

# SCORING CATAMOUNT HEALTH

EXAMINING VERMONT'S PROGRESS TOWARD  
AN EQUITABLE HEALTH SYSTEM



## PHASE 2: INITIAL ENROLLMENT

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AUGUST 2008

## *ACKNOWLEDGMENTS*

VPIREF would like to thank the Public Welfare Foundation and the Nathan Cummings Foundation for their generous support of VPIREF's work on health care issues. We also want to express our deep appreciation for the support provided by VPIRG's thousands of members and supporters all across Vermont.

We note with appreciation the assistance provided by officials within the administration with responsibility over health care programs, including Catamount Health. Thanks also to our many allies working to promote health care solutions in Vermont and more broadly.

The author bears responsibility for any factual errors. The recommendations are those of VPIREF. The views expressed in the report are those of VPIREF and do not necessarily reflect the views of the funders or those who provided review.

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## *EXECUTIVE SUMMARY*

Two years ago, the Vermont Legislature created the Catamount Health plan as part of its strategy for making certain that 96 percent of the state's population has health care coverage by 2010. Catamount Health is a private insurance product for the uninsured, and the state provides subsidies for enrollees who meet certain requirements. The product is part of Green Mountain Care, a group of low-cost and free health coverage programs for Vermonters without insurance. Green Mountain Care also includes the Vermont Health Access Plan, Dr. Dynasaur, and Medicaid.

The state launched a significant outreach and enrollment campaign on November 1, 2008 for all Green Mountain Care products. Unfortunately, the results for Catamount Health have been disappointing, with actual enrollment numbers falling well below projections. Additionally, and probably more importantly, it has become increasingly clear that the state will fall far short of reaching its goal of a 96-percent-insured population by 2010 if it does not take substantial corrective measures soon.

After helping to pass the Catamount Health program into law in 2006, VPIRG has been active in monitoring and evaluating its implementation. We issued our first in a series of scorecards in December 2007, focusing specifically on the Douglas administration's efforts to get the program up and running. In this report, we broaden our focus to consider not only the initial results of the outreach campaign, but also barriers to enrollment and funding challenges. This document outlines action items that the governor and the Vermont Legislature must take to not only ensure Catamount Health's success, but also to give the state a realistic chance of meeting its "96 percent insured" goal by 2010. Progress on these action items will be evaluated in future assessments of the Catamount Health program.

### *Outreach and Enrollment*

The Vermont Agency of Administration's Health Care Reform division spearheads Catamount Health outreach and enrollment efforts. These efforts have included a website; promotional materials such as posters, brochures, and magnets; and an advertising campaign. Based on a recent survey conducted by Lake Research Partners, it appears as though the Health Care Reform Office's efforts have increased awareness of and interest in Catamount Health. However, actual enrollment in the Catamount Health product has been disappointing. Two upcoming projects – a household survey to be conducted by the Department of Banking, Insurance, Securities, and Health Care Administration and an effort to track people who inquire about Catamount Health but do not apply – are intended to provide information as to, among other things, how many Vermonters remain or have become uninsured and what barriers keep them from enrolling in state health care products. In future reports, VPIRG will be reporting on whether these projects were completed and, if so, how well the project findings were incorporated into outreach and enrollment efforts.

### *Barriers to Enrollment*

During the 2008 legislative session, outreach workers from the Vermont Campaign for Health Care Security informed the Vermont Legislature of various barriers to enrolling in the Catamount Health plan. These barriers included Catamount Health's pre-existing condition clause, which allows insurance companies to refuse to cover all costs associated with any pre-existing condition for up to the first year of a person's enrollment, and the program's

requirement that a potential enrollee be uninsured for 12 months before qualifying for Catamount Health. While legislators heard considerable testimony on both issues, they did not completely remove either barrier. Accordingly, VPIRG calls upon the Vermont Legislature and the executive branch to work together in 2009 to eliminate Catamount Health's pre-existing condition clause and its one-year waiting requirement.

In addition, because enrollment in the full-cost Catamount Health plan is far lower than in the state-subsidized plan, we call on the Douglas administration to conduct a survey concerning the degree to which high out-of-pocket costs are preventing those who do not qualify for a subsidy from signing up. Also, due to conflicting reports regarding the quality of service provided by MAXIMUS, the organization hired by the state to manage the 1-800 hotline for state health care programs, we urge the administration to investigate ways to streamline and simplify the application process and implement changes based on research findings.

### *Financing*

Funding shortfalls, primarily at the federal level, caused legislators to increase Catamount Health's premiums during the 2008 legislative session. Such increases only make it more difficult for Vermonters to access quality health care. Thus, we are calling on the 2009-2010 Vermont Legislature to prevent any further increase in the cost of any public health care program. We also call upon the Office of Vermont Health Access and the Health Care Reform Office to make the restoration of full federal funding for the Catamount Health program their top priority once a new federal administration takes control of the White House in 2009.

### *Expanding Access*

Although Vermont state law has established a goal of ensuring that 96 percent of the state's population has health care coverage by 2010, it is apparent that the Health Care Reform Office does not have the necessary tools at its disposal to reach that goal. Thus, lawmakers must investigate and implement methods for expanding access to the state health care programs. One such method would be to allow businesses to offer the Catamount Health product to their employees. Additionally, legislators should continue their research into the health care reform efforts of other states, including legislation recently passed in Connecticut that opened up the state's employee health plan to municipalities, small businesses, and non-profit organizations.

## INTRODUCTION

In 2006, the state of Vermont established in law a clear goal of ensuring that 96 percent of the state's population would have health care coverage by the year 2010. Around that same time, the Kaiser Family Foundation released some sobering statistics: over 67,000<sup>1</sup> Vermonters – at least 11 percent of Vermont's population – were without health insurance as of 2006,<sup>2</sup> demonstrating that Vermont had a steep hill to climb in less than four years. As part of its strategy to reach the 96 percent goal, the Vermont Legislature created Catamount Health, a low-cost health insurance program for the state's uninsured population. Legislative proponents declared at the time that Catamount Health would provide coverage to 25,000<sup>3</sup> Vermont residents.<sup>4</sup>

On November 1, 2007, the Douglas administration, with the help of partner organizations, launched a statewide outreach campaign to enroll eligible Vermonters in the various state health care programs, which are marketed under the umbrella name "Green Mountain Care" (GMC).<sup>5</sup> Unfortunately, the enrollment numbers for Catamount Health have been disappointing. Six months after the outreach campaign's launch, only 3,851 people had signed up for Catamount Health, more than 4,000 fewer than projected.<sup>6</sup>

Two months later, at a meeting of Vermont's Health Care Reform Commission, commission members asked tough questions of Susan Besio, director of Health Care Reform Implementation for the Douglas administration,<sup>7</sup> clearly voicing their disappointment in the low rate of enrollment.<sup>8</sup> The following morning's headlines announced lawmakers' opinion that the "Catamount Health Program is Ailing."<sup>9</sup> But while the failure to hit initial benchmarks is disappointing, more troubling is the indication that the larger policy goals of the legislation will not be met on time, if ever, without major changes to the program.

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<sup>1</sup> The administration cites the current number of uninsured in Vermont as 65,416.

