
Marketplace Virginia



The Problem

- Uninsured in Virginia
 - Direct Costs
 - Indirect Costs
 - Lost Opportunity
 - The Cost of Waiting



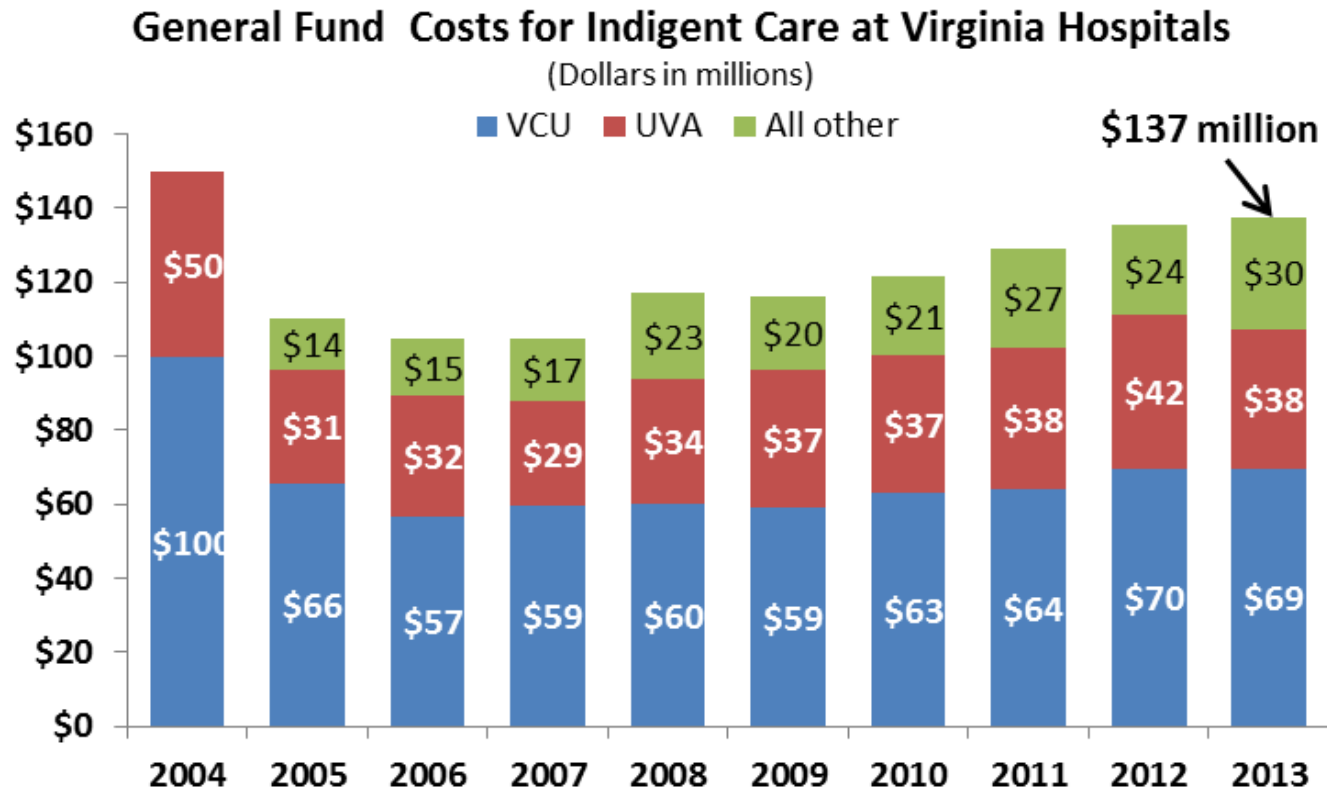
Uninsured in Virginia

- **One million Virginians** are uninsured – one in eight residents.
- Of that total, **359,000 uninsured Virginians** have income under 138 percent of poverty and 248,000 (69 percent of 359,000) of those may choose to purchase health insurance using a private option.
- **Seventy percent** of the uninsured live in families where someone is working full- or part-time.
- **Veterans and their families** account for 47,000 of Virginia's uninsured, including 16,400 veterans and their spouses who have income under 138 percent of poverty.



