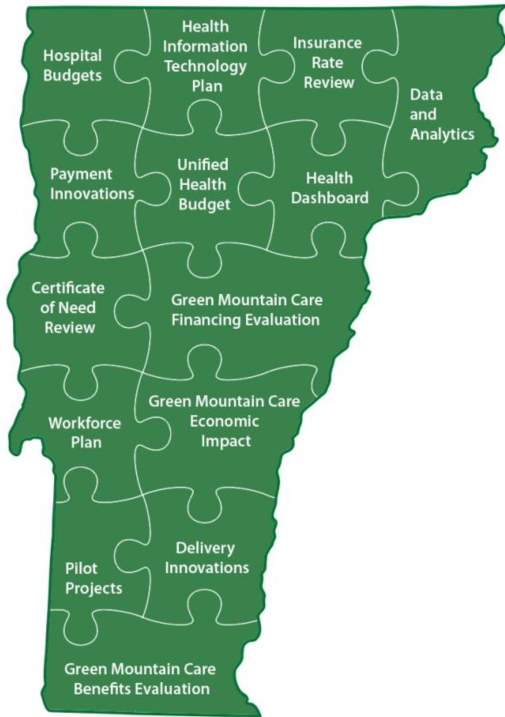

The All Payer Model

House Committee on Health Care
Wednesday, October 14, 2015

Al Gobeille, Chair, Green Mountain Care Board

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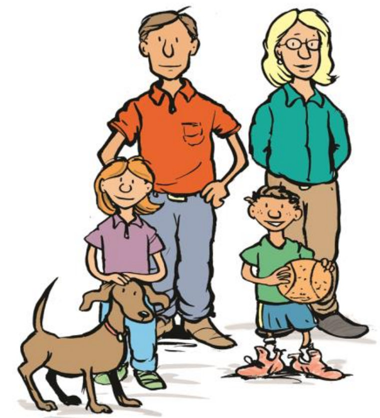
AGENDA

- What problem are we trying to solve; and why do we want to do this?

- What does an All Payer Model mean for Vermont?

- What are the headwinds and why are negotiations taking so long?

