



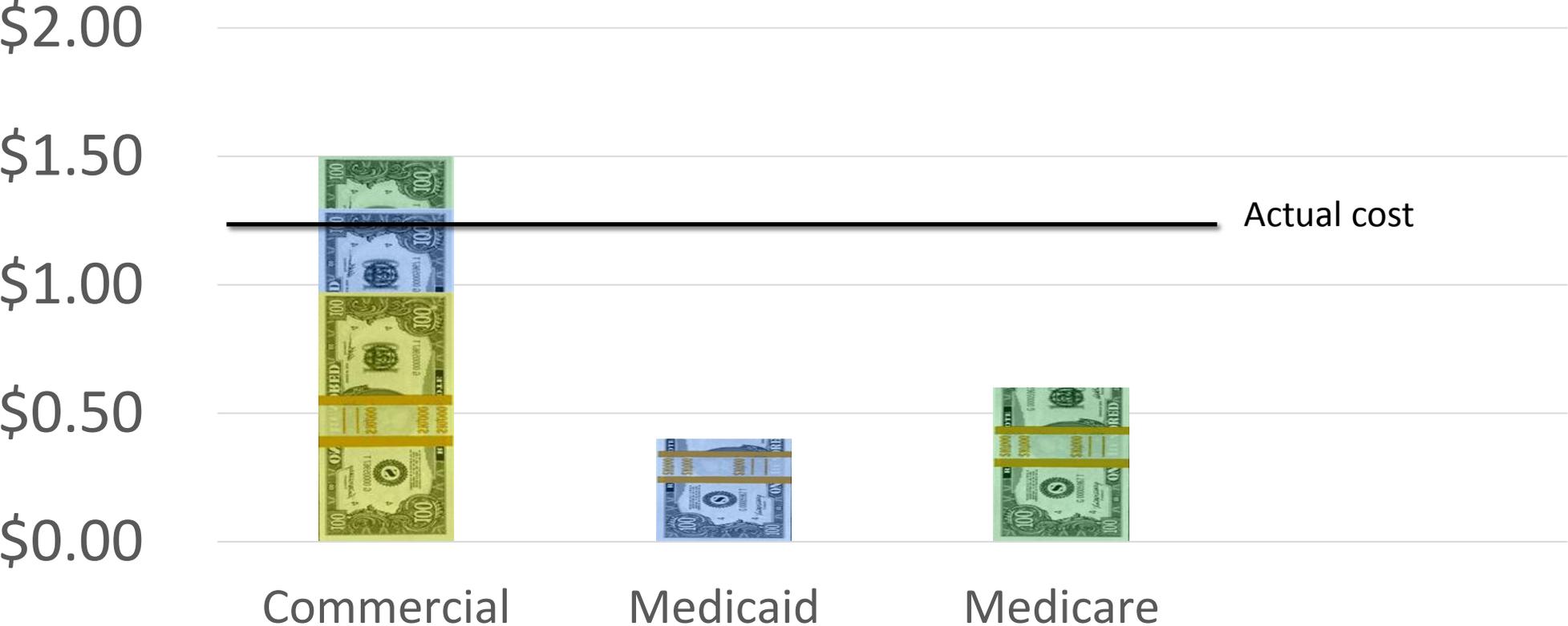
House Ways and Means Testimony

JANUARY 21, 2015

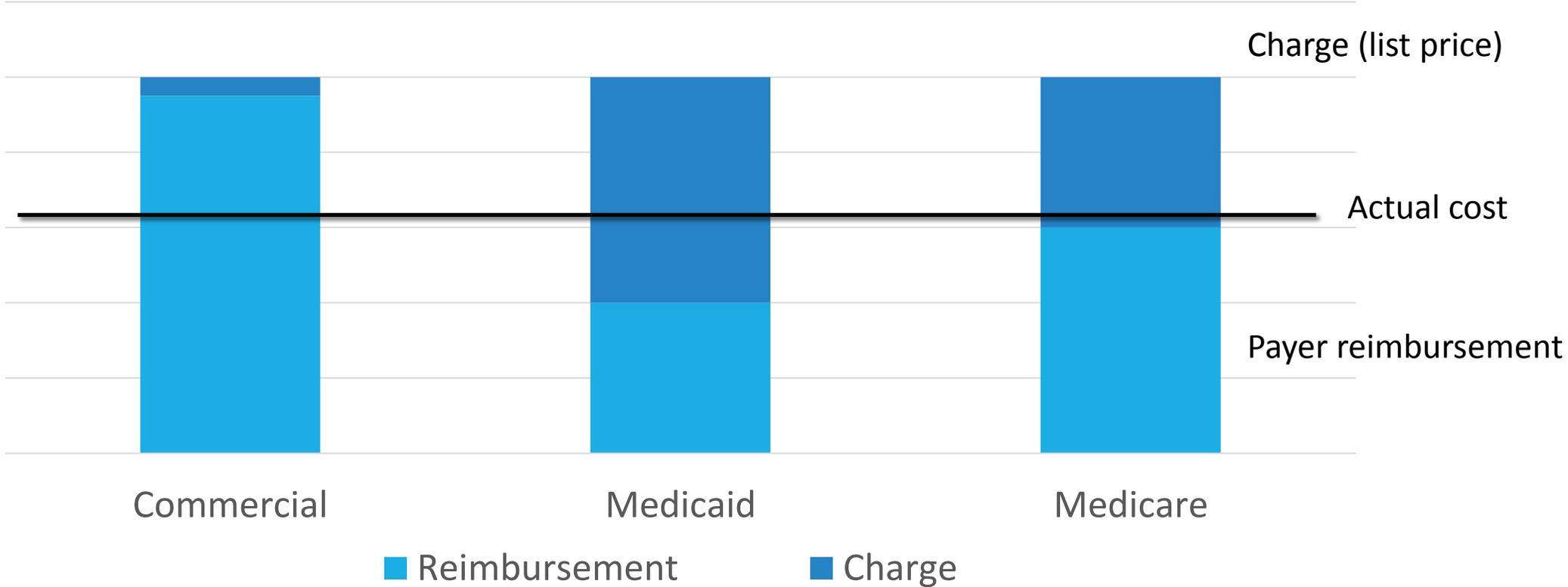
Bea Grause, President

Vermont Association of Hospitals and Health Systems

