

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

Date: 4/20/16

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### **H.812 – An act relating to the implementation of an all-payer model and oversight of accountable care organizations**

*As passed the Senate Committee on Health & Welfare (4/20/16)*

The following sections have fiscal implications:

#### **Sec. 10 – Primary Care Professional Advisory Group**

This section establishes a primary care professional advisory group to provide input and recommendations to the Green Mountain Care Board (GMCB). It allows for per diems to members who are not state employees and those whose participation is not supported through their employment or association. The bill does not specify how many people should be on this advisory committee but caps total per diems to \$5,000 per year.

***Fiscal Impact = minimal***

#### **Sec. 20 & 25 – Universal Primary Care and Dr. Dynasaur 2.0**

Universal Primary Care – Section 20 requires the Secretary of Administration to provide the Joint Fiscal Office and the legislature with 1) the results of a literature review of any savings realized by universal primary care programs; 2) impacts on the individual, small group and large group health insurance markets; and 3) a status report on primary care payment models created through the development of the all-payer model by November 15, 2016.

Dr. Dynasaur 2.0 – Section 20 requires the Secretary of Administration to analyze the financial implications of expanding Dr. Dynasaur and the State's children's Medicaid and Children's Health Insurance Program (CHIP) to all Vermont residents up to age 26. This requires an analysis of both one-time and ongoing costs, a five year outlook, potential cost offsets, impacts on schools and municipalities, the costs of increasing provider reimbursement rates.

Section 25 appropriates \$240,000 from the general fund to the Secretary of Administration in support of the Universal Primary Care (\$100,000) and Dr. Dynasaur 2.0 (\$140,000) studies. It is anticipated that the costs for these studies will be able to draw federal match (\$285,400 federal dollars for a gross of \$525,400). The anticipated costs also assume some efficiency in costs related to data collection.

***Appropriation = \$240,000***

#### **Sec. 21, Sec. 26, and Sec. 27 – Vermont Health Benefit Exchange Sustainability Analysis**

Section 18 requires the Joint Fiscal Office to conduct an analysis on the current functionality and long-term sustainability of the technology of the Vermont Health Benefits Exchange.

Section 26 reverts \$115,000 from the Treasurer’s Office and \$109,320 from the Green Mountain Care board to the general fund for a total of \$224,320 (of SFY’16 funds). Section 27 appropriates \$175,680 from SFY’17 general funds appropriated to the Agency of Agriculture, Food, and Markets to the Joint Fiscal Office. \$224,320 + \$175,680 = \$400,000.

**Appropriation = \$400,000**

**Sec. 22 and 23 – Health Research Commission**

Section 22 establishes the Health Care Research Commission, along with the structure, duties, and functions of the commission, “to coordinate and provide oversight over the legislative policy research studies, and evaluations related to health care delivery, regulation, and reform.”

Section 23 transfers “up to three positions and appropriate amounts for personal services and operating expenses” from the Agency of Administration to the General Assembly to provide staff” for the commission. The annualized administration cost of the commission could range from \$175,000 (assuming one full-time professional staff and one part-time assistant) to \$300,000 (assuming two full-time professional staff and one part-time assistant) depending on staffing, health care coverage (single or family plan), space, supplies, IT needs, etc. As a comparable, the initial FY 2008 budget for the former Health Care Reform Commission was \$264,000 for staff, fee for space, support, travel, computer, etc. In addition, the commission will receive administrative, fiscal and legal support from the Joint Fiscal Office and Legislative Council.

Section 25 appropriates \$250,000. Depending on when staff are hired (August or September), how many staff are hired, and their salary, benefits, and administrative needs, the costs when fully annualized in the second year are likely to exceed this amount.

**Appropriation = \$250,000**

**APPROPRIATIONS SUMMARY:**

<b>Description</b>	<b>Appropriation</b>	<b>Recipient</b>
Universal Primary Care & Dr. Dynasaur 2.0 Studies	\$240,000*	Secretary of Administration
Exchange Sustainability Analysis	\$400,000	Joint Fiscal Office
Health Research Commission	\$250,000	General Assembly
<b>TOTAL APPROPRIATIONS</b>	<b>\$890,000</b>	

*\* Note: It is expected the studies will draw federal match which will gross up to \$525,400 total (state and federal).*