Income Vs. Health Care Costs



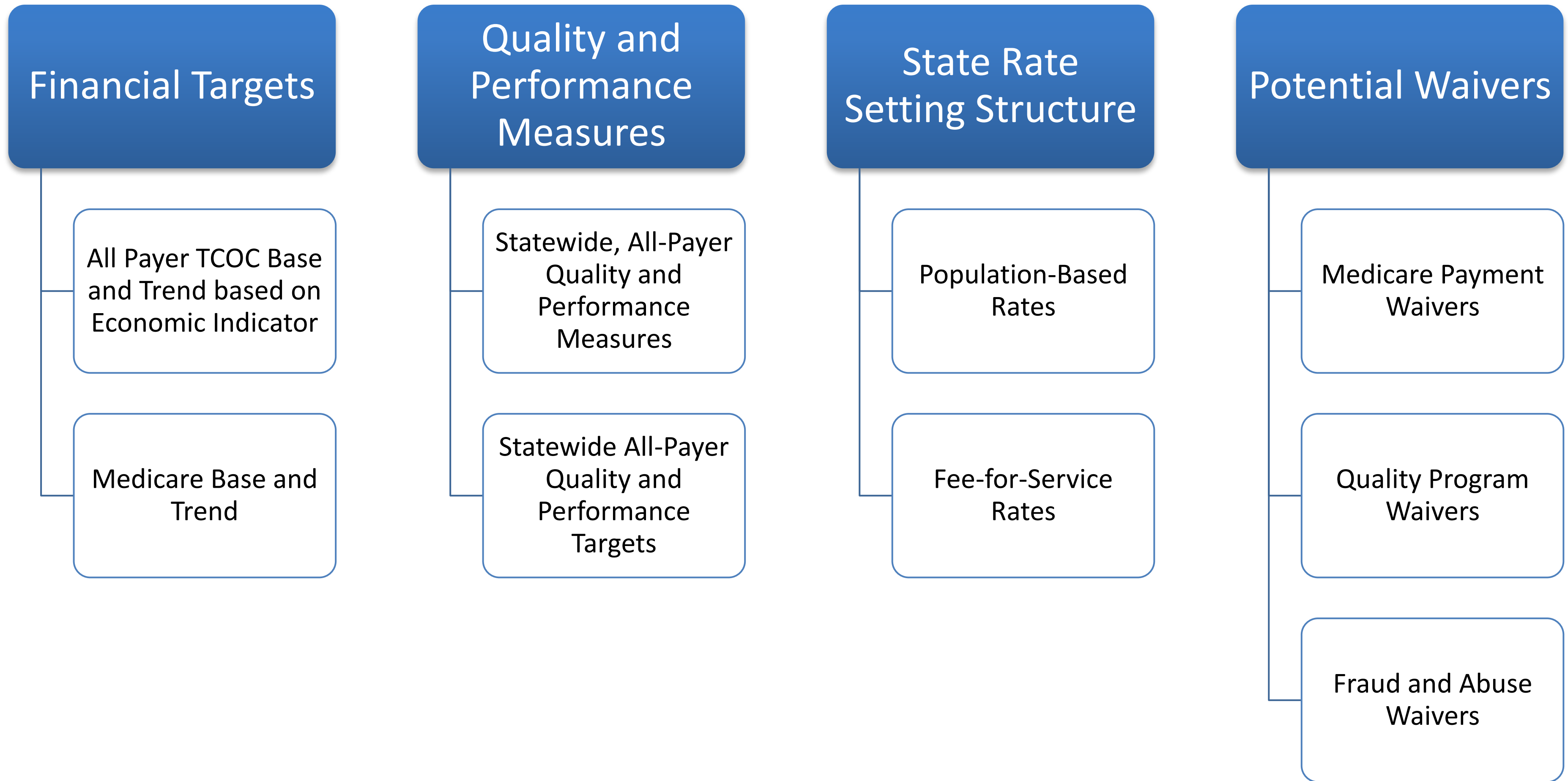
	2015	2025
Income	$60,000	$73,140
Hourly Pay	$30	$36.57
Plan Cost/Hour	$11.52	$19.83
Plan Cost/Hour with Subsidy	$5.92	$8.81
Plan Cost per Year	$23,957.00	$41,253
Cost/Income	38%	56%

What does an All-Payer Model Mean for Vermont?

Moving away from FFS across all payers allows Vermont to:

1. Incent value rather than volume
2. Construct a highly integrated system
3. Control the rate of growth in total health care expenditures
4. Align measures of health care quality and efficiency across health care system
5. Create more equitable provider payments and mitigate cost shift on commercial payers

What are We Negotiating?



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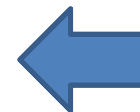
Vermont Economic Growth

- Gross State Product (GSP) measures long-term economic growth
- 15-Year per capita GSP growth rate is more appropriate measure given unique influence of Great Recession on 10-Year growth rate

Measure	Time Span	Per Capita GSP Growth*
5-Year	2010-2014	3.4%
10-Year	2005-2014	2.8%
15-Year	2000-2014	3.5%



*Growth calculated as Compound Annual Growth Rate (CAGR)

Data Sources:
- *GSP:* VT Joint Fiscal Office (citing US Bureau of Economic Analysis)
- *VT Population:* US Census Bureau

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Transformative Statewide Model

NEXTGEN For All Payers

Medicare
Medicaid
Commercial
Self-Insured?

Unregulated
FFS Still Exists

$$$

ACO Revenue, quality and performance measures regulated by State

ACO

Aligned incentives, across payers, to achieve integration

Statewide enhanced primary care platform

$$$

Hospitals
Physicians
Health Centers
Other Providers

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Enhanced Primary Care

For primary care providers participating in an integrated ACO:

