

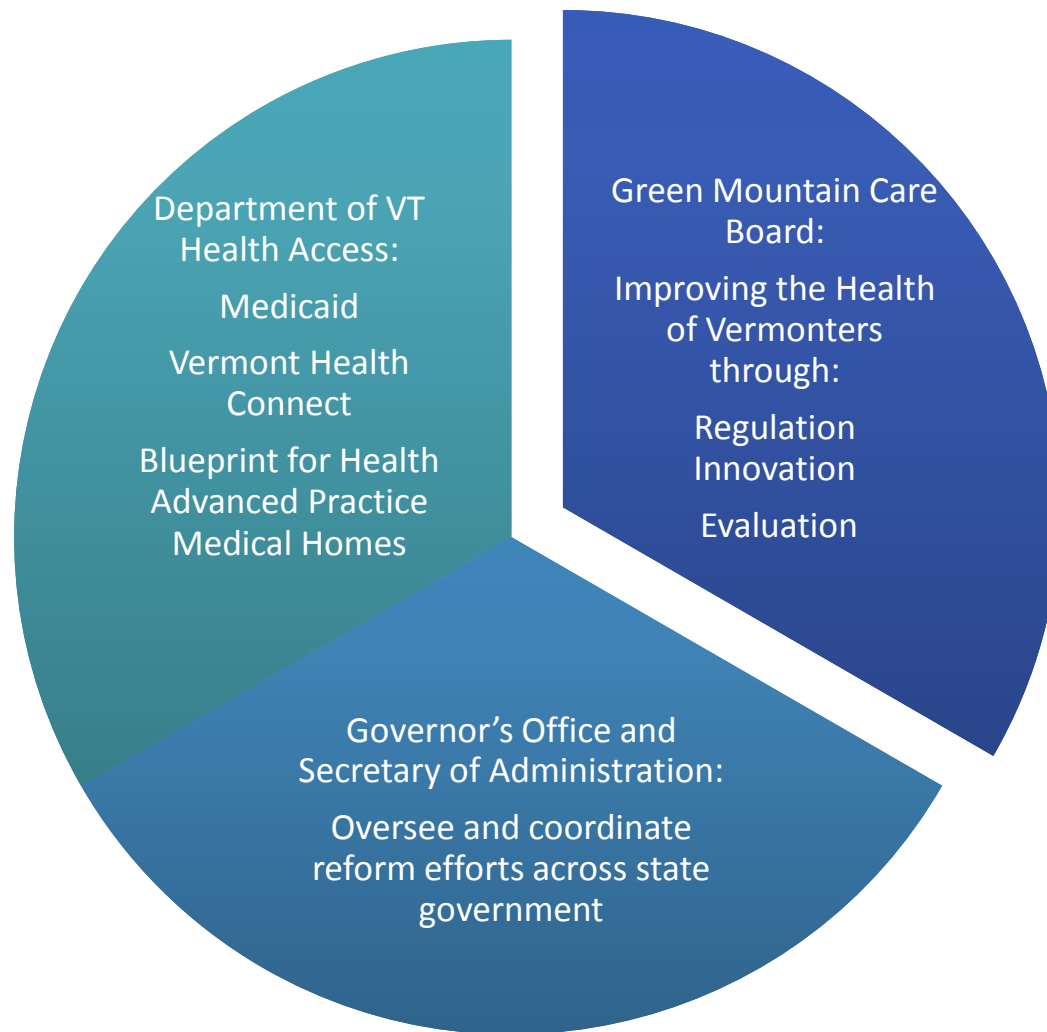
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# Vermont Health Care Reform: An Overview & History of Reform Efforts

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Director of Health Care Reform, AOA

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# Introductions: Who does what in Vermont health reform?



# What is my job? 3 VSA 2222a

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- (a) The Director of Health Care Reform in the Agency of Administration shall be responsible for the coordination of health care system reform efforts among Executive Branch agencies, departments, and offices, and for coordinating with the Green Mountain Care Board established in 18 V.S.A. chapter 220.
- (b) The Director shall ensure that those Executive Branch agencies, departments, and offices responsible for the development, improvement, and implementation of Vermont's health care system reform do so in a manner that is coordinated, timely, equitable, patient-centered, and evidence-based, and that seeks to inform and improve the quality and affordability of patient care and public health, contain costs, and attract and retain well-paying jobs in this State.

# What is included in health care reform?

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3 V.S.A. 2222a:

- (1) The State's chronic care infrastructure, disease prevention, and management program contained in the Blueprint for Health established by 18 V.S.A. chapter 13, the goal of which is to achieve a unified, comprehensive, statewide system of care that improves the lives of all Vermonters with or at risk for a chronic condition or disease.
- (2) The Vermont health information technology project pursuant to 18 V.S.A. chapter 219.
- (3) The multi-payer data collection project pursuant to 18 V.S.A. § 9410.
- (4) The common claims administration project pursuant to 18 V.S.A. § 9408.
- (5) The consumer price and quality information system pursuant to 18 V.S.A. § 9410.
- (6) The information technology work done by the quality assurance system pursuant to 18 V.S.A. § 9416.

# What is included in health care reform?

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(7) The public health promotion programs of the Agency of Human Services, including primary prevention for chronic disease, community assessments, school wellness programs, public health information technology, data and surveillance systems, healthy retailers, healthy community design, and alcohol and substance abuse treatment and prevention programs.

(8) The creation of a universal health care system to provide affordable, high-quality health care coverage to all Vermonters and to include federal funds to the maximum extent allowable under federal law and waivers from federal law.

(9) A reformation of the payment system for health services to encourage quality and efficiency in the delivery of health care as set forth in 18 V.S.A. chapter 220.

