

# Vermont's Health Care System

## Overview:

*Payers & Players*  
*(as we currently know it)*



Updated **October 2012**

Nolan Langweil, Joint Fiscal Office

# Parts of a Health Care System

- Patients
- Providers
- Payers (Insurance Coverage)
- Regulators

**NOTE:**

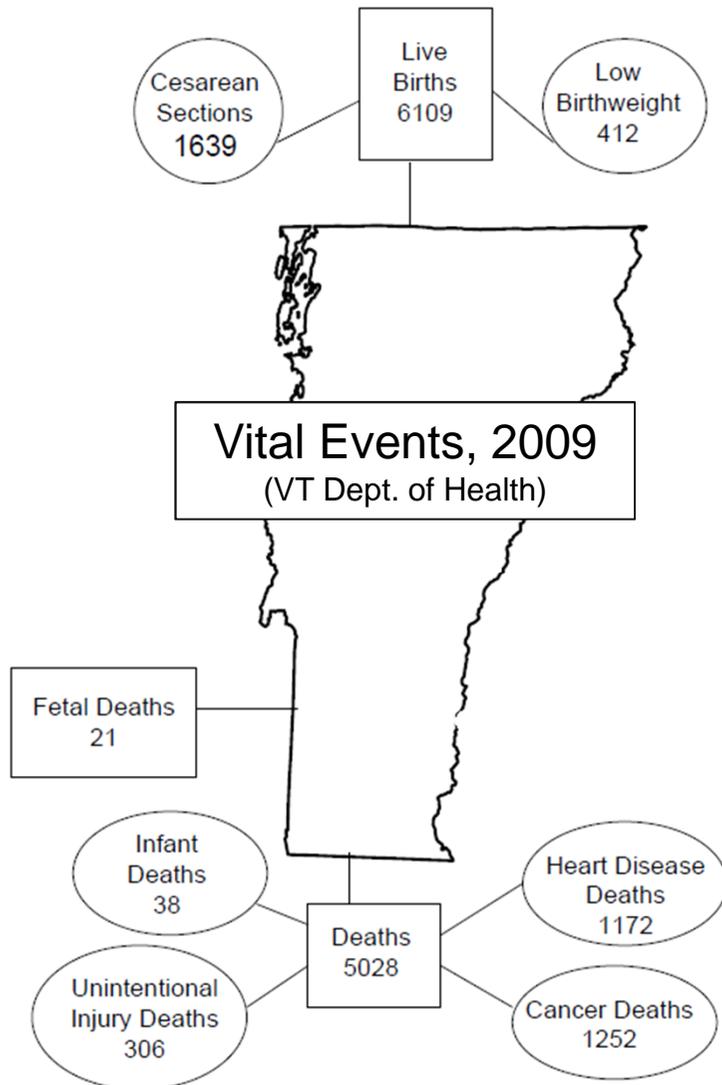
- Most figures are from the Green Mountain Care Board (GMCB) unless noted.
- Older data may be from BISHCA (now DFR), prior to the transfer of responsibilities to the GMCB.
- Facts and figures range from 2007 to 2012 depending on availability of data.



# PATIENTS



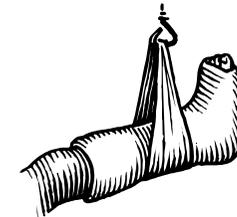
# BASIC FACTS



Marriages, divorces, civil unions, dissolutions and abortions displayed above are occurrence data. All other events are resident data.

- Approx. 625,741 Vermonters\*
  - From 2000 to 2010, Vermont's population grew at less than 0.3% per year.

- 6,109 Live Births (2009)
- 5,028 Deaths (2009)

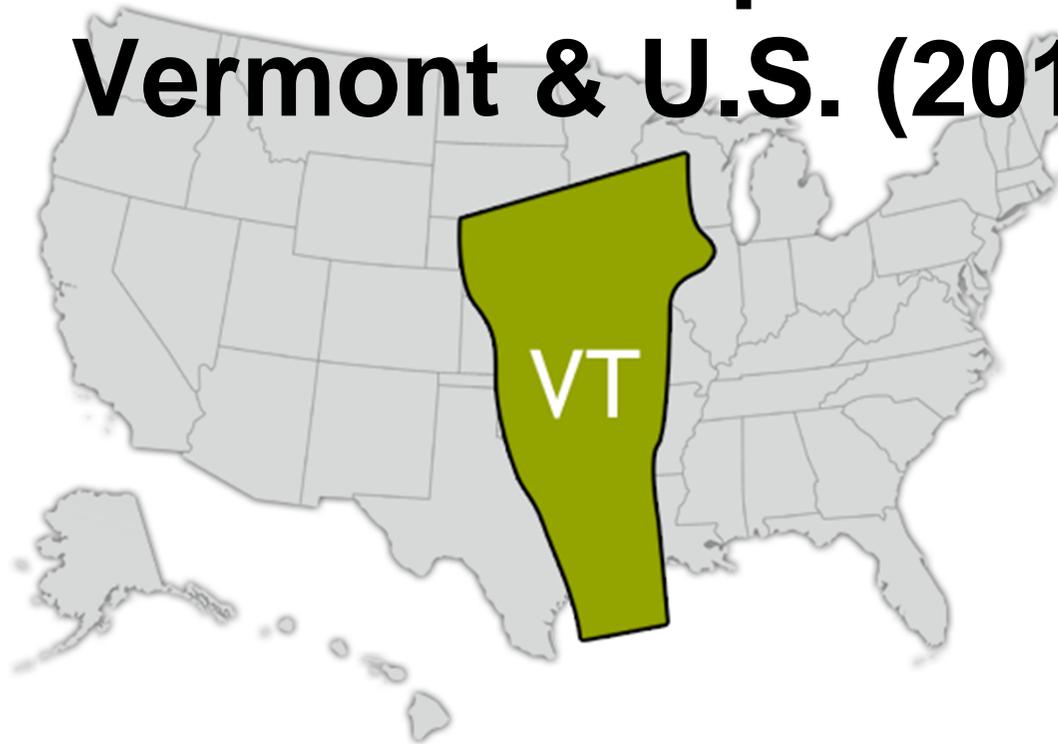


- 2.2 million physician office visits\*\*
- 2.5 million outpatient visits\*\*
- 48,000 acute admissions\*\*
- 216,000 acute days\*\*

