

# JFO's Independent Review of the AoA's Final Estimate of the Costs of Providing Primary Care to All Vermont Residents

Joyce Manchester, Senior Economist

Legislative Joint Fiscal Office

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# JFO's Responsibilities

- As required by Act 54, Sec. 18
- Participate in the summer study
- Offer independent review of the draft cost estimates
  - Review submitted to AoA on Dec. 2, 2015
- Submit independent review of the final cost estimates
  - Review submitted to the legislature on Jan. 6, 2016

# Areas of Concern, part 1

- More clarity regarding additional amounts to be publicly financed and potential savings to the private sector
  - Public employers already pay for primary care
  - Decline in private insurance costs, uncompensated care
- Additional administrative costs arising from a new system of primary care
  - Creates a new administrative structure
  - Adds complexity around who pays for what

# Areas of Concern, part 2

- Critical transition costs and timing issues
  - Timing of implementation
  - Reserves, IT
  - Providers, patients, employers, health insurance industry
  - Structure of public-private financing
- Base case should reflect updated Medicaid population number
  - Number used for 2017: 150,500
  - Consensus estimate for 2017: ~171,400
  - State would pay less for primary care but more for Medicaid overall
    - Assumes State continues to pay its share of the expanding Medicaid program

# Areas of Concern, part 3

- Trends in future health care costs affect costs in years beyond 2017, requiring multi-year analysis
  - Growth in payment rates per year seems low
    - Report: 3% commercial, 1.7% Medicaid, 0.2% Medicare
  - Recent estimates 1½ to 2 percentage points higher
- More thought needed regarding integration with health care reform initiatives
  - All-payer model
  - Changes in statewide provider reimbursement rates
  - Expansion of accountable care organizations (ACOs)
  - Costs, access, quality of care

# To Conclude

- JFO appreciates the work of the AoA in taking a careful look at the medical claims costs of universal primary care
- JFO urges further work and study before moving forward