(10) A strategic approach to workforce needs set forth in 18 V.S.A. chapter 222, including retraining programs for workers displaced through increased efficiency and reduced administration in the health care system and ensuring an adequate health care workforce to provide access to health care for all Vermonters.

(11) A plan for public financing of health care coverage for all Vermonters.

# Governor's Office/AOA

## Health Reform Responsibilities

### Health Coverage Policy & Planning

- Policy Development (VHC, Medicaid, GMC)
  - Financing
  - Coverage
  - Benefits
- Coordination with AHS Secretary's Office, DHR, DFR, DVHA, DOC and others
- Public Engagement & Outreach

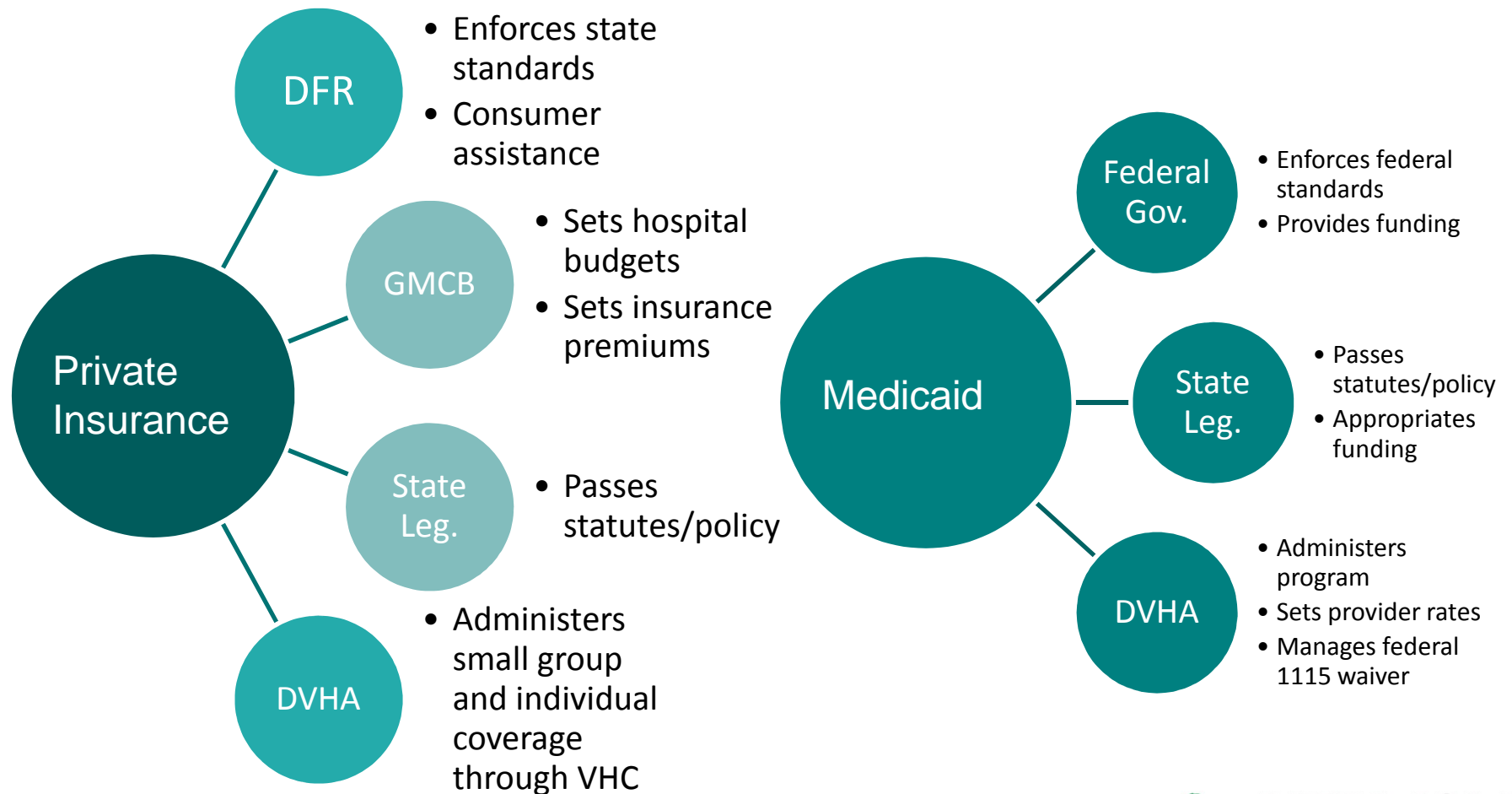
### Delivery System Reform

- VHCIP Core Team
  - Lawrence Miller, Chair
  - Robin Lunge, member
- Liaison to Green Mountain Care Board
- Coordination with the Blueprint for Health & Medicaid on payment reform
- All Payer Waiver
  - Miller, co-leading with GMCB

### System Planning & Coordination

- HCR Strategic Planning
- Liaison to Green Mountain Care Board
- Workforce Work Group & Workforce Strategic Planning
  - Robin Lunge co-chair
- Health Information Technology Plan with DVHA, VITL and others
- VITL Board of Directors
  - Lunge, member
- HSE Executive Steering Committee
  - Miller & Lunge, members

# Health Care Oversight



# Health Coverage Programs in a Nutshell

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- Medicare
  - Seniors (over 65) and those with disabilities (lasting over 2 years)
  - Federal law, federal administration & federal dollars
  - No state role
- Medicaid & Dr. Dynasaur
  - Low income Vermonters, middle income kids
  - Used to expand coverage for over 25 years in Vermont
  - Mix of federal and state law, state administration & mix of federal and state dollars
  - State role with federal oversight & approval