Direct Costs to Virginia

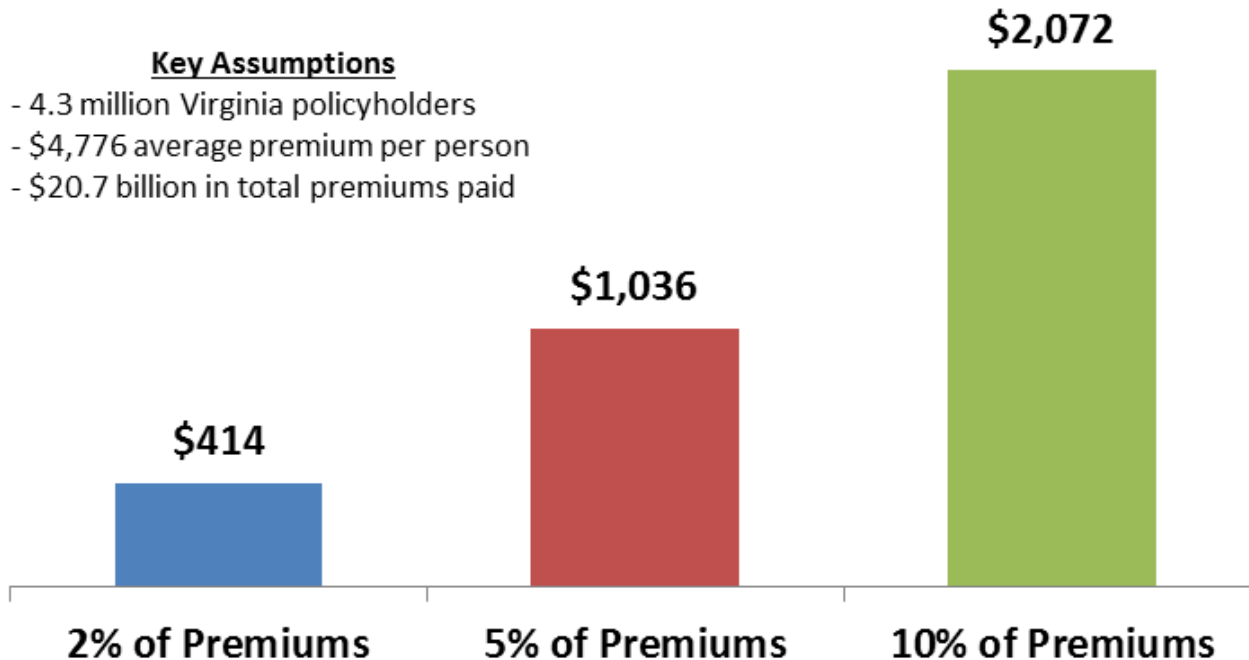
- Since 2004, the Commonwealth has spent more than \$1.2 billion GF subsidizing the cost of indigent care at VCU Health System, UVA Medical Center and private hospitals including \$137 million in FY 2013 alone.



Indirect Costs to Virginia

- The cost of caring for the uninsured is reflected in a hidden tax paid by Virginia health insurance policyholders. This “cost-shift” can vary from 1 to 2 percent of average monthly premiums to as much as 10 percent.

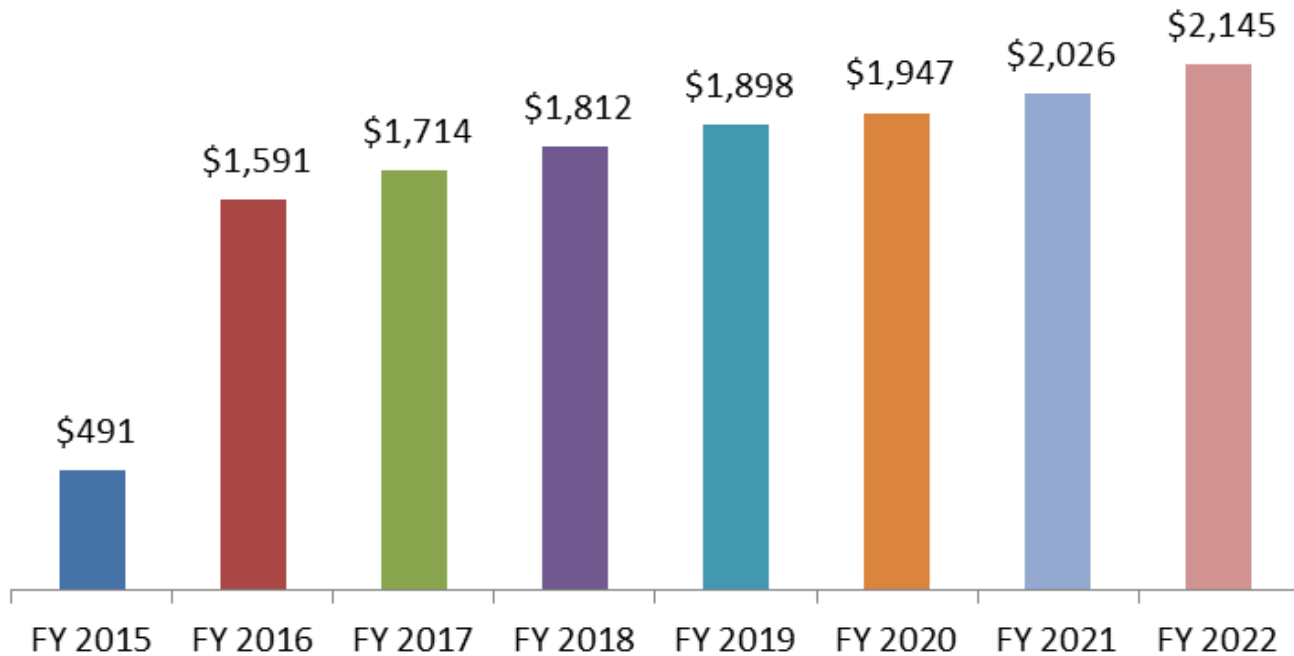
Cost of the Uninsured to Virginia Policyholders
(Dollars in millions)