Problem: The Cost Shift

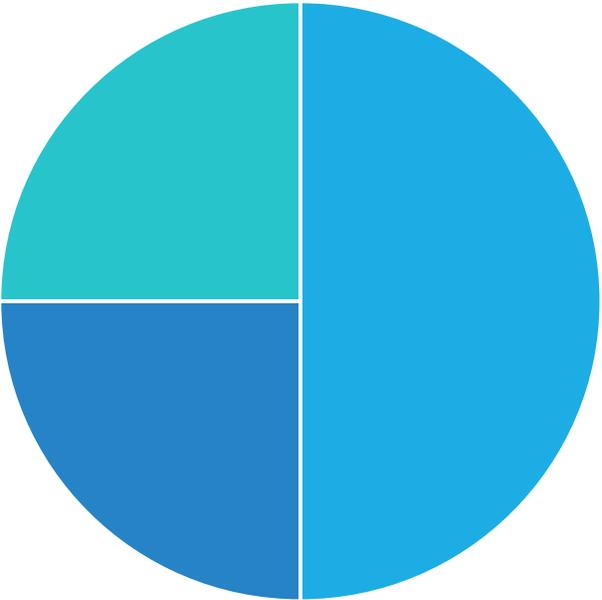


Medicare requires the same charge to all payers



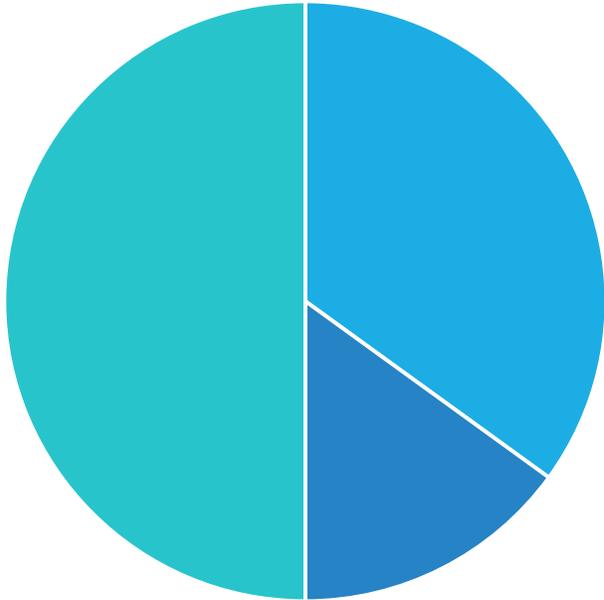
Example of Hospital Payer Mix

Hospital A



