

# Vermont's Health Care System

## Overview:

### *Payers & Players*

*(as we currently know it)*



Updated January 2015

Nolan Langweil, Joint Fiscal Office

# Parts of a Health Care System

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

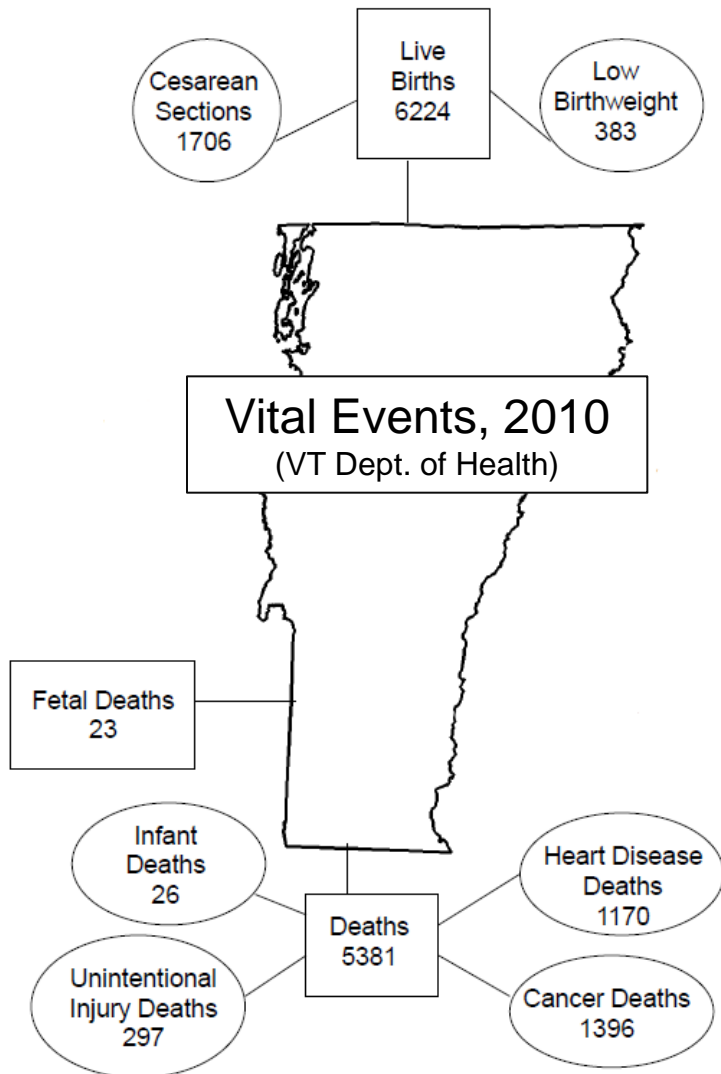


# PATIENTS



# BASIC FACTS

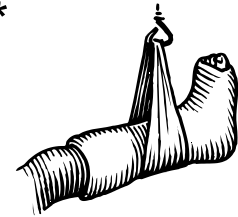
## Vermont Vital Events for 2010



- Approx. 626,431 Vermonters\*
  - From 2000 to 2010, Vermont's population grew at less than 0.3% per year.