Lost Opportunity

- We could capitalize the Virginia Taxpayer Recovery Fund by recapturing dollars being sent by Virginia taxpayers and businesses to the federal government in order to provide health care for low-income residents.

Potential Revenue to the Virginia Taxpayer Recovery Fund
(Dollars in millions)



The Cost of Waiting

- **Each day** the Commonwealth waits to provide health care for low-income Virginians we forego \$4 to \$5 million in revenue taxpayers and businesses are sending to Washington D.C. -- with no benefit to Virginia.
- The uninsured won't disappear if Virginia does nothing -- care will continue to be provided in the emergency room in a fragmented and uncoordinated way in the most expensive treatment setting.
- The Commonwealth will continue to subsidize the cost of caring for these uninsured at Virginia hospitals at a cost of **more than \$137 million GF each year.**



A Solution – Marketplace Virginia

- Put Pro-Business Stamp on Coverage
- Recover Virginia Taxpayer Revenues
- Recovering Virginia Tax Dollars to Provide Care
 - Return Control to the Commonwealth
 - Who Will be Covered?
 - How Will Individuals Access Coverage?



Put Virginia's Pro-Business Stamp on Coverage

- Other states are coming up with thoughtful and innovative approaches to provide coverage for low-income uninsured residents.
- The Commonwealth can pursue a private sector, managed care model, similar to what Arkansas and Iowa have done, instead of following a federal model.
 - State legislatures in New Hampshire, Missouri and Maine also are considering alternatives to provide care for the uninsured.