■ Medicare ■ Medicaid ■ Commercial

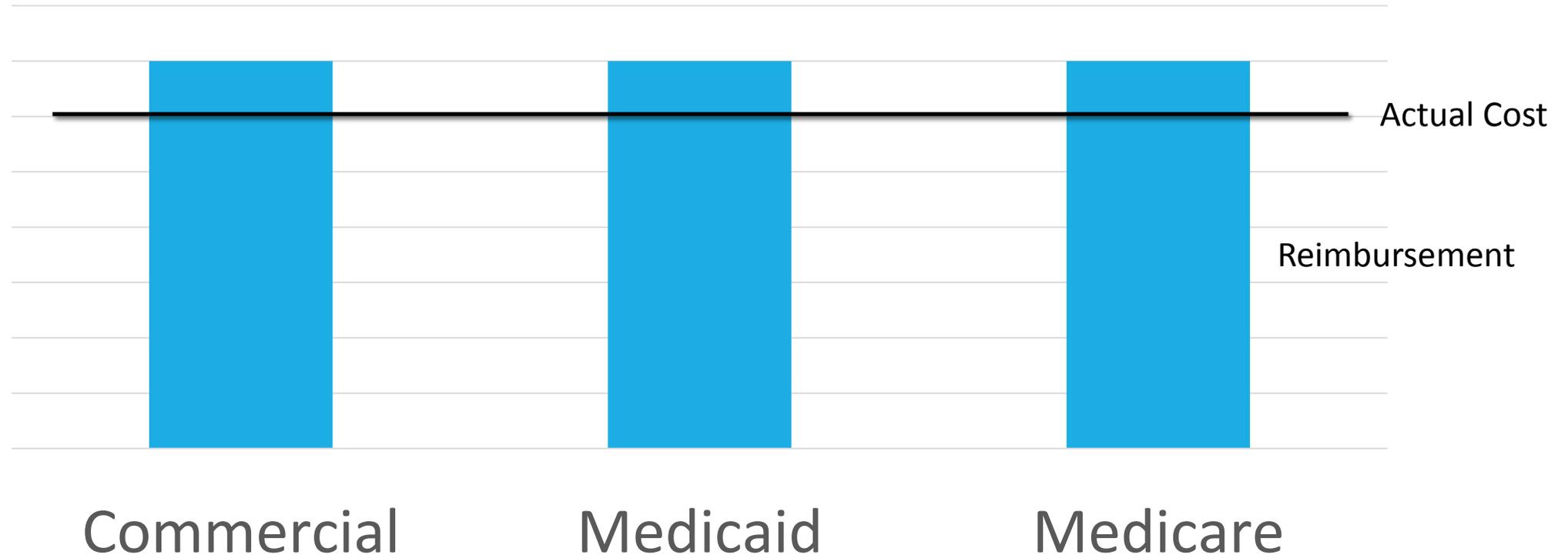
Hospital B



■ Medicare ■ Medicaid ■ Commercial

*Everything other than payer mix is equal for these two hospitals – services, staff, etc.

