

Vermont's Health Care System

Overview:

Payers & Players

(as we currently know it)



Updated January 2017

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Parts of a Health Care System

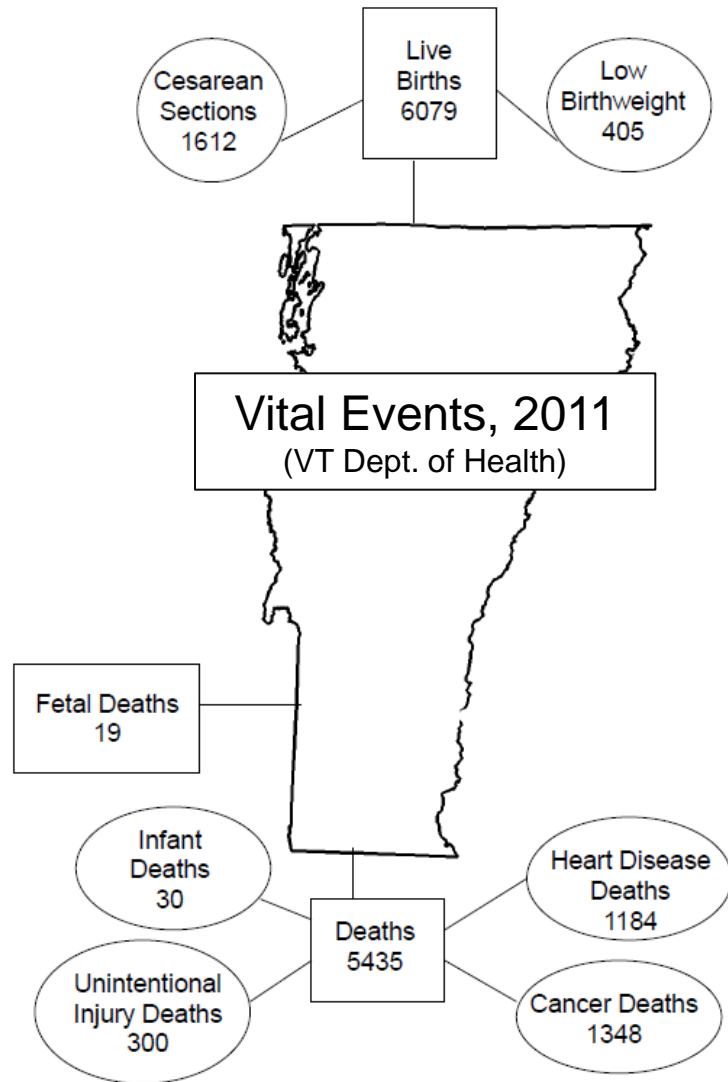
- Patients
- Providers
- Payers (Insurance Coverage)
- Regulators



PATIENTS



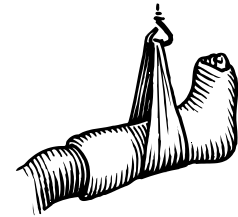
BASIC FACTS



- Approx. 626,562 Vermonters* (2014)
 - From 2004 to 2014, Vermont's population grew approximately 0.1% per year.

VITAL STATS** (2011)

- 6,079 Live Births
- 5,435 Deaths



VERMONT HOSPITALS*** (2012)

- 46,606 Inpatient discharges
- 102,433 Outpatient discharges
- 249,824 Emergency Dept. discharges

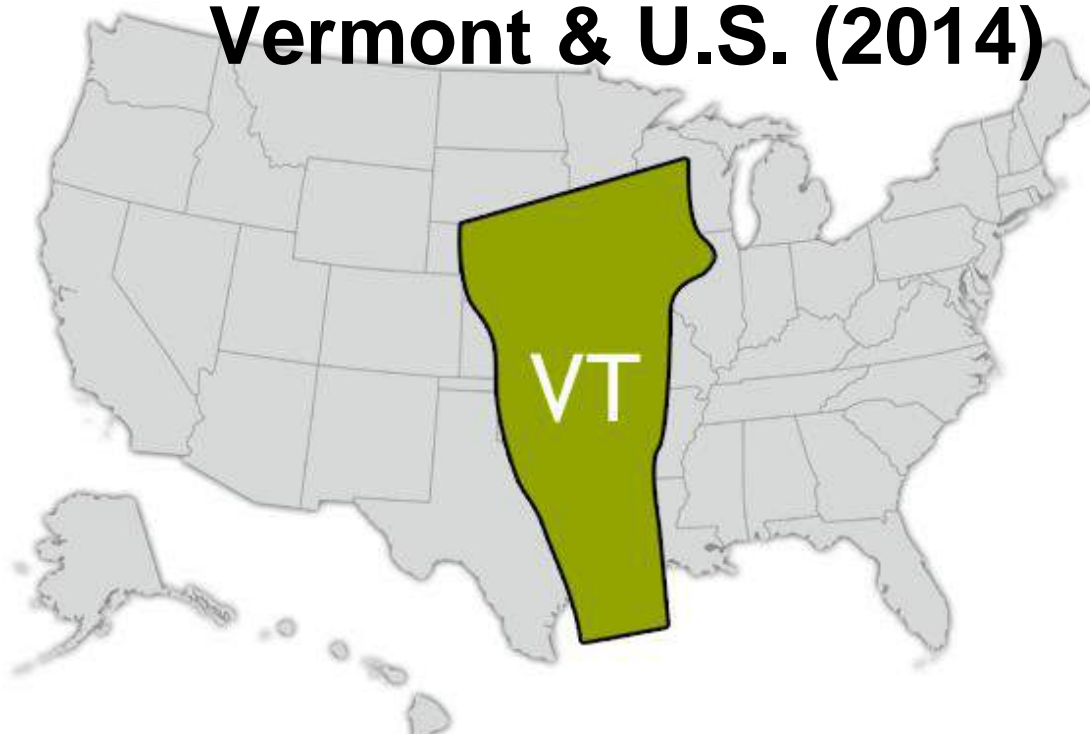
* U.S. Census – 2014 population estimate

** Vital Statistics (2011), Vermont Dept. of Health

***2012 Vermont Hospitals Report (July 2014), VT Green Mountain Care Board and Department of Health

Health Care Expenditures

Vermont & U.S. (2014)