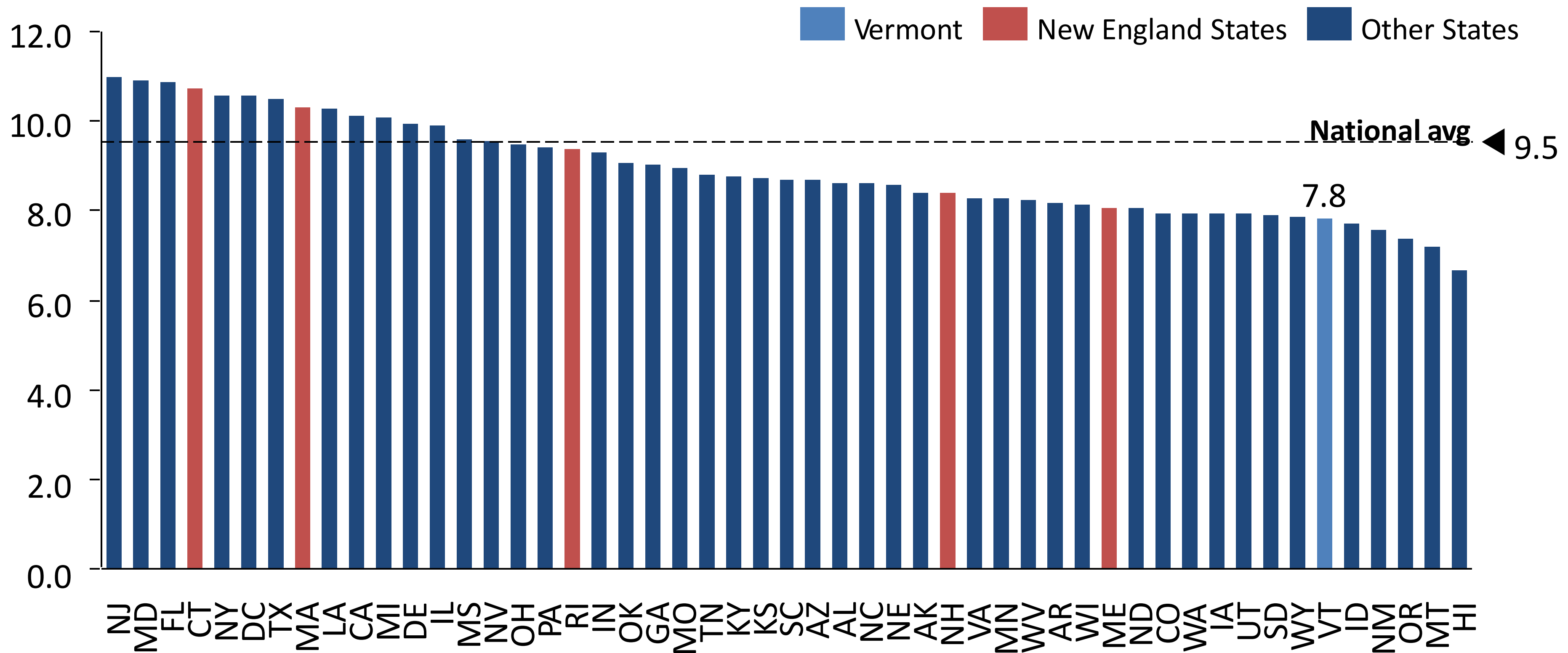
- Payments that more accurately reflect the value of primary care
- Increased payments to PCPs either through enhanced fee-for-service payments or capitation payments
- Reduced administrative burden

Leverage the VT Blueprint for Health's interdisciplinary care teams to:

- Coordinate care for patients
- Provide education to prevent escalation of chronic illness
- Connect patients to community supports

What are the headwinds, and why are negotiations taking so long?

Vermont has low Total Cost of Care(TCOC) per beneficiary in 2014



1 Excludes Part D drug spend, off-claim payments (inc. GME), and reconciliations of on-claim add-on payments (i.e., DSH, IME, outlier)