## VITAL STATS

- 6,224 Live Births (2010)\*\*
- 5,381 Deaths (2010)\*\*



## VERMONT HOSPITALS

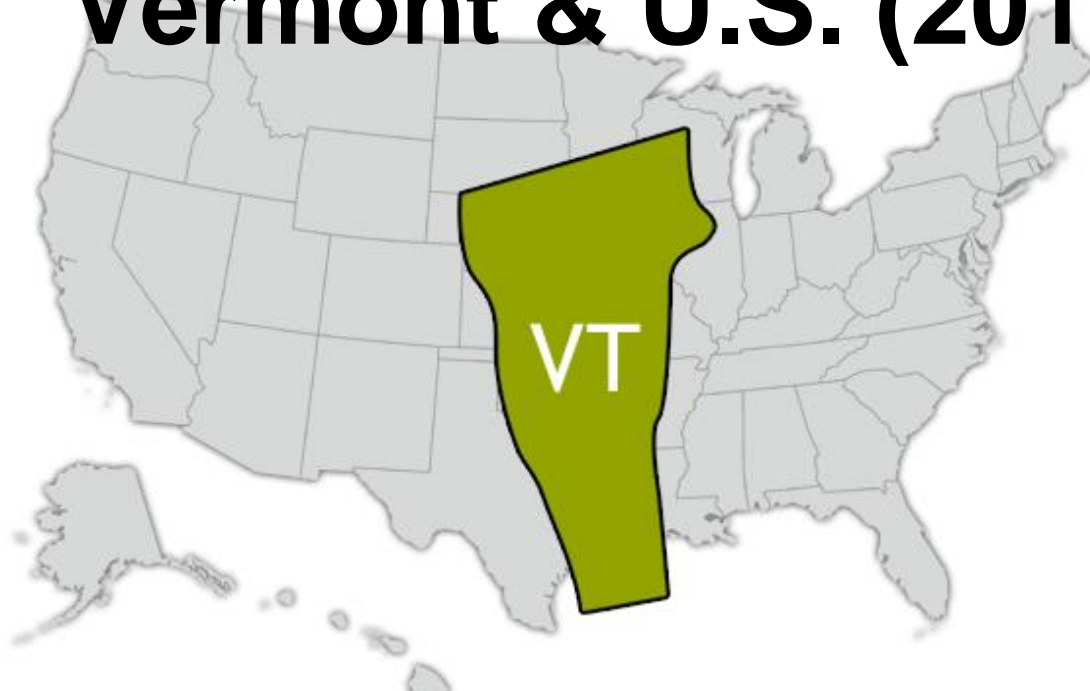
- 46,606 Inpatient discharges\*\*\*
- 102,433 Outpatient discharges\*\*\*\*
- 249,824 Emergency Dept. discharges\*\*\*

\* U.S. Census 2010

\*\* Vital Statistics (2010), Vermont Dept. of Health

\*\*\*2012 Vermont Hospitals Report (July 2014), VT Green Mountain Care Board and Department of Health

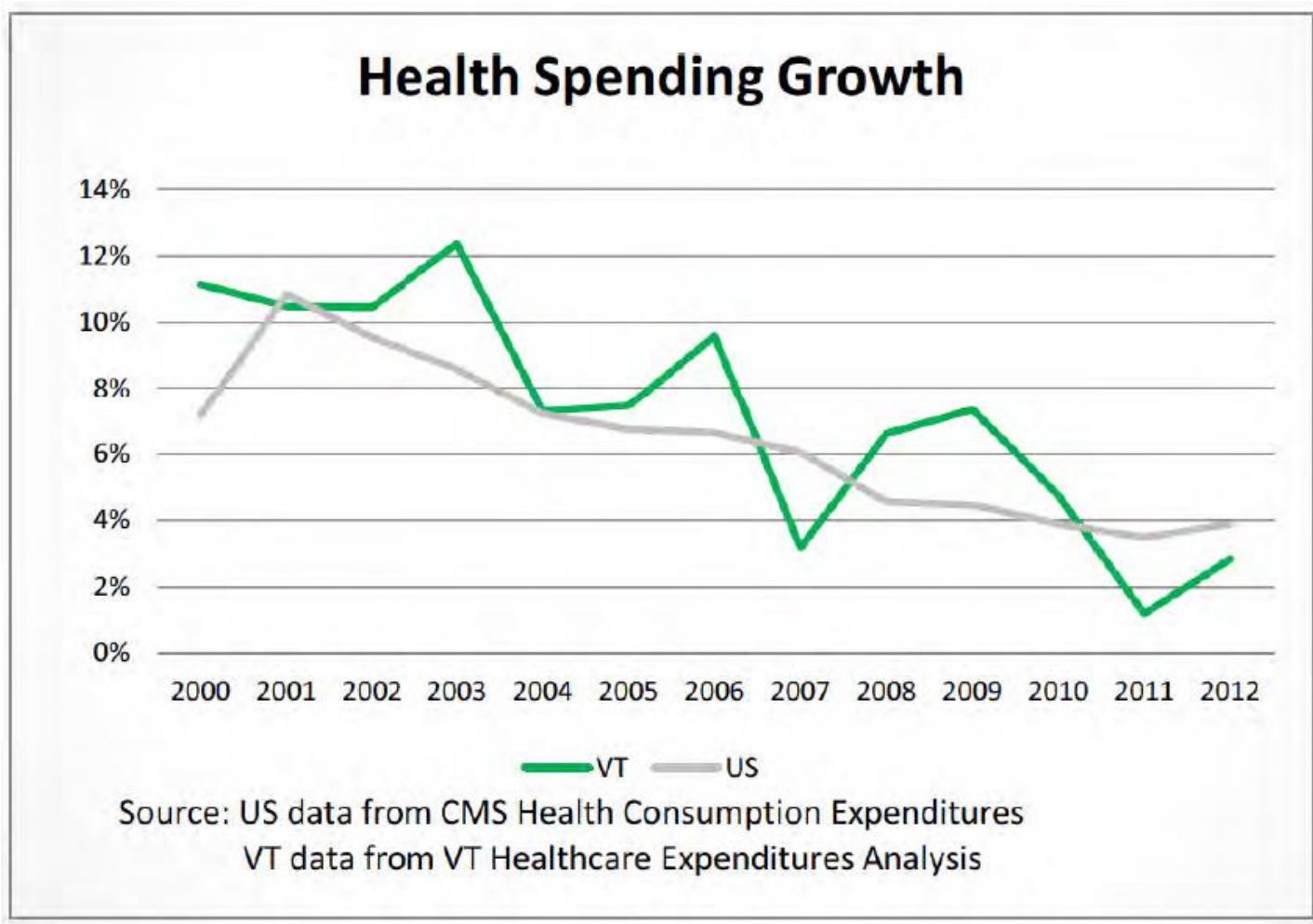
# Health Care Expenditures Vermont & U.S. (2012)