# Health Coverage Programs in a Nutshell

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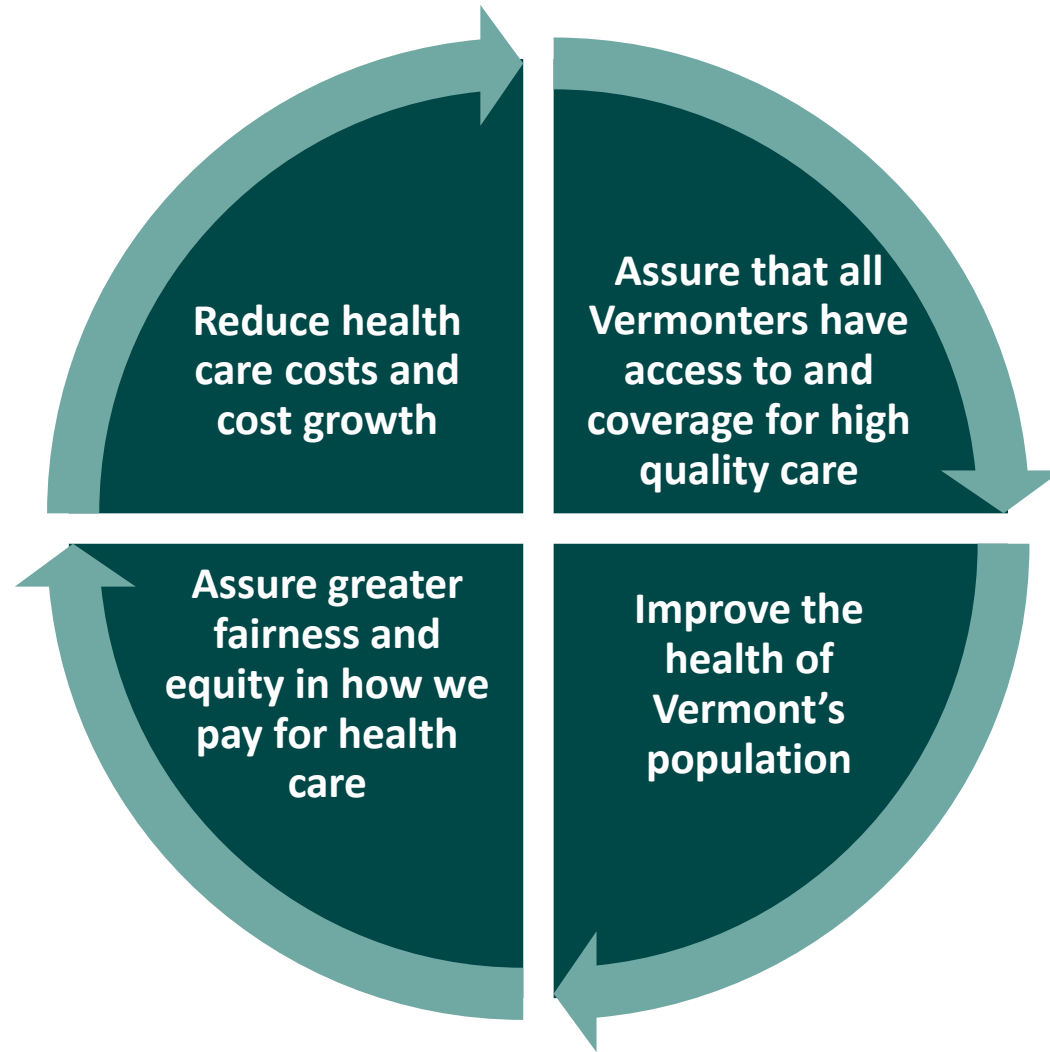
- Individual & Small Group Insurance Market
  - Individuals without coverage offered by an employer
  - Small Employers who offer coverage to their employees
  - Mix of federal and state law, administration a mix of public (Vermont Health Connect) and private (insurers)
  - Dollars are all private for employer plans & a mix of public (premium tax credits/subsidies & cost sharing subsidies) and private (individual premium payments) for individuals
- Large Group Market
  - Large employers who offer coverage to their employees
  - Less regulation by both federal & state law, private administration, private dollars
- Self-insured Employers
  - Federal regulation only; state prohibited from regulating

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# HEALTH CARE REFORM OVERVIEW

# Health Care Reform Goals: Why Reform?

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# Why health care reform?

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- Without cost control health care costs will continue to vastly outstrip economic growth
  - Health care historically grew at 6% or more
  - State general fund grows at about 3%
- Costs are not spread fairly – Rand report
  - Costs as a percentage of income – mixed results
  - No equity among people who make the same amounts – what you pay depends on where you work & what your employer offers