\* U.S. Census 2010

\*\*Vermont only (2007). Does not include Dartmouth or VA

# Health Care Expenditures Vermont & U.S. (2010)



Est. 2014 =  
\$6.4 billion

	<u>VT</u>	<u>U.S.</u>
<b>Total (billions)</b>	\$4.9	\$2,445
<b>Per Capita</b>	\$7,876	\$7,919
<b>Annual Change (2009-2010)</b>	4.2%	3.2%
<b>Average Annual Change (2006-2010)</b>	5.4%	3.8%
<b>Share of Gross State/Domestic Product</b>	19.2%	16.7%

*Note: VT data is from the Resident analysis, U.S. data if from CMS*

# Health Care Expenditures Vermont & U.S.

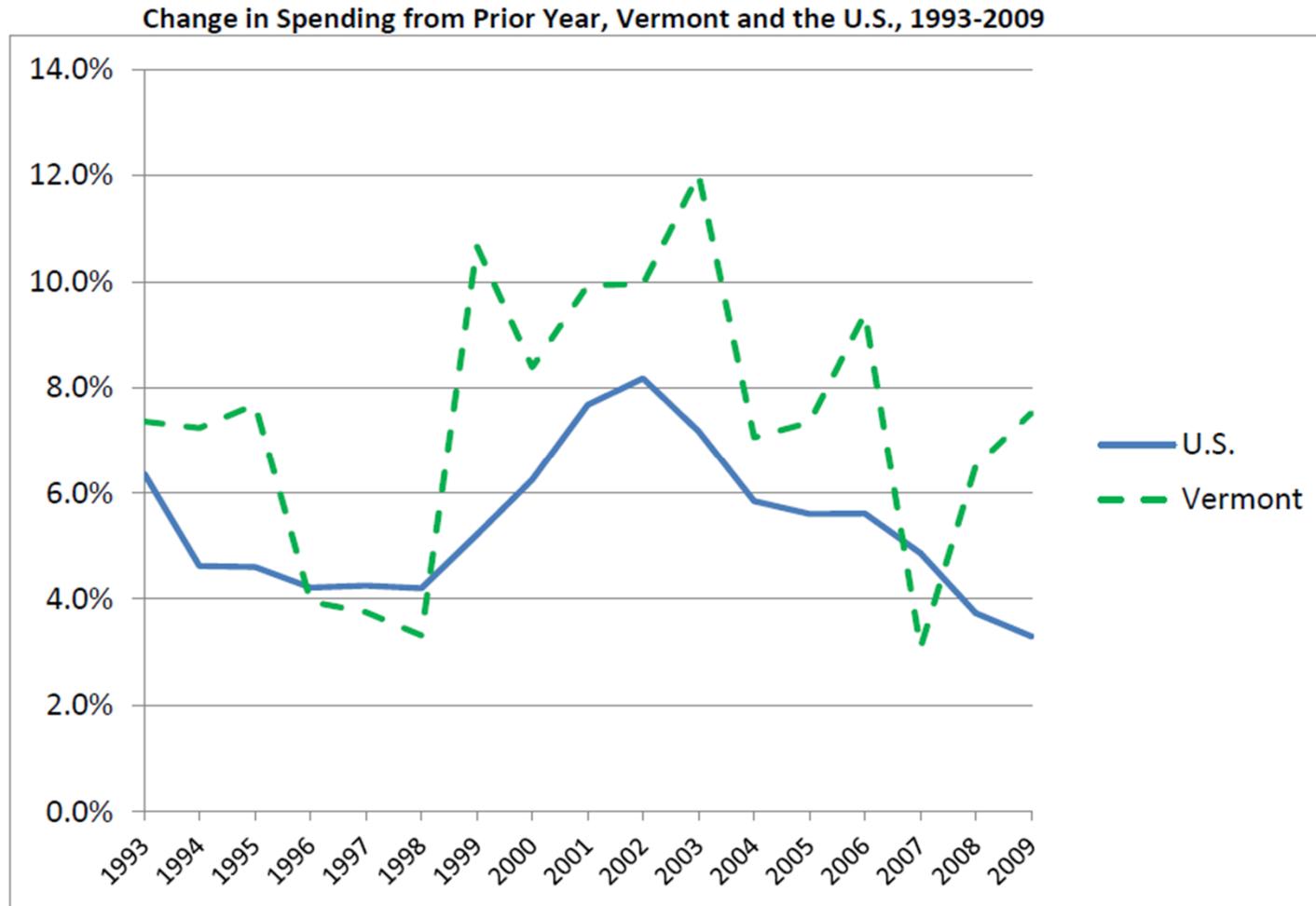
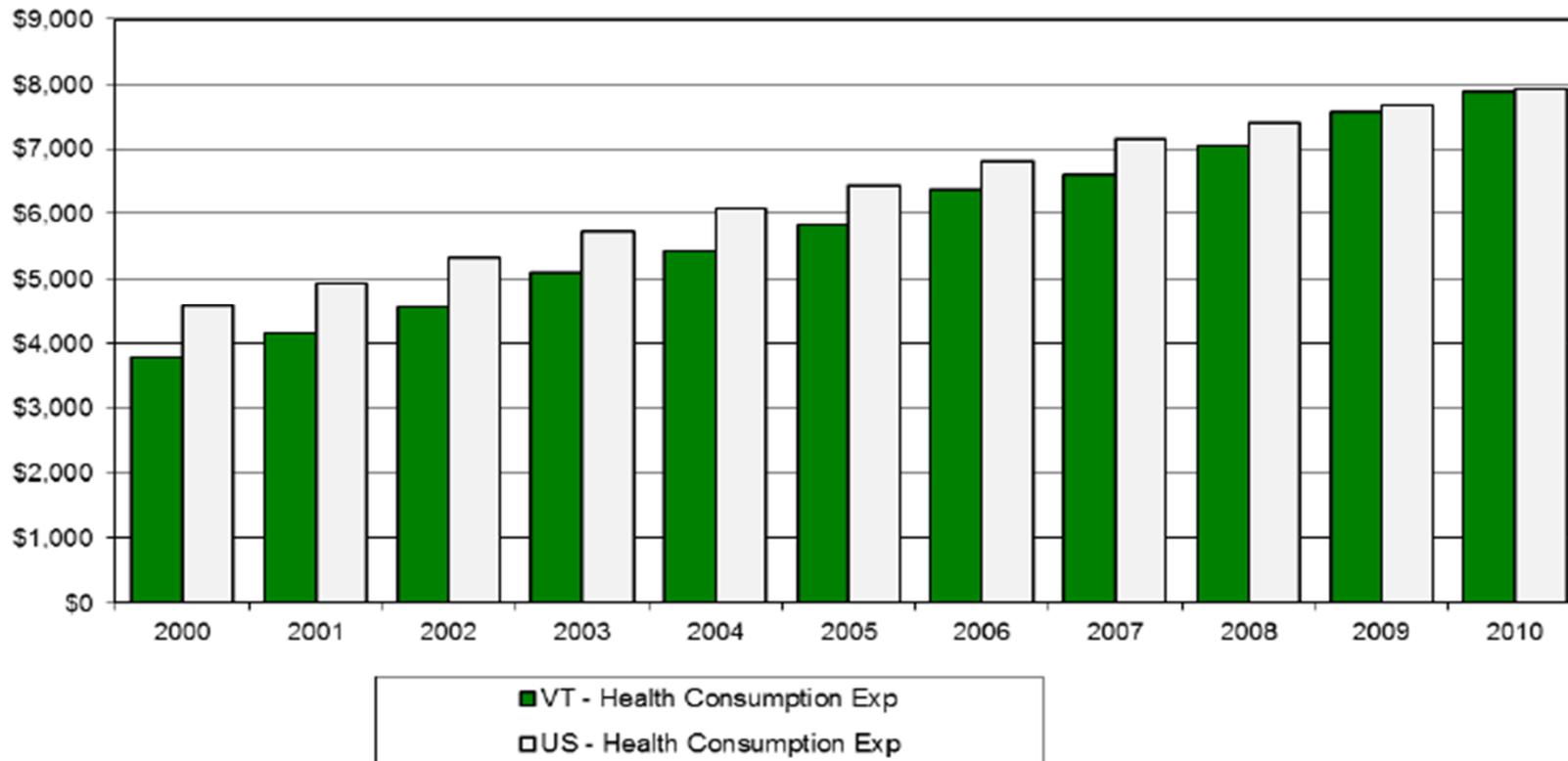