<sup>2</sup> Kaiser Family Foundation, State Health Facts, available at <http://www.statehealthfacts.org/profileind.jsp?ind=125&cat=3&rgn=47>. The Kaiser Family Foundation estimated Vermont's total population to be 620,080.

<sup>3</sup> See <http://www.ncsl.org/programs/health/shn/2006/sn467.htm>, [http://www.leg.state.vt.us/HealthCare/2006\\_HC\\_Affordability\\_Act\\_Leddy\\_Summary.htm](http://www.leg.state.vt.us/HealthCare/2006_HC_Affordability_Act_Leddy_Summary.htm) (Senator Jim Leddy's summary of the legislation that created Catamount Health), and [http://www.csgeast.org/Annual\\_Meeting/2006/healthchen2.pdf](http://www.csgeast.org/Annual_Meeting/2006/healthchen2.pdf) (Representative Harry Chen's summary of the same legislation).

<sup>4</sup> According to a legislative balance sheet finalized on May 5, 2006, the initial overall enrollment projection was 22,984, but this number estimated the number of new enrollees into several public health coverage programs. The total enrollment projected for Catamount Health was 17,261 (which excludes the number of new enrollees into the employer-sponsored insurance, or ESI, program). Both of these numbers – 22,984 and 17,262 – were expected to be reached by 2010. Vermont's Joint Fiscal Office (JFO) released new projections on July 29, 2008, estimating that 5,738 Vermonters would enroll in Catamount Health by the end of fiscal year 2009 and 6,658 would enroll by the end of fiscal year 2010. JFO also estimated that 493 would enroll in the employer-sponsored insurance (ESI) program by 2009, and 630 would enroll by 2010.

<sup>5</sup> GMC also includes the Vermont Health Access Plan (VHAP), Dr. Dynasaur, and Medicaid.

<sup>6</sup> See also Kevin O'Connor, *Catamount Health faces six-month checkup: Program attracts half the hoped-for subscribers*, Rutland Herald, April 13, 2008.

<sup>7</sup> For purposes of this report, Besio's office will hereinafter be referred to as the Health Care Reform Office.

<sup>8</sup> New enrollment numbers were released at the Health Care Reform Commission meeting on June 24, 2008, revealing that 3,918 had enrolled in Catamount Health with premium assistance, while 470 Vermonters had enrolled in Catamount Health at full cost. Initial projections were 5,978 and 2,547, respectively. See State of Vermont Agency of Health Services, Office of Vermont Health Access, Premium Assistance Legislative Report, SFY '08 – June 2008 Report.

<sup>9</sup> Daniel Barlow, *Lawmakers: Catamount Health Program is Ailing*, The Barre-Montpelier Times-Argus, June 25, 2008.

In December 2007, the Vermont Public Interest Research Group (VPIRG) issued a scorecard rating the state's implementation of Catamount Health and announced our intention to issue a series of reports in the same vein. Our initial scorecard focused mainly on the concrete steps that needed to be taken in order to get Catamount Health up and running. We rated the Douglas administration's efforts in five areas of assessment,<sup>10</sup> and the administration received an overall grade of B.

VPIRG initially intended for our second scorecard to review, among other things, the outreach campaign conducted by the Douglas administration and note strengths and weaknesses. However, while monitoring the implementation of the outreach and enrollment process, we noted various hurdles that cannot be overcome by a well-designed outreach campaign alone. Most importantly, we came to the conclusion that without a substantial shift in the direction of the program, the state will fall far short of its 96-percent-insured goal.

Thus, this report takes a broader view of Vermont's health care reform implementation efforts. While we discuss the outreach and enrollment campaign itself, noting the efforts of both the Douglas administration and the individual insurance companies that offer Catamount Health, we also describe barriers to enrollment and funding challenges. Unlike our previous scorecard, this document serves as something of a status report and alarm bell, but does not contain a letter grade. Instead, at the end of each section, we outline actions that must be taken to improve Catamount Health, increase its enrollment numbers, and move the state closer to meeting its critical and ambitious public policy goal. Progress on these action items will be evaluated in future assessments of the Catamount Health program.

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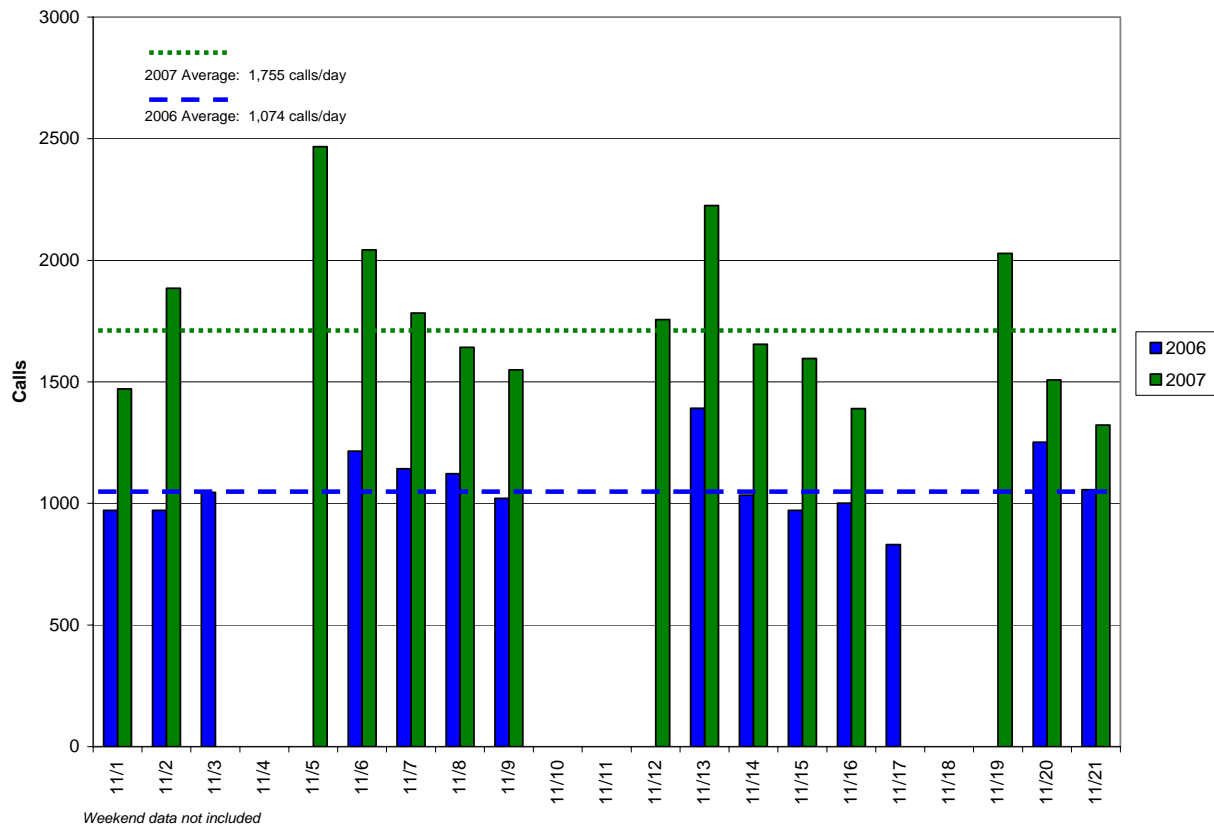
<sup>10</sup> The five areas of assessment were: 1) the inclusiveness of the process; 2) messaging and marketing; 3) timeliness and efficiency; 4) overall fiscal stability of the program; and 5) the administration's regulation of the insurance companies who will be selling the Catamount Health product.