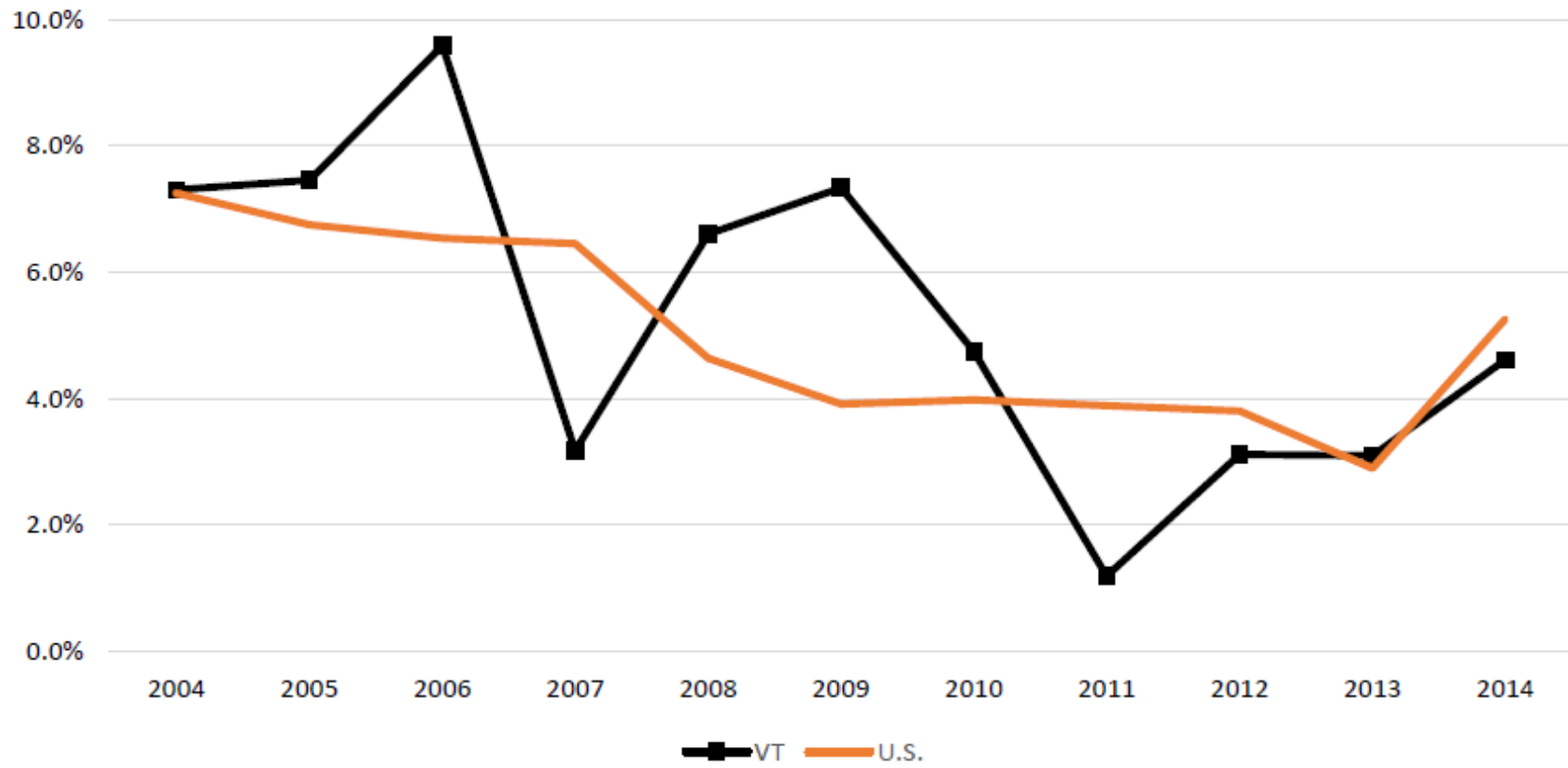
	<u>VT</u>	<u>U.S.</u>
Total (billions)	\$5.5	\$2,877
Per Capita	\$8,843	\$9,040
Annual Change (2013-2014)	5.0%	4.7%
Average Annual Change (2004-2014)	5.1%	4.9%
Share of Gross State/Domestic Product	18.7%	16.6%

Note: VT data is from the GMCB Expenditure Analysis and CMS

Health Care Expenditures

Average Annual Growth: Vermont & U.S.

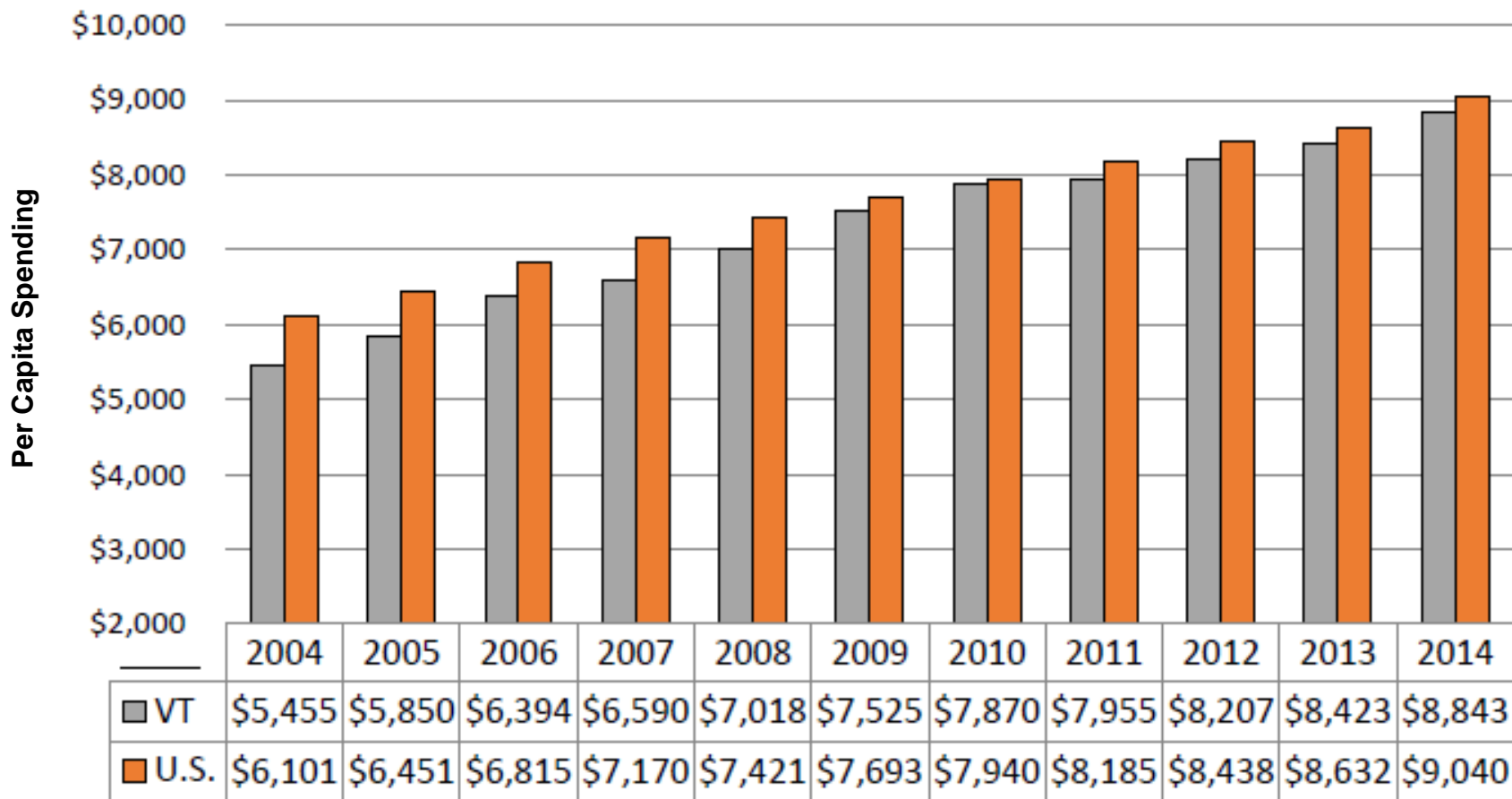
Average annual growth for Vermont has been 5.1% over this period.
The NHE average annual increase is 4.9%



Source: Green Mountain Care Board 2012 Expenditure Analysis (released April 2016)

Health Care Expenditures

Vermont & U.S.