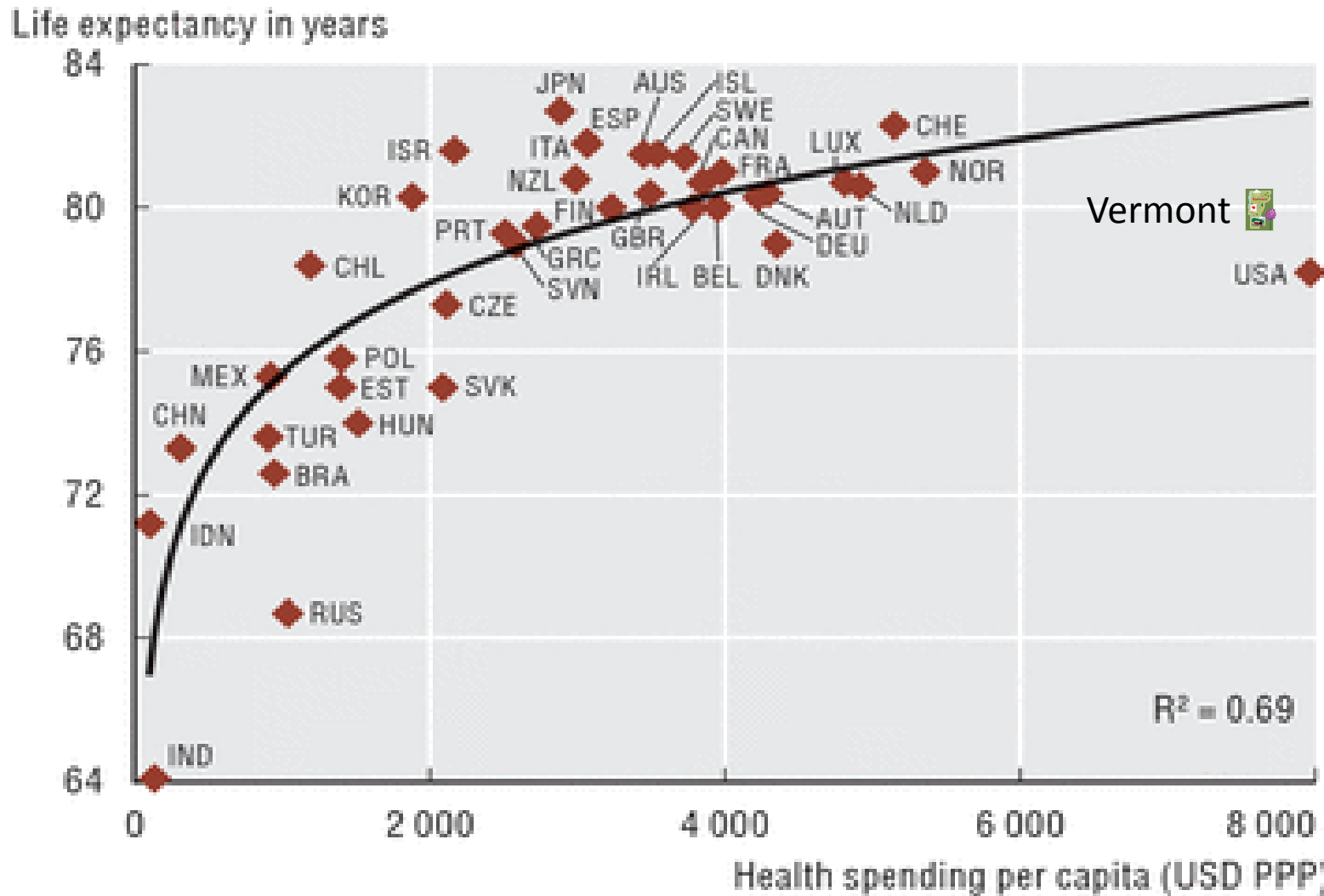
# Why health care reform?

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- Historically, uninsured & underinsured need coverage
  - Good news that we're down to 3.7% uninsured
  - 3 in 10 privately insured Vermonters are underinsured\*
  - 6 in 10 aged 18-24 are underinsured
- We don't get the best value for our \$\$
  - Estimates vary, but some are as high as 30% of health care costs are not the right care at the right time

\*Underinsured = deductibles exceed 5% of family's income AND/OR total health care expenses exceed 10% of family income (5% if income below 200% of FPL). This excludes seniors over 65 due to Medicare coverage.

# More spending does not result in better health



# Health Care Reform: Vermont History Lessons

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- Early efforts focused on expanding coverage
  - Children & pregnant women through Medicaid
  - Dental coverage for kids
- Mid-1990s
  - Universal access for kids
    - Dr. Dynasaur
  - Low-income single adults
    - Vermont Health Access Plan
  - Quality initiatives
  - Attempts at delivery system and payment reform largely failed

# Health Care Reform: Vermont History Lessons

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- Late 90s - Early 2000
  - Separate focus on cost-containment
    - Prescription Drug initiatives
      - Promotion of generics
      - Preferred Drug Lists
      - Bulk Purchasing in Medicaid
  - Efforts to maintain access
    - Part D wrap-around Rx coverage
  
- 2004 to 2007
  - Renewed push for major reform
  - Catamount Health Plan
  - Blueprint for Health (medical homes and community health teams)
  - Vermont Chronic Care Initiative
  - All payer database



# Health Care Reform: Vermont History Lessons

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- 2010
  - Federal Affordable Care Act passes in Congress
- 2011
  - Vermont Health Connect
    - Implementation of the federal Affordable Care Act
    - Aligns prior health insurance programs with federal requirements
  - Planning for Green Mountain Care
    - Universal health coverage for Vermonters
  - Green Mountain Care Board – Regulation & Innovation
    - Cost containment
    - Payment reform

# Health Care Reform: Vermont History Lessons

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- 2012 - now
  - Vermont premium subsidy and cost-sharing reduction implemented
  - Vermont Health Connect roll out & continued implementation
  - Implementation planning for Green Mountain Care
    - Reports in 2012, 2013, 2014 & this year
  - Vermont Health Care Innovation Project
    - Funded through federal State Innovation Project Grant
    - Innovation in delivery and payment reform
  - Pharmacy Benefit Manager regulation

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# VERMONT HEALTH CARE INNOVATION PROJECT

# What are we trying to accomplish through this project?

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- Align policy, investments and payment to support a “high performing health system” in Vermont
- The aims of the project are to improve care, improve health and reduce costs
- How?
  - Enable and reward care integration and coordination;
  - Develop a health information system that supports improved care and measurement of value; and
  - Align financial incentives with the three aims.
- The whole thing is a public/private partnership
- Total of \$45 million over three years
  - Some major budget items:
    - Health information and analytics system -- \$10.9 million
    - Provider grants -- \$3.4 million
    - Evaluation -- \$3 million

# What would constitute success?

A health information technology and health information exchange system that works, that providers use, and that produces analytics to support the best care management possible.

A predominance of payment models that reward better value.

