
Presentation to the Senate Health & Welfare Committee and the House Health Care Committee

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Chair, Green Mountain Care Board
January 16, 2013



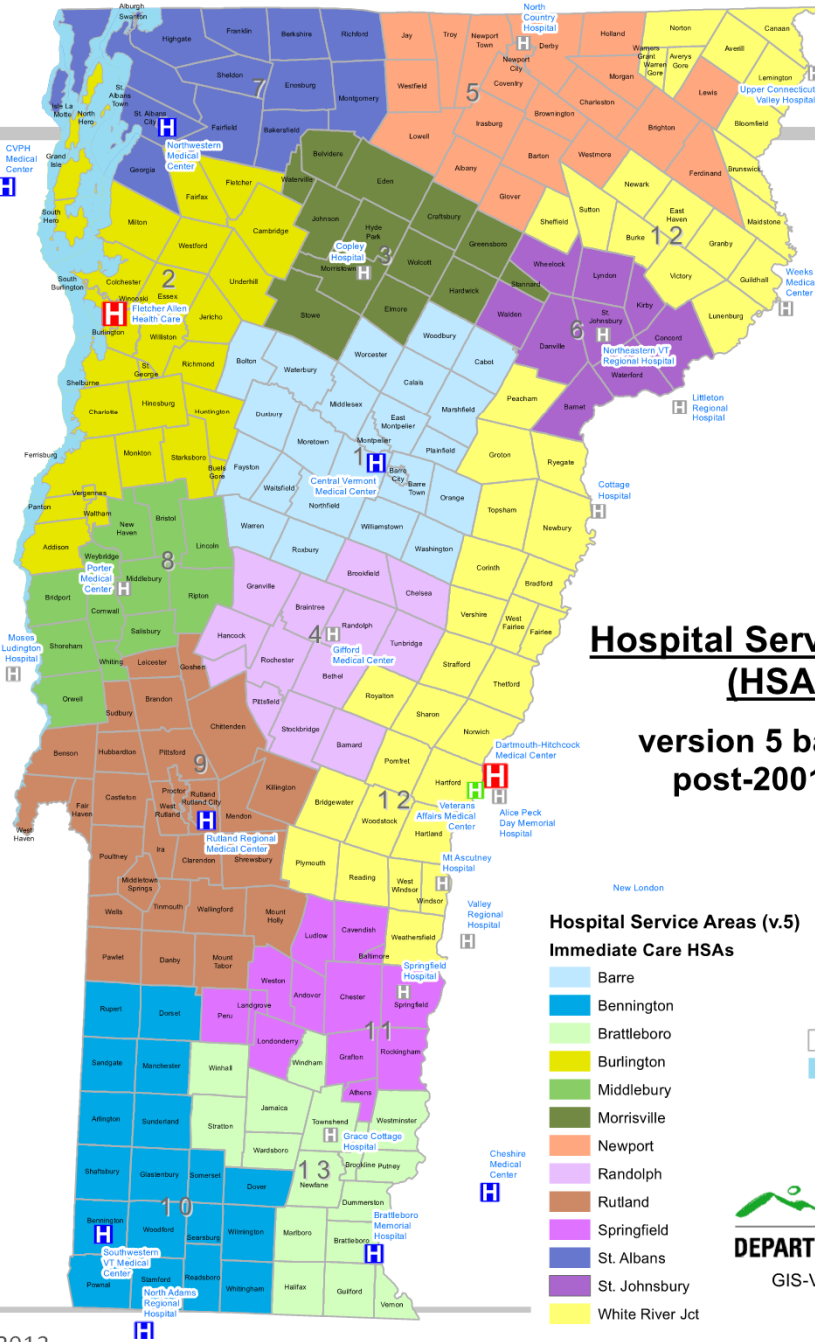
Topics I was asked to address

- What is delivery system and payment reform?
- What are we doing to encourage it?
- What are we doing to control health care cost growth?
- What did we propose in the State Innovation Model grant application?



FIRST, WHAT IS OUR “DELIVERY SYSTEM”?