Note: Chart from GMCB 2014 Expenditure Analysis.

Source: US Data from CMS: NHE Health Consumption Expenditures

PROVIDERS



HOSPITALS

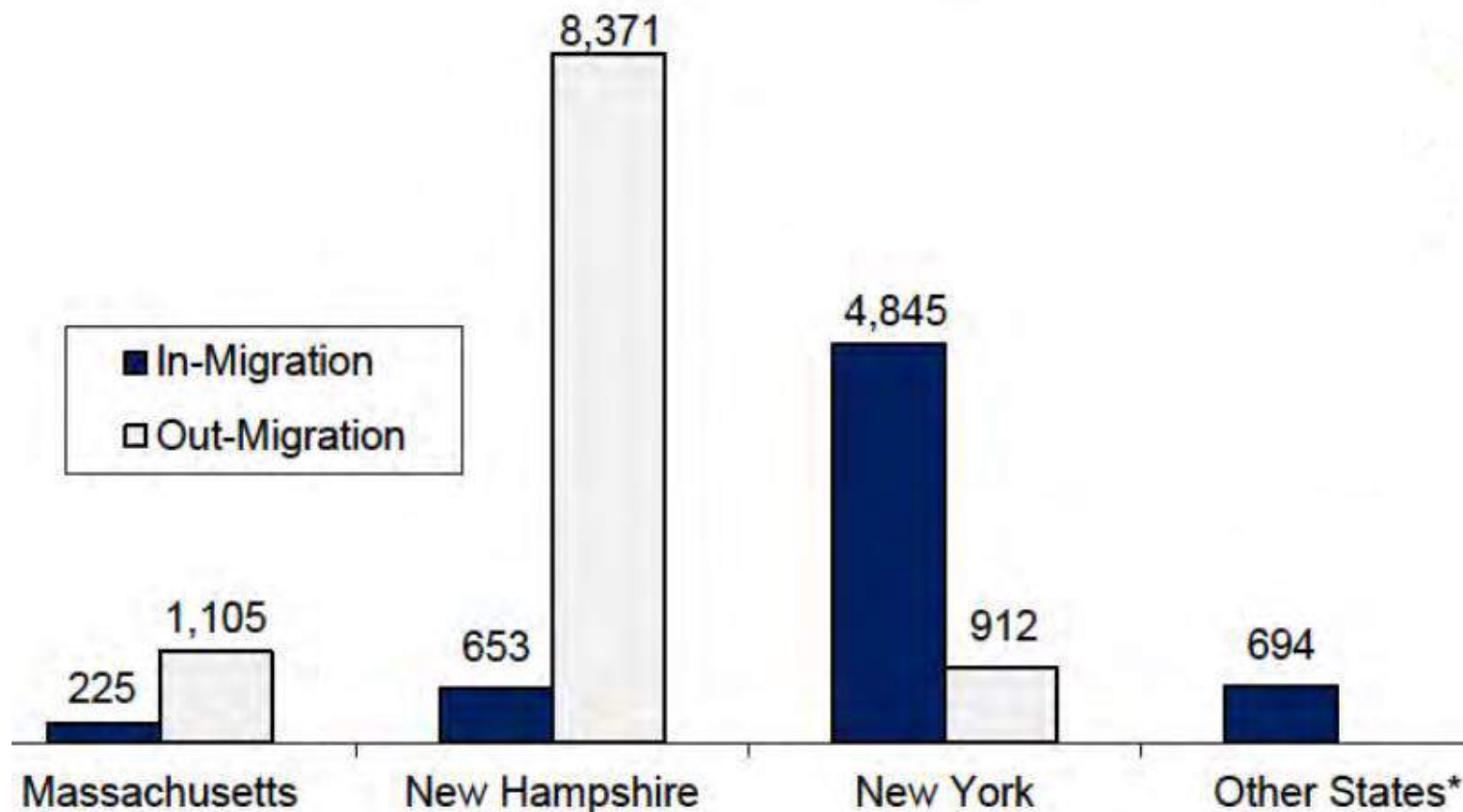
- 14 hospitals in Vermont
 - 1 “Level 1” trauma center (University of Vermont Medical Center)
 - All of not-for-profit hospitals
- Dartmouth-Hitchcock Medical Center (in NH)
 - Approx. 41% of patient discharges are Vermonters
 - Also a “Level 1” trauma center (only one in NH)
- VA Hospital
 - Located in White River Junction
- Psychiatric Hospitals
 - Vermont Psychiatric Care Hospital in Berlin
 - Brattleboro retreat (private treatment center)



Spending on **HOSPITAL CARE** for Vermonters in 2014 was **\$2.05 billion**. This accounted for **37%** of all health care spending for Vermonters.