A system of care management that is agreed to by all payers and providers that:

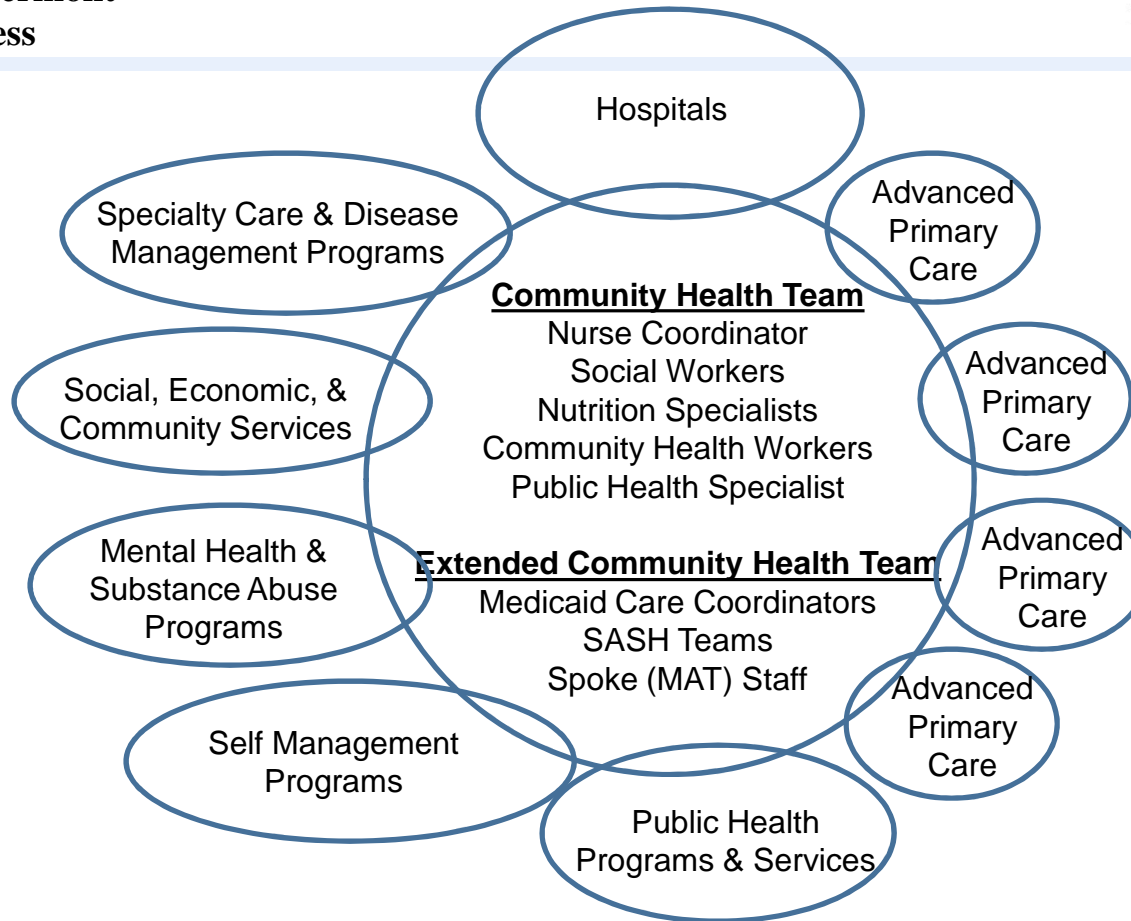
- utilizes Advance Practice Medical Homes and Community Health Team infrastructure to the greatest extent possible
- fills gaps that existing care models do not address
- eliminates duplication of effort
- creates clear protocols for providers
- reduces confusion and improves the care experience for patients
- follows best practices

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# BLUEPRINT FOR HEALTH

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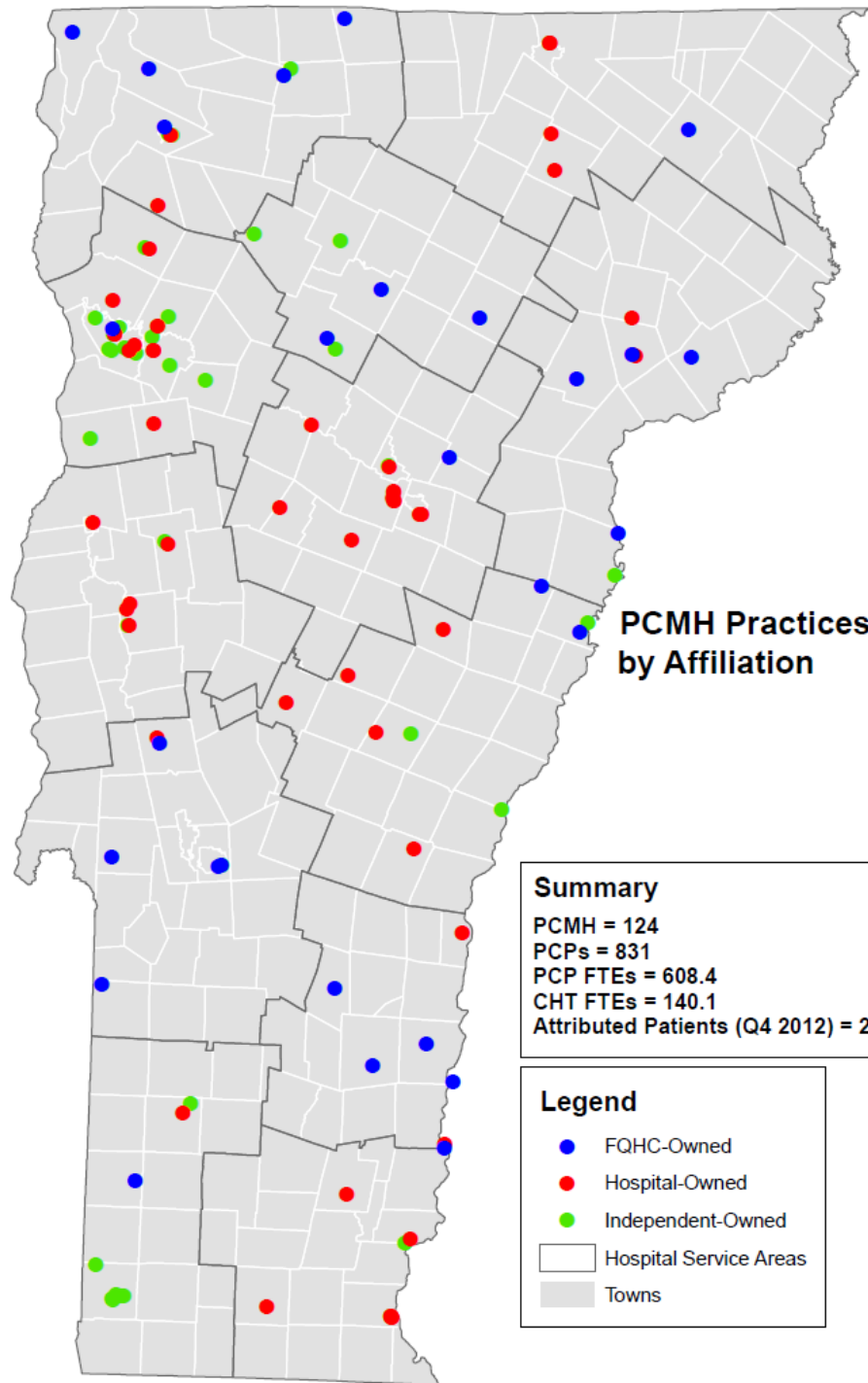