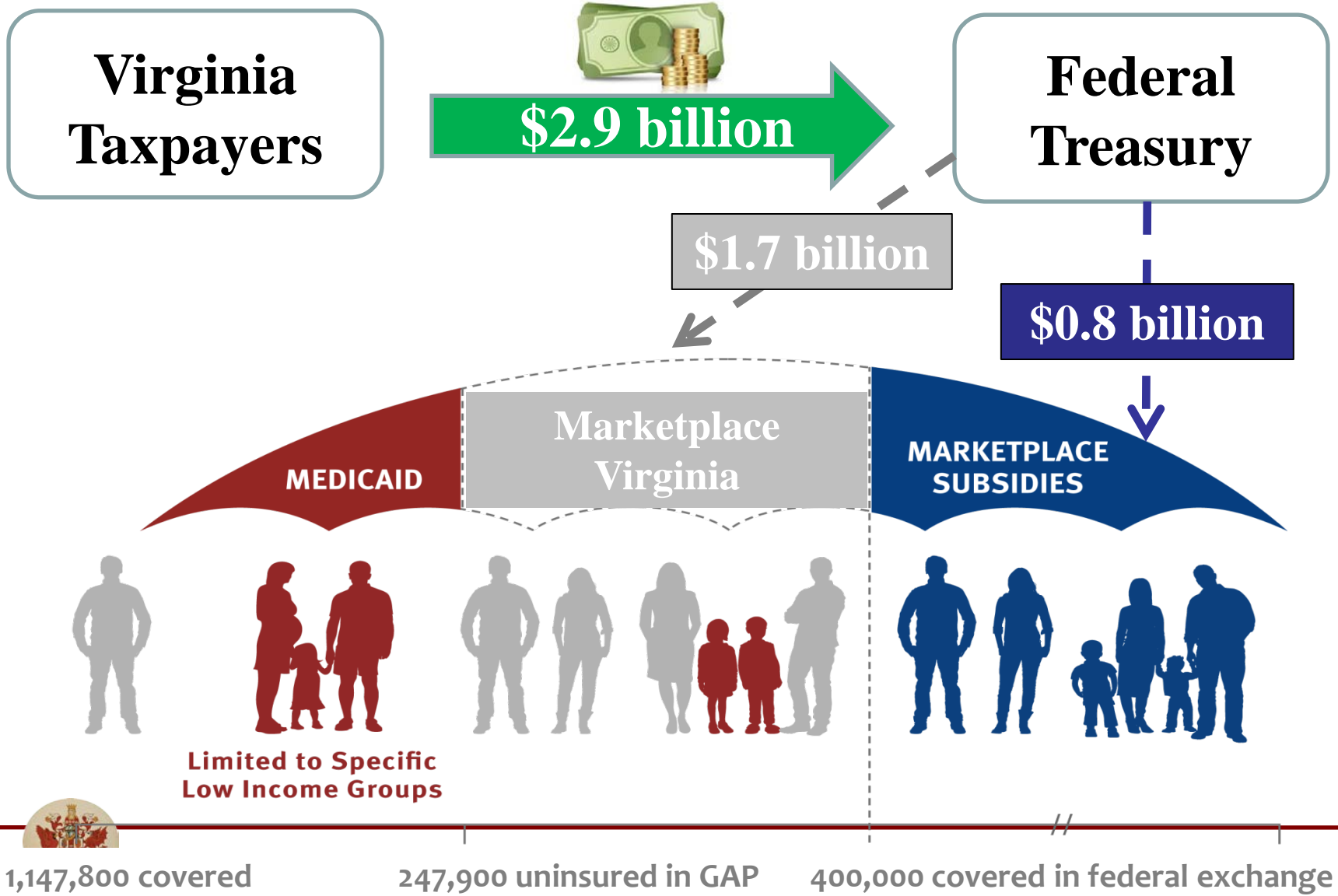


Recover Virginia Taxpayer Revenues

- Embrace Marketplace Virginia, the Senate's plan to provide access to health care for uninsured Virginians.
 - Create the Virginia Taxpayer Recovery Fund to recapture no less than \$1.7 billion each year from revenues flowing to Washington, D.C. from Virginia businesses and citizens.
 - Provide premium assistance for uninsured Virginians to take responsibility for their own health care decisions.
 - Require “skin in the game” including contributions up to 5 percent of household income designed to encourage use of primary care and prevention and discourage inappropriate use of emergency room care.



Recovering Virginia Tax Dollars to Provide Access to Health Care



Return Control to the Commonwealth

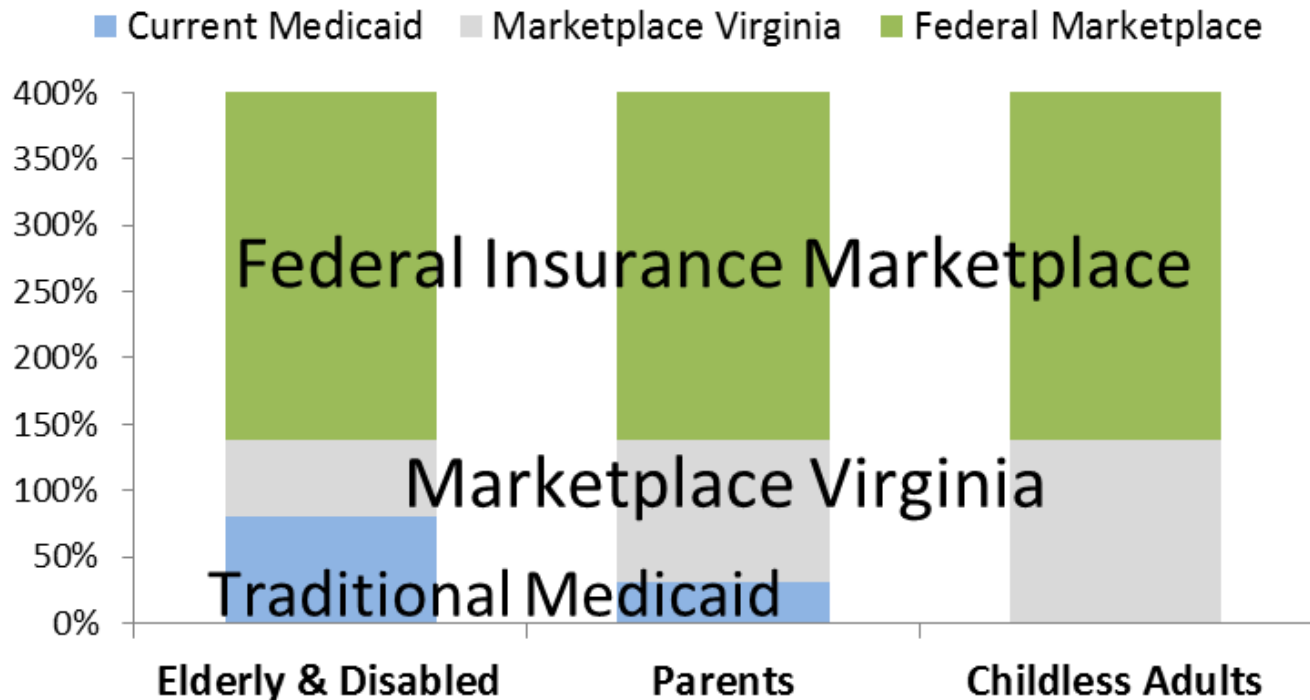
- Deliver health care services through a proven managed care delivery system at a fixed, monthly cost.
- Provide commercial-like health insurance benefits.
- Require incentives for job search and work activities.
- Include monitoring and oversight to ensure appropriate utilization of health care services.
- Terminate the program if revenues to the Virginia Taxpayer Recovery Fund are reduced below commitments in federal statute.