A quick note about where people go for health care

2012 Inpatient Discharges (Hospitals)



Source: Green Mountain Care Board, Expenditure Analysis

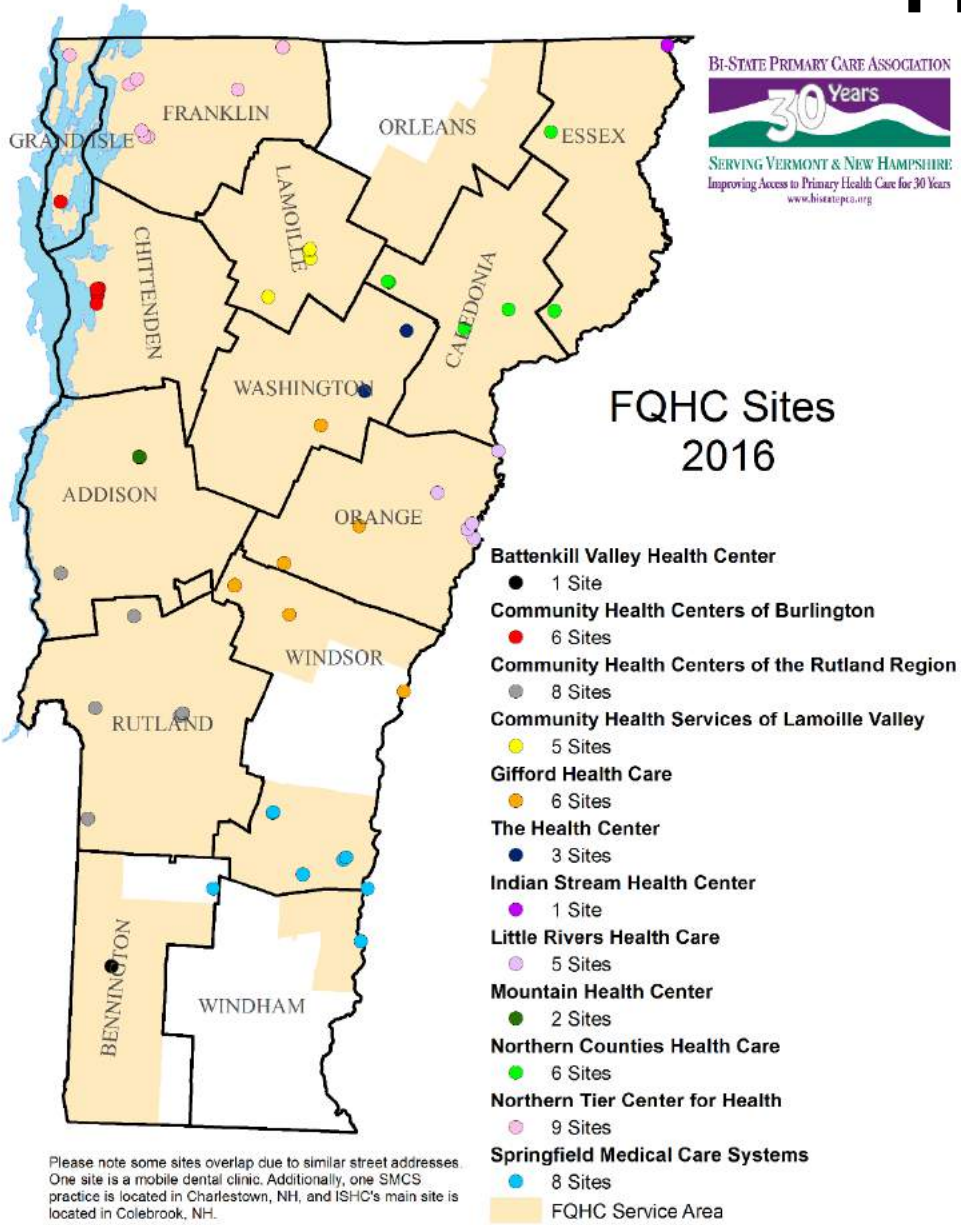
A quick note about where people go for health care

- ***The University of Vermont Medical Center (VT) and Dartmouth-Hitchcock (NH) account for a major part of in/out migration***
 - Approx. 20% of Fletcher Allen's business come from New York residents
 - Approx. 40% of Dartmouth-Hitchcock's business come from Vermonters
- **Porter Hospital** - In-migration from NY for newborn delivery
- **Southwestern Hospital** - shares a market with Albany, NY
- **St. Johnsbury Hospital** - market-area includes New Hampshire
- Other VT hospitals also serve out-of-state residents for emergencies (e.g. as skiing injuries, etc.)

FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

- FQHC is a reimbursement designation from the federal government. In order to qualify, an organization must:
 - Offer services to all persons, regardless of ability to pay
 - Offer a sliding fee scale
 - Be a non-profit or public organization
 - Be community-based, with the majority of their governing board of directors composed of their patients.
 - Serve a medically underserved area or population
 - Provide comprehensive primary care services, including preventive, dental, mental health, and substance abuse services
 - Have an ongoing quality assurance program.

FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)



- 12 FQHCs
 - (including New Hampshire-based Indian Stream's Canaan, Vermont site)
- 60 primary care sites in 13 counties
 - Note: There were only 7 sites in 2000.
- Federal grants support sliding fee scale
- Located in medically-underserved areas or health professional shortage areas
- Served 152,000 Vermonters in 2014
- Leverage federal dollars to expand services, construct or renovate facilities, and help primary care practitioners pay education loans
- FQHC boards of directors are at least 51 percent patients and include representatives from underserved populations



LONG TERM CARE

- 39 Nursing homes facilities
 - 36 participate in Medicaid (including the Vermont Veteran's home)
 - 3,054 beds (as of Sept. 2016)
- 10 Home health agencies
- 10 Hospice programs
- 1 ICF/ID *

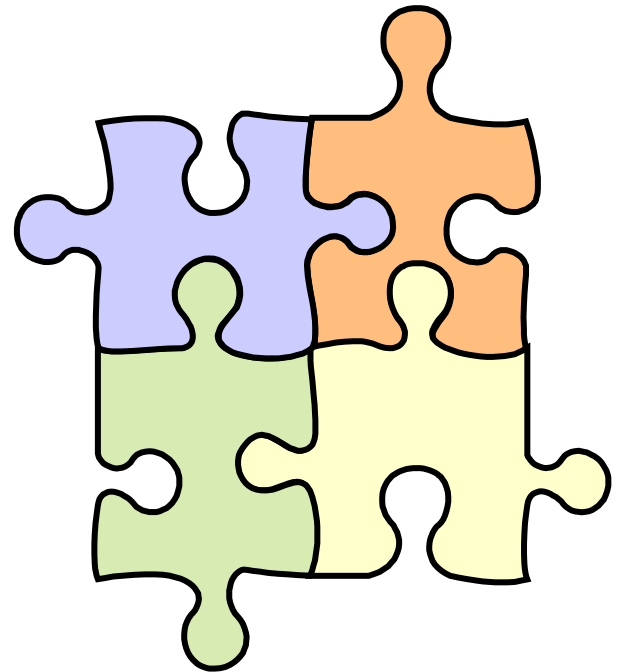


* ICF/MR = Intermediate Care Facilities Individuals with Intellectual Disabilities

MENTAL HEALTH

Providers Include:

- 11 Designated Agencies (DA's)
- 7 specialized service agencies
- “Designated” Hospitals
 - Hospitals that have inpatient psychiatric units.
- Brattleboro Retreat
- Vermont Psychiatric Care Hospital in Berlin



PHYSICIANS

Approximately 1,933 physicians in Vermont

Specialty Care = 67% (1,297)

- Anesthesiology = 5% (97)
- Emergency Medicine = 7% (130)
- Specialty Internal Medicine = 10% (192)
- Hospitalists = 5% (95)
- Psychiatry = 9% (179)
- Radiology = 5% (106)
- Surgery = 6% (111)
- Other = 20% (387)

76.1 Primary Care Physician FTE's per 100,000 Population statewide

Primary Care = 33% (636)