## Outreach and Enrollment

### Initial Efforts

On November 1, 2007, the state officially commenced its campaign to enroll eligible Vermonters in Green Mountain Care, a “family of low-cost and free health coverage programs for Vermonters” that is offered by “the state of Vermont and its partners.”<sup>11</sup> Both the subsidized and unsubsidized Catamount Health programs are part of this family. The initial campaign launch, announced at a press conference at the Rutland Regional Medical Center, included a GMC website; promotional materials, such as posters, brochures, and magnets; and an advertising campaign.<sup>12</sup> The administration developed the GMC brand name, website, advertising campaign, and promotional materials within the span of two months.

Green Mountain Care television commercials were perhaps the most significant portion of the enrollment campaign. The state paid to air the ads during two three-week periods, November 1-21, 2007 and January 10-30, 2008. As illustrated by the charts below, the number of visits to the GMC website and calls to the hotline increased dramatically during both three-week periods. For example, when comparing the number of calls received during November 1-21, 2007 to the same period the previous year, there was an increase of 681 average calls per day.<sup>13</sup>

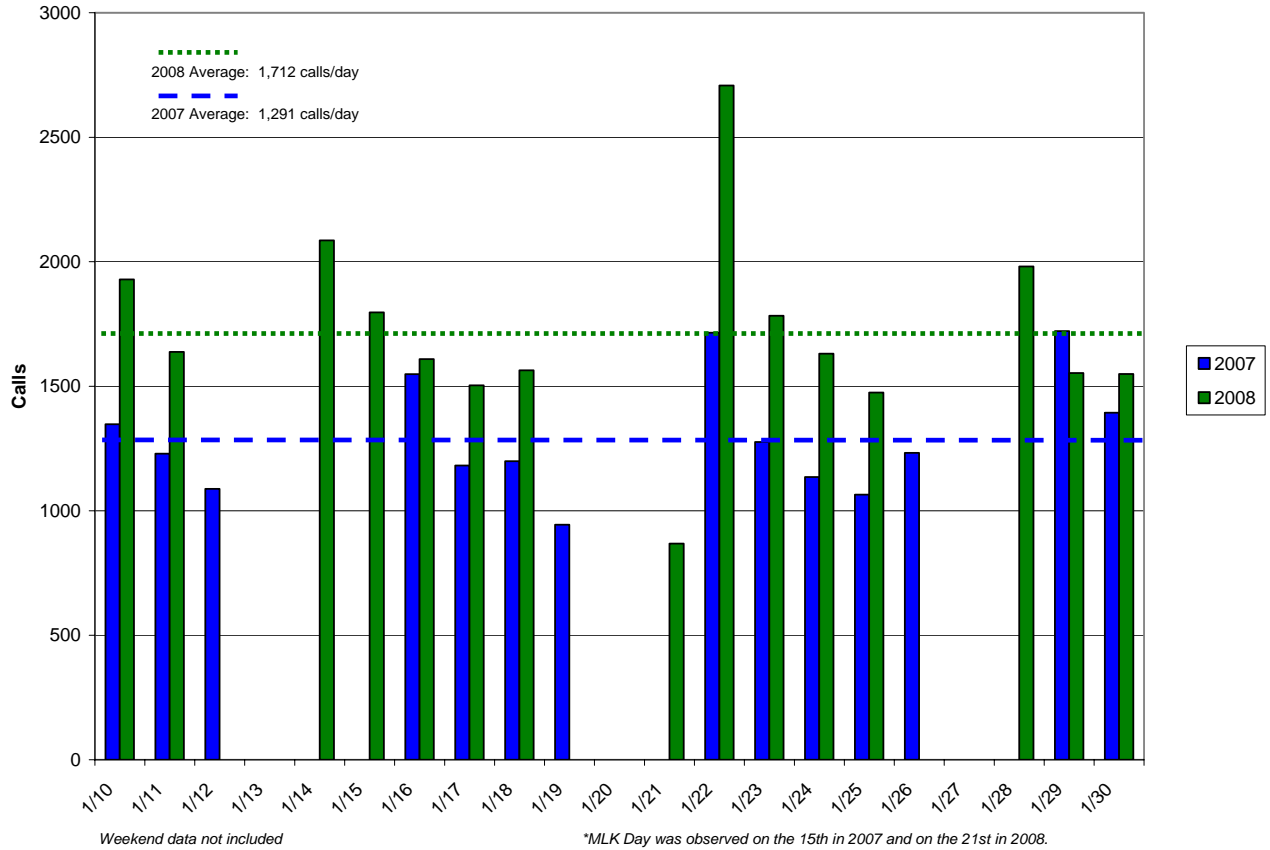


Source: MAXIMUS data

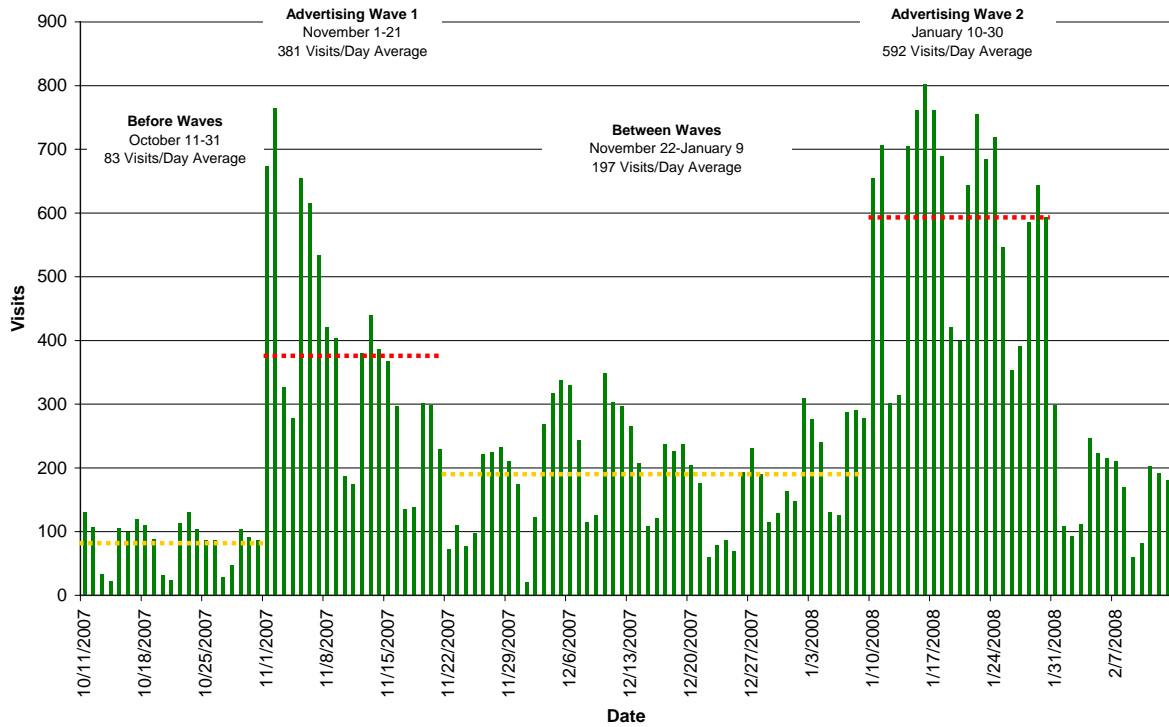
<sup>11</sup> See <http://www.greenmountaincare.org/about.html>.

