

Marketplace Virginia



SENATE FINANCE COMMITTEE

The Problem

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



SENATE FINANCE COMMITTEE

2

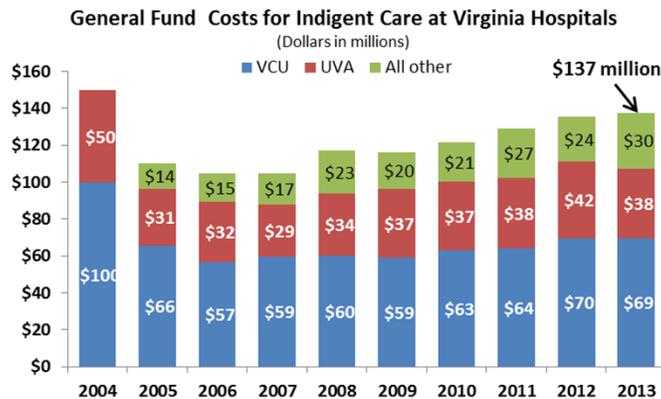
Uninsured in Virginia

- **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

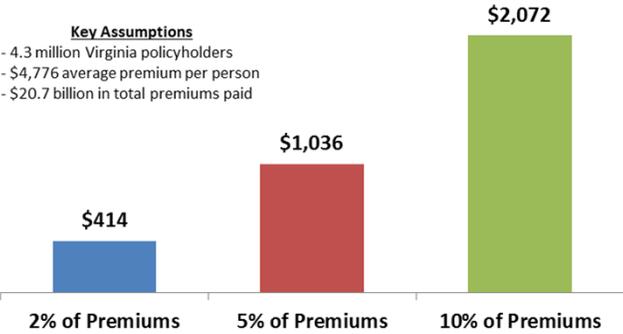
- Since 2004, the Commonwealth has **spent more than \$1.2 billion GF** subsidizing the cost of indigent care at VCU Health System, UVA Medical Center and private hospitals including \$137 million in FY 2013 alone.



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.

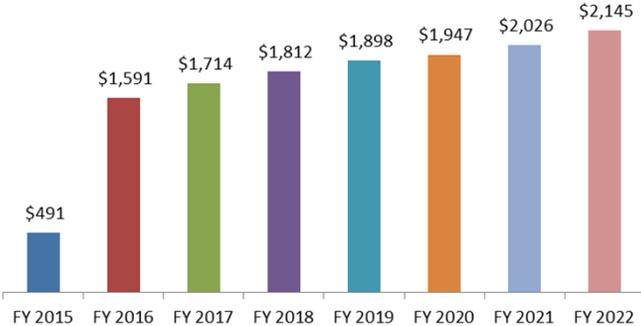
Cost of the Uninsured to Virginia Policyholders
(Dollars in millions)



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
- Return Control to the Commonwealth
 - Who Will be Covered?



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 Commonwealth's solution to providing 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.



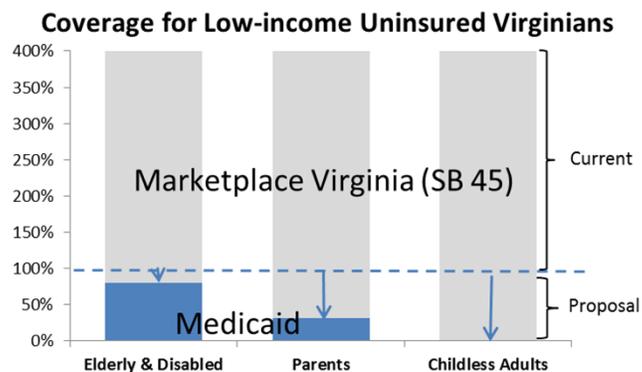
Return Control to the Commonwealth

- 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 replace the current health insurance marketplace and “push down” access to health care for uninsured Virginians with income under 100 percent of poverty.



The Benefits

- Additional Funding for Behavioral Health
 - Meaningful General Fund Savings
- 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

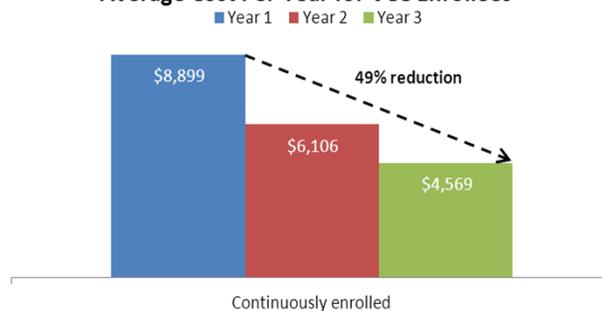
- On average, the Commonwealth can avoid paying **more than \$200 million each year** for current general fund obligations including:
 - Subsidies to Virginia hospitals for indigent care;
 - Inpatient care for Corrections inmates treated in community hospitals; and
 - Funding provided to community services boards.
- These savings can be used to fund innovative health care strategies designed to reduce costs for all Virginians.



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

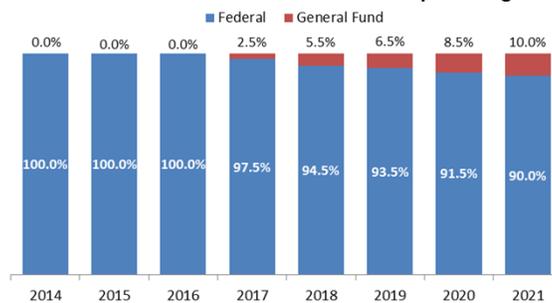
- Uncle Sam Reneges on Financial Commitment



Uncle Sam Reneges on Financial Commitment

- 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.

Federal and General Fund Share of Marketplace Virginia



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.