- All-Insurer Payment Reforms
- Local leadership, Practice Facilitators, Workgroups
- Local, Regional, Statewide Learning Forums
- Health IT Infrastructure
- Evaluation & Comparative Reporting

## Health Services Network

Key Components	July, 2014
PCMHs (active PCMHs)	123
PCPs (unique providers)	644
Patients (Onpoint attribution) (12/2013)	347,489
CHT Staff (core)	218 staff (133 FTEs)
SASH Staff (extenders)	60 FTEs (48 panels)
Spoke Staff (extenders)	47 staff (30 FTEs)





**Summary**  
 PCMH = 124  
 PCPs = 831  
 PCP FTEs = 608.4  
 CHT FTEs = 140.1  
 Attributed Patients (Q4 2012) = 293,862

**Legend**

- FQHC-Owned
- Hospital-Owned
- Independent-Owned
- Hospital Service Areas
- Towns

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# GREEN MOUNTAIN CARE

# The Purpose of Green Mountain Care

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33 V.S.A. 1821: The purpose of Green Mountain Care is to provide, as a public good, comprehensive, affordable, high-quality, publicly financed health care coverage for all Vermont residents in a seamless and equitable manner regardless of income, assets, health status, or availability of other health coverage. Green Mountain Care shall contain costs by:

- (1) providing incentives to residents to avoid preventable health conditions, promote health, and avoid unnecessary emergency room visits;
- (2) establishing innovative payment mechanisms to health care professionals, such as global payments;
- (3) encouraging the management of health services through the Blueprint for Health; and
- (4) reducing unnecessary administrative expenditures.

# GMC: Who is covered?

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- All Vermonters by virtue of residency
  - Primary for most
  - Secondary for those with other coverage
- Secondary coverage examples:
  - Medicare – Seniors are still covered by Medicare as they are now.
  - Some employees who chose employer-sponsored coverage
- Primary benefits determine extent and cost of the secondary coverage

# Assure that all Vermonters have access to and coverage for high quality care

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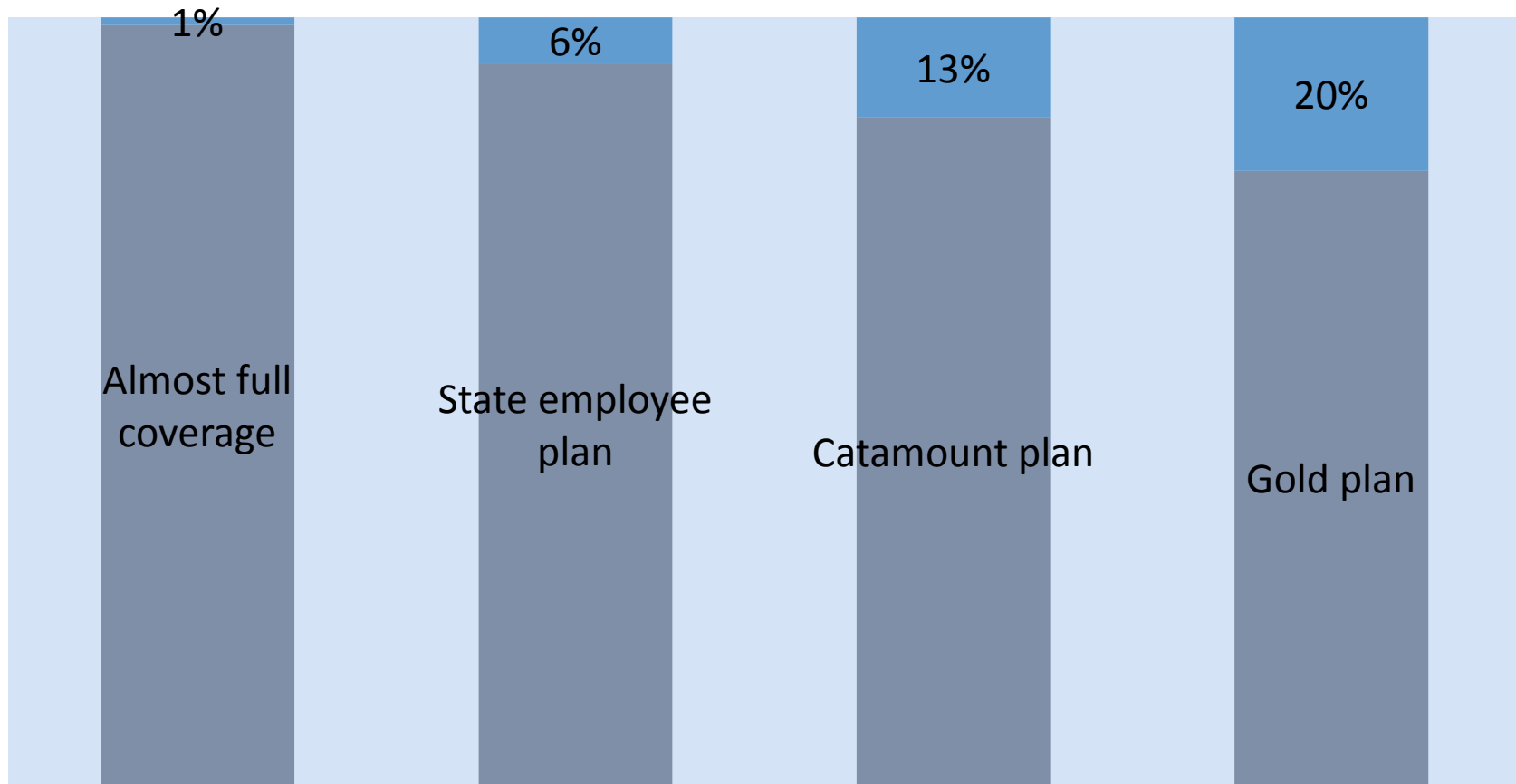
## Services In 10 Categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services, and chronic disease management
- Laboratory services
- Preventive and wellness services
- Pediatric services, including oral and vision care