Hospital Service Areas (HSAs)

version 5 based on post-2001 data

Hospital Service Areas (v.5) Immediate Care HSAs

- Barre
- Bennington
- Brattleboro
- Burlington
- Middlebury
- Morrisville
- Newport
- Randolph
- Springfield
- St. Albans
- St. Johnsbury
- White River Jct

- Level 1 Trauma Center
- Hospital
- VA Hospital
- Critical Access
- Vermont Towns
- Lake Champlain



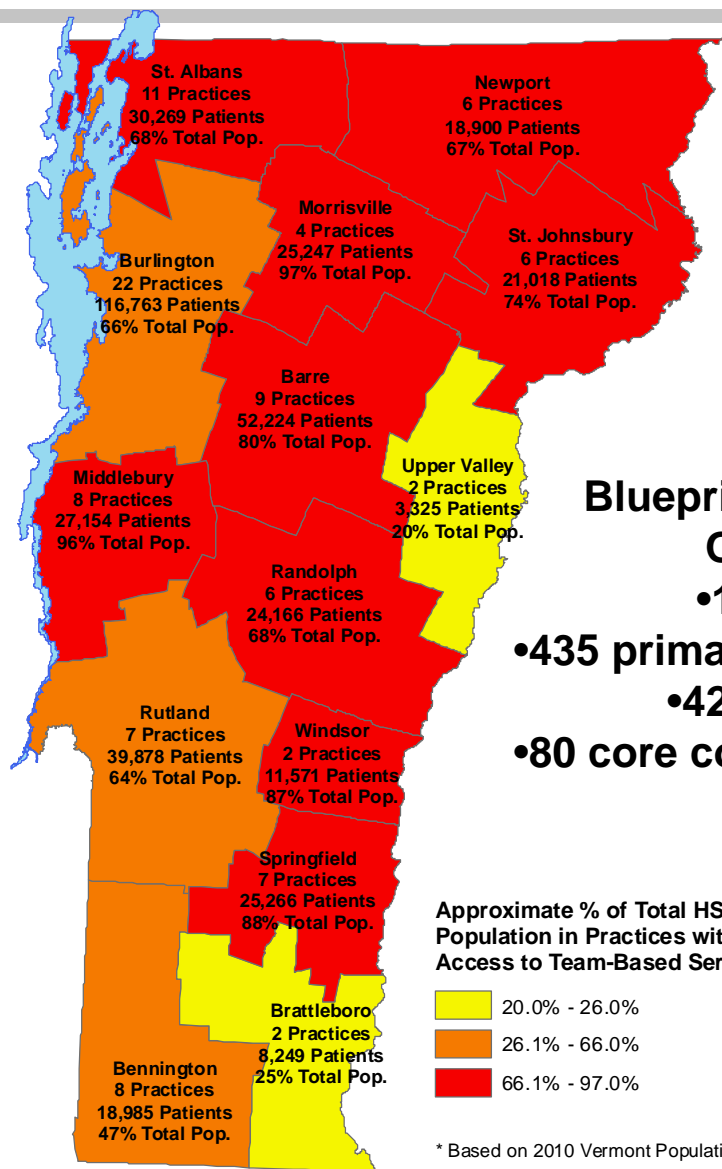
VERMONT HEALTH REFORM

Some Features of Vermont's Health System

- 14 community hospitals, including 8 critical access hospitals (fewer than 25 beds)
- 1 in-state academic medical center, plus Dartmouth-Hitchcock, provide most tertiary care
- 8 FQHCs serving more than 120,000 Vermonters
- Fewer than 2000 physicians, more than half of whom are employed
- 3 health insurance carriers, only 2 in small group market
- 6.8% uninsured



Blueprint for Health (Primary Care)

