
Universal Primary Care Study

Act 54 of 2015, Sections 16-19

Robin Lunge, Director of Health Care Reform

Marisa Melamed, Health Care Reform Policy and Planning Coordinator

Agency of Administration

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Statutory Charge

- **Examine the cost of providing primary care to all Vermont residents starting January 1, 2017**
 - Provide cost estimates of primary care without universal primary care reform, i.e. **status quo**
 - Provide cost estimates of universal primary care, **with cost-sharing**
 - Provide cost estimates of universal primary care, **with no cost-sharing**

What is Universal Primary Care?

Definition of Primary Care and Coverage Assumptions

First Step – Define Primary Care

- Primary care definition in Act 54, Section 17 (statutory language found on resource slide #19)
- Translate statutory language into an operational definition
 - Current Procedural Terminology (CPT) codes
 - Provider types
- Consulted with:
 - Wakely Consulting, actuarial analysis
 - Policy Integrity, health care data analyst
 - GMCB primary care payment work group, providers, Blueprint, Bi-State, carriers, Dr. Richter

Definition of Primary Care (CPT categories)

Universal Primary Care Service Categories

- New or Established Patient Office or Other Outpatient Visit
- Initial New or Established Patient Preventive Medicine Evaluation
- Other Preventive Services
- Patient Office Consultation
- Administration of Vaccine
- Prolonged Patient Service or Office or Other Outpatient Service
- Prolonged Physician Service
- Initial or Subsequent Nursing Facility Visit
- Other Nursing Facility
- New or Established Patient Home Visit
- New or Established Patient Assisted Living Visit
- Other Home or Assisted Living Facility
- Alcohol, Smoking, or Substance Abuse Screening or Counseling
- All-Inclusive Clinic Visit (FQHCs/RHCs)
- Behavioral Health

Universal Primary Care Specialty Types

- Family Medicine MD
- Registered Nurse
- Internal Medicine MD
- Pediatrician MD
- Physician Assistant/Nurse Practitioner
- Psychiatrist
- OB/GYN MD
- Naturopath
- Geriatric
- Registered Nurse - Psychiatric/Mental Health
- Social Worker
- Psychologist
- Counselor
- Counselor - Addiction

Definition of Primary Care

Examples of universal primary care services:

- Office visits
- Annual wellness exams
- Gynecological exams and breast exams
- FQHC all-inclusive clinic visits
- Administration of vaccines
- Alcohol/smoking/substance abuse screening and counseling
- Psychotherapy
- Visits from a primary care doctor to a nursing facility, assisted living facility, or home visits
- Blueprint payments to medical homes

Coverage Assumptions: Who is covered?

- All Vermont residents would be covered by universal primary care, except TRICARE due to federal restrictions
- Medicare recipients would have universal primary care as secondary coverage for primary care services
- Legislative changes, a 1332 waiver, and other waiver alignment are required to reduce duplication of primary care coverage for other populations

Cost Estimates

How much \$ will need to be publicly financed?

	Costs (2017)	UPC with Cost-Sharing	UPC with No Cost-Sharing
A	Medical Claims (netting out Medicaid \$)	\$113 million	\$175 million
B	Administrative Cost Estimate (7%-15%)	\$8-\$26 million	\$12-\$35 million
	TOTAL BASE COST (Claims + Admin)	\$121-\$139 million	\$187-\$210 million
C	Provider Reimbursement Increases (modeled 10%-50% increases as possible options)	\$25-\$135 million additional	
D	Other costs	Identified by AOA and JFO for further study if moving forward	

How much \$ will need to be publicly financed?

- **Decision points:**

1. Plan design
2. Plan administration
3. Finance plan
4. Provider reimbursement increases

How much \$ will need to be publicly financed?

■ Decision points:

1. Plan design

2. Plan administration

3. Finance plan

4. Provider reimbursement increases

plan design and plan administration decisions will enable a concrete administrative cost estimate

Decision Point: Plan Design

- **Cost-sharing or no cost-sharing?**

Decision Point: Plan Administration

- **Legal and Waiver Analysis**
 - 1332 waiver and alignment with current waivers
 - ERISA analysis
- **Operational Plan**
 - Transitional and start-up costs
 - Program administration, including coordination of benefits
 - Capitated rate setting and provider payment

Decision Point: Public Financing

- **Public Financing Plan**
 - Finalize other costs
 - Determine trend
 - Determine taxes and/or fees
- **Economic Analysis of Financing Plan**
 - Micro-simulation and macroeconomic modeling

Decision Point:

Provider reimbursement increases

Provider Reimbursement Increases at 10%, 25%, and 50% above Status Quo

Provider Reimbursement Increases	Status Quo	UPC With Cost-Sharing	UPC Without Cost-Sharing
10 % increase	\$25,164,000	\$24,838,000	\$26,941,000
25% increase	\$62,709,000	\$62,097,000	\$67,353,000
50% increase	\$125,285,000	\$124,193,000	\$134,705,000

Market Impact

- Vet impact of universal primary care on other insurance, benefit plans, and premiums (JFO review #1)
- Universal primary care will make Vermonters ineligible for HSAs under federal law

Questions?