Chart from "cost of Vermont's Health Care System: Comparison of Baseline and reformed system". JFO and BISHCA 11/1/11

# Health Care Expenditures Vermont & U.S.

Per Capita Health Care Expenditures  
U.S. and VT (2000-2010)



Note: Data from GMCB 2010 Expenditure Analysis

# PROVIDERS



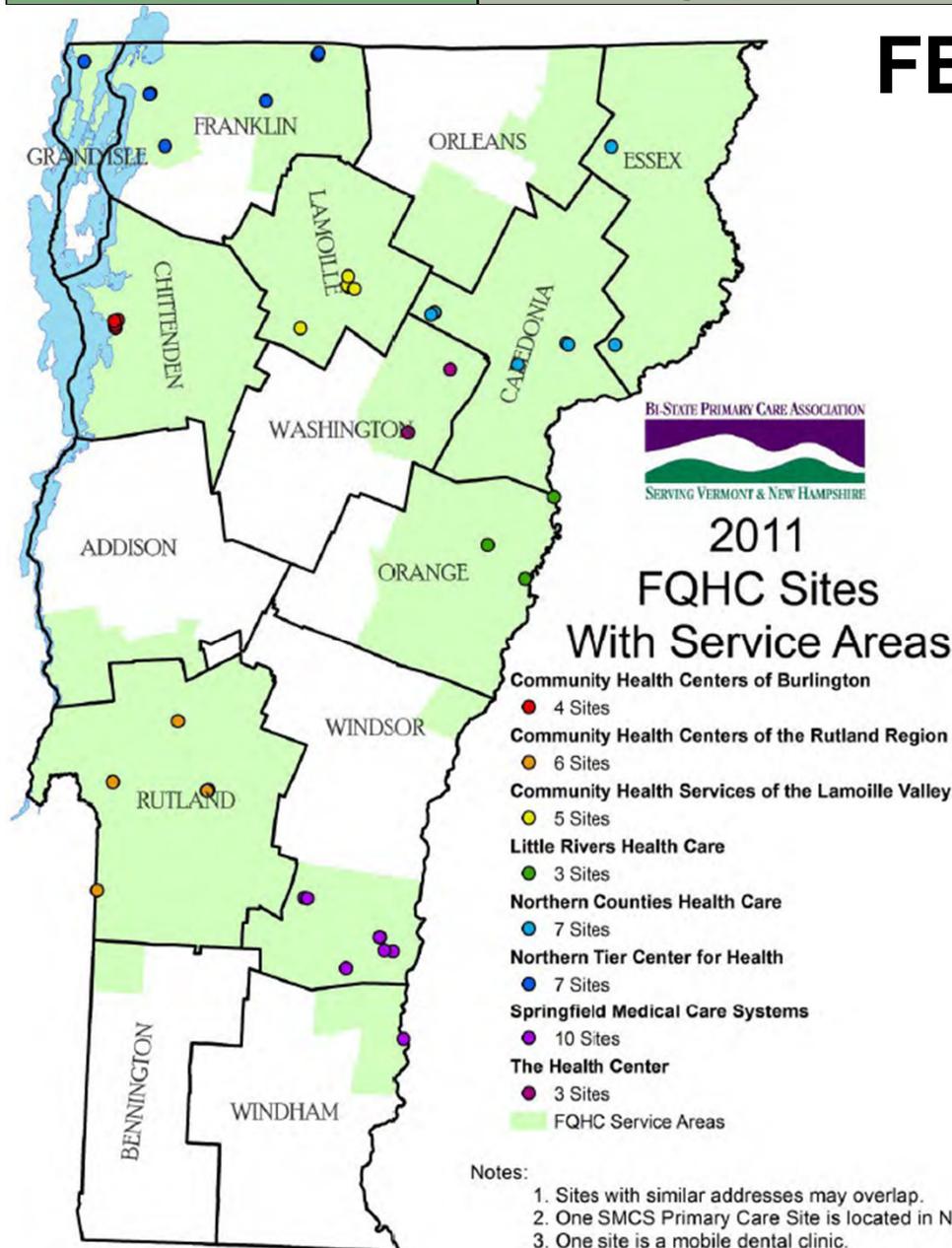
# HOSPITALS



- 14 hospitals in Vermont
  - 1 “Level 1” trauma center (Fletcher Allen)
  - All of not-for-profit hospitals
- Dartmouth-Hitchcock Medical Center (in NH)
  - Approx. 41% of patient discharges are Vermonters
  - Also a “Level 1” trauma center (only one in NH)
- VA Hospital
  - Located in White River Junction
- Psychiatric Hospitals
  - Vermont State Hospital – *Currently closed*
  - Brattleboro retreat (private treatment center)

Spending on **HOSPITAL CARE** for Vermonters in 2010 was **\$1.83 billion**. This accounted for **37.2%** of all health care spending for Vermonters.

