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.

![Chart showing General Fund and Costs for Indigent Care at Virginia Hospitals (dollars in millions)]
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.

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.
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](chart.png)

- 49% reduction
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.
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.