VERMONT

A Brief History of Health Care Reform

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Nolan Langweil, Joint Fiscal Office

January 16, 2019
**Background Facts:**

*By the Numbers*

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2009</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>608,827</td>
<td>624,817</td>
<td>624,594</td>
</tr>
<tr>
<td><strong>Health Care Spending</strong></td>
<td>$2.3 billion</td>
<td>$4.7 billion</td>
<td>$6 billion</td>
</tr>
<tr>
<td><strong>Per Capita</strong></td>
<td>$3,774</td>
<td>$7,581</td>
<td>$9,539</td>
</tr>
<tr>
<td><strong>% State GDP</strong></td>
<td>12.7%</td>
<td>18.5%</td>
<td>17.1%</td>
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<tr>
<th></th>
<th>2000</th>
<th>2009</th>
<th>2018</th>
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<tbody>
<tr>
<td><strong>Private Insurance</strong></td>
<td>366,200</td>
<td>355,400</td>
<td>329,800</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>60.2%</td>
<td>56.9%</td>
<td>52.8%</td>
</tr>
<tr>
<td><strong>Medicaid</strong></td>
<td>97,700</td>
<td>109,400</td>
<td>136,900</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>16.0%</td>
<td>17.5%</td>
<td>21.9%</td>
</tr>
<tr>
<td><strong>Medicare</strong></td>
<td>87,900</td>
<td>95,200</td>
<td>121,000</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>14.4%</td>
<td>15.2%</td>
<td>19.4%</td>
</tr>
<tr>
<td><strong>Military</strong></td>
<td>5,600</td>
<td>13,900</td>
<td>16,900</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>0.9%</td>
<td>2.2%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Uninsured</strong></td>
<td>51,400</td>
<td>47,500</td>
<td>19,800</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>8.4%</td>
<td>7.6%</td>
<td>3.2%</td>
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</table>
Vermont has a long history of coverage, quality, and cost control initiatives.

- Reforms date as far back as the 1940s

- The Legislature has passed many health care reform bills over the years – some making small or incremental changes, some modifying existing programs, and some establishing significant new initiatives.

- This presentation will begin with the 1990s and only focus on significant and specific health care reform initiatives.
Major Reforms in the 90s

• Act 160 of 1992
  – Unsuccessful push for universal care program and single payer
  – Creation of the **Health Care Authority** (began August 1992)
    • 3 member administrative body tasked with responsibility for ensuring universal access and containing health care costs
    • Existed for about 4 years before it became part of the Department of Banking, Insurance, Securities, and Health Care Administration (BISHCA)

• **Dr. Dynasaur** – Eligibility expansion for children (through Medicaid Waiver)
  – Implemented in late 80s/early 90s
  – Increased eligibility up to 300% FPL in the mid-90’s

• **Vermont Health Access Plan (VHAP)**
  – Eligibility expansion for coverage for low-income uninsured adults (through Medicaid Waiver)
  – Also included an Rx component (VHAP Rx)
  – Eligibility expanded to 195% for parents and caretakers of eligible children
  – Program ended in 2014
Major Reforms in the 2000s

- **H.524 (2005) – Vetoed by Governor Douglas**
  - Created Green Mountain Health
  - Publicly funded health coverage for uninsured residents with a limited benefit that would expand over time to a universal, complete benefit
  - Financed by “health effort tax” on wages

- **Catamount Health**
  - Initially passed in Act 191 (2006); later amended several times
  - Implemented in 2007, ended in 2014
  - Created a new health insurance product – offered by BCBSVT and MVP
  - State-subsidized premium assistance program (CHAP)
  - State subsidy for employer sponsored insurance (ESI) if eligible and if more cost-effective to the State
  - Financed by employer assessment and a portion of cigarette tax revenue

- **Other notable reforms**
  - VPharm – Medicare Part D wrap-around Rx coverage for low-income Vermonters
  - Blueprint for Health – chronic conditions pilot begins (codified and expanded later)
  - Health information technology fund created
  - ACO Pilot Project
Major Reforms in the 2010s

- **Hsiao Study – (Act 128 of 2010)**
  - Legislature hired a consultant, Dr. William Hsiao, to design three health care system options (single payer, public option, and at least one other)

- **Green Mountain Care (Act 48 of 2011)**
  - Would have created universal and unified (“single-payer”) health care system

- **Vermont Health Benefit Exchange (Act 48 of 2011 and others)**
  - Known as “Vermont Health Connect,” offers qualified health plans (QHPs)
  - Initially designed also to be the platform to support Green Mountain Care
  - Merged individual and small group markets; was only place to purchase QHPs
  - Provides premium assistance and cost-sharing subsidies in addition to federal subsidies for individuals up to 300% FPL

- **Other notable reforms**
  - Adoption of 14 principles for reforming health care in Vermont (Act 48)
  - Creation of Green Mountain Care Board, transfer of duties to Board (Act 48, others)
  - All-payer model and accountable care organizations (Act 113 of 2016)
Current Reforms

• Health Care Delivery Integration
  – Accountable Care Organization (ACO) programs
    • Medicaid Next Generation – began 2017
    • Vermont Medicare ACO Program – began 2018 with an existing federal Medicare program; Vermont modifications begin in 2019
    • Commercial ACO programs – BCBSVT & small self-funded programs in 2018; expect to expand programs to other payers in 2019/2020
  – Blueprint for Health – integration at community level with ACO programs

• All-Payer ACO Model Agreement
  – Sets goals for:
    • Limiting health care cost growth closer to Vermont economic growth
    • Maintaining/improving quality of care
    • Focusing on population health goals around chronic disease, suicide and substance use disorders
Questions?