<sup>12</sup> The initial advertising campaign was conducted via television, print, and online. Radio advertising began at a later date.

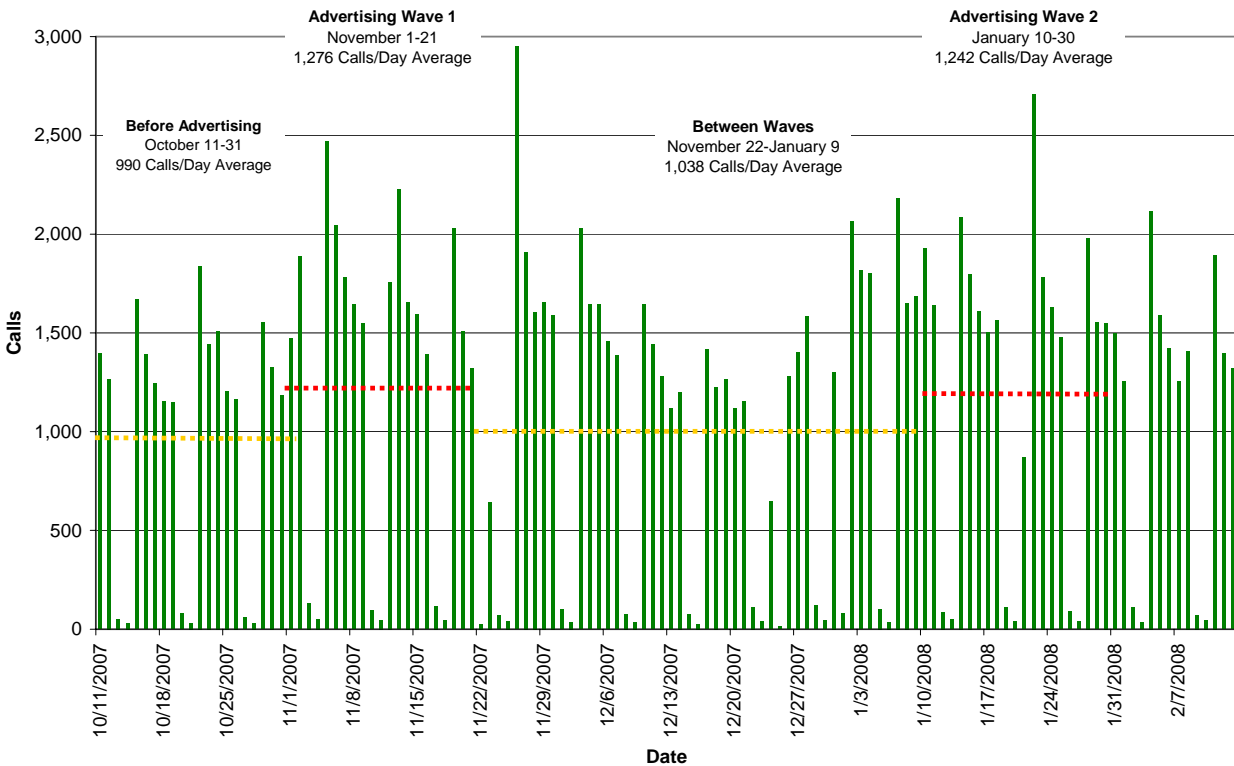
<sup>13</sup> MAXIMUS data. The 1-800 number was in use for existing state health care programs before the creation of Catamount Health.



Source: MAXIMUS data



Source: MAXIMUS data



Source: MAXIMUS data

Additionally, from January 27-30, 2008, Lake Research Partners conducted a statewide survey of 600 Vermonters to measure awareness of and interest in GMC. The survey found that:

- Nearly half of Vermonters were aware of GMC
- More than two-thirds (69 percent) of Vermonters recall seeing the GMC commercial known as “Healthy as a Horse”<sup>14</sup>
- The “Healthy as a Horse” ad caused one in five Vermonters to take some kind of “action step” (“action steps” include visiting the GMC website, calling the 1-800 number, or talking to a friend about GMC)
- Most Vermonters believe that the state should help people get affordable health coverage if they cannot afford it on their own or get it through a job
- Most Vermonters view the state more favorably because it offers GMC

Based upon the survey results, it appears that the state’s television advertising campaign increased awareness of the GMC family of products, which includes Catamount Health.

In April 2008, the Health Care Reform Office began specifically targeting graduating college and high school seniors with its outreach efforts.<sup>15</sup> According to Kevin Veller, the state’s

<sup>14</sup> In the 30-second “Healthy as a Horse” commercial, a man discusses why he does not have health insurance. He states that he is “healthy as horse,” and a horse standing in the background subsequently falls over. According to Kevin Veller, director of Health Care Reform Outreach and Enrollment, the typical recall for a 30-second television ad is somewhere between 21 and 22 percent, and it is unusual for an ad to result in a 50 percent recall. Thus, a 69 percent rate of recall demonstrates the effectiveness of the “Healthy as a Horse” commercial.

<sup>15</sup> Statistics indicate that the 18-34 age bracket contains the highest number of uninsured individuals. See Vermont Health Care Administration 2005 Household Survey, August 2006. Additionally, BlueCross BlueShield reports that the average age of enrollees in their Catamount Health product, known as Catamount Blue, is 45. The actuarial

director of Health Care Reform Outreach and Enrollment, the decision to market to this demographic was based on timing (spring graduations were fast approaching) and discussions taking place at the Vermont Legislature regarding the low numbers of enrollment in Catamount Health among those in the 18-34 age bracket.<sup>16</sup>

The administration developed messaging both for graduating college students and their parents, encouraging both groups to look into GMC options. Additionally, through personal outreach to administrators, Veller obtained permission from many Vermont colleges and universities (including Champlain College, the University of Vermont, Middlebury College, St. Michael's College, Johnson State College, Lyndon, Castleton State College, and Vermont Technical College) to directly market GMC products to graduating students and faculty. As a result, the schools emailed information to approximately 6,250 seniors and 3,600 faculty and staff.<sup>17</sup>

In one of the more creative initiatives of the campaign, the administration partnered with radio station 99.9 The Buzz to host a concert at Higher Ground in Burlington on May 25, 2008. During the four weeks leading up to the concert, concert promotions on The Buzz and in Seven Days, the Burlington Free Press, and B-Scene (a new publication that targets young people) featured Green Mountain Care. The administration paid for a minimum of 120 promotional announcements to run in May.<sup>18</sup> Additionally, a link on The Buzz website sent visitors to the GMC website. The administration made arrangements to sell concert tickets for 99 cents, and the concert had a sold-out crowd of over 750 people. Two 18-year-old volunteers handed out 750 GMC “goodie bags” that included information from BlueCross BlueShield of Vermont (BCBSVT) and MVP Health Care (MVP), the two insurance companies that offer Catamount Health.