	<u>VT</u>	<u>U.S.</u>
<b>Total (billions)</b>	\$5.1	\$2,633
<b>Per Capita</b>	\$8,149	\$8,404
<b>Annual Change (2011-2012)</b>	2.4%	3.1%
<b>Average Annual Change (2008-2012)</b>	3.7%	3.1%
<b>Share of Gross State/Domestic Product</b>	18.8%	16.8%

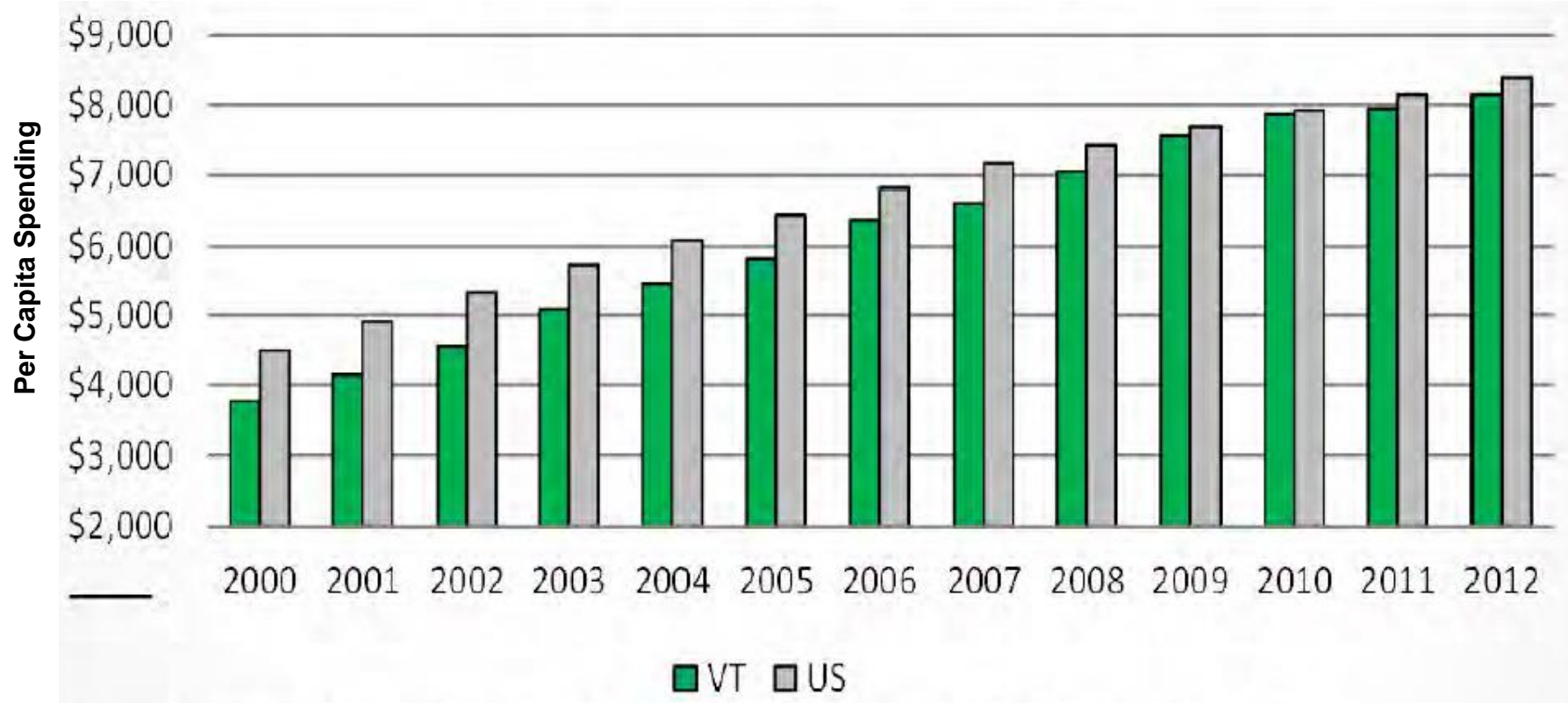
*Note: VT data is from the GMCB Expenditure Analysis and CMS*