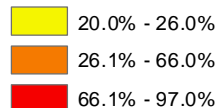


Blueprint Implementation

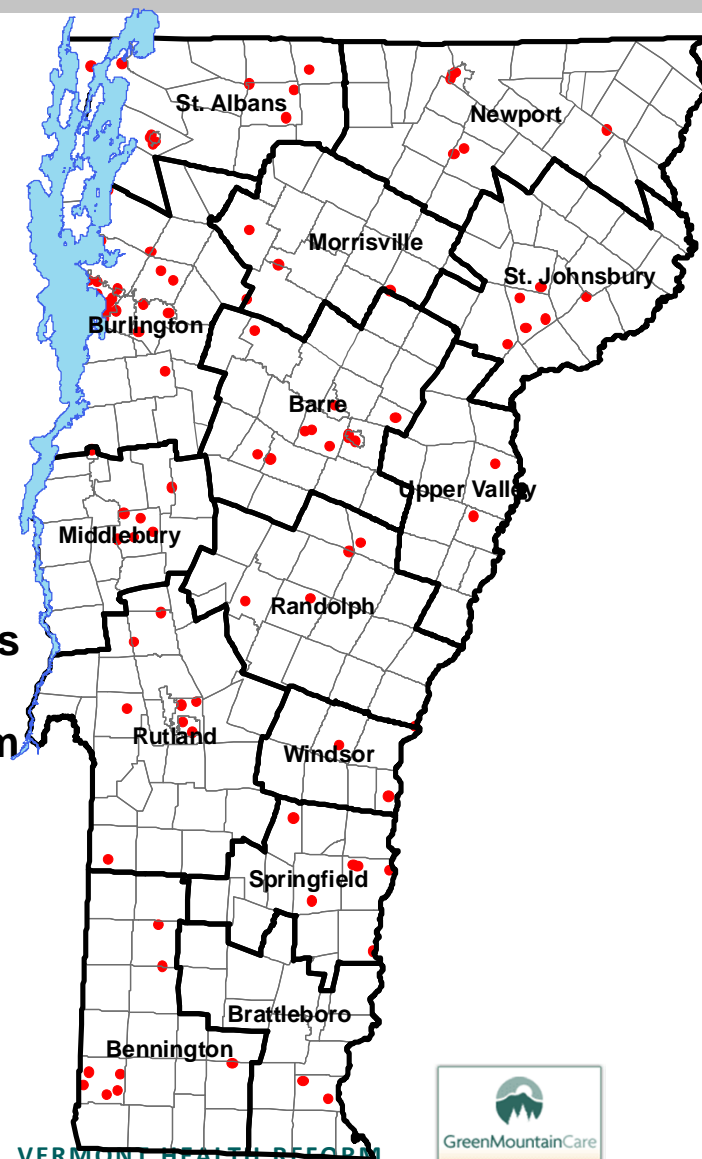
October 2012

- 100 Practices
- 435 primary care provider FTEs
- 423,015 Patients
- 80 core community health team FTEs

Approximate % of Total HSA Population in Practices with Access to Team-Based Services*



* Based on 2010 Vermont Population, U.S. Census Bureau



VERMONT HEALTH REFORM



AND WHAT IS HEALTH CARE PAYMENT?



2010 Vermont Health Care Expenditures - Provider Analysis

All dollar amounts are reported in thousands

	Percent of Total	Total	Out-of-Pocket	Private Insurance	Medicare	Vermont Medicaid	Other Federal	State & Local
Hospitals	44.2%	\$2,120,790	\$181,636	\$958,567	\$590,964	\$227,276	\$134,525	\$27,821
Community Hospitals	39.8%	\$1,908,768	\$176,999	\$932,726	\$584,491	\$214,552	\$0	\$0
Veterans Hospital	3.1%	\$147,148	\$4,024	\$9,106	\$0	\$0	\$133,895	\$124
Psychiatric Hosp: State	0.5%	\$22,313	\$25	\$0	\$0	\$0	\$185	\$22,103
Psychiatric Hosp: Private	0.9%	\$42,560	\$588	\$16,735	\$6,473	\$12,725	\$446	\$5,595
Physician Services*	11.6%	\$555,307	\$78,937	\$294,315	\$109,469	\$60,510	\$11,591	\$485
Dental Services	5.0%	\$239,321	\$145,390	\$68,017	\$0	\$24,701	\$16	\$1,197
Other Professional Services	4.4%	\$212,090	\$32,250	\$115,054	\$28,230	\$36,551	\$5	\$1
Chiropractor Services	0.7%	\$33,556	\$5,106	\$24,006	\$2,755	\$1,688	\$0	\$0
Physical Therapy Services	1.0%	\$46,868	\$7,131	\$28,608	\$7,070	\$4,058	\$1	\$0
Psychological Services	1.0%	\$45,898	\$6,979	\$19,316	\$2,548	\$17,053	\$1	\$1
Podiatrist Services	0.1%	\$4,967	\$755	\$2,373	\$1,555	\$284	\$0	\$0
Other	1.7%	\$80,802	\$12,278	\$40,751	\$14,301	\$13,468	\$3	\$0
Home Health Care	2.3%	\$108,655	\$4,293	\$11,683	\$57,167	\$33,135	\$967	\$1,409
Drugs & Supplies	13.2%	\$634,813	\$153,502	\$272,660	\$130,158	\$77,934	\$1,274	(\$716)
Vision Products & DME	2.0%	\$93,738	\$50,079	\$12,733	\$21,968	\$8,956	\$0	\$1
Nursing Home Care	5.4%	\$257,348	\$42,209	\$2,850	\$75,967	\$121,443	\$5,487	\$9,392
Other/Unclassified Health Services	0.7%	\$32,775	\$14,451	\$2,063	\$0	\$500	\$0	\$15,761
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Change in surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Government Health Care Activities**	11.3%	\$544,102	\$0	\$0	\$0	\$487,654	\$32,750	\$23,698
TOTAL VERMONT EXPENDITURES	100.0%	\$4,798,939	\$702,747	\$1,737,941	\$1,013,923	\$1,078,661	\$186,616	\$79,050
Percent of total expenditures		100.0%	14.6%	36.2%	21.1%	22.5%	3.9%	1.6%

* Hospital-employed physician practices are included in the Community Hospital category in the Provider Matrix. Physicians amount reported \$278 million.