# FEDERALLY QUALIFIED HEALTH CENTERS (FQHC's)

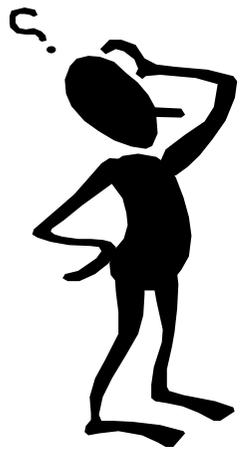


- 8 FQHC's
- 45 primary care sites
  - In 11 counties
  - More FQHC's are in the works.
- Receive federal grants that allow them to offer sliding fee scale
- Located in medically underserved areas or health professional shortage areas.
- Served 112,761 Vermonters in 2010.

What's the difference between FQHC's and Rural Health Centers?

Comparison of RHC's and FQHC's  
Selected characteristics

	RHC	FQHC
<b>Location</b>	Non-urban area	Urban or rural
<b>Corporate Structure</b>	Unincorporated, public, non-profit, or for-profit	Tax-exempt non-profit or public
<b>Governance</b>	No specific requirements	Required as non-profit and public agency
<b>Primary Health Care Services</b>	Required	Required
<b>Pharmacy, preventive health, preventive dental, transportation, case management, dental screening for children</b>	Not required	Required on-site or under arrangement
<b>Sliding fee scale</b>	Not required	Required



NOTE: There are 18 Rural Health Clinics (RHC's) statewide



# LONG TERM CARE

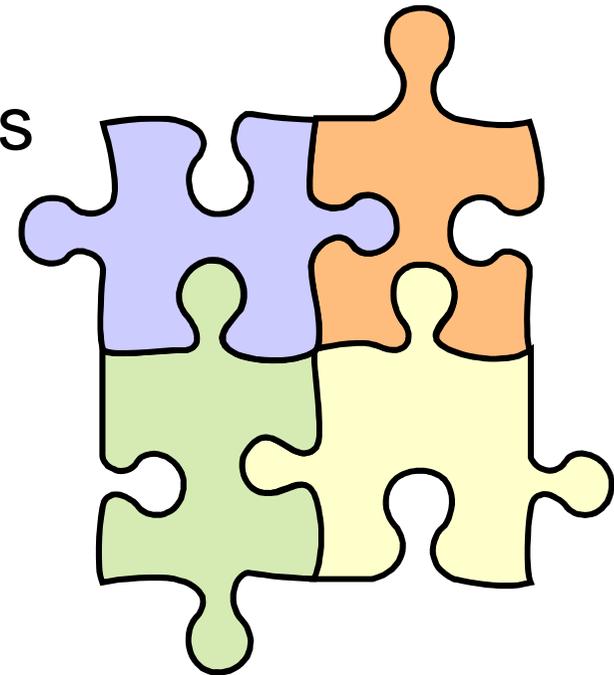
- 40 Nursing homes
  - 3,237 beds
- 12 Home health agencies
  - (11 non-profits; 1 for-profit)
- 11 Hospice programs
- 1 ICF/MR \*

\* ICF/MR = Intermediate Care Facilities Individuals with Mentally Retardation

# MENTAL HEALTH

Providers Include:

- 11 Designated Agencies
- 6 specialized service agencies
- Designated Hospitals
- Brattleboro Retreat
  
- **Vermont State Hospital**
  - Closed after Hurricane Irene



# PHYSICIANS

Approximately 1,877 physicians in Vermont

## Specialty Care = 67% (1,249)

- Anesthesiology = 5% (93)
- Emergency Medicine = 6% (113)
- Specialty Internal Medicine = 12% (227)
- Psychiatry = 9% (174)
- Radiology = 7% (139)
- Surgery = 8% (158)
- Other = 18% (345)

## Primary Care = 33% (628)

- Family Practice = 15% (284)
- Primary Care Internal Medicine = 9% (167)
- OB/GYN = 4% (68)
- Pediatric = 6% (109)

*78.6 Primary Care FTE's per 100,000  
Population statewide*

Source: 2010 Physician Survey, VT Dept. of Health



# *PAYERS*

(Insurance Coverage)



# INSURANCE COVERAGE

## Private Insurance

- Employer-based
- Individual Market

## Government

- Medicare
- Medicaid
- Military

*Catamount Health & the Employer Sponsored Insurance Assistance (ESIA) programs are “Public/Private partnerships”.*