Source: Medicare Chronic Condition Warehouse

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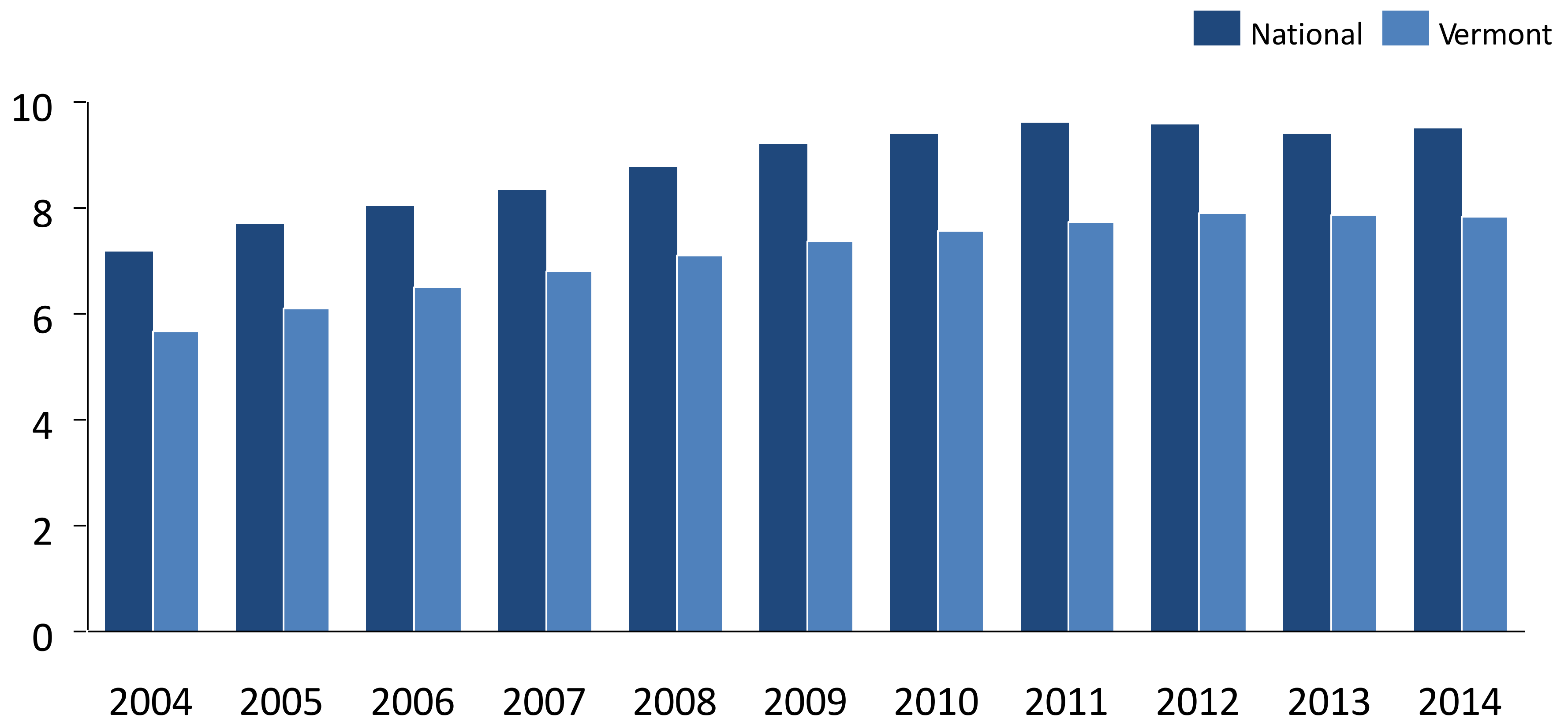
Vermont has outperformed national TCOC per beneficiary for the past decade



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Regulated Revenue vs. Inclusion of Services

- Goal to develop a fully integrated model, to include as many residents and as much of the care continuum as possible
- Hospital and physician services proposed for inclusion in initial regulated revenue risk model
  - Some mental health and substance abuse services are delivered by hospitals and physicians

•Additional services along the care continuum included in delivery model, but phased-in to regulated revenue risk model

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Regulated Revenue: Potential Services Encompassed in Agreement

Services	2016	2017	2018	2019	2020	2021
Hospital (IP/OP)	N/A	✓	✓	✓	✓	✓
Physician	N/A	✓	✓	✓	✓	✓
Mental Health/Substance Abuse*	N/A	TBD				
Long Term Services & Supports	N/A	TBD				
Pharmacy	N/A	TBD				
Dental	N/A	TBD				
**Other	N/A	TBD				