Appendix: Resource Slides

- Act 54 Statutory Definition of Primary Care
- Coverage Assumptions
- 2017 Estimated Total Claim Cost of the Program
- Summary of PMPM Rates
- JFO Independent Review 1/6/16

Statutory Definition of Primary Care

Act 54, Section 17:

As used in Secs. 16 through 19 of this act, “primary care” means health services provided by health care professionals who are specifically trained for and skilled in first-contact and continuing care for individuals with signs, symptoms, or health concerns, not limited by problem origin, organ system, or diagnosis, and includes pediatrics, internal and family medicine, gynecology, primary mental health services, and other health services commonly provided at federally qualified health centers. Primary care does not include dental services.

Coverage Assumptions

Coverage Type	Primary Coverage	Secondary Coverage	Considerations
Medicare	Medicare	Universal Primary Care, then Medicare supplemental insurance	Medicare benefits would remain the same. Medicare Supplemental Insurance would remain available.
Military/ TRICARE	Military/ TRICARE	None while on TRICARE	UPC would be available as soon as the individual drops or is no longer eligible for TRICARE coverage. Individuals who are eligible for enhanced benefits from Medicaid would maintain those benefits.
No coverage – uninsured	Universal Primary Care	None	Some uninsured residents may be eligible for Medicaid.
Medicaid/Dr Dynasaur	Universal Primary Care	Medicaid/Dr Dynasaur covers other health services	Alignment with current Medicaid waiver required.
Vermont Health Connect (individuals)	Universal Primary Care	QHP covers other health services	ACA Section 1332 waiver required to carve out and replace primary care services in these plans with UPC.
Employer Sponsored Insurance (ESI, commercial)	Universal Primary Care	ESI plan covers other health services	An ACA Section 1332 waiver is required to replace primary care services in these plans. Large employer coverage through UPC requires a state mandate that these benefits be carved out of plans.
Employer Sponsored Insurance (ESI, self-insured)	Universal Primary Care	ESI plan covers other health services	Employers could choose to carve out primary care from their plans. Members may have duplicative coverage. Requires coordination of benefits with UPC.
Public employees	Universal Primary Care	Public employee plan covers other health services and depends on bargaining agreement	For the purposes of this study we made the assumption to provide primary coverage to all public employees because it was most consistent with the intent of universal coverage.
Retirees	Universal Primary Care (unless on Medicare)	Retiree plan covers other health services	

2017 Estimated Total Claim Cost of the Program

2017 Estimated Total Claim Cost of Program					
Market	Estimated Members	Universal Primary Care Coverage	Status Quo	Universal Primary Care with Cost Sharing	Universal Primary Care without Cost Sharing
Commercial	296,400	Primary	\$103,944,000	\$102,464,000	\$150,040,000
Military	14,400	Excluded	\$0	\$0	\$0
Federal	14,400	Primary	\$4,905,000	\$4,905,000	\$6,215,000
Medicaid	150,500	Primary	\$107,371,000	\$107,371,000	\$107,371,000
Medicare	140,800	Secondary	\$0	\$0	\$11,382,000
Uninsured	13,100	Primary	\$5,527,000	\$5,496,000	\$6,921,000
Total	629,600		\$221,747,000	\$220,236,000	\$281,929,000
Compared to Status Quo				(\$1,511,000)	\$60,182,000

Summary of PMPM Rates (claims only) for UPC in 2017, With and Without Cost-Sharing

PMPM	Status Quo	UPC With Cost-Sharing	UPC Without Cost-Sharing
Paid by Plan	\$35.14	\$34.94	\$44.01
Paid by Member	\$5.30	\$5.24	\$0.00
Total Paid PMPM	\$40.44	\$40.19	\$44.01
% Covered by the Payer, on average	87%	87%	100%

JFO Independent Review 1/6/16

1. The report needs more clarity regarding additional amounts to be publicly financed and potential savings to the private sector.
2. Additional administrative costs would arise from a new system of primary care.
3. As was the case with the State's efforts on single-payer health care and recent experience with Vermont Health Connect, transition costs and issues will be critical.
4. The base case should reflect the updated Medicaid population number.
5. Future health cost trends could mean substantially higher costs in future years.
6. More thought is needed concerning integration with the health care reform initiatives such as the all-payer model.