To reach high school seniors, the Health Care Reform Office collaborated with the Vermont Bar Association to include GMC information in a publication entitled “On Your Own: Your Legal Rights at 18.” The publication has been distributed to 5,200 high school seniors statewide.

According to the Health Care Reform Office, the greatest volume of outreach to graduating seniors occurred in April. There were 33,415 calls to the GMC hotline in April and 29,441 in May. It is difficult to determine whether these numbers show an increase in interest, as there are no numbers from previous years with which to compare. However, calls to the GMC hotline in March totaled 27,624, which shows that April saw an increase in calls by almost 6,000.

The administration also conducted the following activities to increase awareness of and enrollment in GMC:

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analysis upon which Catamount Blue’s pricing was based had 37 as the average enrollee age. Thus, fewer individuals in the 18 to 35 age bracket are enrolling than were originally expected and desired.

<sup>16</sup> A graph provided by BlueCross BlueShield of Vermont shows that as of March 2008, Vermont’s “under 35” population had the highest percentage of uninsured individuals and a low percentage of enrollment in the insurance company’s Catamount Blue product.

<sup>17</sup> Some of the colleges took the initiative to post GMC information on electronic bulletin boards, include it in COBRA letters, and put GMC flyers in strategic areas, such as the students’ chairs at graduation rehearsal, career services offices, and the area where seniors pick up caps and gowns.

<sup>18</sup> Also, during the graduation “season,” a disc jockey for The Buzz made weekly on-air announcements that congratulated graduating seniors and encouraged them to look into GMC products.

- With the help of partner organizations, including many members of the Catamount Health Outreach & Enrollment Steering Committee, trained more than 2,000 stakeholders and community members regarding the GMC products and how to enroll
- Sent an email to 6,240 state employees, encouraging them to look into GMC options for their dependents<sup>19</sup>
- Sent an email to all state legislators, asking them to include GMC information in legislative updates or other print material they provide to local newsletters and newspapers
- Worked with the Lake Champlain Chamber of Commerce to send an email to 300 chamber members who work in the restaurant and hotel industry<sup>20</sup>
- Worked with the City of Burlington to email employees about GMC options

Additionally, beginning in March 2008, the Office of Vermont Health Access (OVHA) became part of the Department of Labor's Rapid Response Team. As part of this team, OVHA works with the Department when lay-offs occur to inform released workers about GMC benefits. The administration also works with partners, such as the Vermont Campaign for Health Care Security,<sup>21</sup> to ensure adequate staffing at the Rapid Response meetings.

#### *Working with the Carriers*

The Health Care Reform Office has also worked closely with BCBSVT and MVP to ensure a coordinated outreach effort. MVP hired two outreach workers who focus solely on the Catamount Health plan. Through June of this year, these outreach workers had participated in 12 community events, 30 broker office meetings (reaching approximately 125 individual brokers), physician and broker seminars, and numerous mailings to physicians and community groups. MVP also has nine additional community events planned for the remainder of 2008.

BCBSVT organized a print and radio campaign that began at Catamount Health's launch. The company worked closely with the administration on the "grad campaign," targeting college and high school seniors. BCBSVT's grad campaign included direct mailings sent to BCBSVT members between the ages of 19 and 24, information sent to parents, two radio spots, and a magazine ad that ran in regional copies of *Time*, *Newsweek*, *US News and World Report*, and *Sports Illustrated*.<sup>22</sup> This advertising campaign coincided with an increase in the number of inquiries BCBSVT received regarding Catamount Health during the months of April, May, and June. BCBSVT has also participated in various community events.

#### The Results

As indicated by the charts below, despite the administration's outreach efforts, actual enrollment in Catamount Health and related products<sup>23</sup> has been significantly below projections. The projection for enrollment in Catamount Health premium assistance (known as

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<sup>19</sup> Vermont state employees have access to health insurance plans administered by Cigna.

<sup>20</sup> According to Veller, the restaurant and hotel industry has a high number of uninsured employees.

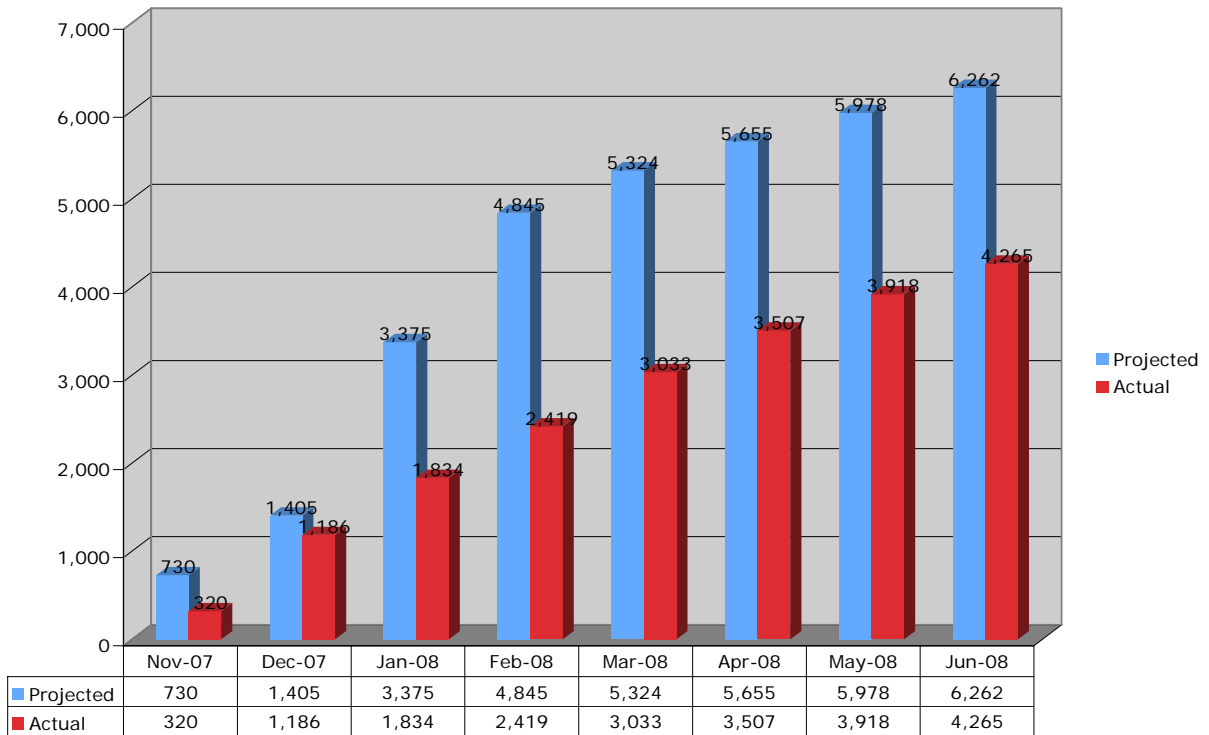
<sup>21</sup> The Vermont Campaign for Health Care Security, of which VPIRG is a member, is a not-for-profit organization that educates Vermonters about the state's existing adult public health programs and assists uninsured individuals in enrolling in a state-sponsored health program.