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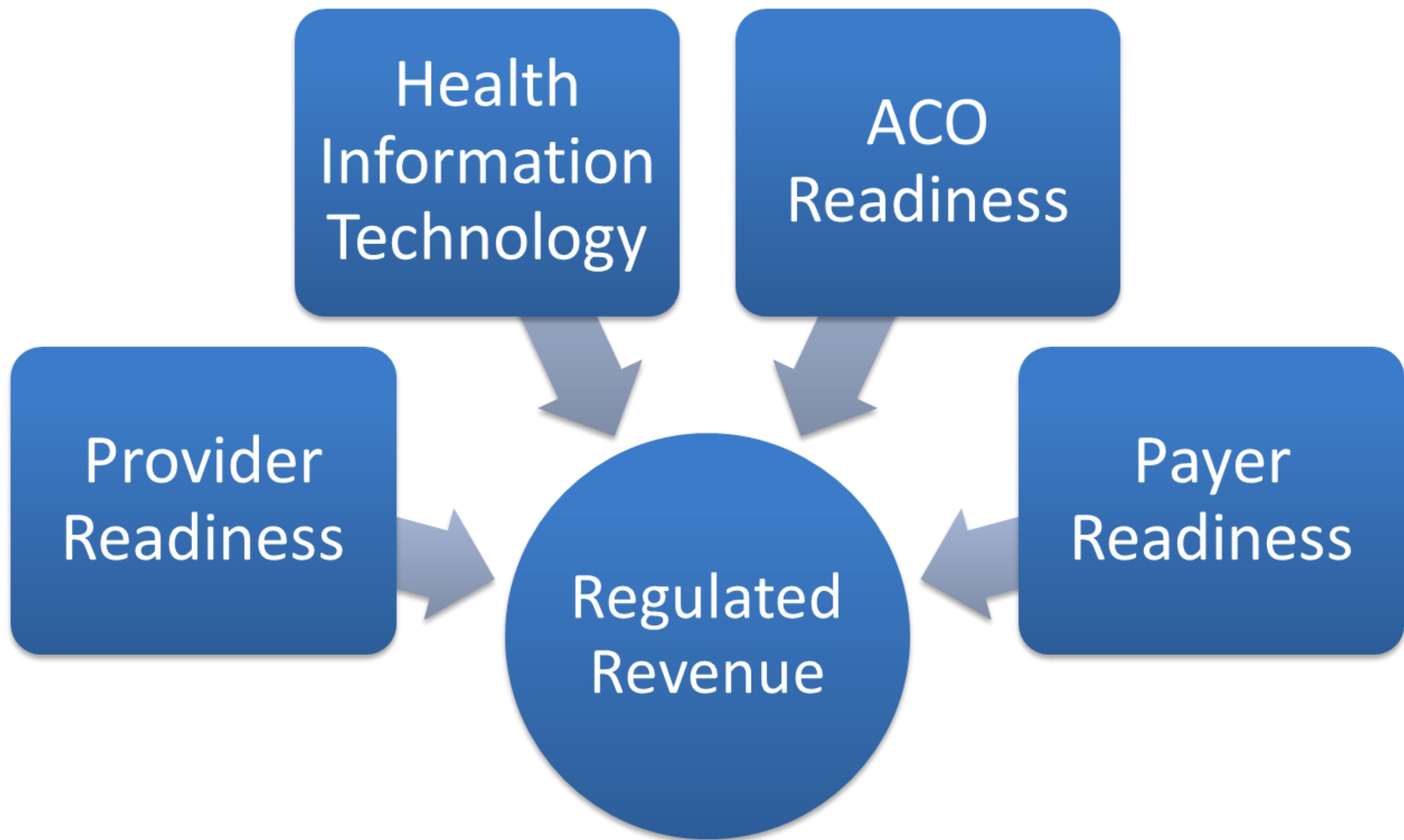
Factors Influencing Phase-In to Regulated Revenue



Questions

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