## PUBLIC & PRIVATE COVERAGE

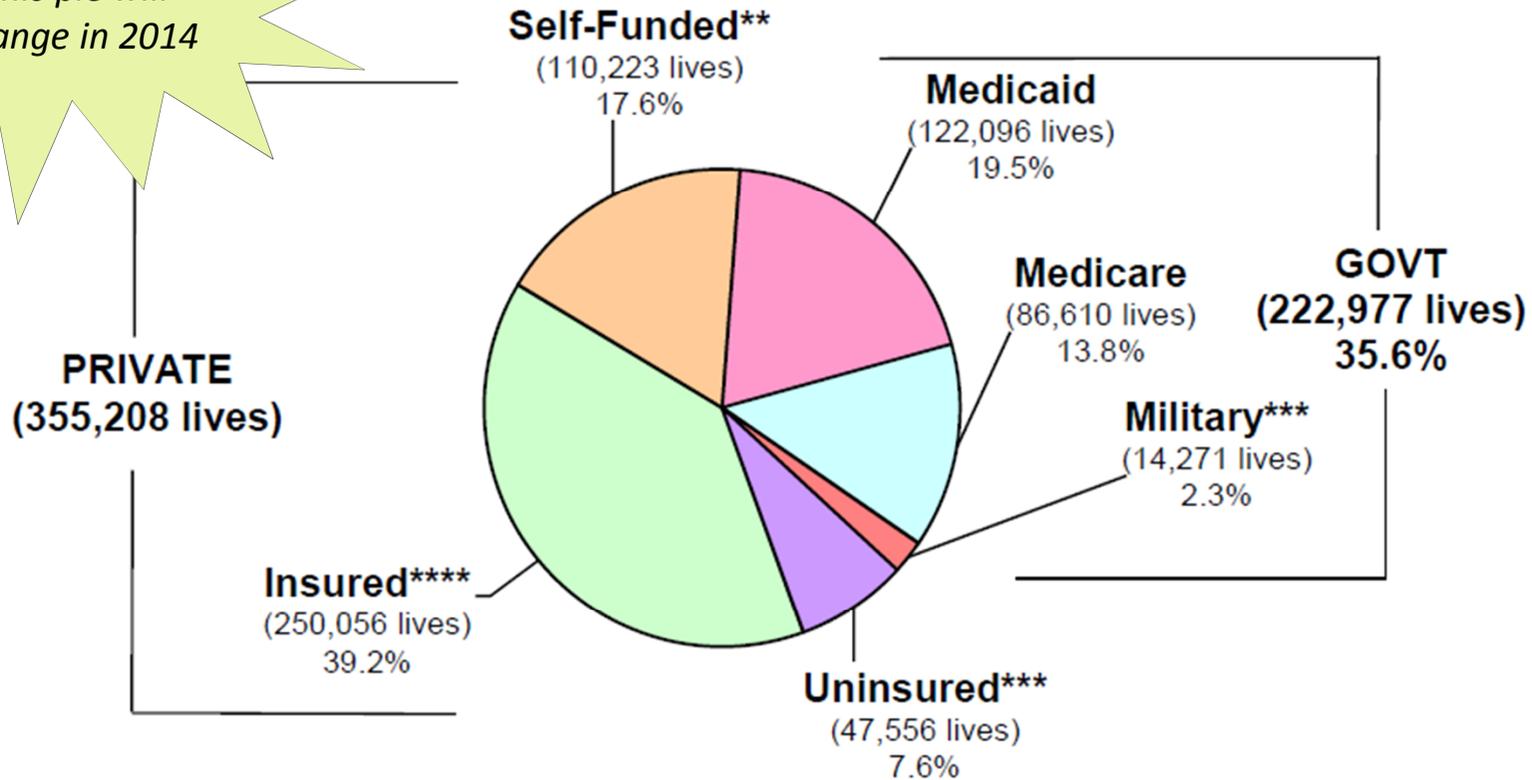
### Technical clarification

- Line between public & private not always perfectly clear
  - Clearly private: coverage based on employment by a private firm
  - Clearly public: Medicaid
  - Not so clear:
    - Coverage through employment by a public entity
    - Coverage through employment by a private entity that is highly dependent on public funds (i.e. Catamount)
- For this presentation, the “*not so clears*” are counted as private

## PRIMARY SOURCE OF HEALTH INSURANCE ALL VERMONT RESIDENTS, 2010

N=625,741 VT Residents\*

*This pie will change in 2014*



\* 2010 U.S. Census Bureau state-level annual population estimate.

\*\* BISHCA does not regulate or collect data on Self-Funded. This is an estimate of the total Vermont lives covered by Self-Funded plans which includes Federal Employees Health Benefit Plan

\*\*\*2009 Vermont Household Insurance Survey number trended forward and weighted based on the U.S. Census Bureau uninsured estimates

\*\*\*\*This number includes 61,796 Vermonters covered by health plans licensed in other states.

# PRIVATE INSURANCE

- Approx. 57% of Vermonters have private insurance (2009)\*
  - Approx. 91% of private insurance is through employer\*
- Three major types of private insurance
  - Employer-based, insured
  - Employer-based, self-insured
  - Individual market (a.k.a. non-group market)

\* Vermont Household Health Insurance Survey, BISHCA 2009

# Employer-based

## **INSURED**

- INSURER bears ALL (or most) of the financial risk
- Employer purchases coverage from a regulated health insurance company
- Insurer is subject to state regulations

## **SELF-INSURED**

- EMPLOYER assumes ALL (or most) of the financial risk (may reinsure)
- Employer purchases administration services (TPA\*)
- Not subject to state regulation

\* TPA = Third Party Administrator

# Individual Market

(Until 1/1/14)