# Cost-Sharing

## Base Plan Options

■ Health Plan Pays    ■ \$ Paid out of pocket



# Level of coverage considerations

**94% AV**

Higher cost  
Increased usage of care  
Administratively simple  
Majority of current market  
Can wrap around other programs, like Medicare  
No room for supplemental market for out of pocket costs

**87% AV**

Mid-range cost  
Administratively more difficult  
Average of current market  
Can wrap a little bit around other programs  
Room for supplemental market for out of pocket costs

**80% AV**

Lower cost  
Decreases usage of care  
Complex  
Tax advantage  
No wrap around for other programs  
Room for supplemental market for out of pocket costs

# Financing Considerations

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- Relationship between Act 48 principles and funding sources
  - Equity
  - Affordability
  - Stability
  - Economic Competitiveness
- Impact of revenue sources
  - Incidence of revenue streams
  - Wage earner contributions v. non-wage earner contributions
  - What is the right mix of sources?
- Revenue streams influence behavior



# Financing Considerations

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- The ability of the financing sources to sustain your health care priorities over time
- The impacts and fairness of financing on individuals
- The impacts on the business and provider communities

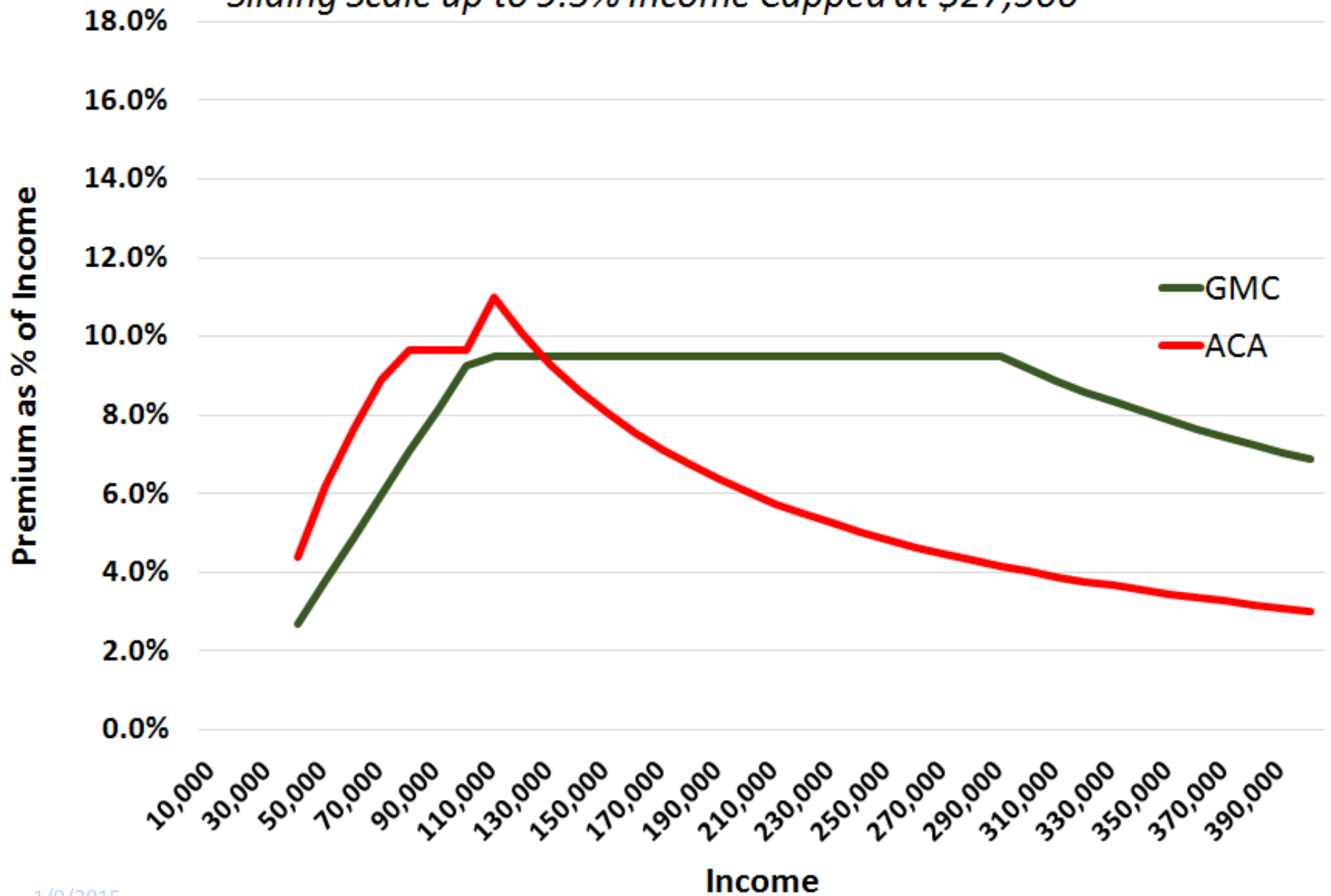
# Where did we land on financing?

