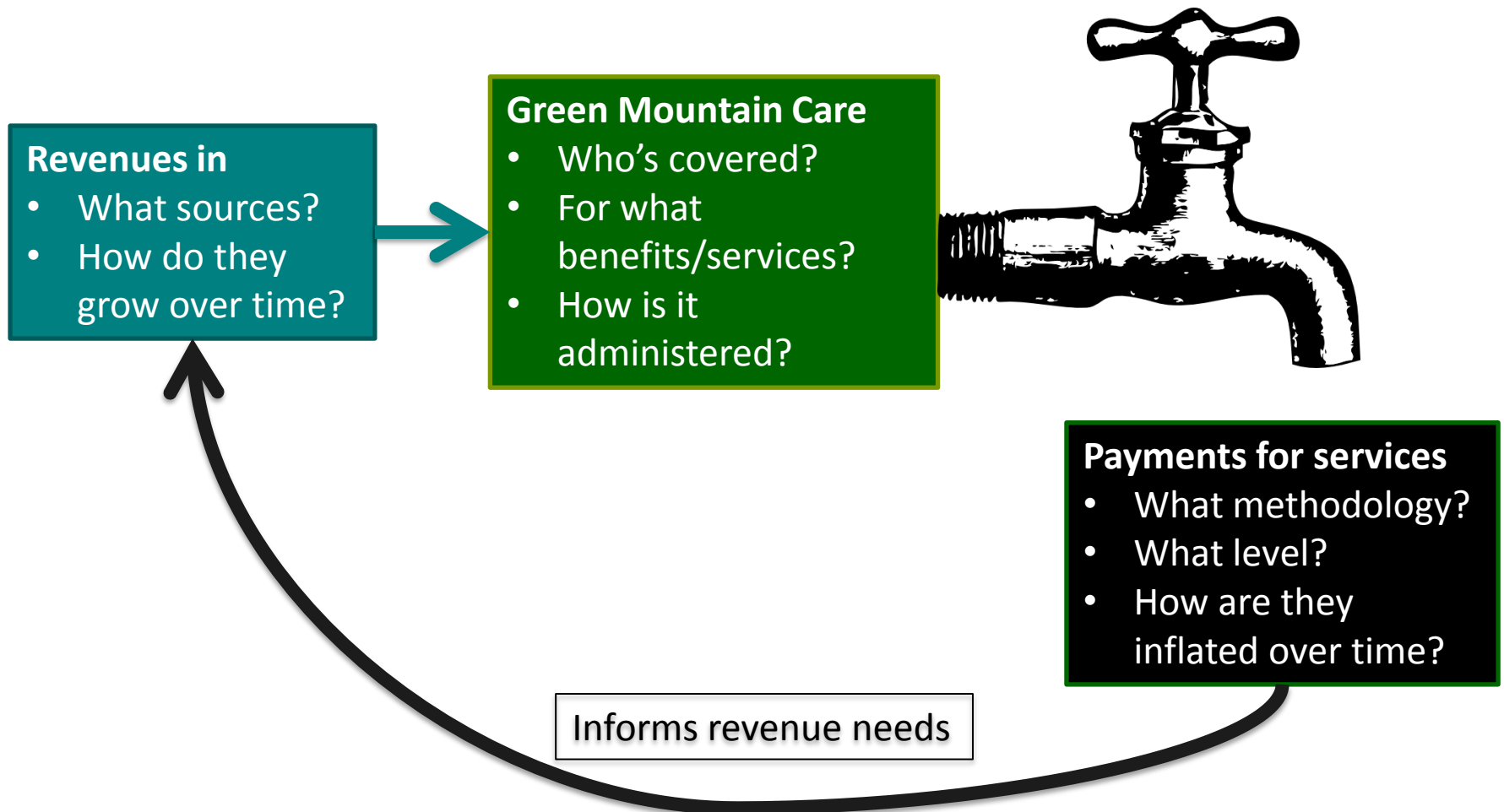


---

# **GMC Financing Update**

Michael Costa,  
Deputy Director of Health Care Reform

# Working Towards Green Mountain Care: 3 Zones



# Road to a Finance Proposal: Zone 1

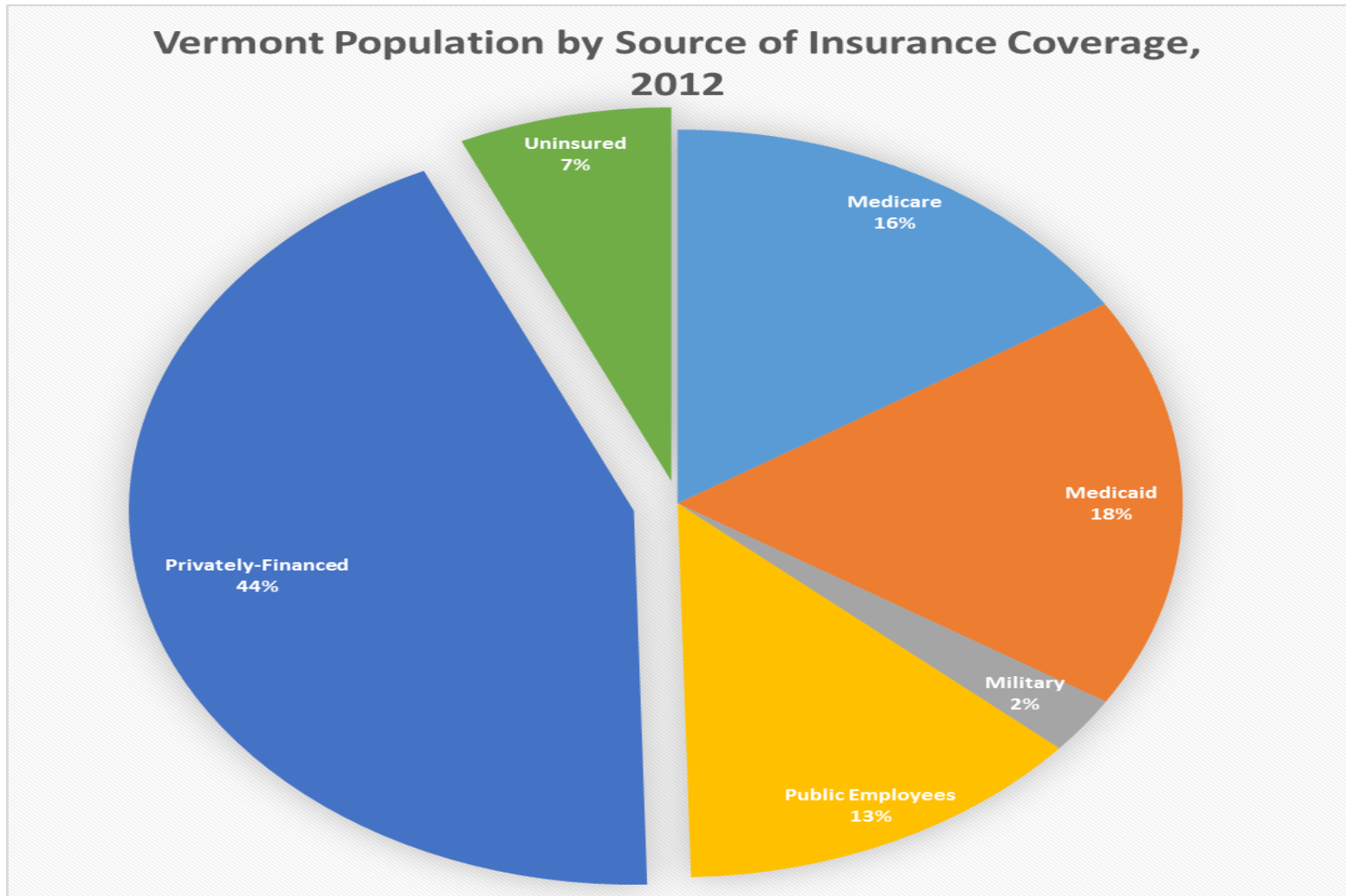
## Four Major Questions Guide the Finance Work

- How much is paid now? How are people covered now?
- How much will Green Mountain Care cost?
- How will we pay for Green Mountain Care?
- What will be the economic impact?