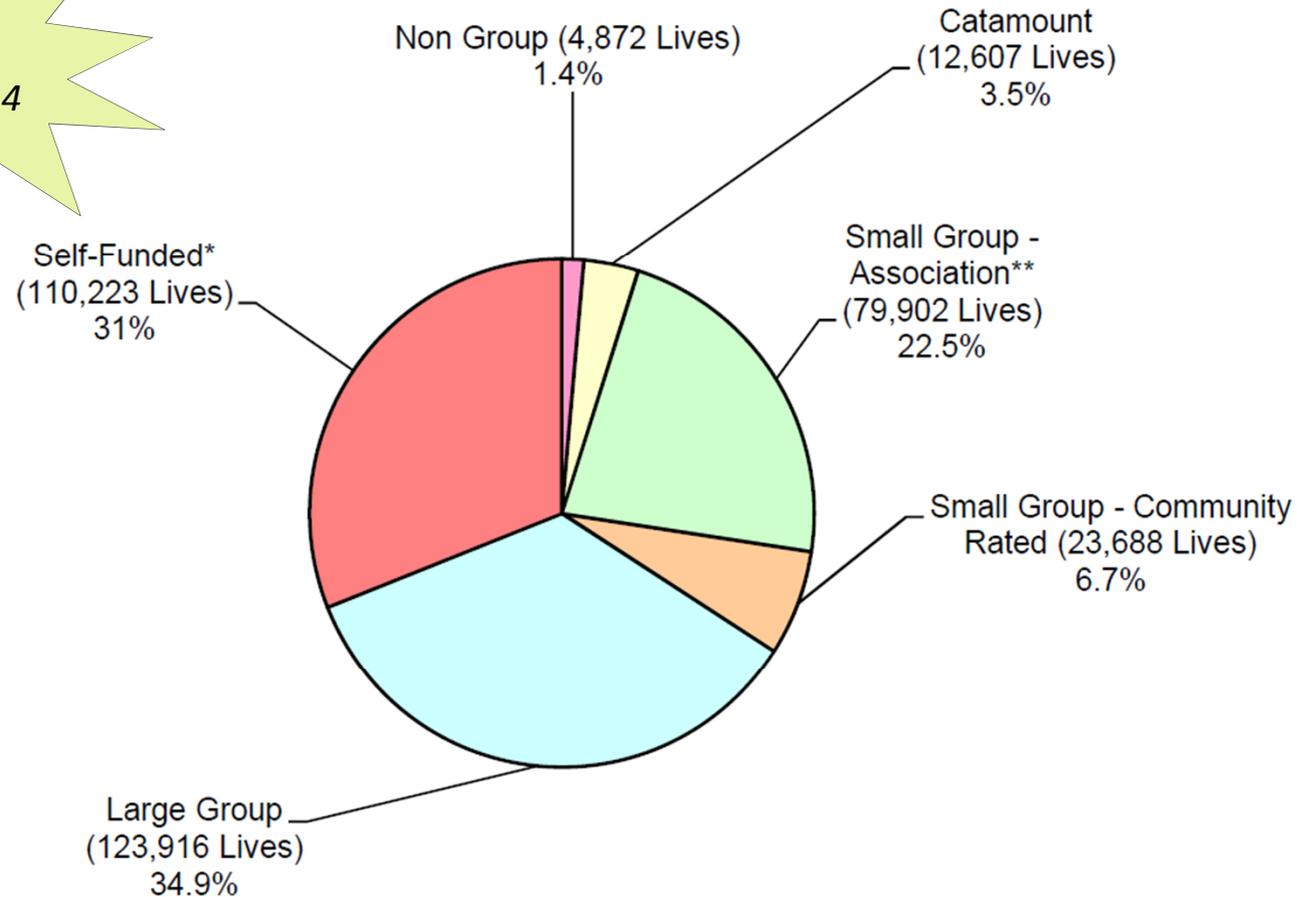
- Insurance purchased by individuals directly from insurers
- Small market
  - 4,872 people (2010)\*
    - Number does not include Catamount Health
  - 1.4% of private insurance market\*
- Catamount Health Enrollment = Approx. 14,200\*
  - Includes both subsidized and unsubsidized
  - Approx. 80% are subsidized
- ***The Individual Market will cease to exist after 12/31/13!***

\* Data from Green Mountain Care Board

\*\* Data from DVHA (as of February 2012)

## Enrollment in Private Major Medical Insurance by Market Segment (Vermont 2010)

*This pie will change in 2014*



\*BISHCA does not regulate or collect data on self-funded plans. This is an estimate of the total Vermont lives covered by self-funded plans and includes those covered by Federal Employees Health Benefit Plan.

\*\*This number includes lives counted in the Trusts and Discretionary Categories

*Data from the Green Mountain Care Board*

# Health Benefits Exchange

## ("The Exchange")

- Established under the Affordable Care Act (ACA)
  - *Must be up and running by January 1, 2014*
- Enable Individuals and Small Groups to compare health insurance plans
  - Analogous to Expedia or Orbitz
- Individual and small groups must buy on the exchange
  - Vermont-specific
  - Individual and small group markets cease as of Jan. 1, 2014
- Federal tax credits available for beneficiaries who purchase directly through exchange
  - With incomes up to 400% FPL



## A quick note about the uninsured

- 47,556 people were uninsured in 2009\*
  - 7.6% of population
  - Of this, approx. half were eligible for some form of state-sponsored health program
  - Approx. 26% of “working” uninsured have access to employer-sponsored insurance
  - These numbers will likely change in 2014 when the Affordable Care Act’s individual mandate goes into effect.

\* Vermont Household Health Insurance Survey, BISHCA 2009

# PUBLIC

- Military
- Medicare
- Medicaid

*Note: Public employees are counted as private insurance*

# Military

- Coverage based on current or previous military service
- About 14,271 Vermonters
- Includes the Veterans Administration

## Difference between Medicaid & Medicare

### Medicaid

- State-federal program
- Low-income
- Pregnant women
- Children under 19
- Blind & disabled
- Nursing home care

### Medicare

- Federal program
- All incomes
- Over 65
- Kidney failure or long-term kidney disease
- Permanently disabled and unable work

# Medicare

- Federal program
  - No state role at all
- Created by Congress in 1965
- Privately administered
  - States currently have no part in administering Medicare

# Structure of Medicare

- **Part A**
  - Primarily hospital inpatient care
  - Financed by payroll tax
  - Trust fund
  
- **Part B**
  - Most other health services
  - Financed by monthly premium (25%) and general funds

# Structure (continued)

- **Part C (Medicare Advantage Plans)**
  - Are health plan options (like an HMO or PPO) approved by Medicare and offered by private insurance companies.
  - Cover all of Part A and Part B and usually Medicare drug coverage.
  - Not all Medicare Advantage Plans work the same way
  - Only 3% of Medicare beneficiaries in Vermont
- **Part D**
  - Pharmacy coverage
  - Coverage started January, 2006
  - Financed by monthly premiums and general funds

# Medicare – Who is Covered?

- Approx. 95,000 Vermonters, including approx. 22,000 who are also covered by Medicaid (also known as “Dual-eligibles”)
- Nearly everyone over 65 years old
- Anyone with end-stage renal disease
- Some Parts have additional requirements (i.e. work history, premium requirements, etc.)

# Medicaid

- Created in 1965 as Title XIX of the Social Security Act
- Partnership between states and federal government
- Original focus
  - Low-income families
  - People with disabilities
  - Other individuals added

# Medicaid in Vermont

- Approx. 165,000 Vermonters (*as of March 2012*) – broad eligibility
  - Medicaid
  - Children’s Health Insurance Program (CHIP)
  - 1115 Waiver programs
- Benefit varies by program
  - Most: health care costs + related costs (e.g. transportation)
  - Some: by benefit (e.g. pharmacy)
- Finances – Est. SFY’13 = \$1.45 billion gross

## Vermont Medicaid and other State-Sponsored Programs

- Aged, Blind or Disabled (ABD) and/or Medically Needy Adults
  - Adults, Dual Eligibles, Children
- General Medicaid
  - Often referred to as “Aid to Needy Families with Children (ANFC)”
  - Adults, Children
- CHIP
- Underinsured Children
- VHAP / VHAP ESIA
- Catamount / Catamount ESIA
- Pharmacy Programs

*Note: ESIA = Employer-sponsored Insurance Assistance*

## **A quick note about upcoming changes to Medicaid**

- Catamount Health, VHAP, and ESIA beneficiaries will transition to either Medicaid or the Exchange beginning in 2014.