# Health Care Expenditures Vermont & U.S.



Source: Green Mountain Care Board 2012 Expenditure Analysis (released March 2014)

# Health Care Expenditures Vermont & U.S.



Source: US data from CMS Health Consumption Expenditures  
 VT data from VT Healthcare Expenditure Analysis

Note: Data from GMCB 2012 Expenditure Analysis

# PROVIDERS





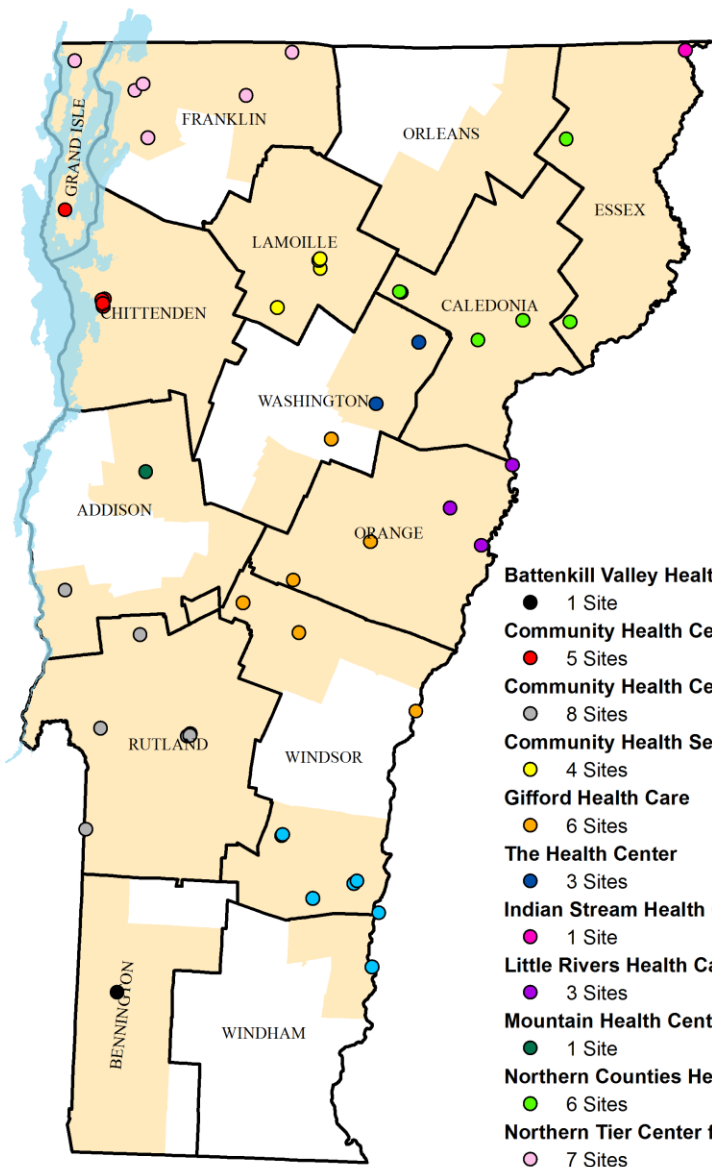
# HOSPITALS

- 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 in Berlin
  - Brattleboro retreat (private treatment center)



Spending on **HOSPITAL CARE** for Vermonters in 2012 was **\$1.98 billion**. This accounted for **38.7%** of all health care spending for Vermonters.

# FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)



2014 FQHC Service Areas



- Battenkill Valley Health Center**  
● 1 Site
- Community Health Centers of Burlington**  
● 5 Sites
- Community Health Centers of the Rutland Region**  
● 8 Sites
- Community Health Services of Lamoille Valley**  
● 4 Sites
- Gifford Health Care**  
● 6 Sites
- The Health Center**  
● 3 Sites
- Indian Stream Health Center**  
● 1 Site
- Little Rivers Health Care**  
● 3 Sites
- Mountain Health Center**  
● 1 Site
- Northern Counties Health Care**  
● 6 Sites
- Northern Tier Center for Health**  
● 7 Sites
- Springfield Medical Care Systems**  
● 7 Sites
- Served by an FQHC

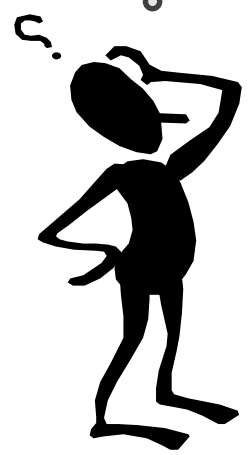
Please note:  
 1. Some sites may overlap due to similar street addresses.  
 2. One SMCS practice is located in Charlestown, NH.  
 3. One site is a mobile dental clinic.

- 12 FQHCs
  - (including NH-based Indian Stream’s Canaan, VT site)
- 51 primary care sites in 12 counties
- Federal grants support sliding fee scale
- Located in medically underserved areas or health professional shortage areas
- Served 149,980 Vermonters in 2012
- Leverage federal dollars for loan repayment, expanding services, facility construction and renovation
- FQHC boards of directors are at least 51 percent patients and include representatives from underserved populations

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

**Comparison of RHCs and FQHCs**  
*Selected characteristics*

	<b>RHC</b>	<b>FQHC</b>
<b>Location</b>	Rural	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 to have a community board representative of the population the health
<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 13 Rural Health Clinics (RHCs) statewide



# LONG TERM CARE

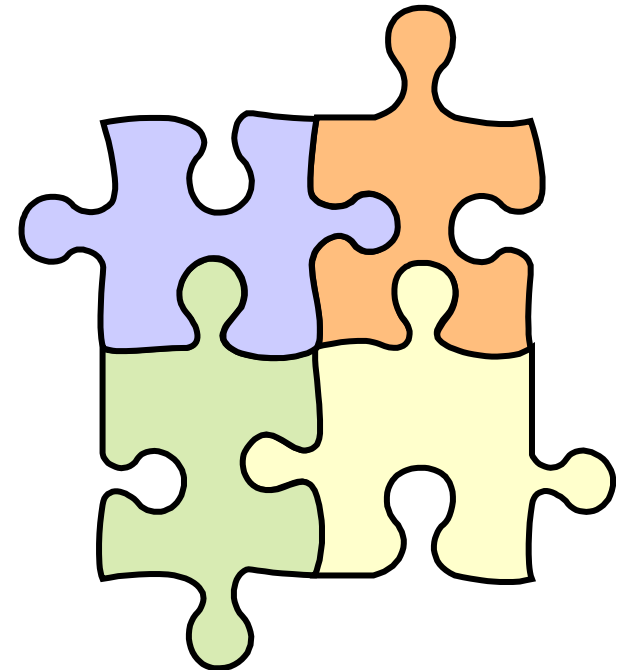
- 39 Nursing homes
  - 37 participate in Medicaid
  - 3,212 beds
  - *3 Nursing homes have closed in the last 3 years.*
- 11 Home health agencies
- 10 Hospice programs
- 1 ICF/MR \*

\* 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 Psychiatric Care Hospital in Berlin



# 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*



# ***PAYERS***

(Insurance Coverage)



# INSURANCE COVERAGE

## Private Insurance

- Employer-based
- Individual Market

## Government

- Medicare
- Medicaid
- Military

*Note: Public employees (such as state-employees, teachers and municipal workers) are considered as “private” insurance in this and other documents and not “public” insurance since they are purchased through private insurance companies and third-party administrators.*