Solution: An All-Payer Model



An All-Payer Model

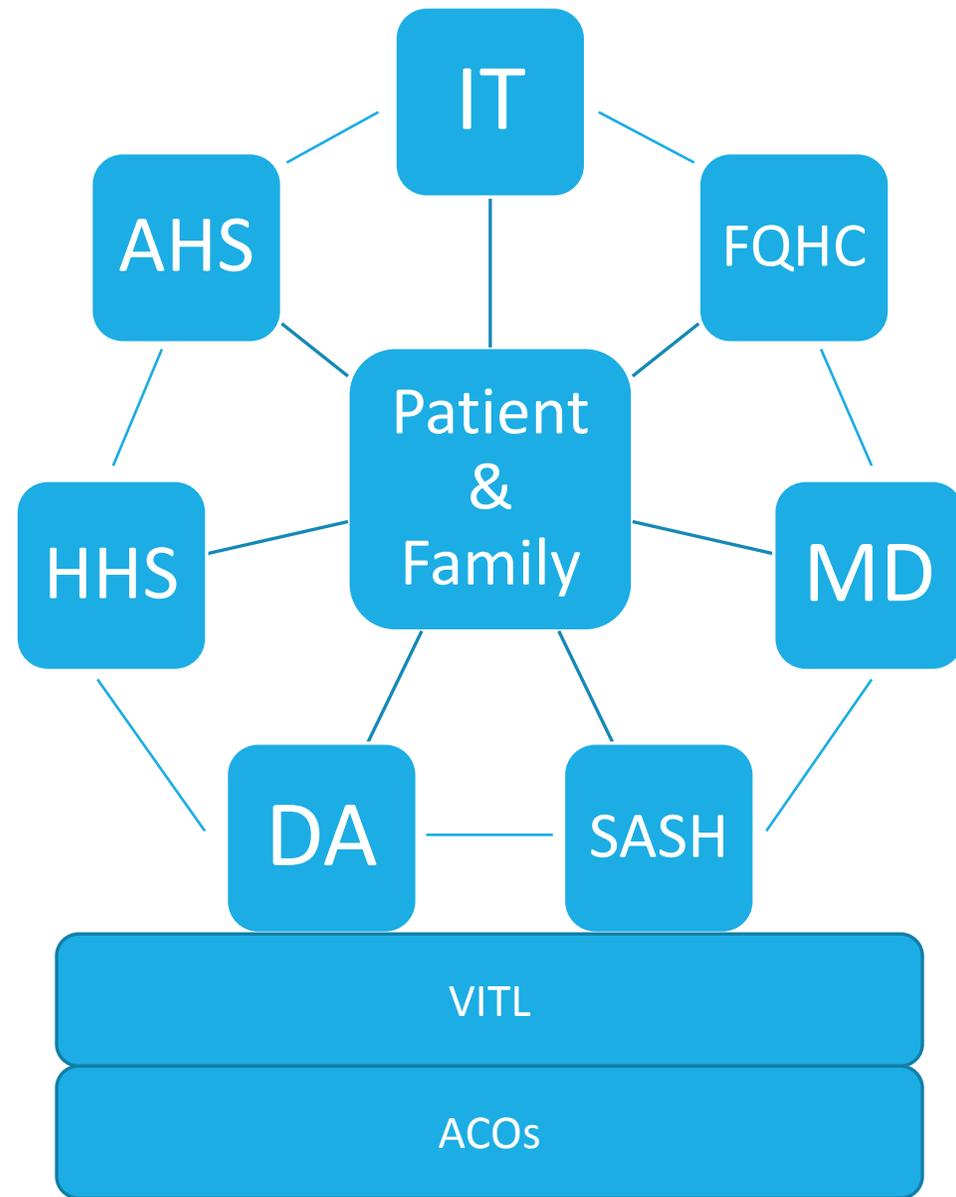
Improve care, lower health spending growth, maintain access

All payers, including Medicare and Medicaid, pay the same price for the same service to certain providers

Waives certain federal laws

No change to Medicare benefits or beneficiary costs

Change payments from volume to value



Why now?

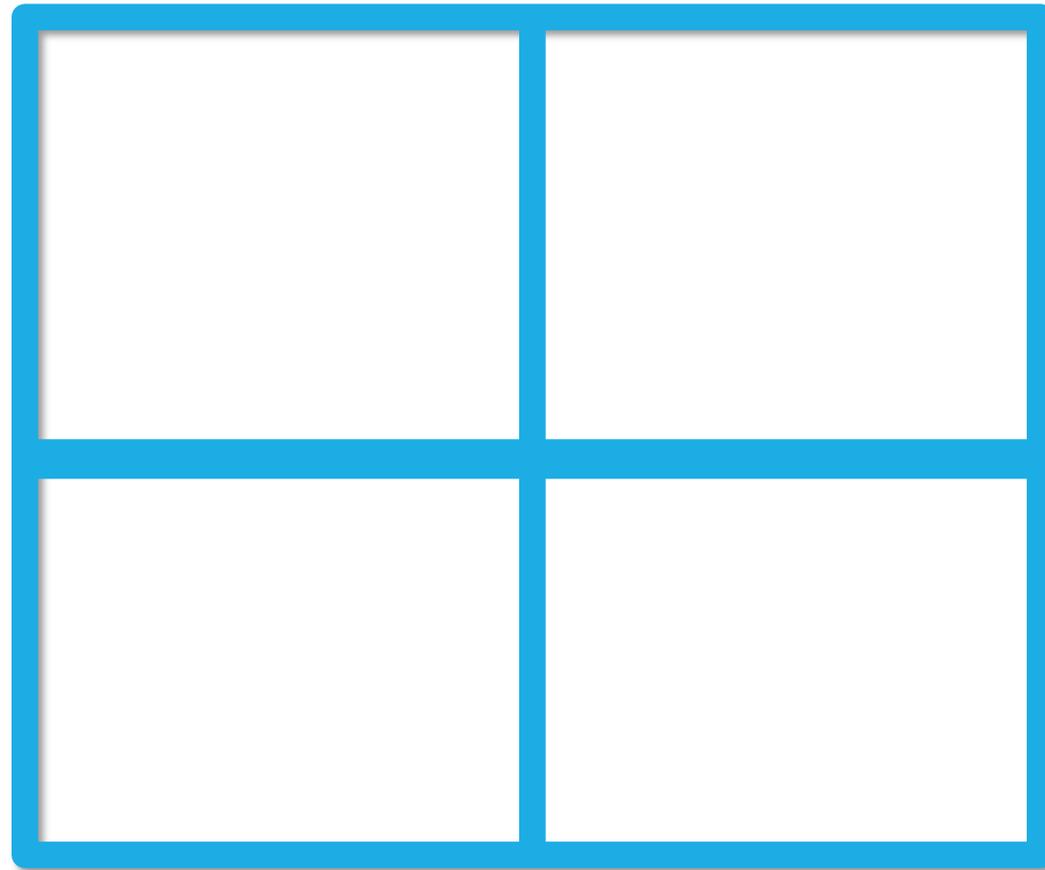
Can't achieve financial sustainability without redesigning how care is delivered