- Family Practice = 15% (285)
- Primary Care Internal Medicine = 8% (163)
- OB/GYN = 4% (68)
- Pediatric = 6% (120)



Source: 2014 Physician Survey Statistical Report,
VT Dept. of Health (Feb. 2016)

PAYERS

(Insurance Coverage)

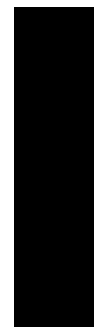


INSURANCE COVERAGE



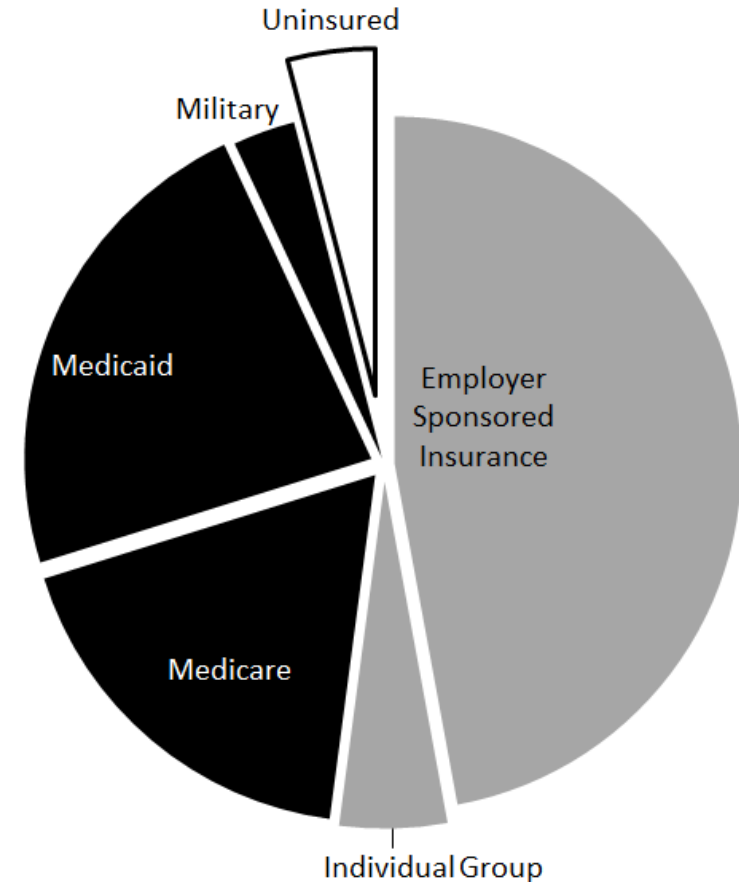
Private Insurance

- Employer-based
- Individual Market



Government

- Medicare
- Medicaid
- Military



Note: Public employees (such as state-employees, teachers and municipal workers) are considered as “private” insurance in this and other documents and not “public” insurance since they are purchased through private insurance companies and third-party administrators.

A quick note about the insurance coverage data

- Much of the current data regarding insurance was from the *2014 Vermont Household Health Insurance Survey (VHHIS)* which was conducted in the late fall of 2014.
- It is likely that there has been change in the distribution of health insurance coverage since then.
- The VHHIS will hopefully be conducted again in late 2017.

PRIVATE INSURANCE

(NOTE: Data from 2014. Expected to be updated in late 2017)

- 54% of Vermonters have private insurance (2014)*
 - Over 90% of private insurance was through employer
 - 5% were individual plans purchased through Vermont Health Connect

- Three major types of private insurance
 - Employer-based, insured
 - Employer-based, self-insured
 - Individual market (a.k.a. non-group market)

* 2014 Vermont Household Health Insurance Survey, March 2015

Employer-based

INSURED

- INSURER bears ALL (or most) of the financial risk
- Employer purchases coverage from a regulated health insurance company
- Insurer is subject to state regulations

SELF-INSURED

- EMPLOYER assumes ALL (or most) of the financial risk (may reinsure)
- Employer purchases administration services (TPA*)
- Not subject to state regulation

* TPA = Third Party Administrator

Health Benefits Exchange

("The Exchange")



- Established under the Affordable Care Act (ACA)
- Online marketplace for Individuals and Small businesses (≤ 100 employees) to purchase health insurance plans and access financial assistance (if eligible).
- ***Vermont Health Connect (VHC)*** is Vermont's Health Benefit Exchange.

Useful Terms

- ***Qualified Health Plans (QHPs)*** – are certified health insurance plans sold through the exchange which provide essential health benefits, have set limits on cost-sharing, and meet other requirements.
- ***Essential Health Benefit Package*** – are a group of health care benefits that health plans sold through the exchange are required to cover

Individual Plans

(no Employer-sponsored insurance)

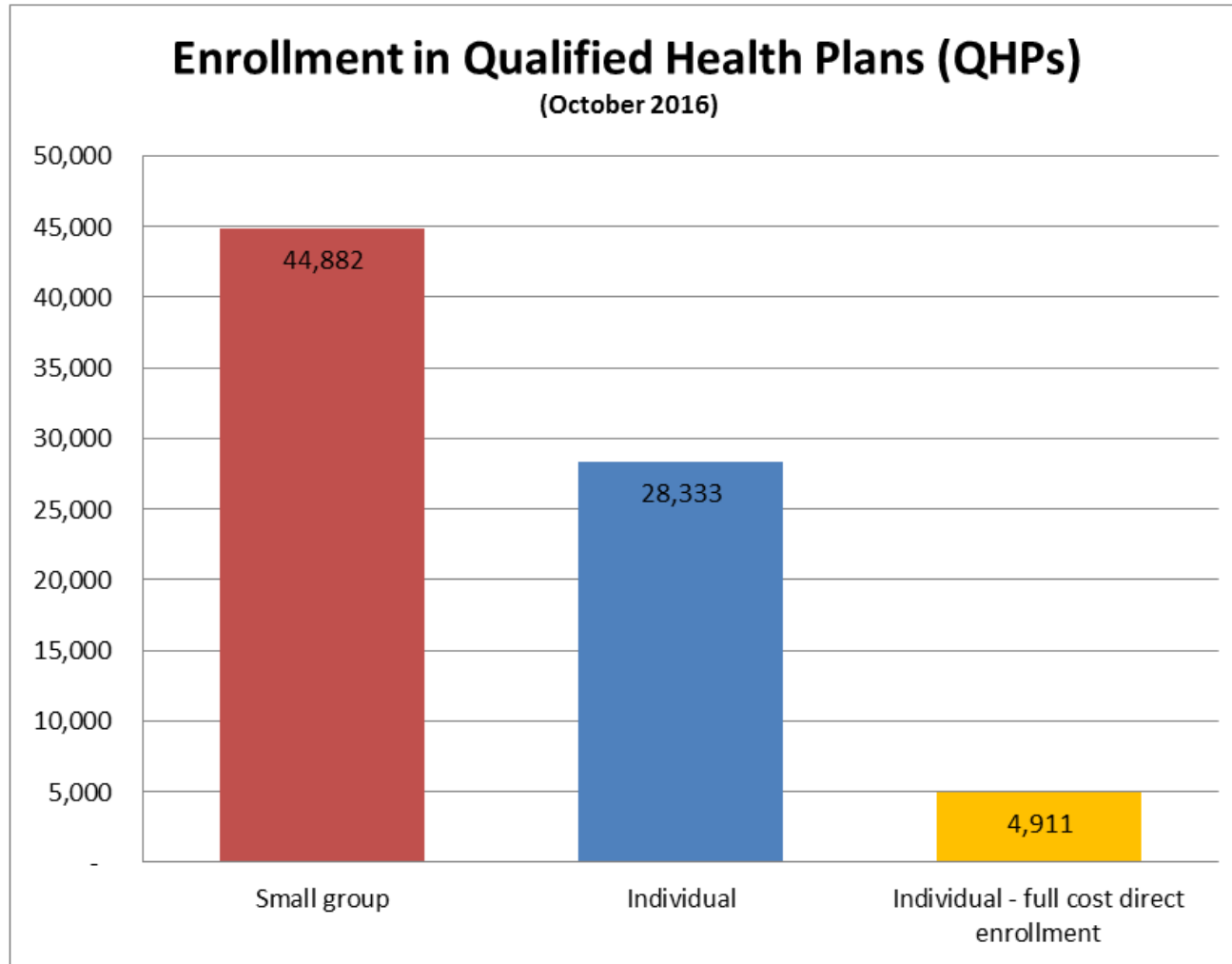
- Those with state subsidies can only purchase through VHC
- Federal advanced premium tax credits available for those up to 400% FPL
- Additional State tax credits available up to 300%FPL
- State & Federal cost-sharing assistance also available up to 300% FPL
- Approximately 33,000 people (as of October 2016)
 - 88% are receiving financial assistance
- Individuals not receiving financial assistance can buy directly from the carriers although more than half still purchase through VHC.

