

**Testimony re ACOs & All-Payer Waiver
Joint Meeting of House Health Care
and
House Human Services Committee
January 14, 2016**

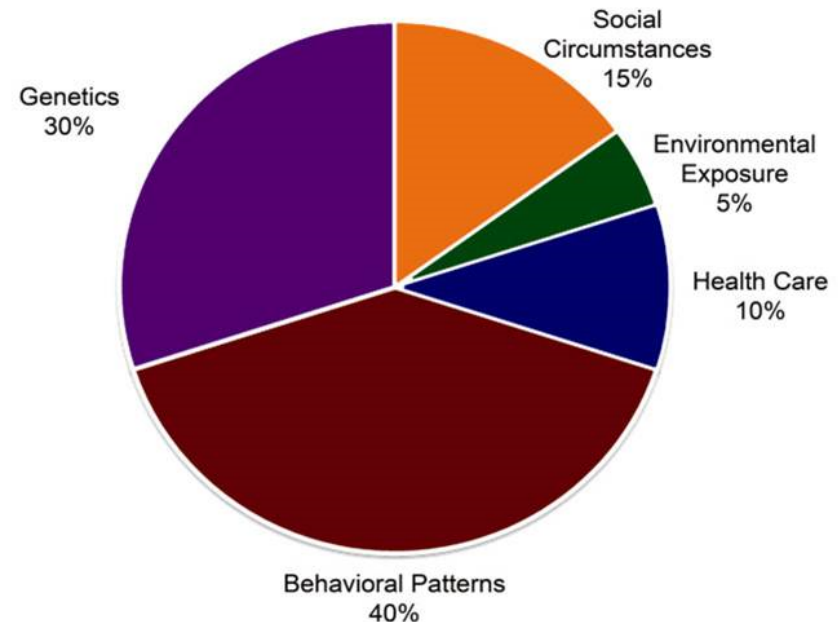
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- **A Hospital-Centric Model is the Wrong Prescription**
- **The Reality Is: HEALTH HAPPENS AT HOME, Not in Hospitals**
- **It is Time to Stop Chasing Disease From Hospitals -- and Instead Incent Primary Care & Community-Based Providers to Prevent Disease**
- **The State's Proposal is Neither Integrated, Nor Coordinated Care**
- **The State's Proposal Fails to Align Provider Incentives**
- **The Waiver Must Permit ACOs to Purchase Services from Primary & Community-Based Providers that Will Drive Down Hospital Utilization**
- **The Legislature Should Require Hospitals & ACOs to Build Care Coordination Capacity Primarily by Investing in & Fortifying the Existing Community-Based Infrastructure and Primary Care**
- **"Buy It, Don't Build It"**
- **The Legislature Should Require an Explicit Roadmap & Timeline for Including Behavioral Health, Long-Term Care and Other Community-Based Services in the All-Payer Waiver / Total Cost of Care**

A Hospital-Centric Model is the Wrong Prescription

- The State is aggressively pushing a hospital-centric proposal, empowering hospitals to manage Vermont's health care system – ***entrusting Vermont's most expensive health care providers to “control” health care costs***
- This despite the fact 60-70% of determinants of health care outcomes & expenditures are driven by these environmental / social variables and patient behaviors occurring outside and beyond the reach of the hospitals
- Hospitals lack visibility into patients' homes – they have limited/no ability to influence environmental variables or optimize compliance/adherence



The Reality Is: HEALTH HAPPENS AT HOME, Not in Hospitals

- Vermont cannot control hospital costs or Vermont's health care spending trends -- you cannot reduce the incidence / impact of chronic disease – with hospital-based strategies
- Some argue that the State is focusing on hospitals because “that’s where the money is.”
- ***The truth is this: the money is in the hospitals only because we do a terrible job of keeping people out of hospitals, in the first place***
- Vermont's escalating hospital costs & Medicaid budget are a by-product of unmanaged chronic disease, our failure to address – at their root -- patient behaviors, diet, adherence, environmental and social conditions
- But, Vermont – for years – has been ***underinvesting or disinvesting in primary and community-based care***, cutting or flat funding community-based services, hollowing out community-based health & human services providers . . . even while it grants annual rate increases to hospitals and nursing homes

It is Time to Stop Chasing Disease From Hospitals -- and Instead Empower Communities to Prevent Disease

- We cannot sustainably reduce Vermont's health care spending by controlling or capping hospital costs
- To attain better outcomes, reduced chronic disease & reduced cost trends, Vermont must
 - prioritize primary and community-based care
 - focus on prevention, wellness, adherence, chronic disease management -- driven by existing providers at the grass roots with boots on the ground in our communities
 - utilize providers working with patients in their homes and communities

The State's Proposal is Neither Integrated, Nor Coordinated Care

- Carving out pharmacy, behavioral health, long-term care, home & community-based services is neither coordinated nor integrated
- The proposed All-Payor Waiver ***perpetuates fractured, uncoordinated, unmanaged care***
- The State's passive approach -- leaving it up to hospitals to decide when or whether they will access other providers -- is not a strategic plan, and it is not health reform

The State's Proposal Fails to Align Provider Incentives

- True coordination is achieved **only** when providers' incentives and behaviors are aligned, where they have a shared stake in the outcome, and **where reimbursement drives coordination**
- Any serious healthcare reform should be premised on aligning provider incentives and behaviors – **providers behave the way you pay them**
- By proposing to include only Medicare A & B-type services within the Full Risk Model, the State effectively **leaves the rest of the health care system in unmanaged, uncoordinated, volume-driven Fee-for-Service**
- **At least 75% of Vermont's Medicaid spending is outside** the proposed All-Payer Waiver

The Waiver Must Permit ACOs to Purchase Services from Primary & Community-Based Providers that Will Drive Down Hospital Utilization

- We need to stop throwing Medicare's problems over the fence into Medicaid's backyard
- Prevention, social supports and community-based care are not just Medicaid's responsibility
- *We will not succeed in controlling hospital costs, or Vermont's health care spending, unless ACOs can use Medicare dollars for prevention, mental health, social supports and community-based care*
- This is what it will take to put a stop to our disastrous habit of "chasing disease"

The Legislature Should Require Hospitals & ACOs to Buy Services from Existing Primary & Community-Based Providers, Not Build Internal, Redundant Capacity – “Buy It, Don’t Build It”

- The taxpayers have invested four decades and millions of dollars building capacity in Vermont’s behavioral health, Area Agencies on Aging, VNAs/Home Health, FQHCs, Adult Day programs, etc.
- New investments in services, infrastructure & capacity building - particularly federal & state taxpayer dollars - should strengthen these networks, not duplicate or obsolete their work

The Legislature Should Require an Explicit Roadmap & Timeline for Including Behavioral Health, Long-Term Care and Other Community-Based Services in the Proposed Waiver

- The State Must Propose to CMS a Clear Roadmap & Timeline – a Date Certain -- for Phasing Community-Based Services Into the Waiver
- The State Must Begin Making Parallel Capacity-Building Investments to Equip Community-Based Providers for Integration into the Waiver