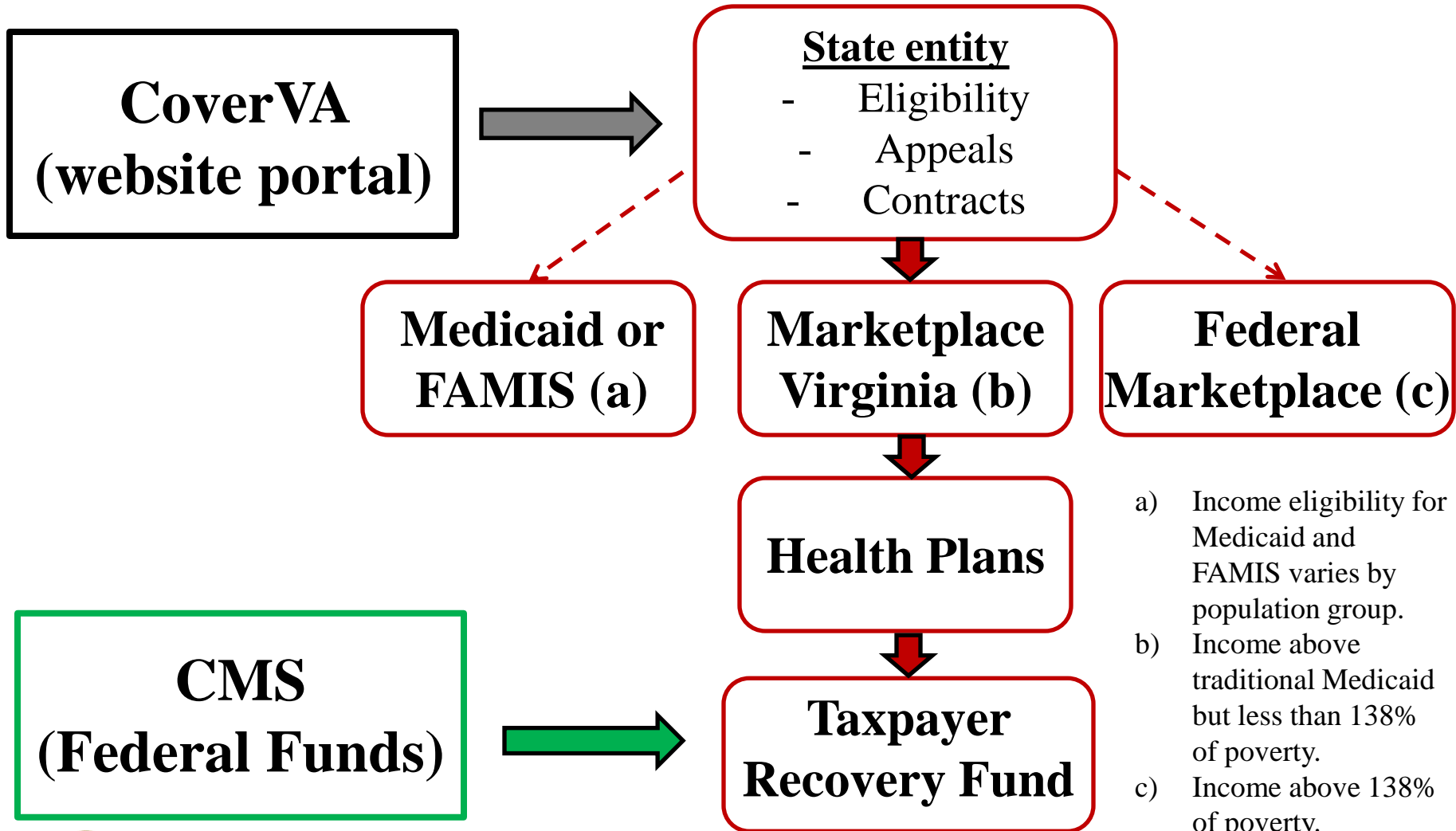
Who Will Be Covered?

- Marketplace Virginia will provide access to health insurance for low-income uninsured Virginians with income above “traditional Medicaid” but less than 138 percent of poverty.

Coverage for Low-income Uninsured Virginians



How Will Individuals Access Coverage?