<sup>22</sup> BCBSVT continues to reach out to this demographic as they "age off" their families' policies.

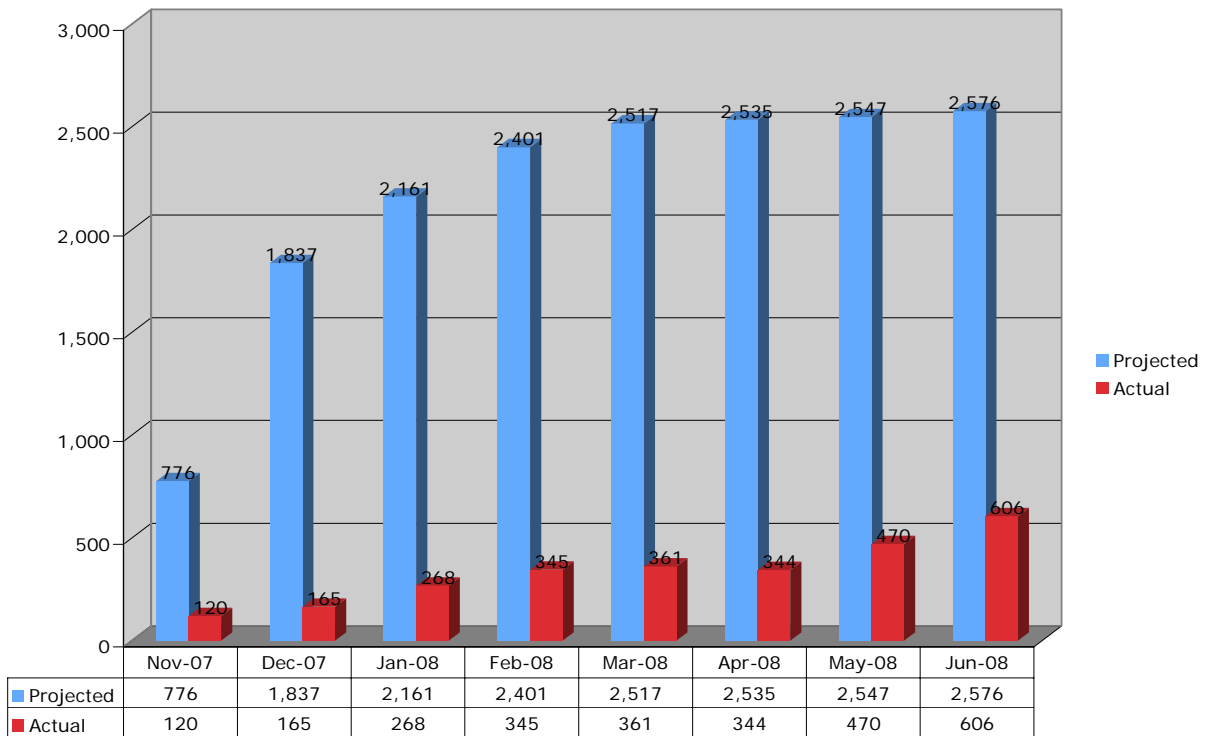
<sup>23</sup> The legislation that created Catamount Health also created a plan to provide subsidies for people to enroll in employer-sponsored plans that were deemed to be on par with the Catamount Health plan.

the Catamount Health Assistance Premium program or CHAP) by June 2008 was 6,262. Actual enrollment was about 68 percent of this figure, with only 4,265 enrolling by the end of June.

**Catamount Health Assistance Program Enrollment \***



**Catamount Health - Unsubsidized Enrollment \***



\* Data provided by the Office of Vermont Health Access

Thus, the state missed the enrollment projection of 6,262 by nearly 2,000 people. Even more disappointing are the numbers for enrollment in the unsubsidized Catamount Health plan. While 2,576 Vermonters were projected to have coverage under a full-cost Catamount Health product by June 2008, a mere 606 people, less than 24 percent of the projection, had enrolled by the end of the month.

When questioned about the enrollment numbers<sup>24</sup> during a June 24, 2008 meeting of the Vermont Health Care Reform Commission, Besio noted, "When people put out projections, that's exactly what they are. They are estimates based on estimates. And so to assume that we have failed because we have not met that 25,000 target ... is an incorrect conclusion."<sup>25</sup> Rep. Harry Chen pointed out that prior to the launch of the GMC outreach and enrollment campaign, a total of 117,363 Vermonters were enrolled in one of the state's public health programs.<sup>26</sup> As of May 2008, a total of 126,109 Vermonters were enrolled in one of the state's health care programs. This is an increase of almost 10,000 people. Chen's statement was made prior to the release of the June 2008 enrollment figures. According to the June numbers, 126,856 Vermonters are enrolled in one of the state's health care programs.<sup>27</sup>

While it is true that the enrollment projections were "estimates," the fact remains that Catamount Health was intended to provide relief to many of the over 67,000 Vermonters – at least 11 percent of the state's population – who were without health insurance as of 2006.<sup>28</sup> The overarching goal of the legislation that created Catamount Health was to ensure that 96 percent of Vermont's population has health insurance by the end of 2010.<sup>29</sup> Thus, the critical point here is not that the program failed to hit initial enrollment projections. Far more important is the fact that we have now seen enough to know that without a dramatic course correction in the very near term, the state will fail to meet its goal of insuring 96 percent of the population by 2010.

According to the U.S. Census Bureau, Vermont's total population as of July 1, 2006 was 623,908.<sup>30</sup> The Kaiser Family Foundation, the organization that estimated that 11 percent of the Vermont population was uninsured, placed Vermont's total population in 2006 at 620,080.<sup>31</sup> For purposes of this report, we will assume that Vermont's population as of 2006 was 622,000 and that the number of uninsured during that same year was 66,000.<sup>32</sup> Further assuming that these numbers have not changed over the past two years, 597,120 Vermonters would need to have health insurance by 2010 in order for the state to reach its 96-percent-insured goal. According to

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<sup>24</sup> Besio was questioned about enrollment based on the May 2008 figures. The projected enrollment in CHAP by May 2008 was 5,978. Actual enrollment was less than 66 percent of this figure, with only 3,918 enrolling by the end of May. The projected enrollment in the unsubsidized Catamount Health plan was 2,547 Vermonters by May 2008, with a mere 470 people, roughly 18 percent of the projection, actually enrolling by the end of that month.

<sup>25</sup> Besio also noted that the original estimate that 25,000 people would enroll in Catamount Health was later scaled back. She stated that there was not a lot of analysis or data that supported the original 25,000 estimate.

<sup>26</sup> In October 2007, these included VHAP, Dr. Dynasaur, the State Children's Health Insurance Program (a federal program known as SCHIP), and other Medicaid programs.

<sup>27</sup> According to the administration, since the launch of the GMC outreach and enrollment campaign, VHAP has seen its most significant increase in enrollees ever.

