



STATE OF VERMONT
GENERAL ASSEMBLY
SENATE COMMITTEE ON HEALTH AND
WELFARE

April 14, 2017

Dear Advocates for Universal Primary Care:

On behalf of the Senate Committee on Health and Welfare, I want to express our sincere appreciation for your efforts to expand access to affordable primary care in Vermont. All five members of the Health and Welfare Committee are co-sponsors of S.53, An act relating to a universal, publicly financed primary care system, because we share your vision. We had hoped to move the bill this year. But as many of you know, there are many specifics still to be resolved in order to create a workable universal primary care program. As we look forward to the second year of the 2017-2018 biennium, we need your help.

The Administration's report entitled "Cost Estimates for Universal Primary Care" was submitted to the General Assembly on December 16, 2015. It contained several recommendations for future analyses that need to be performed in order to implement a publicly financed universal primary care program in Vermont: a public financing plan, an economic analysis of the financing plan, a legal and waiver analysis, an operational plan, and a consideration of plan design and health savings accounts. Each of these analyses needs to be conducted before the General Assembly can actually implement universal primary care. Once we know exactly what we will be paying for, the appropriate legislative committees can evaluate options for taxes, fees, or both to cover the costs of the universal primary care program. We will also need to consider the potential need for insurance reserves, reinsurance, and budget reserves, and identify ways to increase taxes and/or fees over time at the same rates as health care costs rise.

Right now universal primary care is an idea; in order to make it a reality, we need a detailed proposal with concrete recommendations for action. The Senate Committee on Health and Welfare remains committed to establishing universal primary care in Vermont, but before we can do our work, we need your assistance. Here is what needs to be done:

Legal and Waiver Analysis

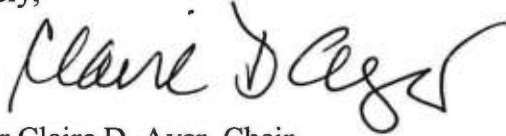
- Determine any legal obstacles to universal primary care under State and federal law
 - Identify any federal waivers the State would need to obtain or modify
 - Analyze ERISA constraints and propose solutions
 - Address the impact of universal primary care on Vermonters' eligibility for health savings accounts under federal law
 - Propose necessary modifications to Vermont laws

Operational Plan

- Determine appropriate roles for State government, commercial insurers, and others
- Develop a plan for program administration, including:
 - Quality measurement requirements for the State agency administering the program
 - Eligibility determinations
 - Enrollment
 - Claims adjudication
 - Coordination of benefits, including Medicaid benefits and subrogation
 - Primary care provider selection and referral management
 - Medical necessity determination
 - Adjudicating out-of-state coverage for primary care
 - Data analysis, reporting, and settlement with at-risk providers
 - Hospital, physician, and other provider credentialing and network enrollment, including whether to contract with a national network and whether to cover services delivered outside the United States
 - Program integrity, including fraud and abuse detection
 - Overall evaluation of the performance of the universal primary care program in terms of costs, quality of care, and customer experience
 - Grievances and appeals processes
- Develop a plan for financial administration, including:
 - One-time start-up operational costs
 - Projecting expected rate of increase in universal primary care expenditures for the coming year, taking into account cost pressures and revenue constraints
 - Allowable administrative costs for the entity administering the program
 - Ongoing budget for medical and administrative costs related to the services paid for under the universal primary care program
 - Financial management functions, including:
 - Reserves
 - Reinsurance
 - Cash flow management
 - Retroactive provider settlements
 - Actuarial analyses, projections, and reporting
 - Budgeting for universal primary care program costs
 - Oversight of the total universal primary care program budget and alignment of the budget with available State and federal funding
 - Oversight of financial health and adequacy of reserves
- Develop methodology for capitated rate-setting and provider payment, including:
 - Provider reimbursement amounts
 - Setting payment terms for covered services
 - Negotiating provider payments, including population-based payments
 - Oversight of provider payment policy

We welcome your insights and suggestions. We need to have your proposals by September 1 so that we may move forward with implementing a universal primary care program during the 2018 legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "Claire D. Ayer". The signature is fluid and cursive, with a large initial "C" and "A".

Senator Claire D. Ayer, Chair
Senate Committee on Health and Welfare