NOTE: FPL Chart on the last slide of this presentation

Small Employer Plans

- Small employer defined as up to 100 employees
- Small employers can only purchase QHPs
- Small employers currently buy directly from the carriers (not through VHC).
- Approx. 45,000 people are covered by small group QHP plans (as of October 2016)

78,126 lives enrolled in Qualified Health Plans as of October 2016



Source: Vermont Health Connect October 2016 Dashboard (published 12/7/16)

A quick note about the uninsured

- 23,231 (3.7%) people were uninsured in 2014*
 - 31% of the uninsured were eligible for Medicaid
 - 50% of uninsured children were eligible for Medicaid
 - *It is unknown if the uninsured rate has changed since 2014. The next Vermont Household Health Insurance Survey is expected to be done in 2017*

* Vermont Household Health Insurance Survey, DFR 2014

PUBLIC

- Military
- Medicare
- Medicaid

Note: Public employees are counted as private insurance

Military

- Coverage based on current or previous military service
 - Includes Veteran's Administration (VA).
- 18,578 (3%) Vermonters have Military coverage*
 - Accounts for approx. \$40-70 million in spending.

* Vermont Household Health Insurance Survey, DFR 2014

**A quick note about
Medicaid vs. Medicare**

CAUTION

**Medicaid &
Medicare
are not the same!**

A quick note about Medicaid vs. Medicare

Medicaid

- State-federal program
- Low-income
- Pregnant women
- Children under 19
- Blind or disabled
- Long term care

Medicare

- Federal program
- All incomes
- 65 or older
- Of any age and have
End Stage Renal
Disease
- Under 65 with certain
disabilities

Medicare

- Federal program
 - No state role at all
- Created by Congress in 1965
- Privately administered
 - States currently have no part in administering Medicare

Medicare – Who is Covered?

- 111,000 Vermonters on Medicare*
- Nearly everyone over 65 years old
- Anyone with end-stage renal disease
- Some Parts have additional requirements (i.e. work history, premium requirements, etc.)

* Vermont Household Health Insurance Survey, DFR 2014

Structure of Medicare

- **Part A**
 - Primarily hospital inpatient care
 - Financed by payroll tax
 - Trust fund

- **Part B**
 - Most other health services
 - Financed by monthly premium and general funds

Structure (continued)

- **Part C (Medicare Advantage Plans)**
 - Are health plan options (like an HMO or PPO) approved by Medicare and offered by private insurance companies.
 - Cover all of Part A and Part B and usually Medicare drug coverage.
 - Not all Medicare Advantage Plans work the same way
 - Only 3% of Medicare beneficiaries in Vermont
- **Part D**
 - Pharmacy coverage
 - Coverage started January, 2006
 - Financed by monthly premiums and general funds

A quick note on the 'Dual-Eligibility'

- Eligible for both Medicare and Medicaid
 - Medicare payer of first resort
 - Counted in Medicare totals on previous slide
- Approx. 17-18,000 lives
- Approx. \$50M in annual Medicaid expenditures

Medicaid

- **Created in 1965 as Title XIX of the Social Security Act**
- **Helps with medical costs for some people with limited income and resources.**
- **Financed through a federal-state partnership**
- **Each state designs and operates its own program within broad federal guidelines.**

“If you’ve seen one Medicaid Program, then you’ve seen one Medicaid program.”

Medicaid

- Public health insurance program for people with low-incomes.
 - Medicaid is the dominant source of coverage for long-term care.
 - Many Medicaid beneficiaries have extensive needs for care
 - Medicaid beneficiary most often (but not always) lack access to any other private insurance.
- Nationwide 23% of Americans are enrolled in Medicaid or CHIP
 - In Vermont, Medicaid as primary source of health coverage is approximately the same.

Medicaid in Vermont

- Approx. 203,000 Vermonters receive some form of assistance through Medicaid (as of 9/16)
 - Approx. 151,000 have Medicaid as their primary source of coverage.
 - Approx. 52,000 receive partial or supplemental assistance (such as premium assistance, Rx coverage, etc.).
 - ***MEDICAID IS NOT THEIR PRIMARY SOURCE OF COVERAGE***
- Benefit varies by program
 - Most: health care costs + related costs (e.g. transportation)
 - Some: by benefit (e.g. pharmacy)
- Finances – SFY'16 = \$1.69 billion gross

Vermont Medicaid and other State-Sponsored Programs

- Aged, Blind or Disabled (ABD) and/or Medically Needy Adults
 - Adults, Dual Eligibles, Children
- General Medicaid
 - Often referred to as “Aid to Needy Families with Children (ANFC)”
 - Adults, Children
- CHIP & Underinsured Children
- Pharmacy programs
- ‘New Adult’ expansion (under Affordable Care Act)
- State Premium tax credit (in addition to federal tax credit).
- State Cost-sharing subsidy (in addition to federal tax credit)

Covered Medicaid Populations

Covered Populations

Aged, Blind, Disabled

Working Disabled at or below 250% FPL

Parents or Caretaker
Relatives under 138%
FPL

Pregnant Women at or below 213% FPL

Children under 19 at or below 317% FPL.
Including additional benefits.