The Benefits

- Additional Funding for Behavioral Health
 - Meaningful General Fund Savings
 - General Fund Savings in Current Budgets
- Improved Access, Better Outcomes and Reduced Costs



Additional Funding for Behavioral Health Services

- Virginia will be able to access an average of **\$202 million per year** to improve the care and treatment of individuals living with mental illness and substance use disorders including:
 - Traditional psychiatric services including inpatient hospital services, mental health counseling and medication management; and
 - Community-based mental health services for intensive community treatments and support.
- Jails may be able to access up to **\$6.0 million each year** in federal funding and free up local resources to expand mental health services in their underfunded facilities.



Meaningful General Fund Savings

Fiscal Impact of Marketplace Virginia for 2014-16 Biennium			
	GF	GF	GF
Assuming October 1, 2014 Start Date	FY 2015	FY 2016	Biennium
Coverage of Newly Eligible Adults to 138% FPL - Anthem Key Care 30 with Behavioral Health	\$ -	\$ -	\$ -
Coverage for Additional Eligible but Unenrolled "Woodwork" - Expansion Woodwork	\$ 4,682,842	\$ 7,569,451	\$ 12,252,293
Administrative Costs for Newly Eligible & Expansion Woodwork Enrollment	\$ 8,816,003	\$ 10,528,073	\$ 19,344,075
ACA Insurance Tax (Newly Eligibles and Expansion Woodwork)	\$ -	\$ 27,567	\$ 27,567
Elimination of Public Coverage Programs and Coverage of Current Populations as Newly Eligibles	\$ (7,002,381)	\$ (16,116,438)	\$ (23,118,819)
Coverage of Inpatient Hospital Care for Incarcerated Populations	\$ (21,864,708)	\$ (30,435,674)	\$ (52,300,383)
Savings in State-only Funding of Community Behavioral Health Services for Expansion Populations	\$ (18,215,164)	\$ (29,144,262)	\$ (47,359,426)
Indigent Care/DSH Funding Changes	\$ (79,408,176)	\$ (114,466,280)	\$ (193,874,455)
Net GF Cost (Savings) of Marketplace Virginia	\$ (112,991,584)	\$ (172,037,564)	\$ (285,029,148)
	NGF	NGF	NGF
Assuming October 1, 2014 Start Date	FY 2015	FY 2016	Biennium
Coverage of Newly Eligible Adults to 138% FPL - Anthem Key Care 30 with Behavioral Health	\$ 905,742,137	\$ 1,699,358,195	\$ 2,605,100,332
Coverage for Additional Eligible but Unenrolled "Woodwork" - Expansion Woodwork	\$ 5,610,330	\$ 11,168,281	\$ 16,778,611
Administrative Costs for Newly Eligible & Expansion Woodwork Enrollment	\$ 18,658,454	\$ 19,555,533	\$ 38,213,987
ACA Insurance Tax (Newly Eligibles and Expansion Woodwork)	\$ -	\$ 8,581,057	\$ 8,581,057
Elimination of Public Coverage Programs and Coverage of Current Populations as Newly Eligibles	\$ (7,042,093)	\$ (19,068,911)	\$ (26,111,004)
Coverage of Inpatient Hospital Care for Incarcerated Populations	\$ 20,651,136	\$ 28,746,381	\$ 49,397,516
Savings in State-only Funding of Community Behavioral Health Services for Expansion Populations	\$ -	\$ -	\$ -
Indigent Care/DSH Funding Changes	\$ (79,408,176)	\$ (114,466,280)	\$ (193,874,455)
Net NGF Cost (Savings) of Marketplace Virginia	\$ 864,211,788	\$ 1,633,874,257	\$ 2,498,086,045



General Fund Savings of \$246 Million Embedded in Current Budgets

- Net general fund savings from mandatory provisions of the Affordable Care Act totals \$246 million in the current House and Senate Budgets.

