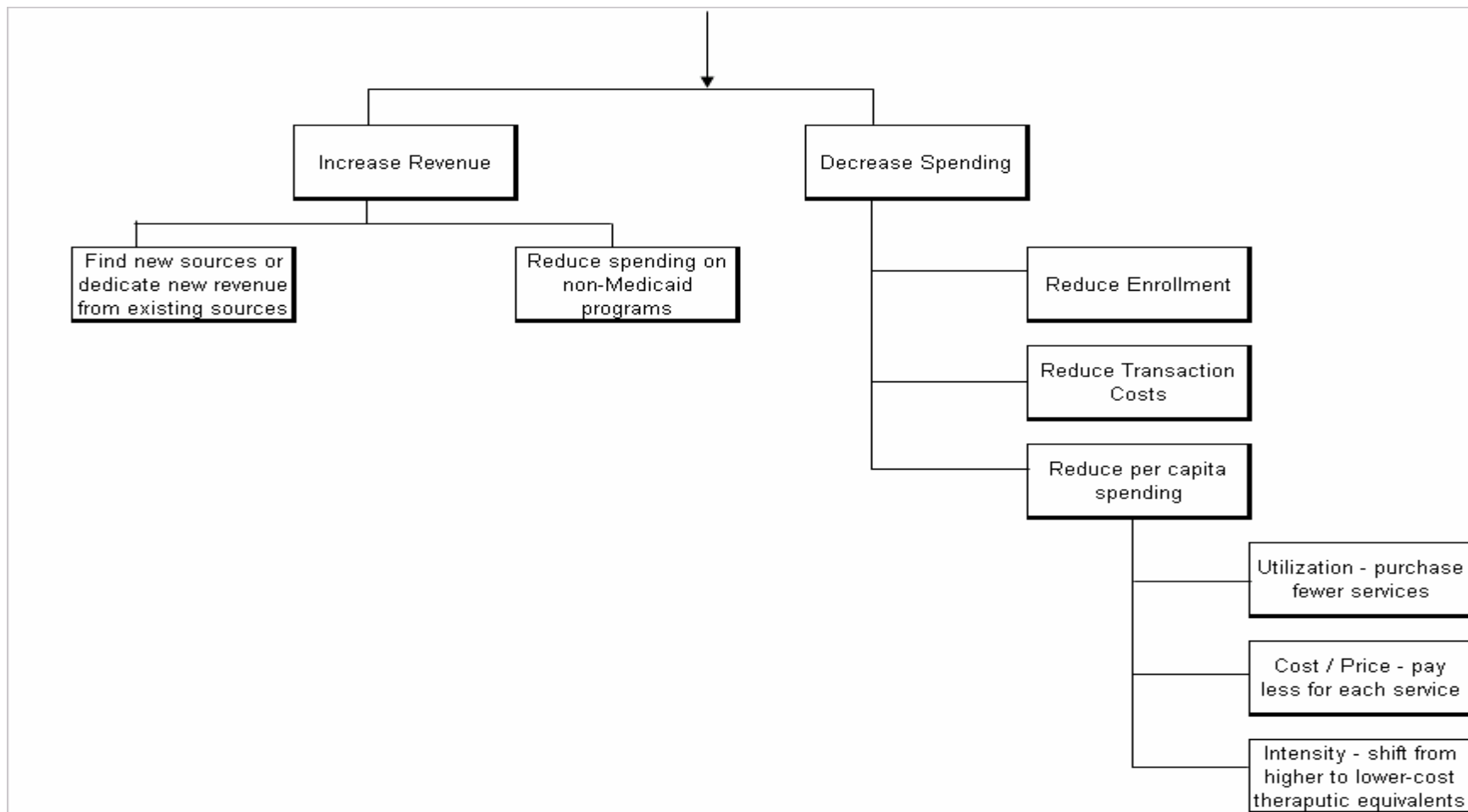
Federal Medical Assistance Percentage (FMAP), Vermont, 1992-2006



◆ FMAP

■ FedFiscAsst

Medicaid in Vermont - Options





Questions?