Adults under 138% FPL

Limited Benefit Groups

VPharm:

Covers Part D cost sharing and excluded classes of meds, diabetic supplies and eye exams for Medicare Part D beneficiaries.

Healthy Vermonters:

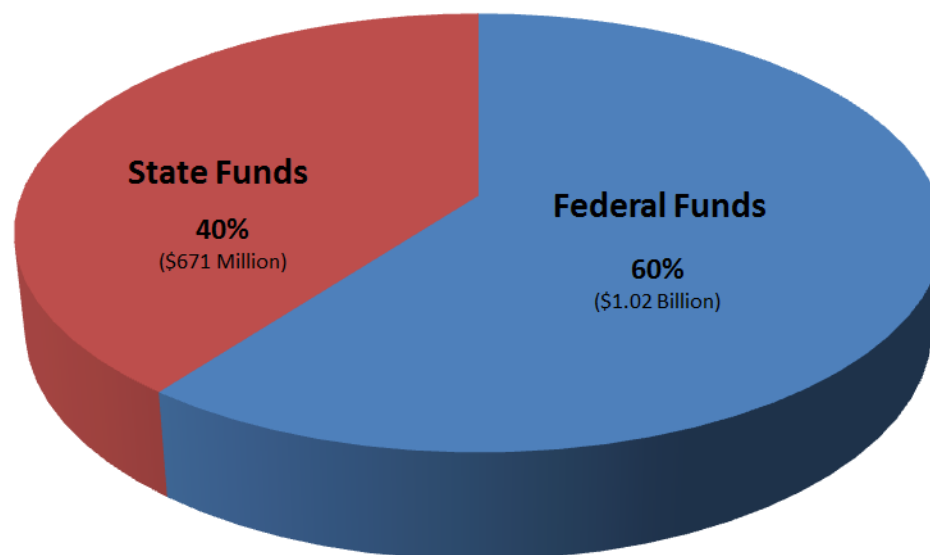
Discount on Medications for anyone who has exhausted or has no prescription coverage.

Vermont Premium Assistance (VPA) up to 300% FPL

Medicaid Financing

- Costs shared by the state & federal government

SFY'16 = \$1.69 billion (gross)



- State funding comes from a combination of general funds, cigarette and tobacco taxes, provider taxes, and other sources.

Federal Medical Assistance Percentage (FMAP)

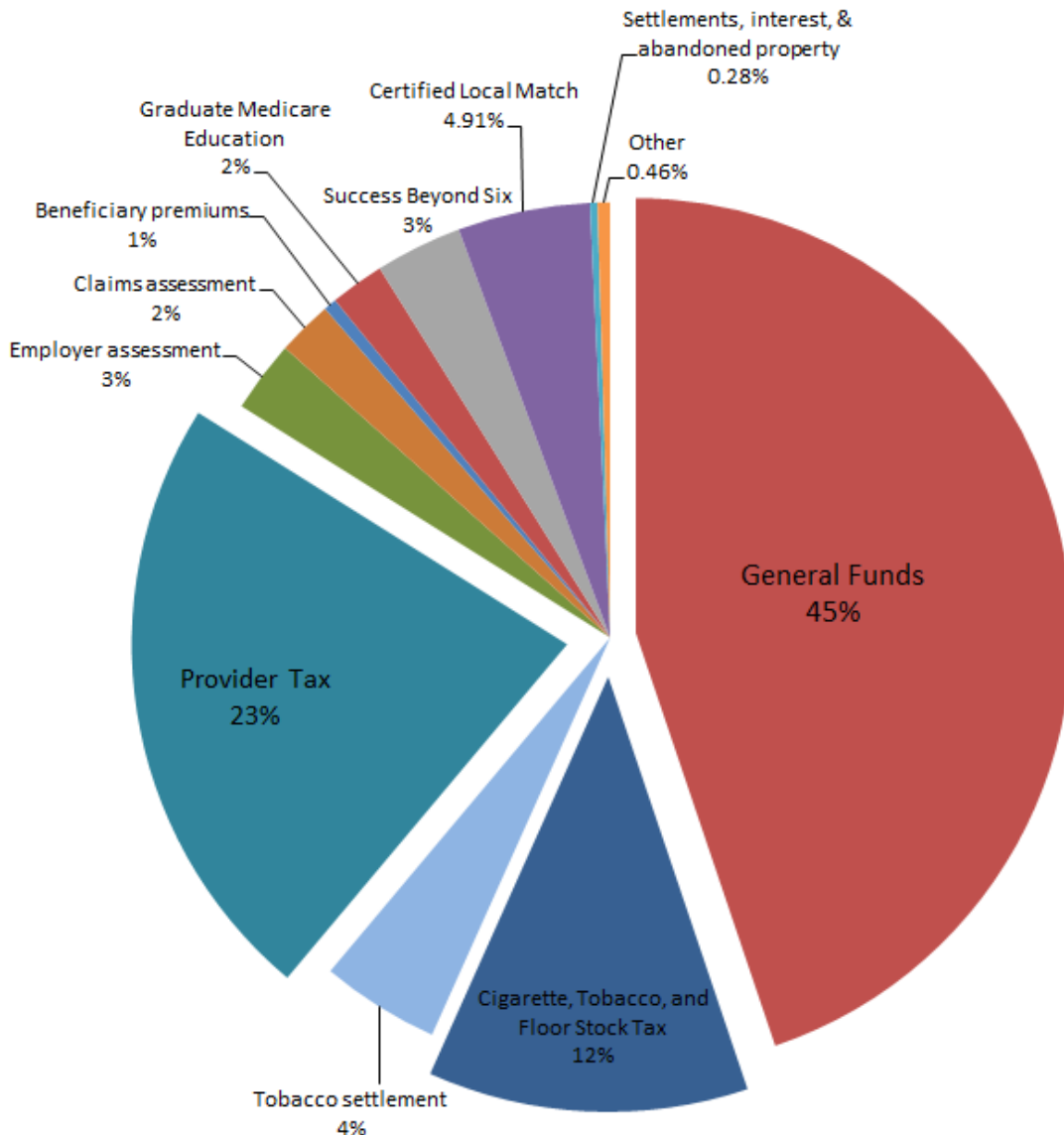
- **FMAP** = the share of state Medicaid benefit costs paid by the federal government
- Match rate is determined by formula comparing each state's per capital income relative to the nation
 - Varies state by state from 50% to 83%
 - Vermont FMAPs:

		SFY ' 17		SFY ' 18		Δ in FMAP
		Fed	State	Fed	State	
	FMAP	54.32%	45.68%	53.72%	46.28%	-0.60%
Enhanced FMAP	New Adult	86.57%	13.43%	88.37%	11.63%	1.80%
	CHIP*	91.02%	8.98%	90.60%	9.40%	-0.42%

*CHIP = Children's Health Insurance Program

Medicaid Financing - State Funds

(High level view regardless of special fund)



- Provider taxes and Cigarette, Tobacco, and Floor Stock Taxes account for 35% of total state funds used to fund Medicaid

A quick note about 1115 Demonstration Waivers

Global Commitment is an 1115 Demonstration Waiver

- 1115 is the section of the Federal Social Security Act that allows the federal government to “waive” many, but not all, of the laws governing Medicaid, including eligible people and services.
- 1115 waiver authority is intended to encourage state innovation in the Medicaid program
- Often, states identify ways to save Medicaid funds and are permitted to use the savings to expand coverage.
- 1115 waivers must be budget neutral

Global Commitment

Key Concepts

- Global Commitment began October 2005
 - Latest renewal – *1/1/17 to 12/31/2021*
- The Agency of Human Services (AHS) operates Medicaid using a managed care-like Model:
 - Must comply with certain federal Medicaid managed care regulations
 - Requirements set through inter-governmental agreements with AHS and DVHA.
- AHS pays DVHA a fixed premium (per member per month or PMPM).
 - Paid monthly. Trued up quarterly to actual expenditures

Global Commitment

Investments

- GC gives Vermont the expenditure authority to invest in some program/services not typically eligible for federal financial participation.
- These funds are referred to as “investments”.
- The state currently invests about \$127 million in total funds under this authority.
- Without this waiver, these investments would require new general fund appropriation (no federal match) or elimination.

Global Commitment

Investments

INVESTMENTS MAY BE USED TO:

- Reduce the rate of uninsured and/or underinsured
- Increase access of quality health care to the uninsured, underinsured, and Medicaid beneficiaries
- Fund public health and other innovative programs that improve health outcomes, health status and quality of life for uninsured, underinsured, and Medicaid-eligible individuals
- Encourage the formation and maintenance of public-private partnerships in health care, including initiatives to support and improve the health care delivery system and promote transformation to value-based and integrated models of care
(*new in 2017*)

A quick note about All Payer Model (APM)

- The purpose of the APM is to move away from fee-for-service reimbursement on a state-wide level
- The APM will establish an annualized limit of 3.5% on per capita health care expenditure growth for all major payers.
- Beneficiaries (Medicare, Commercial, and Medicaid) will keep their current benefits, covered services, and choice of providers.

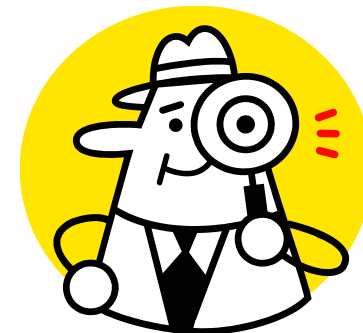
A quick note about All Payer Model (APM)

(Continued)

- Agreement contains 3 high level health improvement goals:
 - Improving access to primary care
 - Reducing deaths from suicide and drug overdose
 - Reducing prevalence and morbidity of chronic disease
- The state can terminate the agreement at any time for any reason with at least 180 calendar days' notice.
- There will be no financial penalties to the state if financial and quality targets are not met.

REGULATORS

- Department of Financial Regulations
- Green Mountain Care Board
- Attorney General (fraud, etc.)
- Health Department (inspections)
- Center for Medicare and Medicaid Services (CMS)



Other

- Joint Commission (accreditation)
- National Committee for Quality Assurance or NCQA (accreditation)

A quick note about The Green Mountain Care Board

- The GMCB was created in 2011 to:
 - Regulate hospital budgets and major capital expenditures as well as health insurance rates
 - Test new and innovative ways to pay for and delivery health care as part of its role in building a new system
 - Evaluate innovation projects and proposals for what should be in Vermont's new health system, proposals for funding the new system, and the effect of the new system on the Vermont economy.
- Five member board, appointed by the Governor

2016

*Note: 2017 VHC subsidies
based on the 2016 FPL chart*

2016 Federal Poverty Levels (FPLs)

Monthly

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$990	\$1,317	\$1,366	\$1,485	\$1,980	\$2,228	\$2,475	\$2,723	\$2,970	\$3,960
2	\$1,335	\$1,776	\$1,842	\$2,003	\$2,670	\$3,004	\$3,338	\$3,671	\$4,005	\$5,340
3	\$1,680	\$2,234	\$2,318	\$2,520	\$3,360	\$3,780	\$4,200	\$4,620	\$5,040	\$6,720
4	\$2,025	\$2,693	\$2,795	\$3,038	\$4,050	\$4,556	\$5,063	\$5,569	\$6,075	\$8,100
5	\$2,370	\$3,152	\$3,271	\$3,555	\$4,740	\$5,333	\$5,925	\$6,518	\$7,110	\$9,480
6	\$2,715	\$3,611	\$3,747	\$4,073	\$5,430	\$6,109	\$6,788	\$7,466	\$8,145	\$10,860
7	\$3,061	\$4,071	\$4,224	\$4,591	\$6,122	\$6,887	\$7,652	\$8,417	\$9,183	\$12,243
8	\$3,408	\$4,532	\$4,702	\$5,111	\$6,815	\$7,667	\$8,519	\$9,371	\$10,223	\$13,630

Annually

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$11,880	\$15,800	\$16,394	\$17,820	\$23,760	\$26,730	\$29,700	\$32,670	\$35,640	\$47,520
2	\$16,020	\$21,307	\$22,108	\$24,030	\$32,040	\$36,045	\$40,050	\$44,055	\$48,060	\$64,080
3	\$20,160	\$26,813	\$27,821	\$30,240	\$40,320	\$45,360	\$50,400	\$55,440	\$60,480	\$80,640
4	\$24,300	\$32,319	\$33,534	\$36,450	\$48,600	\$54,675	\$60,750	\$66,825	\$72,900	\$97,200
5	\$28,440	\$37,825	\$39,247	\$42,660	\$56,880	\$63,990	\$71,100	\$78,210	\$85,320	\$113,760
6	\$32,580	\$43,331	\$44,960	\$48,870	\$65,160	\$73,305	\$81,450	\$89,595	\$97,740	\$130,320
7	\$36,730	\$48,851	\$50,687	\$55,095	\$73,460	\$82,643	\$91,825	\$101,008	\$110,190	\$146,920
8	\$40,890	\$54,384	\$56,428	\$61,335	\$81,780	\$92,003	\$102,225	\$112,448	\$122,670	\$163,560

www.federalregister.gov/articles/2016/01/25/2016-01450/annual-update-of-the-hhs-poverty-guidelines#t-1

JFO DRAFT

4/5/2016