** See Spotlight on Government Health Care Activities in this report for further detail.

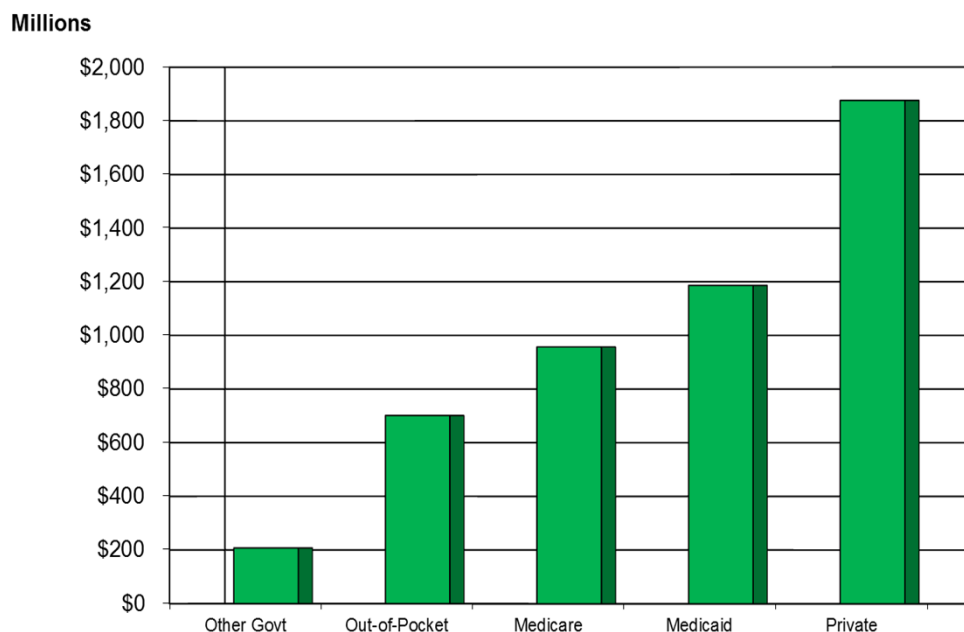
	Provider reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

VERMONT HEALTH REFORM



Almost half of Vermont health care spending comes through government, while the remainder is private funding

In 2010, Vermont residents spent a total of \$4.9 billion on health care, of which 38.1% was paid for through private insurance, 24.1% Medicaid, 19.4% Medicare, 4.2% other Government and 14.2% from out-of-pocket.



