



## Toward Evidence-Based Health Care Reform

### WHAT IF THE COST ESTIMATES ARE WRONG FOR THE CATAMOUNT PLAN?

Senate proposal 3.1 identifies the BCBS Freedom Plan \$200 Deductible / \$20 co-pay as the standard for Catamount Health Plan. **The Senate proposal estimates the 2008 cost of this plan at \$350/month for single coverage.**

However, **the 2006 rate for this plan is currently \$106/month higher than that**, and the cost of this plan has trended at more than 10% in recent years (+13% rate increase from 2005 to 2006).

Catamount - estimated 2008 cost in Senate bill	\$350
BRS/BCBS - actual 2006 cost for small businesses	<u>\$456 **</u>
Cost Difference	\$(106)

***How can something that costs \$456/month now, trending at more than 10% a year, be projected to cost \$106 dollars LESS two years from now?***

Based on the current \$106 difference in cost for the same plan, here are the potential revenue shortfalls if the Senate's estimate is underpricing Catamount Health Plan:

If the Senate underestimated the monthly per person cost for Catamount Health by this amount...	...then the per-person annual revenue shortfall will be:	If 10,000 people enroll, the deficit is:
\$ 106 / mo	\$106 X 12 = \$1,272	\$12,720,000
\$ 80 / mo.	\$80 X 12 = \$960	\$9,600,000
\$ 50/ mo.	\$50 X 12 = \$600	\$6,000,000
\$ 40/ mo.	\$40 X 12 = \$480	\$4,800,000
\$ 20/ mo.	\$20 X 12 = \$240	\$2,400,000
\$ 10/ mo.	\$10 X 12 = \$120	\$1,200,000

\*\* Most of the employed uninsured work in small businesses, which is why we use that premium as the benchmark. Hardly any small businesses can afford to purchase this plan. Premiums for large groups (> 50 employees) in Vermont are partially rated on their own claims experience. We queried large employers for their rates and received from seven employers these monthly rates for single coverage for the same plan as Catamount: \$393, \$350, \$370, \$419, \$411, \$456, \$315. These are actual monthly rates for 2006. **There will be rate increases in 2007 and 2008, when Catamount is estimated to cost only \$350/month!**