Can't redesign how care is delivered without payment reform

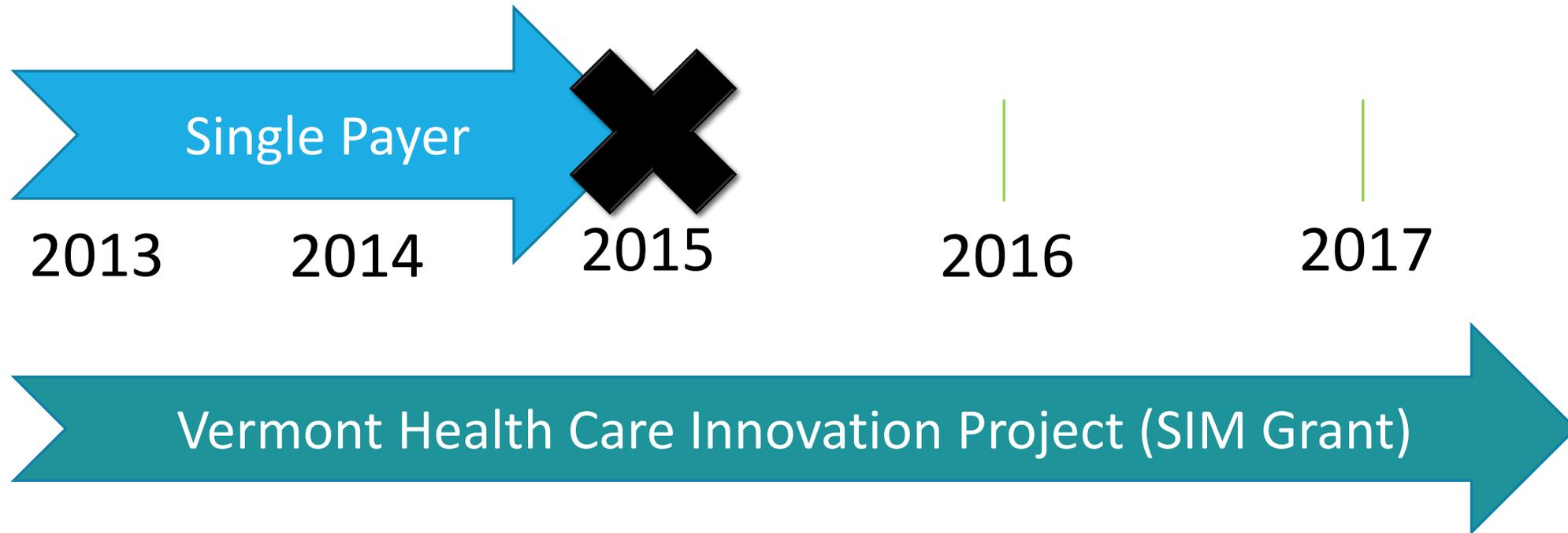
Can't do payment reform without bringing Medicare to the table

Medicare won't come to the table unless we end the Medicaid cost shift

Limited federal window of opportunity



\$45 million investment in reform



What will success look like?

- Health care costs are brought down to rate of economic growth
- Better care – more coordinated, better information
- Moderated Premium growth
- Better coordinated medical and social services at the local level
- Improved primary care services/access
- Understandable payment system
- More rational regulatory structure
- Longer term: more individual affordability