## A quick note on the Dual-Eligibles

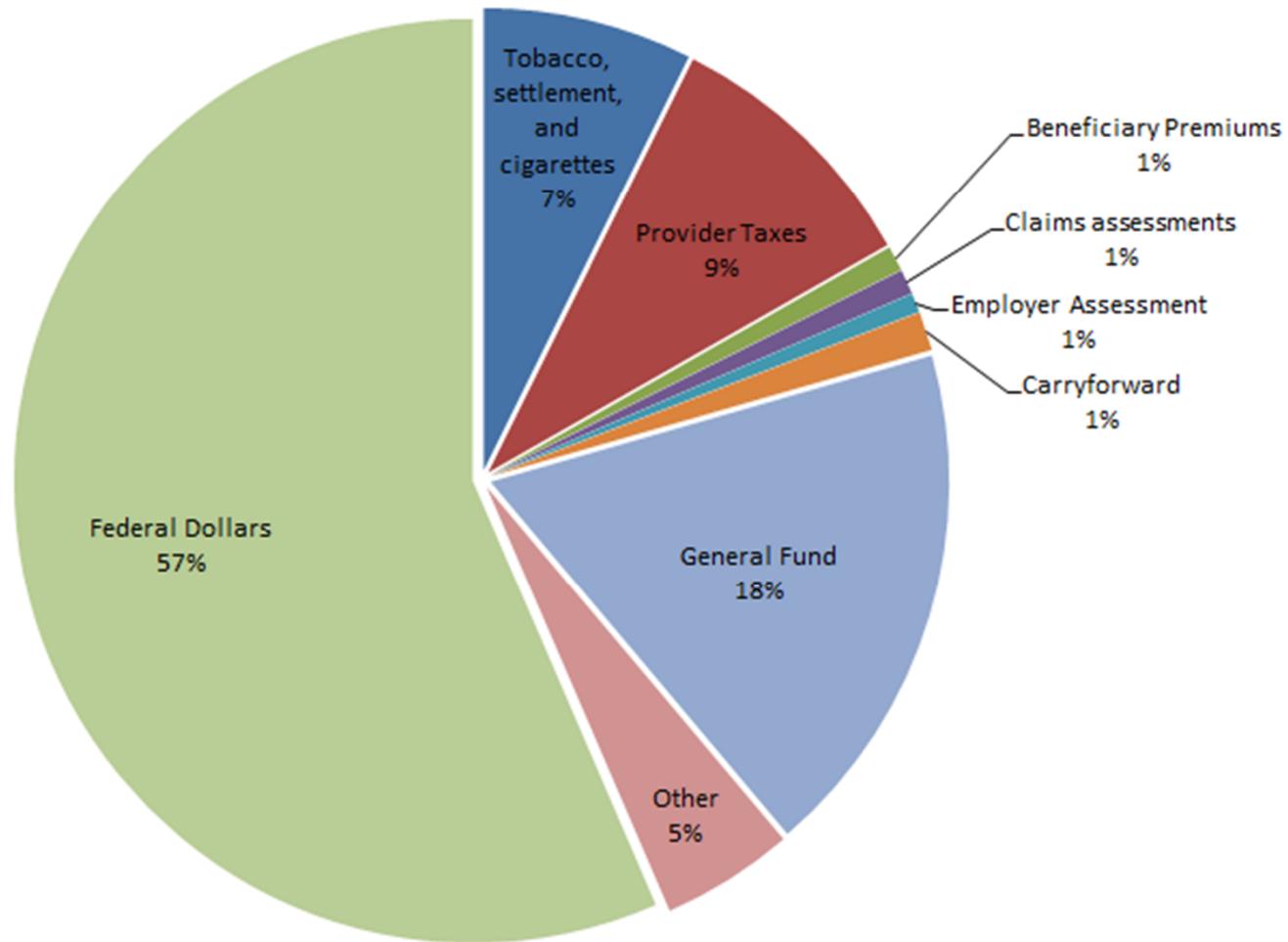
- Eligible for both Medicare and Medicaid
  - Medicare payer of first resort
- Approx. 22,000 (approx. 11-12% of Medicaid beneficiaries)
- Account for 30% of Medicaid expenditures
- “Dual Eligible Project” – AHS working on proposal to CMS to achieve “seamless integrated care, better outcomes, and improved quality of life for this high needs population”. Would also “streamline” Medicare and Medicaid financing for this population.

