

**Green Mountain Care Board**  
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*Kevin Mullin, Chair*  
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## MEMORANDUM

**TO:** Representative Mitzi Johnson, Speaker of the House  
Senator Tim Ashe, President Pro Tempore  
Senator Jane Kitchel, Chair, Senate Appropriations Committee  
Senator Ann Cummings, Chair, Senate Finance Committee  
Senator Virginia Lyons, Chair, Senate Health and Welfare Committee  
Representative William Lippert, Chair, House Health Care Committee  
Representative Catherine Toll, Chair, House Appropriations Committee  
Representative Janet Ancel, Chair, House Ways and Means Committee

**cc:** Jen Carbee, Deputy Chief Counsel  
Steve Klein, Chief Fiscal Officer  
Nolan Langweil, Senior Fiscal Analyst

**FROM:** Kevin Mullin, Chair, Green Mountain Care Board

**DATE:** April 2, 2019

**RE:** 2017 Vermont Healthcare Expenditure Analysis

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The Green Mountain Care Board recently released the 2017 Vermont Healthcare Expenditure Analysis, a copy of which is enclosed. The analysis is also available on the GMCB website at these links: full [report](#), [interactive charts](#). The Expenditure Analysis provides a comprehensive review of total health spending by Vermonters (regardless of location) and by Vermont providers (regardless of patient residence).

A summary of highlights from the analysis include:

- Total spending for Vermont residents slowed in 2017, compared to prior years and to the nation.
  - Vermont spending increased 1.7% in 2017, compared to 3.7% in 2016 and an average annual increase of 3.2% from 2012 to 2017.
  - U.S. spending increased by 3.8% in 2017 and 5% in 2016.
- Vermonters spend less per person on health care than the per person amount in the U.S. as a whole, however, Vermont's health care spending was a greater percentage of the state's economy.
  - Per person spending in Vermont was \$9,667 compared to \$10,229 in the U.S.
  - Health care is 18.5% of Vermont's Gross State Product (GSP), compared to 17.1% of the U.S. Gross Domestic Product (GDP).
- Commercial spending is growing faster than Medicare and Medicaid spending.
  - Commercial insurance spending increased 2.5% compared to 0.8% for Medicare and a 0.2% *decrease* in Medicaid.



- Medicaid spending increased for mental health and other government activities, but these increases were offset by higher drug rebate percentages for specialty drugs. Total revenues for Vermont health care providers from both in and out-of-state patients increased 3.3% in 2017 compared to 3.2% in 2016 and to the average annual increase of 3.8% for 2012-2017.

Please note that the Expenditure Analysis reviews total spending of all types of health care sectors and is not equivalent to the All-Payer Model (APM) total cost of care measure. The APM total cost of care includes hospital and physician services in order to be comparable to Medicare covered services (see Slide 4 for more information). Also, new this year is a projection of spending based on the full 2017 data. As you may recall, 2018 data is not yet available due to the insurance claims lag and other data used in this report.

In closing, I welcome your questions or suggestions for improvements to the Analysis. The Analysis is used by the Board in guiding its regulatory work as well as measuring progress in containing the costs of health care, balancing affordability with the solvency of Vermont's regulated entities, and moving toward payment systems that support high value health care. I hope the Analysis is also a useful tool to you in support of policymaking and understanding Vermont's health care landscape.

