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*Robin Lunge, Director*

March 4, 2016

Senator Claire Ayer  
Senate Committee on Health and Welfare  
Vermont State House  
115 State Street  
Montpelier, Vermont 05633

RE: Universal Primary Care Study Considerations

Dear Senator Ayer:

Thank you for contacting me for further details on costs for the universal primary care report proposed as an amendment adding Section 2 to S. 167. This report requires my office to determine:

- The appropriate amounts to reimburse health care providers for providing primary care using a risk-based capitated model.
  - In order to make this determination, we would need the following:
    - For the committee to pass legislation designing the universal primary care program, including whether and how to cover Vermonters with federal sources of insurance or with self-insured employer-based benefits;
    - For the committee to determine whether we should use the previous definition of primary care passed or the recommendations provided to the Green Mountain Care Board for use in the accountable care organization model.
    - To engage an actuary to perform analyses to inform this component of the study. My estimate of cost for this component of the study would be approximately \$75,000. The actuarial analyses may not be feasible by December 15<sup>th</sup>, unless we use the same data that we used for last year's study in lieu of new data collection.
  - In the alternative, in the next legislative session, the committee could review similar analyses regarding primary care payment models are ongoing through the the development of the all payer model.
- The menu of tax options available to fund universal primary care.
  - My office can use the cost estimate from the study we provided earlier this year to do this work. We can use existing resources to develop options. It would be helpful to have a committee discussion about which types of options and how many you are looking for in order to inform this work. This menu can be developed by December 15, 2016.
- The estimated savings to the health care system over time with implementation of universal primary care.
  - To estimate savings over time, we would need actuarial assistance to create a multi-year model with utilization and trend assumptions, do a literature review of potential savings,

and incorporate the savings model with the actuarial model. I estimate this to cost approximately \$150,000.

- In the alternative, my office could do the literature review with existing staff and report back on our findings. This will not give you a complete cost estimate, but will give you a sense of what the evidence shows.
- The estimated administrative costs of, and savings from offering universal primary care in Vermont.
  - In order to do this estimate, the committee will need to pass a comprehensive bill outlining key policy choices that creates the program. Otherwise, my office is left with little legislative guidance for making the necessary assumptions. If we make the wrong assumptions, the work product is not useful to the general assembly. After we have guidance on the program parameters, we would then need to do an operations plan with the entity you would like to administer the program. Without this information, I can't give a potential cost estimate for this work.
  - This work could not be completed by December 15, 2016 even with a comprehensive bill, because it takes at least 6 to 8 months of work by agency staff. To determine administrative costs, we'd likely need to also do a request for information to solicit information from potential vendors. This process takes a minimum of 3 to 4 months.

In addition, if you are funding the above study, you should consider funding the economic and actuarial modeling to determine the impacts of the UPC program on the remaining commercial insurance market and the impacts of the new taxes on Vermont families and businesses (\$300,000-400,000). It is more cost effective over time to do a more complete study than to do subsets over a long period of time.

In summary, my office could provide thoughts on possible tax options for funding UPC based on the 2016 report cost estimates and a literature review on potential savings from covering primary care services without funding with our existing staff resources. We could do this in the request timeframe of December 15, 2015. If you'd like additional analyses, we could need contractual support as outlined above.

Please feel free to contact me with further questions or concerns.

Sincerely,



Robin Lunge  
Director of Health Care Reform  
Agency of Administration