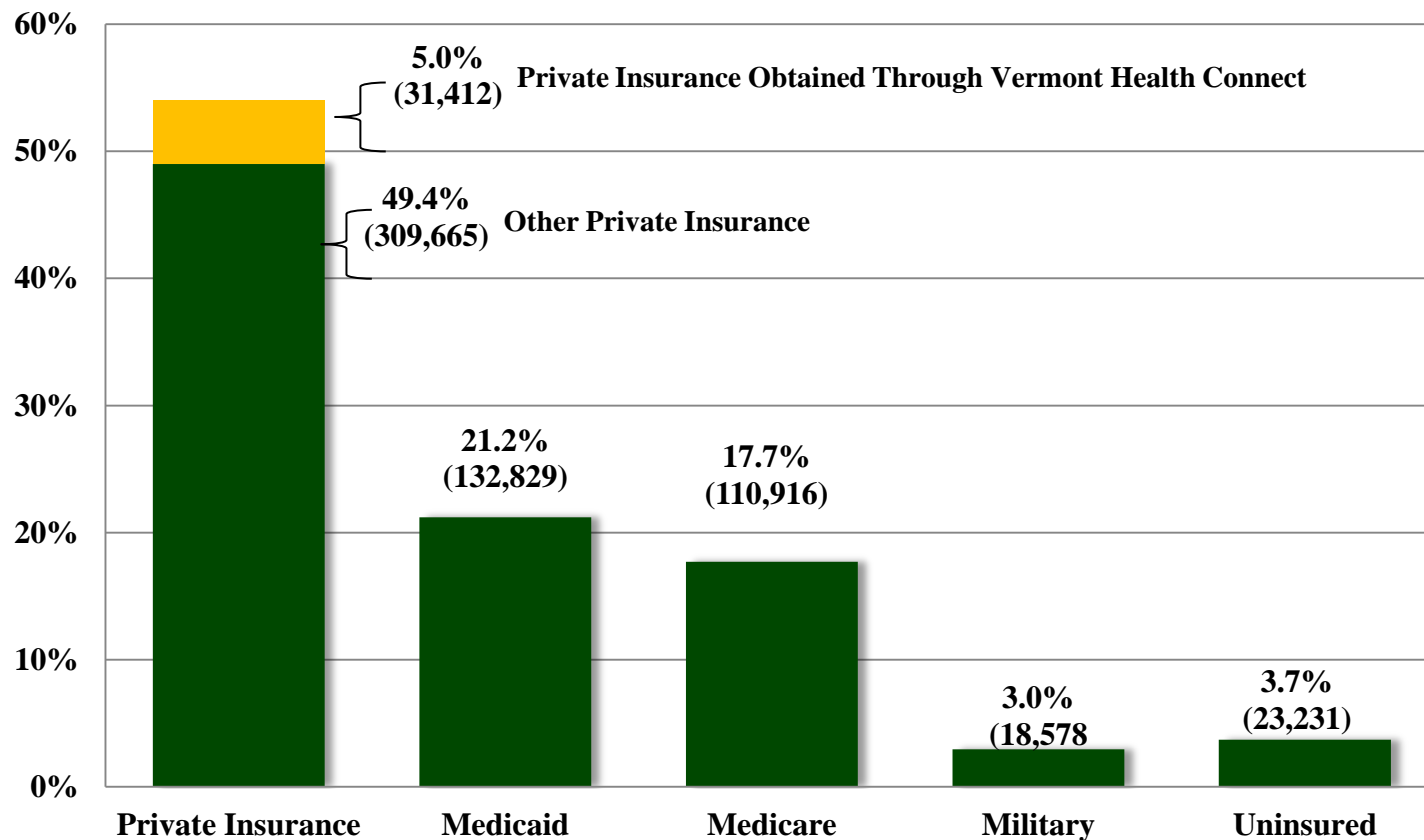
# PRIVATE INSURANCE

- 54% of Vermonters have private insurance (2014)\*
  - Over 90% of private insurance is through employer
  - 5% are individual plans purchased through Vermont Health Connect
- 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, DFR 2014