<sup>28</sup> Kaiser Family Foundation, State Health Facts, available at <http://www.statehealthfacts.org/profileind.jsp?rgn=47&cat=3&ind=125>

<sup>29</sup> See <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2006/acts/ACT191.HTM>

<sup>30</sup> See [http://factfinder.census.gov/servlet/GCTTable?\\_ds\\_name=PEP\\_2006\\_EST&-mt\\_name=PEP\\_2006\\_EST\\_GCTT1\\_US9&-format=US-9&-tree\\_id=806&-geo\\_id=&-CONTEXT=gct](http://factfinder.census.gov/servlet/GCTTable?_ds_name=PEP_2006_EST&-mt_name=PEP_2006_EST_GCTT1_US9&-format=US-9&-tree_id=806&-geo_id=&-CONTEXT=gct).

<sup>31</sup> Kaiser Family Foundation, State Health Facts, available at <http://www.statehealthfacts.org/profileind.jsp?ind=125&cat=3&rgn=47>.

<sup>32</sup> The Kaiser Family Foundation put the number of Vermont's uninsured at 67,000 for 2006. The administration currently places that number at 65,416.

these estimates, 41,120 people who did not have health insurance in 2006 will need to have it by 2010. Although approximately 10,000 people have enrolled in a state health care program since the launch of GMC in November, that still leaves over 30,000 people to cover in an 18-month period. And again, these figures assume that the number of uninsured Vermonters has not increased.

### Going Forward

The administration is required to collect data by January 15, 2009 as to why Vermonters remain uninsured and what factors cause them to become insured.<sup>33</sup> To that end, the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) will be conducting a household survey in the fall, the proposed objectives of which will include determining how many Vermonters are uninsured and analyzing the “characteristics” of the uninsured population (such as age, income level, employment status, and other relevant information). The information gathered by this report will aid the Health Care Reform Office in identifying those who can be presumed eligible for GMC products and reasons for non-enrollment; ascertaining outreach strategies that improve interest in and receptivity to applying for enrollment in health insurance coverage programs; and measuring the level of interest in various options for uninsured Vermonters to obtain coverage.<sup>34</sup>

Additionally, the administration will be tracking people who inquire about GMC but do not apply.<sup>35</sup> OVHA has contracted with Bi-State Primary Care Association to create the tracking program. The data collected in both the BISHCA survey and the tracking program will provide the administration with important information about current enrollment, possible strategies to improve outreach, and what barriers to enrollment must still be removed.

While these studies are being conducted in accordance with the legislation that created Catamount Health, some of the information collected in these studies would be immediately valuable, as the state is making decisions now as to how to improve its outreach and enrollment efforts. Other states looking to create programs similar to Vermont’s Catamount Health would be wise to implement immediate tracking of some of the information listed above.

Although the information collected by the BISHCA survey and the tracking program will not be available until early 2009, the Health Care Reform Office intends to continue with the elements of its outreach and enrollment campaign that appear to be working. The state will launch another advertising campaign in the fall that will coincide with GMC’s one-year anniversary. Additionally, the Health Care Reform Office is developing a marketing strategy, including online outreach, to target the 18- to 34-year-old demographic.

In future reports, VPIRG will assess the administration’s progress in completing the BISHCA household survey and implementing the tracking program for those who inquire about Catamount Health but do not enroll. We will also evaluate the administration’s integration of the findings of the survey and tracking program into its outreach and enrollment strategy.

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<sup>33</sup> See <http://www.leg.state.vt.us/docs/legdoc.cfm?URL=/docs/2006/acts/ACT191.HTM>

<sup>34</sup> The BISHCA survey will also collect data on other health care issues that are outside the scope of this report.

<sup>35</sup> MVP is also in the process of conducting a phone survey to find out why people who had enrolled in MVP’s Catamount Choice plan later decided to drop the program. According to an MVP representative, approximately 100 people had dropped the Catamount Choice plan as of June 2008.

## *Barriers to Enrollment*

As noted, the pace of enrollment in Catamount Health and other products in the GMC family has been lower than expected. While this may be partly due to the nature of the enrollment projections,<sup>36</sup> it likely also has something to do with problems in the Catamount Health product itself.

During the 2008 legislative session, the Vermont Campaign for Health Care Security presented legislators with the findings of its outreach and enrollment work in connection with Catamount Health. According to the Campaign, two of the main barriers to enrollment were 1) Catamount Health's pre-existing condition exclusion clause, which basically states that insurance companies will not cover costs associated with "pre-existing conditions" for the first year of enrollment, and 2) the requirement that a person be uninsured for 12 months before qualifying for Catamount Health.<sup>37</sup>

The House Health Care Committee and the Senate Health & Welfare Committee took considerable testimony on both matters, but did not eliminate the pre-existing condition clause altogether, citing a lack of available funds. Instead, the legislature established an "amnesty period," during which anyone signing up for Catamount Health will have costs associated with pre-existing conditions covered on a forward-going basis. This amnesty period ends on November 1, 2008.

Regrettably, lawmakers were unable to take any substantive action on the 12-month waiting period issue. OVHA testified that the state would need to seek permission from the federal government in order to change this portion of the Catamount Health program. Because the Bush administration had been imposing a 12-month waiting period for children who might qualify for assistance under the federal program known as SCHIP (the State Children's Health Insurance Program), administrators in Vermont's Medicaid office believed it to be highly unlikely that the federal government would allow such a change to Catamount. Thus, in the 2008 health care reform bill (H.887) that was recently signed into law, lawmakers direct the Secretary of Human Services to apply for permission from the federal government to change Catamount Health's waiting period from 12 months to 6 months no later than February 1, 2009 (after a new administration is in office).<sup>38</sup>

In addition to the pre-existing condition and 12-month wait issues, the Campaign has also found that the price of full-cost Catamount Health (the monthly premium of which is \$393) is too high for many Vermonters who do not qualify for a premium subsidy. There is also anecdotal evidence that MAXIMUS, the organization hired by the state to manage the GMC 1-800 hotline, has erroneously turned away some people who qualify for Catamount Health. Initial state review of MAXIMUS-related problems suggests that the actual breakdown may occur at other points in the application process. More follow-up, however, is warranted.

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<sup>36</sup> Initial enrollment in Maine's new and expanded health care programs was similar to that of Vermont. *See* <http://www.familiesusa.org/assets/pdfs/state-expansions-me.pdf> and [http://www.commonwealthfund.org/publications/publications\\_show.htm?doc\\_id=605785](http://www.commonwealthfund.org/publications/publications_show.htm?doc_id=605785).

<sup>37</sup> VPIRG, in meetings with our members, has had similar findings. VPIRG staff have been informed that many VPIRG members are disappointed in Catamount Health because of its pre-existing condition clause.

<sup>38</sup> Although lawmakers were unable to change Catamount Health's 12-month waiting period, they did create a new exemption to the waiting period for anyone who obtained a health insurance plan in the individual market that has a deductible of \$10,000 or higher. Those who gain access to Catamount Health under this provision will have to wait for 12 months before becoming eligible for a subsidy.