# Medicaid Financing

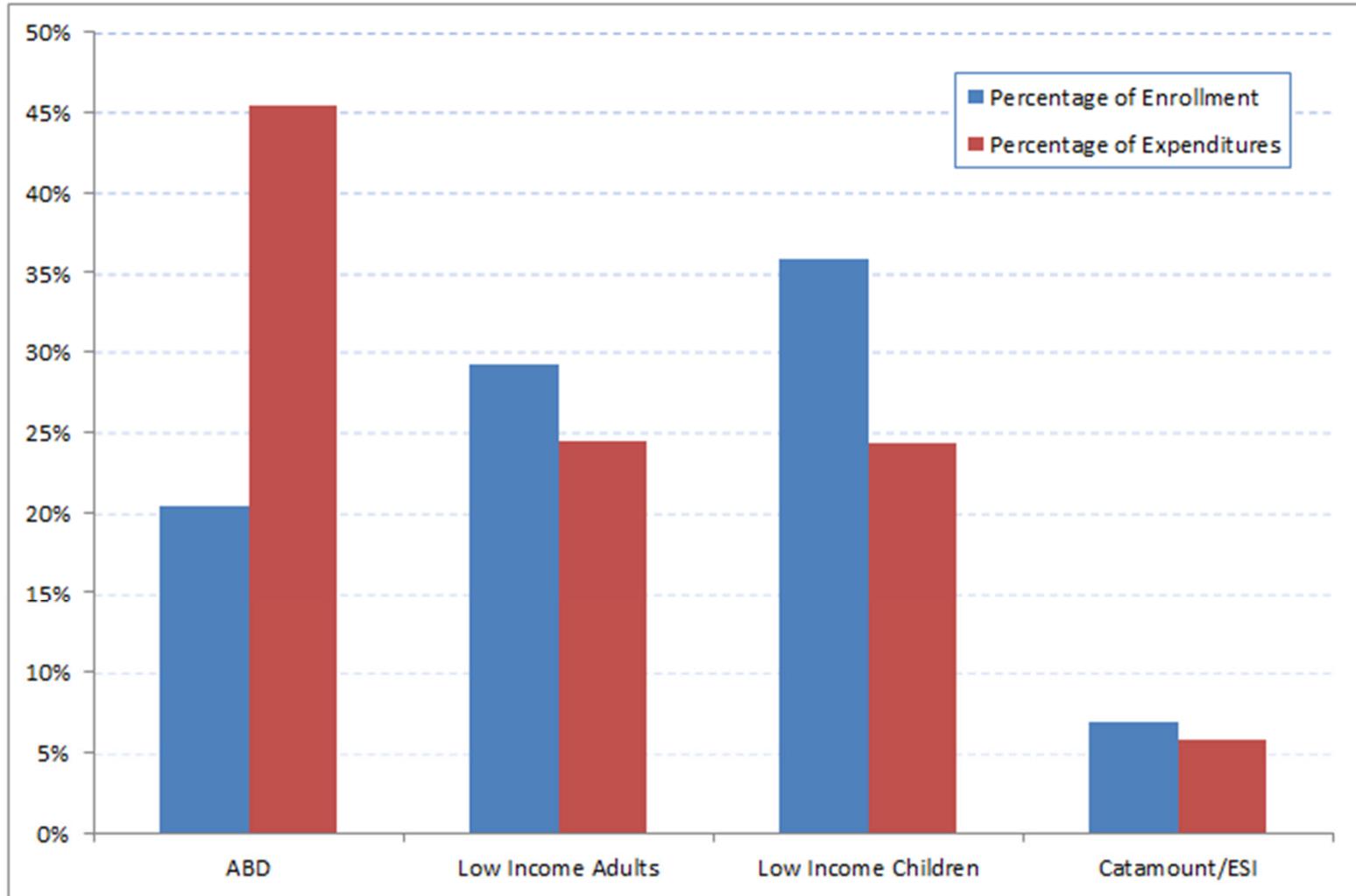
- Costs shared by state & federal government
- Match rate is determined by formula comparing each state's per capital income relative to the nation
  - Known as Federal Medical Assistance Percentage (FMAP)
  - Varies state by state from 50% to 83%
  - Vermont FMAP for SFY'13:
    - Federal share = 56.43%
    - State share = 43.57%

### Medicaid Program Funding Sources

SFY'13 as passed = \$1.45 billion



## Proportion of Enrollment and Spending, Vermont Medicaid, SFY '12



NOTE: Excludes Choices for Care and Pharmacy Only programs (such as VPharm, etc.)

# Global Commitment

## Key Concepts

- Global Commitment began October 2005
  - Renewed 2010 thru Dec. 31, 2013
- OVHA (now DVHA) became a public Managed Care Entity
  - Must comply with federal regulations for MCOs
- AHS pays DVHA a fixed premium
  - Based on historical spending
  - Certified by actuary (within a range)
- Premium to include ALL Medicaid spending
  - except Long Term Care waiver, some administrative costs, DSH, CHIP

# Global Commitment

## Key Concepts

- According to the “Terms and Conditions” of the waiver, any premium revenue that remains after making payments for the existing Medicaid program can be used for a variety of health-related purposes.
- These funds have been referred to as “savings”.

# Global Commitment

## Key Concepts

### SAVINGS MAY BE USED TO:

- Reduce the rate of uninsured and/or underinsured
- Increase access of quality health care to the uninsured, underinsured, and Medicaid beneficiaries
- Fund public health and other innovative programs that improve health outcomes, health status and quality of life for uninsured, underinsured, and Medicaid-eligible individuals
- Support public-private partnerships in health care, including initiatives to support and improve the health care delivery system.
- *The programs these savings are put towards are referred to as “MCO Investments”.*

# Global Commitment

## Key Concepts

### Examples of MCO Investments include:

- School health services
- Blueprint for Health
- VITL
- Tobacco Cessation
- Women, Infant, & Children (WIC)
- Mental Health Services
- HIV Drug Coverage
- Etc.

# Choices for Care Waiver

- 1115 Long-Term Care Demonstration Waiver (Medicaid)
  - Renewed 2010
- Administered by DAIL
- Care and support for older Vermonters and younger adults with physical disabilities.
- Assists people with everyday activities at home, in an enhanced residential care setting, or in a nursing facility
- Provide Services and supports for approx. 3,800 Vermonters (as of June 2012)

# Choices for Care Waiver

## Two levels of service

### Highest and high needs

- For people with need for nursing home level of care

### Moderate needs

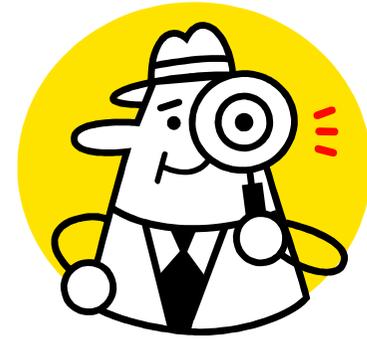
- For people who have lesser needs and receive homemaking and/or adult day services and case management

# Catamount Health

- Created by the Vermont legislature in 2006.
- Designed to help provide coverage for the uninsured above Medicaid eligibility
- Two main parts
  - A specified health insurance product, offered by private insurers, in a new market
  - A premium assistance program
- *Most Catamount beneficiaries will transition to the Exchange starting in 2014*

# REGULATORS

- Department of Financial Regulations
- Green Mountain Care Board
- Attorney General (fraud, etc.)
- Health Department (inspections)
- Center for Medicare and Medicaid Services (CMS)



## Other

- Joint Commission (accreditation)
- NCQA (Accreditation)

## A quick note about The Green Mountain Care Board

- The GMCB was created in 2011:
  - oversee a new health system designed to improve quality while reducing the rate of growth in costs
  - regulate hospital budgets and major capital expenditures as well as health insurance rates
  - approve plans for health insurance benefits in Vermont's new "exchange" program as well as plan to recruit and retain health professionals and
  - build and maintain electronic health information systems.
- Five member board, appointed by the Governor

Questions?