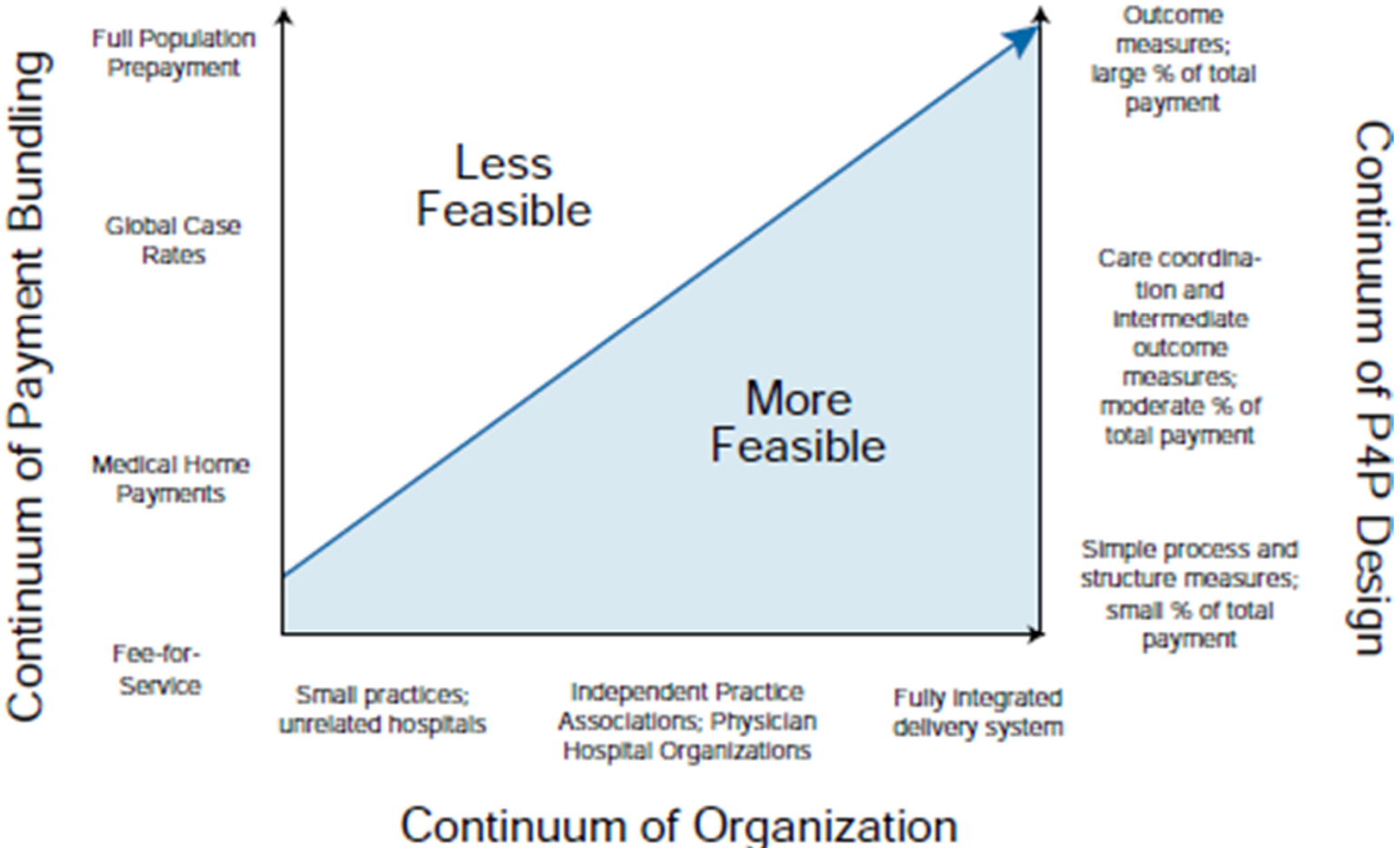
Health care payment in Vermont

- Mostly fee-for-service to health care organizations, though many physicians are paid a salary
- Three major models of hospital payment under Medicare
 - Critical access
 - Prospective payment system
 - Academic medical center
- FQHCs are paid on a cost basis
- Two shared savings Accountable Care Organizations

AND HOW ARE WE AIMING TO “REFORM” THIS?