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- Uniform payroll tax :
  - **11.5 % tax** on all Vermont businesses on their qualifying Vermont payroll, no exceptions
  - Need a transition to get there, but that costs \$500 Million and isn't easy
- Income Based Public Premium:
  - Must comply with Affordable Care Act
  - Sliding scale from **0%-9.5% of income**, depending upon income and family size,
  - Vermonters over 400% FPL (\$102,220 for family of 4 in 2017) to pay 9.5% of income, capped at \$27,500.

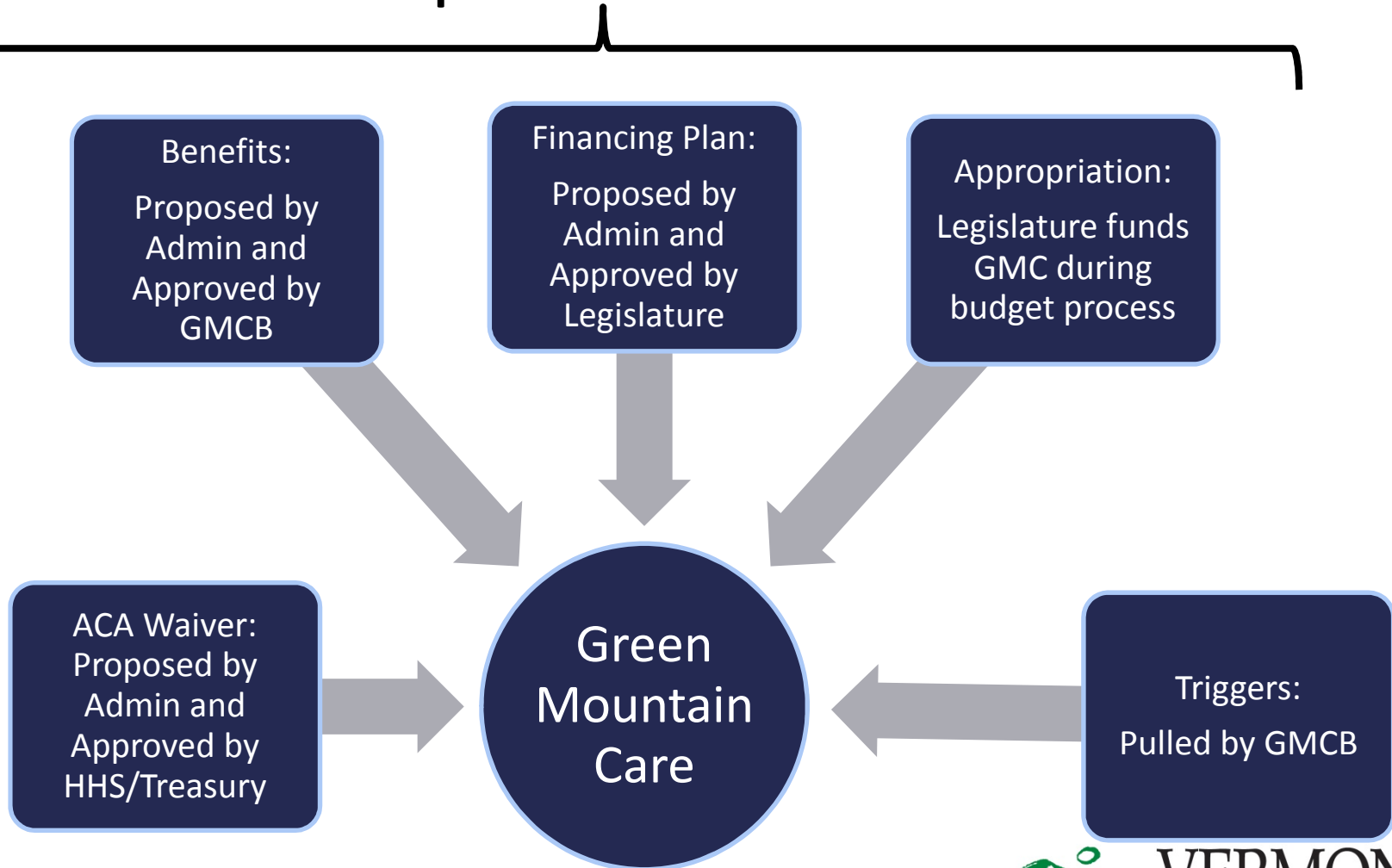
## Affordability of ACA and Public Premium

*Sliding Scale up to 9.5% Income Capped at \$27,500*



# The Process

## Principles Embedded in Act 48



# Contact me:

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