# Primary Source of Health Coverage, Vermont Residents, 2014

Types of Insurance Coverage in Vermont



\* Vermont Household Health Insurance Survey, DFR 2014

# 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

# Health Benefits Exchange

## ("The Exchange")



- Established under the Affordable Care Act (ACA)
- Online marketplace for Individuals and Small businesses ( $\leq 50$  employees) to purchase health insurance plans
  - NOTE: Definition of small business changes to  $\leq 100$  employees in 2016
- Individual and small businesses can only purchase exchange products

# Individual Plans

(no Employer-sponsored insurance)

- Can only be purchased through the Exchange (VT Health Connect).
  - Approx. 33,000 people (as of August 2014)
- Federal advanced premium tax credits available for those up to 400% FPL.
- Additional State tax credits available up to 300%FPL
- State & Federal cost-sharing assistance also available up to 300% FPL

# Small Employer Plans

- Small employer defined as up to 50 employees
  - Will be defined as up to 100 employees beginning 2016.
- Small employers can only purchase exchange products
- Small employers currently buy directly from the carriers but will purchase through VT Health Connect when website is capable.
- Small business tax credits available for two years under Affordable Care Act.

## A quick note about the uninsured

- 23,231 (3.7%) people were uninsured in 2014\*
  - 31% of the uninsured were eligible for Medicaid
  - 50% of uninsured children were eligible for Medicaid
- The uninsured rate in 2012 was 6.8% (42,760)
- The decrease in the uninsured rate is largely due to the implementation of the Affordable Care Act.

\* Vermont Household Health Insurance Survey, DFR 2014

# PUBLIC

- Military
- Medicare
- Medicaid

*Note: Public employees are counted as private insurance*



# Military

- Coverage based on current or previous military service
  - Includes Veteran's Administration (VA).
- 18,578 (3%) Vermonters have Military coverage\*
  - Accounts for approx. \$40-70 million in spending.

\* Vermont Household Health Insurance Survey, DFR 2014

# 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 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?

- 110,916 Vermonters on Medicare\*
  - approx. 21,000 (17.2%) are also covered by Medicaid (also known as ‘Dual-eligibility’)
- Nearly everyone over 65 years old
- Anyone with end-stage renal disease
- Some Parts have additional requirements (i.e. work history, premium requirements, etc.)

\* Vermont Household Health Insurance Survey, DFR 2014

## A quick note on the 'Dual-Eligibility'

- Eligible for both Medicare and Medicaid
  - Medicare payer of first resort
- Approx. 18-21,000 (approx. 10% of Medicaid beneficiaries)
- Approx. \$50M in Medicaid expenditures (2014)
- “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

- 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

- Over 160,000 Vermonters have some kind of Medicaid benefit
  - Broad eligibility:
    - Traditional 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 – SFY'14 = \$1.4 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
- Pharmacy programs
- ‘New Adult’ expansion (under Affordable Care Act)
- State Premium tax credit (in addition to federal tax credit).
- State Cost-sharing subsidy (in addition to federal tax credit)

## A quick note about recent changes to Medicaid

- Catamount Health, VHAP, and ESIA benefits expired in 2014.
- Many transitioned to either Medicaid or the Exchange.
  - Others may have transitioned to employer-sponsored insurance or dropped coverage altogether.