Framework for High Performance System



Source: The Commonwealth Fund, 2008



Payment and delivery system reform goals

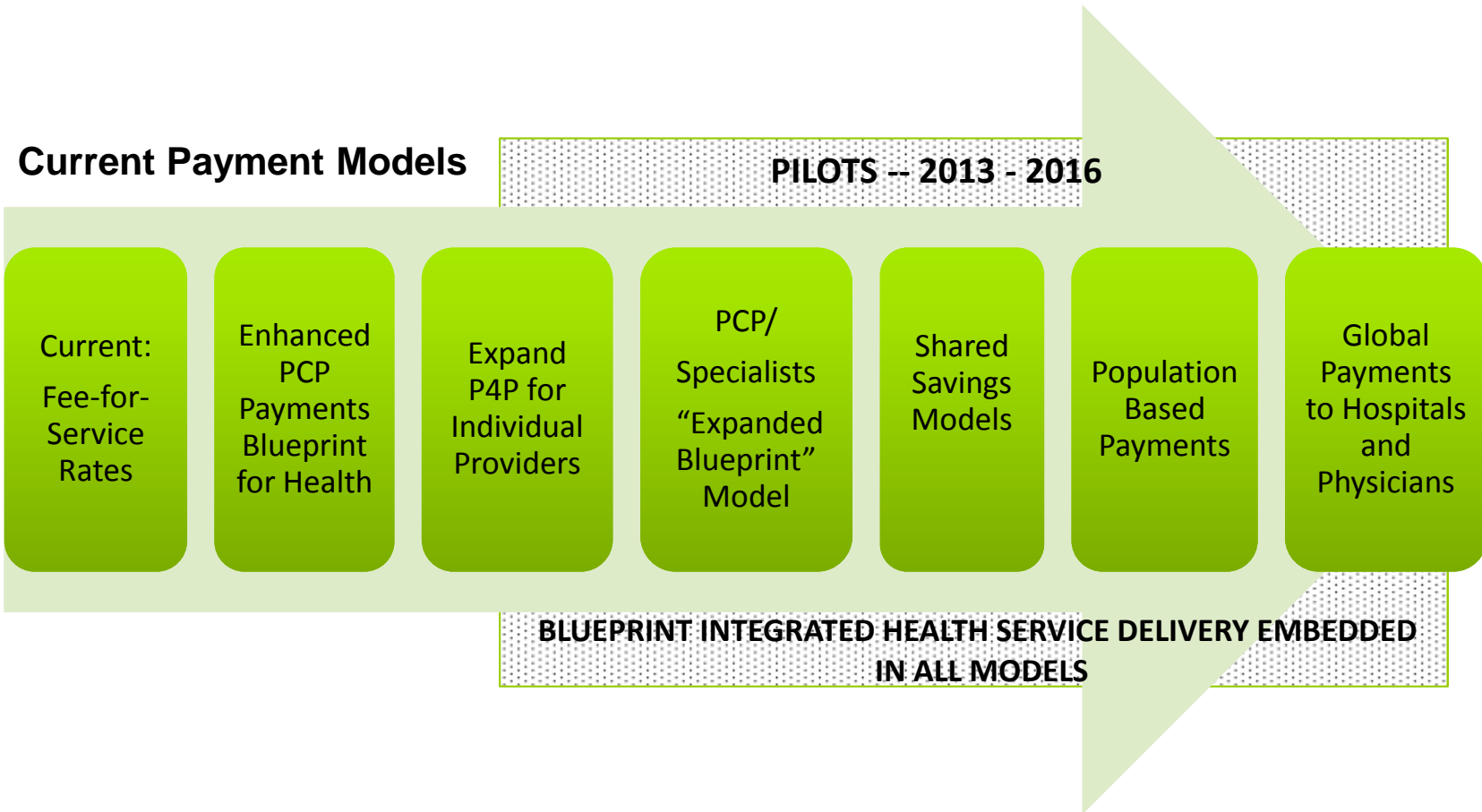
Move away
from fee-for-
service

Build on the
Blueprint For
Health

Include all
payers

Incorporate
performance
measures
for cost,
quality , and
patient
experience

Payment Reform Models Under Development



WHAT DID WE PROPOSE IN THE STATE INNOVATION MODEL GRANT APPLICATION?

(Joint effort with the Agency of Human Services)