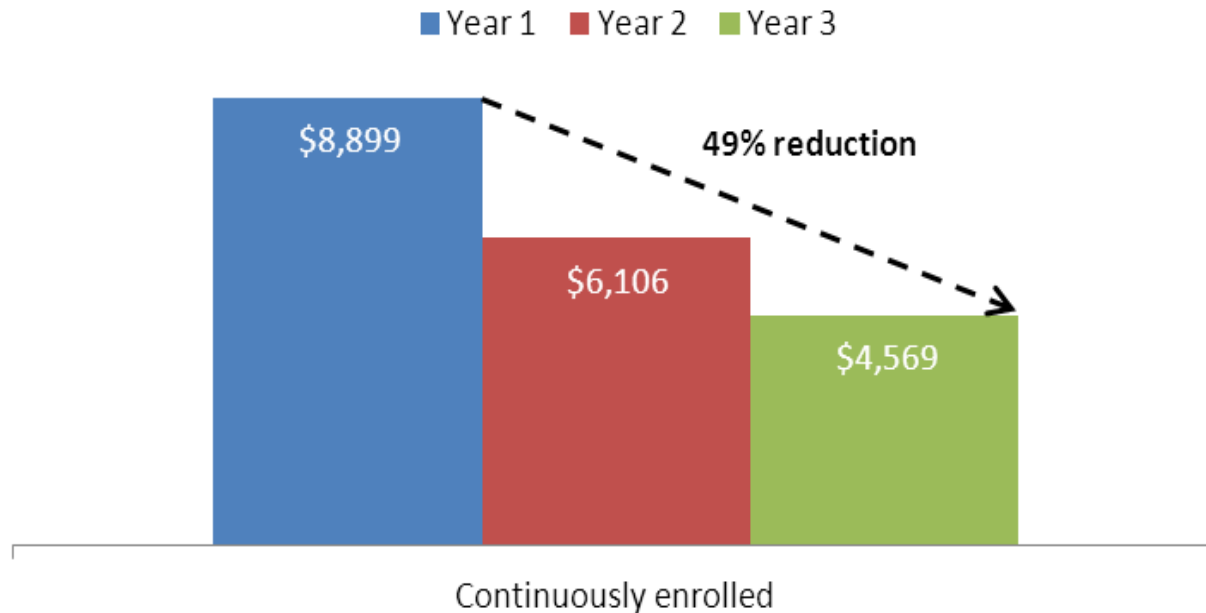
General Fund Cost (Savings) Built into HB/SB 29 and HB/SB 30 from the Affordable Care Act					
		HB/SB 29 FY 2013	HB/SB 29 FY 2014	HB/SB 30 FY 2015	HB/SB 30 FY 2016
Mandatory ACA Provisions	FY 2010-12				
Coverage for Additional Eligible but Unenrolled "Woodwork"			\$ 12,844,442	\$ 72,414,559	\$ 66,469,467
Administrative Costs for Additional Enrollment			\$ 314,430	\$ 1,223,277	\$ 1,141,854
Primary Care Physician Rate Increase			\$ (16,197,984)	\$ (7,433,858)	\$ -
ACA Insurance Tax				\$ 5,453,887	\$ 13,798,115
Changes in Medicaid Drug Rebate Program	\$ (67,867,954)	\$ (103,644,805)	\$ (86,851,139)	\$ (57,324,739)	\$ (58,628,783)
Increase in Title XXI FMAP (October 1, 2015)					\$ (57,966,377)
Elimination of Public Coverage Programs			\$ (1,538,144)	\$ (8,736,641)	\$ (4,943,413)
Indigent Care Savings (*)				\$ (8,143,006)	\$ (8,735,135)
Net GF Cost (Savings) from Mandatory ACA Provisions	\$ (67,867,954)	\$ (103,644,805)	\$ (91,428,395)	\$ (2,546,520)	\$ (48,864,272)
Biennial GF Cost (Savings)			\$ (195,073,200)		\$ (51,410,793)
* Includes House and Senate Amendments to HB/SB 30					



Improved Access, Better Outcomes, and Reduced Costs

- For example, VCU developed a community-based primary care model for the uninsured that has documented significant cost savings in the journal *Health Affairs* for the program's enrollees, primarily due to **fewer emergency room visits and inpatient stays**.