Accordingly, VPIRG calls upon the Vermont Legislature and the governor to work together to make the following changes to the Catamount Health program and the GMC enrollment process:

- Eliminate Catamount Health's pre-existing condition clause altogether
- Eliminate Catamount Health's one-year waiting requirement
- Construct surveys to determine whether the out-of-pocket costs of Catamount Health are too high for those who do not qualify for a subsidy
- Develop a strategy for determining the adequacy of services provided by MAXIMUS (this strategy could include satisfaction surveys conducted at the conclusion of calls to the 1-800 hotline and "secret shopper" phone calls made by members of the administration to the hotline)
- Identify and implement ways to streamline and simplify the GMC application process

## *Financing*

As noted in our first scorecard, one of the largest setbacks in Catamount Health's implementation process was the federal government's decision to prohibit Vermont from using federal dollars to subsidize the Catamount Health product for those living between 200 and 300 percent of the federal poverty level (FPL).<sup>39</sup> As a result, Vermont has been using state dollars alone to provide premium subsidies for Vermonters living within this bracket. The consequences of this arrangement became clear during the 2008 legislative session, as lawmakers were looking at a particularly tight budget and deciding where to make cuts. Ultimately, the Legislature decided to raise Catamount Health premiums for enrollees who receive subsidies, except for those below 175% FPL.<sup>40</sup>

Original Catamount Premiums	Catamount Premiums as of July 1, 2008
Up to 200% FPL = \$60.00	Up to 175% FPL = \$60.00 175-200% FPL = \$65.00
200-225% FPL = \$90.00	200-225% FPL = \$110.00
226-250% FPL = \$110.00	226-250% FPL = \$135.00
251-275% FPL = \$125.00	251-275% FPL = \$160.00
276-300% FPL = \$135.00	276-300% FPL = \$185.00

At the close of the 2008 session, lawmakers warned that next year's fiscal outlook would be even more dire. Nevertheless, we are calling upon the 2009-2010 Vermont Legislature to refuse to further raise the cost of any public health care program. This winter, many Vermonters will be forced to choose between food, oil, and health care costs. According to Vermont's Department of Public Service, in November 2007 (the month enrollment began in Catamount Health), the cost of fuel oil was \$2.97 per gallon and gasoline was \$3.02 per gallon.<sup>41</sup> As of May 2008, the cost of fuel oil was \$4.00 per gallon and gasoline was \$3.63 per gallon. The rise in oil prices causes a corresponding rise in the price of food, and these prices are expected to continue rising.<sup>42</sup> With the cost of three of life's necessities – food, heating, and health care – ever increasing, Vermonters are finding it increasingly difficult (and for some, impossible) to keep up.

We are also calling upon OVHA and the Health Care Reform Office to make restoring full federal funding to the Catamount Health program their top priority once a new federal administration takes control of the White House in 2009.

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<sup>39</sup> See *Scoring Catamount Health: Examining Vermont's Progress Toward an Equitable Health System, Phase 1: Outreach and Implementation*, page 9.

<sup>40</sup> The legislature also passed a change to the rules governing what constitutes "allowable income" for purposes of Catamount Health. Under the new rule, some enrollees did not see a change in their premiums.

<sup>41</sup> See <http://publicservice.vermont.gov/pub/vt-fuel-price-report.html>.

<sup>42</sup> See <http://www.bloomberg.com/apps/news?pid=20601068&sid=aBdGt7NWCc9Y&refer=home>.

## *Expanding Access*

As noted above, if the state intends to meet its goal of ensuring that 96 percent of Vermonters have health care coverage by 2010, over 30,000 people (at the very least) will need to obtain health insurance within the next eighteen months. While Catamount Health might be one piece of the puzzle, the enrollment numbers alone show that the program by itself will not get the job done. As previously noted, the original projections associated with the legislation that created Catamount Health put enrollment projections just below 23,000, with Catamount enrollees constituting a portion, but not all, of that number. Consequently, Catamount Health and the other GMC products by themselves are not now, nor have they ever been, sufficient to ensure that 96 percent of Vermonters will have health care coverage by 2010.<sup>43</sup>

Thus, if 96 percent of Vermont's population is to have health insurance by 2010, state policy makers must provide the Health Care Reform Office with more tools than it currently has. In short, lawmakers and the governor need to expand access to existing state health care programs. One option is to expand access to the Catamount Health program by allowing businesses to offer the product to their employees. A common response to this proposal is the reminder that Catamount Health's reimbursement rates are below average and having too many people in the program would adversely affect doctors and hospitals. However, legislators should view this fact not as a stop sign, but instead as more of a speed bump. Lawmakers should investigate ways to restructure the Catamount Health plan, and possibly other state health care programs, in such a way that would allow for more access while not adversely affecting health care providers.

Additionally, during the 2008 legislative session, the House Health Care Committee spent a considerable period of time investigating what certain states, such as Rhode Island and Michigan, and municipalities have done to increase access to affordable health care programs for businesses. The legislature should continue this work during the 2009 legislative session, possibly bringing their focus to the state of Connecticut, which recently passed health care reform legislation to aid the business community.

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<sup>43</sup> See footnote 4.

## *CONCLUSIONS*

Although the Douglas administration launched and has thus far conducted a considerable campaign to enroll Vermonters in Green Mountain Care products, actual enrollment numbers for Catamount Health have fallen far below projections. Even worse, the actual rate of enrollment suggests that the state will not come close to meeting the goal of ensuring that 96 percent of the population has health care coverage by 2010. We believe that while Catamount Health offers a comprehensive benefit package and is less expensive than almost all other private plans on the market, certain aspects of the product have proven to be the largest barriers to enrollment. Thus, in future scorecards, we will be noting the administration's progress in the following areas:

- Completion of the BISHCA household survey and implementation of a program that tracks those who inquire about, but do not enroll in, Catamount Health
- Integration of the findings of the survey and tracking program into the outreach and enrollment strategy

We are also calling upon Vermont's Legislature and governor to work together to make the following changes to the Catamount Health program:

- Eliminate Catamount Health's pre-existing condition clause altogether
- Eliminate Catamount Health's one-year waiting requirement
- Construct upcoming surveys to determine whether the out-of-pocket costs of Catamount Health are too high for those who do not qualify for a subsidy
- Develop a strategy for determining the adequacy of services provided by MAXIMUS
- Identify and implement ways to streamline and simplify the GMC application process

Because funding issues have been and continue to be a considerable barrier not only to implementing the Catamount Health program as originally envisioned, but also to expanding access to the program to more Vermonters, we are calling upon the 2009-2010 Vermont Legislature to refuse to further raise the cost of any public health care program. We also call upon OVHA and the Health Care Reform Office to make restoring full federal funding to the Catamount Health program their top priority once a new federal administration takes control of the White House in 2009.

Additionally, because the Health Care Reform Office does not have sufficient tools at its disposal to ensure that the state reaches its 96-percent-insured goal, the legislature should investigate and implement methods for expanding access to existing health care programs. Such methods should include, but are not limited to, allowing businesses to offer the Catamount Health product to their employees.

Although initial enrollment in the Catamount Health plan has been disappointing, it is far too early to issue a final judgment of the overall success and future viability of the program. The goal the state has set of ensuring that 96 percent of Vermont's population has health care coverage by 2010 is aggressive, but attainable. By determining best strategies for reaching currently uninsured Vermonters, working together to eliminate known barriers to enrollment, and aggressively pursuing full federal funding, the state of Vermont can ensure the success of Catamount Health and make significant progress toward providing quality, affordable health care for all.