

# Governor Shumlin's Health Care Reform Proposals

January 15, 2015

The health care reform package is contained in three bills in order to align with legislative jurisdictions: the budget bill, the miscellaneous tax bill, and a health care policy bill.

The total package reduces the cost shift by returning to businesses more than the money they contribute through a small payroll tax, all for the reduction of private premiums. The benefit for all Vermonters is that the combined state and federal dollars raised by this proposal will increase payments to providers, helping to increase access for Vermonters while making commercial insurance more affordable for individuals and businesses. It will also leverage cost shift reduction for businesses that offer insurance today by asking for a small contribution through the payroll tax from *all* businesses, including those that do not offer insurance.

## ***Budget Items***

- Make real progress on the Medicaid cost shift by:
  - Increasing Medicaid payments to health care providers by \$50 million annually (\$25M in FY16).
  - Funding increased Medicaid caseload by \$30 million annually.
  - Ensuring that the Green Mountain Care Board and Blue Cross Blue Shield will recover the savings created by these increased payments, reducing premiums by up to 5% from what they would have been.
- Invest further in Vermont's Blueprint for Health to build on the early success this effort has shown in bending the cost curve while ensuring high quality health care for Vermonters. We propose to do this by increasing funding by \$4.5 million in FY16 (\$9M annually) in order to increase both the community health team payments and the medical home payments for the first time since inception of the program in 2008.
- Provide \$5 million in FY16 (\$10M annually) to expand health home projects, which has supported programs such as the Hub and Spoke and Services and Supports at Home (SASH) in the past.
- Increase provider reimbursements to the designated agencies and other providers who have not seen an increase recently by about \$5.5 million in FY16 (\$11M annually).
- Invest in home health payments by \$1.25 million in FY16 (\$2.5M annually) and work with home health organizations to move to a value based purchasing model and strengthen our delivery system reform efforts.
- Provide staffing and financial support to the Green Mountain Care Board in order to ensure they are able to evolve into a mature regulatory agency and have the support to pursue an all payer waiver (\$1.1M annually).
- These investments are timed to have the maximum beneficial effect on 2016 insurance rates, which will be finalized in Summer 2015 by the GMCB.

## ***Health Care Policy***

- Help Vermonters pay for their out of pocket health care costs by doubling the state funding available for the Vermont Health Connect Cost Sharing Reductions (\$2M in FY16; \$4M annually).
- Strengthen the Green Mountain Care Board to make sure that the Board institutionalizes its early cost containment success by enhancing the Board's role as a central regulator of health care.
  - Give the GMCB authority to treat health care like the public good that it is and ensure that Vermont has an integrated, cost-effective health care system for the long run.
  - Provide the GMCB the ability to act where needed to open investigations into pressing issues and problems and give them the power to approve innovative payment and delivery models promoted by our Accountable Care Organizations, physicians, and clinics.
  - Ensure the GMCB can align health care technology investments with a more integrated, universal statewide system through budget and programmatic approval of Vermont Information Technology Leaders, VITL.
- Ensure an on-going dialogue about health care reform by ensuring the administration provides status reports during the interim to the Joint Committee on Health Care Reform.

## ***Revenue***

- To support these investments above, we propose a seven-tenths of a percent (.7%) payroll tax.
- Every dollar the state collects allows us to draw down \$1.10 of federal funds, more than doubling our money. In fiscal year 2016, this proposal would raise \$86 million - \$41 million in state funds matched with an additional \$45 million in federal dollars.
- Enhance information to Vermonters about the cost of their health care coverage by ensuring that all employers provide these costs on their employees W-2 forms.