Average Cost Per Year for VCC Enrollees



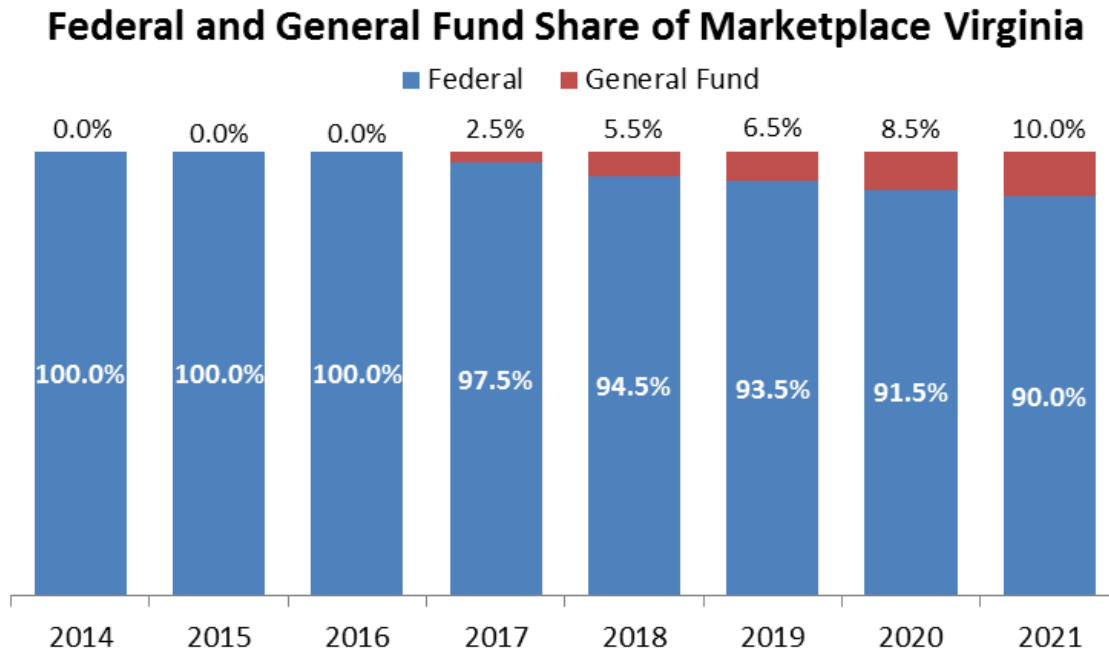
The Risk

- What if Uncle Sam Is Not Good for His Word?
- Enhanced Federal Funding for Children's Health Insurance



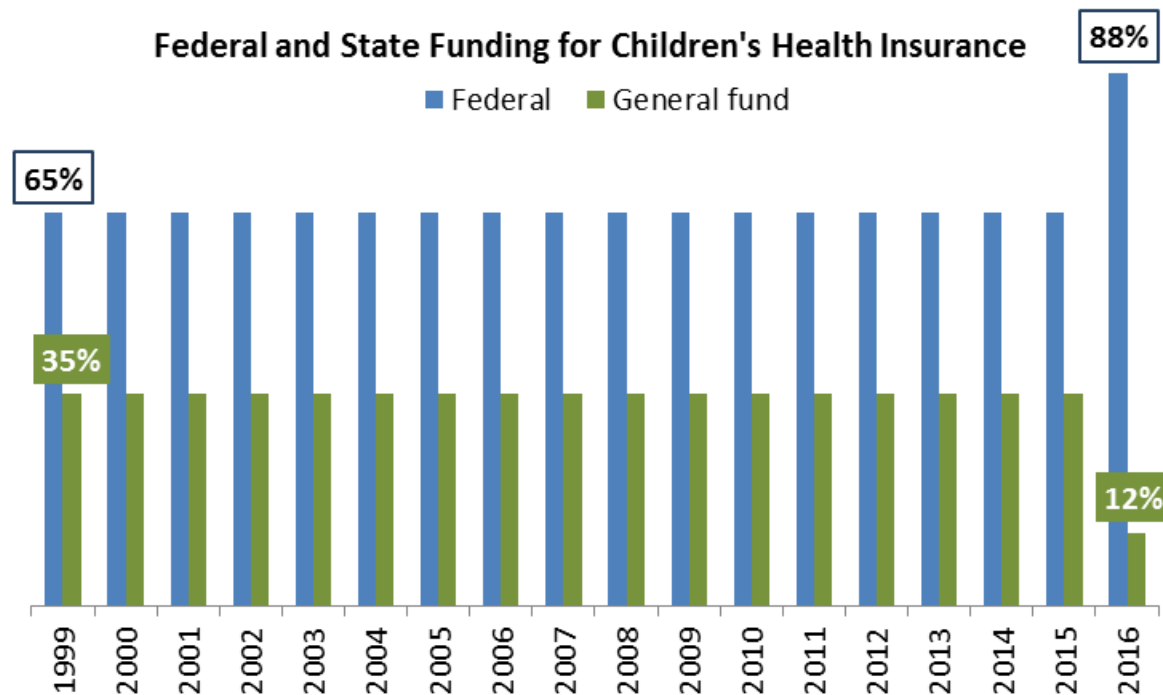
What if Uncle Sam Does Not Live Up to His Word?

- Notify participants **up front** that program is contingent upon financial commitments from the federal government.
- **Discontinue program** if federal government reneges.
- Require private insurers to notify participants of program changes.



Enhanced Federal Funding for Children's Health Insurance

- Since its inception, federal funding for children's health insurance programs for FAMIS and FAMIS Plus have not fallen below 65 percent.
- Beginning October 1, 2015, the Affordable Care Act increases the federal share of funding for children's health insurance, resulting in general fund savings in the House and Senate budgets of \$56 million in FY 2016.



Summary

- Virginia knows better than Washington how to address the problem of having citizens who lack access to affordable health insurance.
- The Commonwealth can come up with a pro-business, common sense solution to provide access to health care for the uninsured.
- We can recapture Virginia dollars being sent across the Potomac and put them to work in the Commonwealth to encourage the purchase of health care that will be delivered through a cost-effective managed care model.
- Reinvesting these dollars will offset the cost that all Virginians pay – directly and indirectly – subsidizing the cost of providing indigent care.