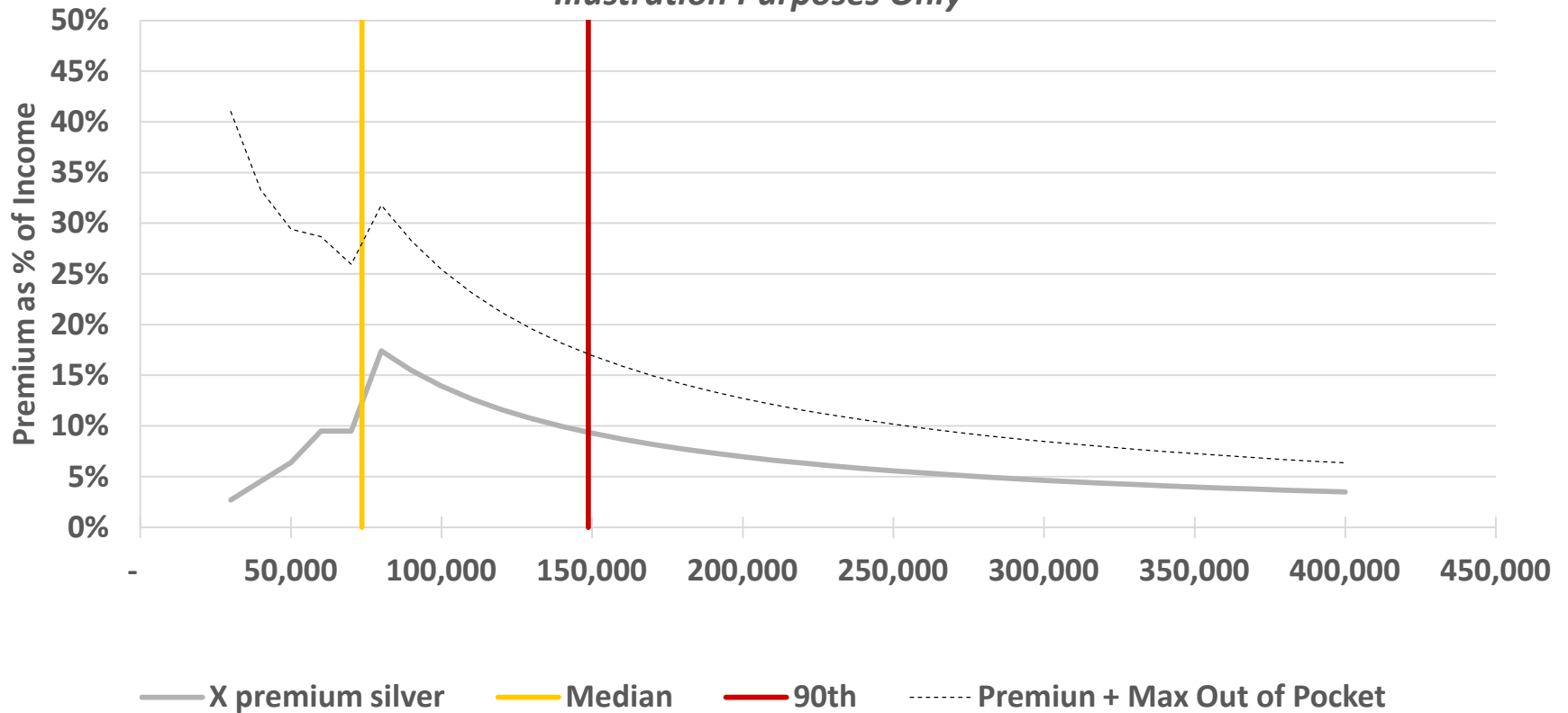
# Question 1: How Much is Paid Now

- How much is paid now?
  - Goal is to develop recurring state level data collection on how much businesses and individuals pay for health care
  - In discussion with Tax Department regarding collection mechanism
    - Considering additional survey tools to bridge gap until state level data ready
  - Ready to collaborate as opportunities arise

# Sources of Coverage



**Profile of Health Care Costs for Family of 3**  
*Illustration Purposes Only*



Notes: The silver plan illustrated is BCBSVT Standard Silver Plan with the following parameters:

- Family Plan
- Premium: \$1,160.05/month
- Medical Deductible: \$3,100
- Maximum Medical Out of Pocket: \$11,500

<http://info.healthconnect.vermont.gov/sites/hcexchange/files/BCBS-EPO-CDHP-STANDARD-SILVER.pdf>

## Question 2: How Much will GMC Cost?

- How much will Green Mountain Care cost?
  - Focusing on analysis and collaboration
    - Legislative collaboration
      - Drill down on UMASS/Wakely Report
        - » Consensus revenue range
        - » Medicare
    - Provider collaboration
      - PHCR work groups
    - Community collaboration
      - Advisory boards

# Goals and critical questions

- Shared high level goals
  - To provide high quality health care to all Vermonters.
  - In order to do that, we need a strong, financially sound network of health care providers Goals
- Immediate goal
  - Come to a basic agreement on provider reimbursements and administrative costs for the purposes of Green Mountain Care financing bill in 2015.
- Critical Questions
  - Can we all agree that trying to answer these questions and others that may arise collaboratively is potentially more productive than dueling reports?
  - Can we all agree that our shared focus is on public financing considerations, recognizing that other aspects of reform are related but not the focus for the purpose of this discussion?



# What questions are we trying to answer for financing bill?

## Provider Reimbursement

Agreement on how to calculate provider reimbursement rates.



Discussion of sufficient spending to reimburse providers for care for all Vermonters.



Discussion of how provider reimbursement rate should grow over time (Inflation)



## Administrative Costs

Agreement on how to define administrative costs.



Discussion of sufficient administrative spending to provide care for all Vermonters.



Discussion of how administrative costs should grow over time (Inflation)



2015 GMC Financing Bill

## Question 3: How to Pay for GMC?

- How will we pay for Green Mountain Care?
  - Gathering all the pieces of the puzzle

# Considerations

- Contributions
- Transitions
- Primary versus secondary payers
- Managing risk
- ERISA and financing
- Governance and stabilizers
- Defining sustainability
- Developing consensus on GMC costs
- Governance and stability
- Measuring performance and ensuring stability
- Consistent and replicable forecasting process
- Impact on pension obligations
- Estimating fiscal impact of federal waiver
- Alignment with public health initiatives

# Question 4: What will be the economic impact?

- What will be the economic impact?
  - Beginning to explore partnerships for microsimulation and economic modeling

# Questions?

---

- Thank you