Innovation Plan goal: a “high performance health system” for Vermont

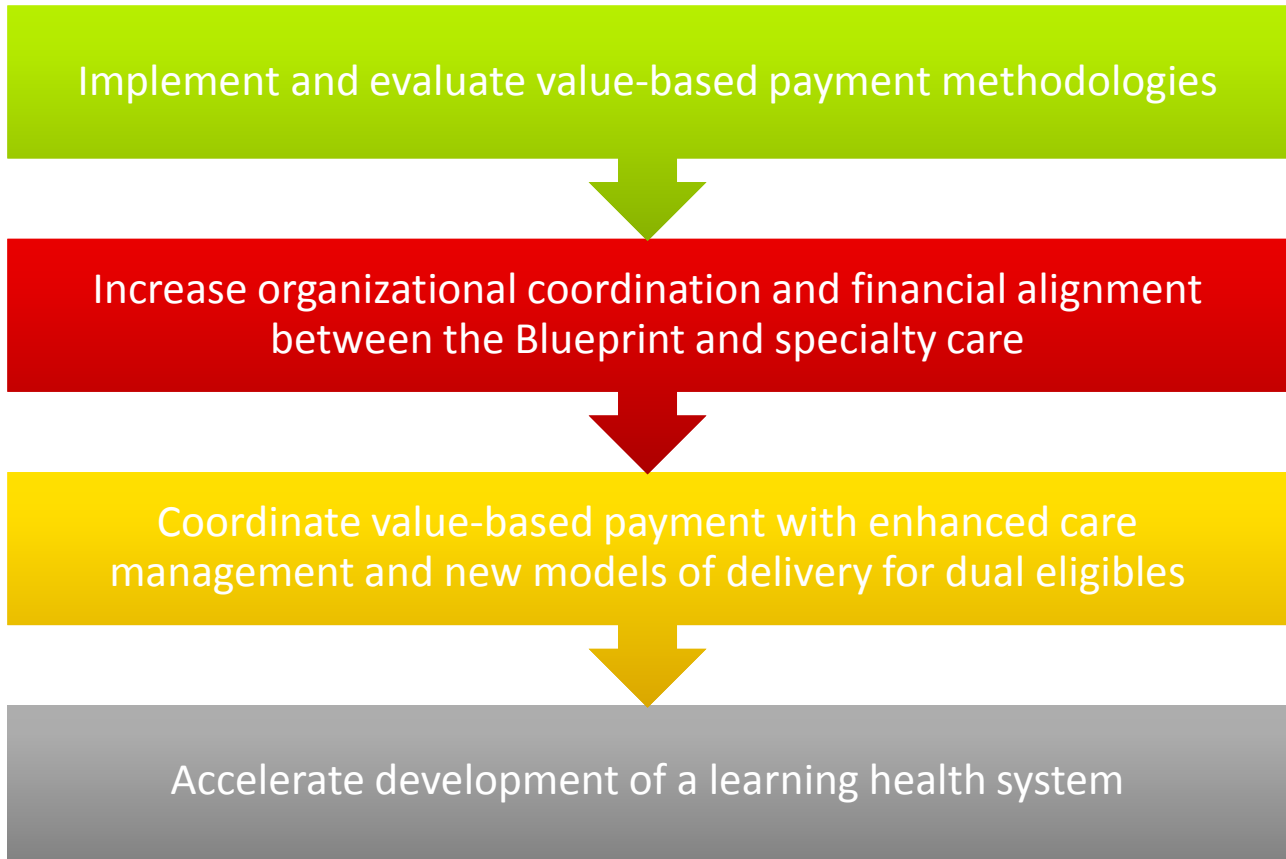
Improved patient experience of care

Improved population health

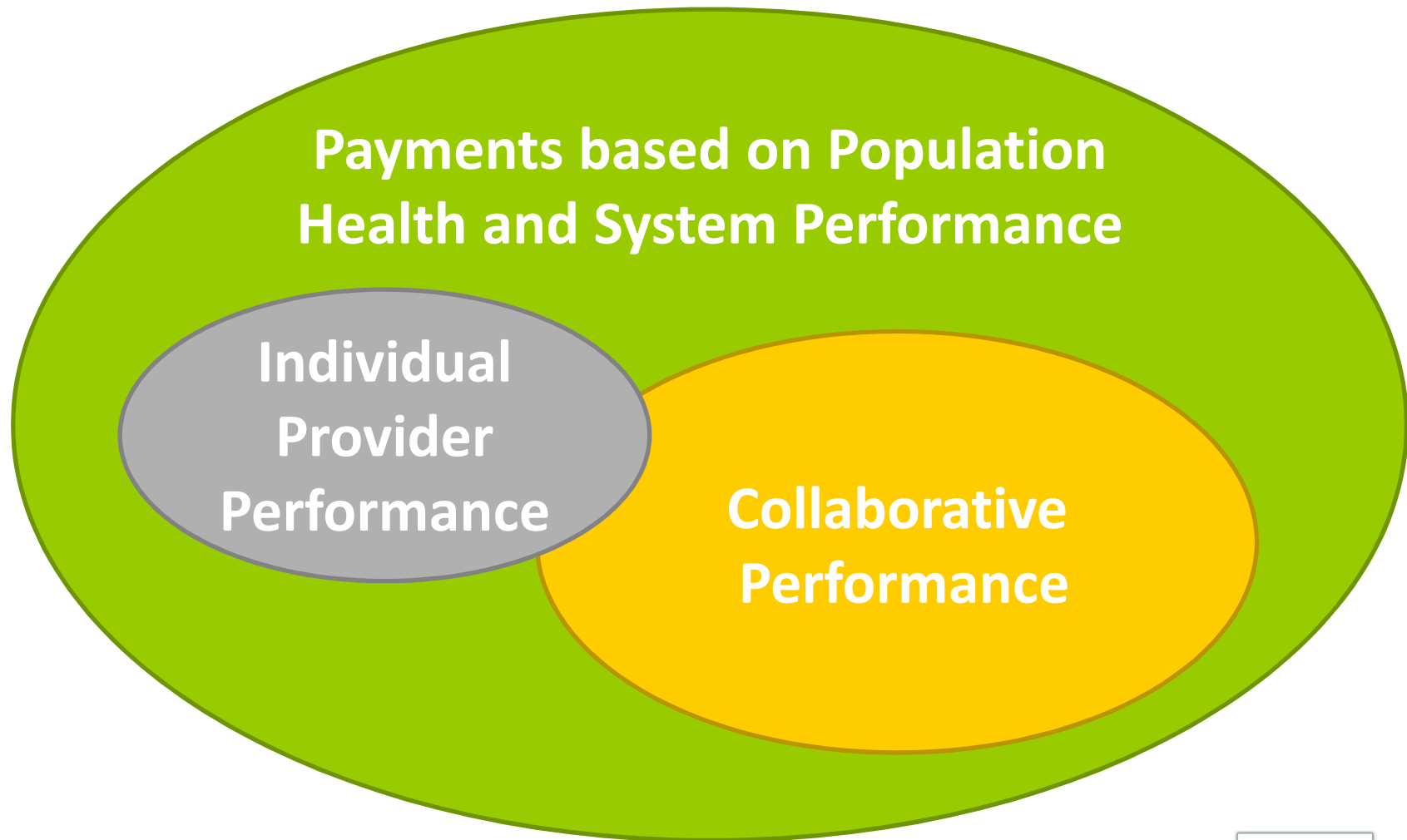
Reduced per capita costs



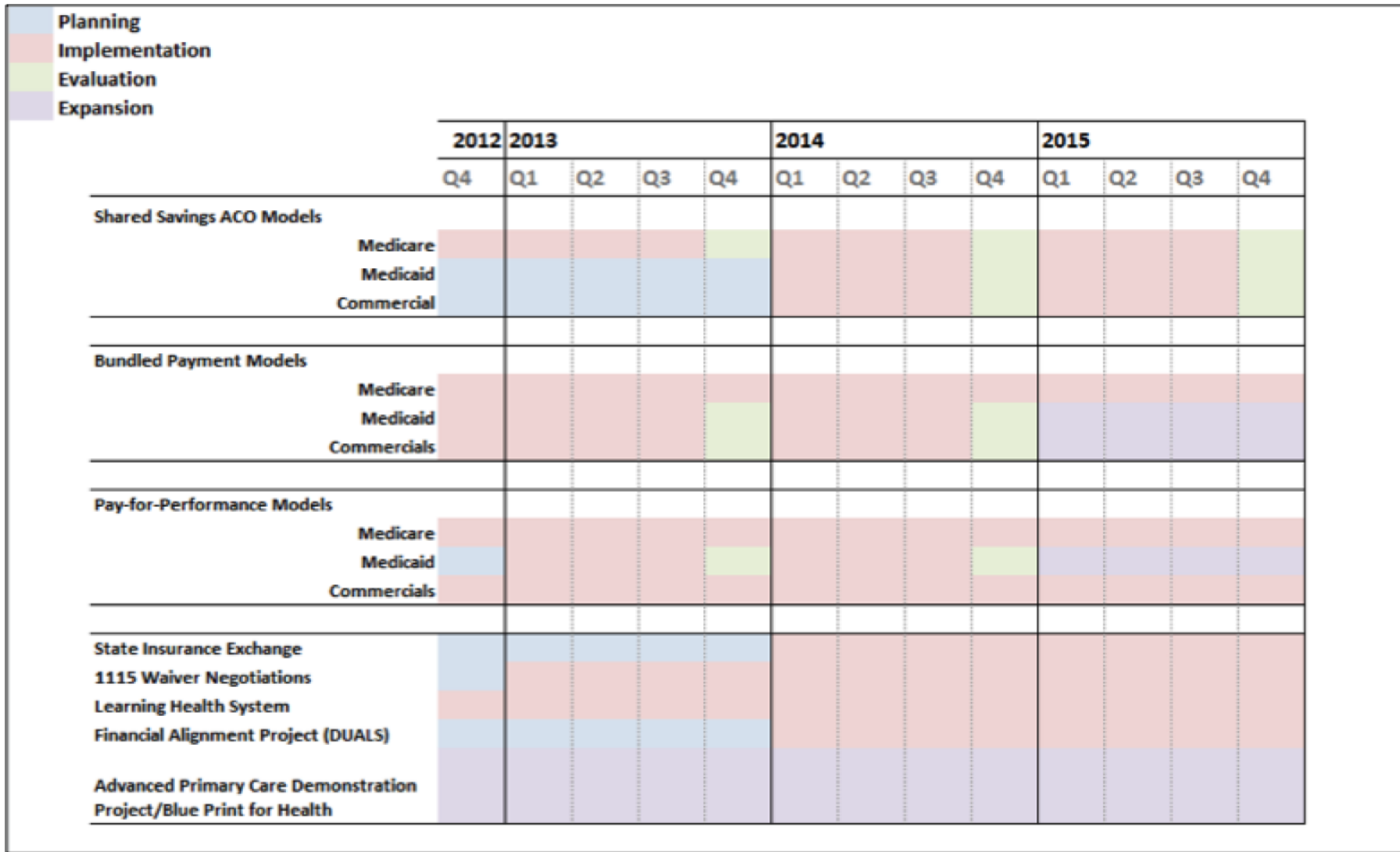
Four aims of the State Innovation Plan



Using Complementary Financial Models to Drive System Change and Bend the Cost Curve



Schedule for SIM grant implementation and related activities



HAS IT WORKED YET?



This is very much a work in progress

- Working to:
 - Design and implement payment reform pilots
 - Develop a better forecasting model
 - Develop better analytic capabilities
 - Identify the appropriate rate of cost growth
 - Involve all payers
- Meanwhile we administer hospital budget, health insurer rate and certificate of need processes