# Medicaid Financing

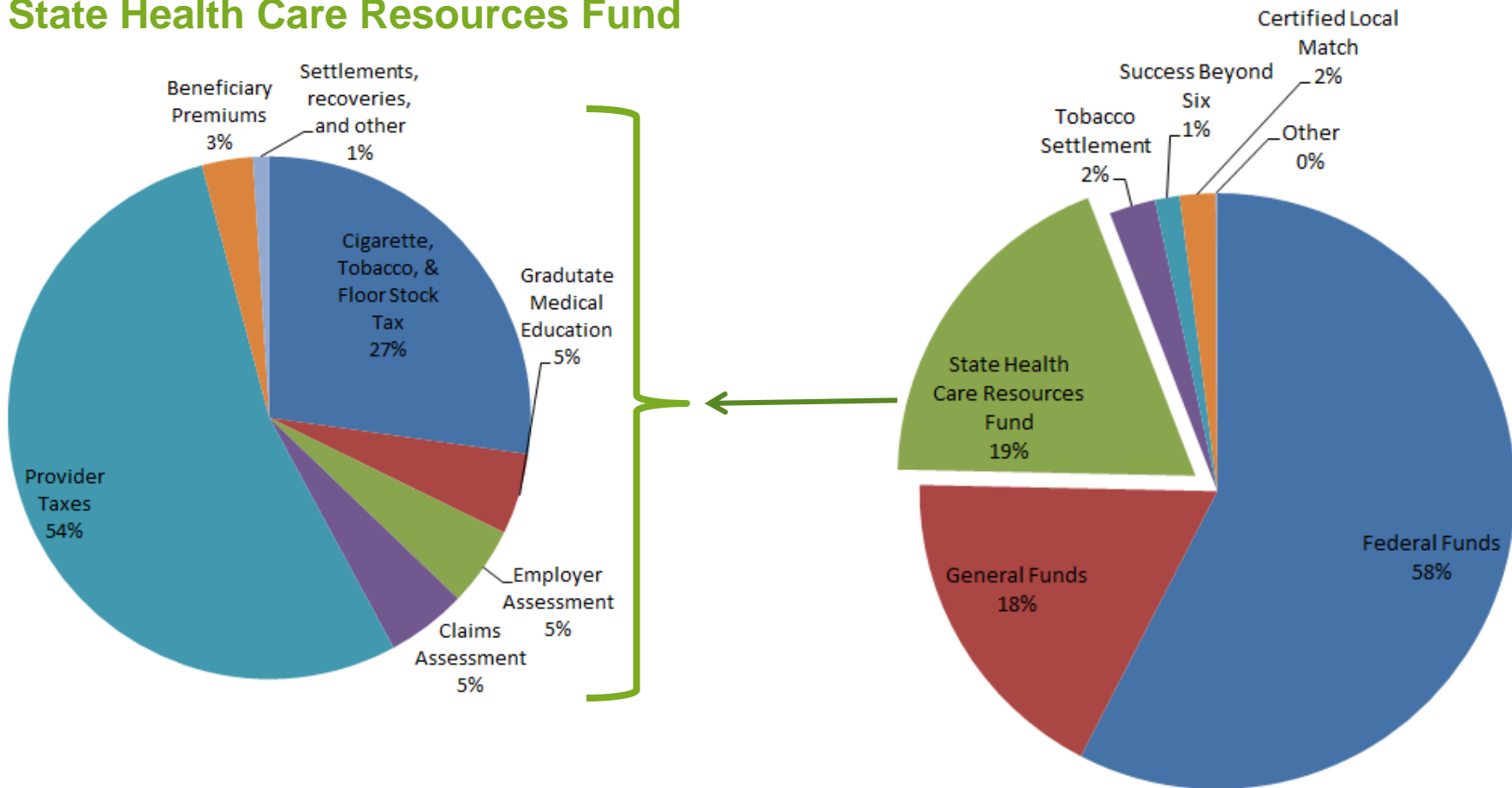
- Costs shared by state & federal government
- Match rate is determined by formula comparing each state's per capital income relative to the nation
  - Known as Federal Medical Assistance Percentage (FMAP)
  - Varies state by state from 50% to 83%
  - Vermont FMAP for SFY'15:
    - Federal share = 54.49% + 2.2% "Leahy Bump" = 56.49%
    - State share (after "Leahy bump") = 43.51%

# Medicaid Financing

*SFY'14 = \$1.4 billion*

## Total Medicaid Funding Sources

### State Health Care Resources Fund



# Global Commitment

## Key Concepts

- Global Commitment began October 2005
  - Latest renewal - Oct. 2013 thru Dec. 31, 2016
- OVHA (now DVHA) became a public Managed Care Entity
  - Must comply with federal regulations for MCOs
- AHS pays DVHA a fixed premium (PMPM)
  - Paid monthly. Trued up quarterly to actual expenditures
- Premium includes 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.

*Note: MCO Investments – SFY'13 = \$124 million*

# 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 to over 4,000 Vermonters

# Choices for Care Waiver

## Two levels of service

### Highest and high needs

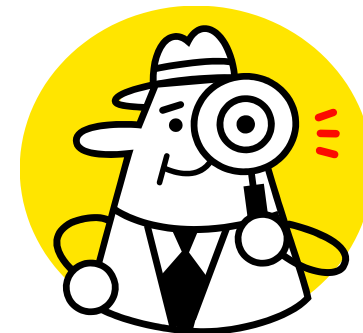
- For people with need for nursing home level of care

### Moderate needs

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

# 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