



Green Mountain Care Board

February 5, 2025

Dr. David Murman

Owen Foster

1

Agenda



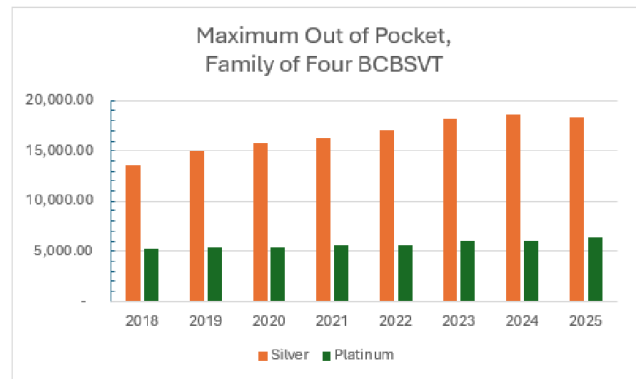
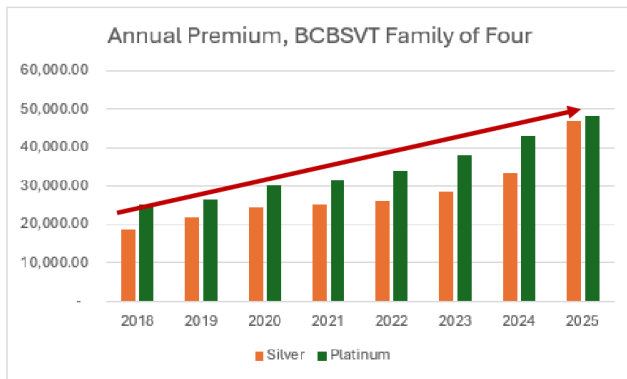
- Vermont Health System Overview
- Healthcare Reform Strategies
 - Delivery System Reform (Act 51/167, State health plan)
 - Performance Reform
 - Payment Reform
 - Reference-Based Pricing
 - Global Budgets

2

VERMONT HEALTH SYSTEM OVERVIEW

3

Health Care Landscape Trends Affordability

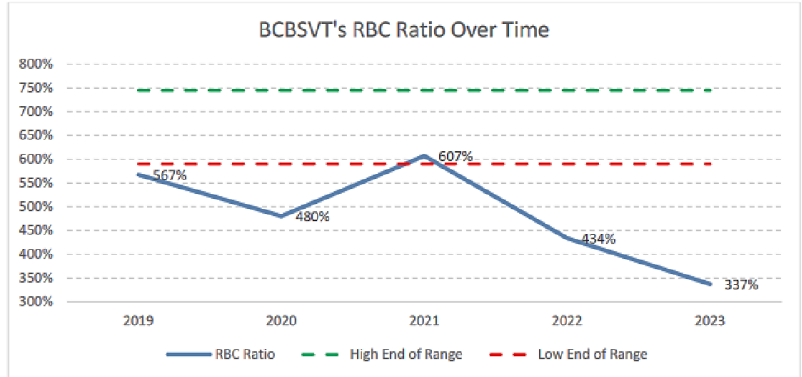


Note: Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies from APRA will continue through 2025.

The head of Vermont's largest insurance company says health care spending is out of control

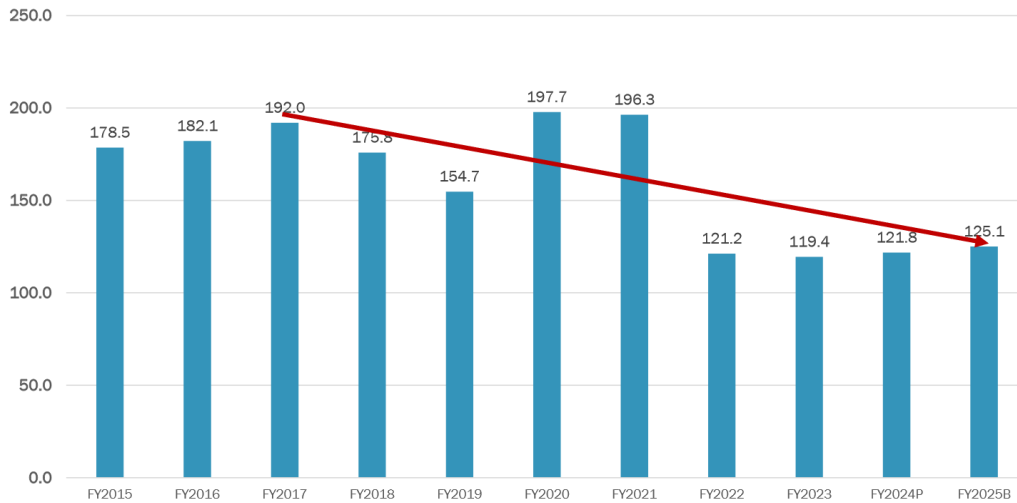


Vermont Public | By Lexi Krupp
Published January 16, 2025 at 4:23 PM EST



5

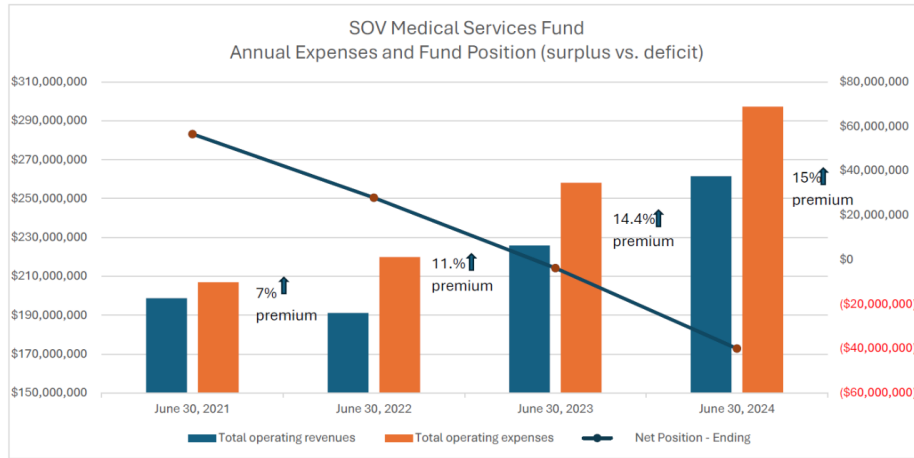
Vermont Community Hospitals Days Cash on Hand



Note: Final FY24 actuals are due 1/31. The DCOH above reflects projections as submitted with FY25 budgets.

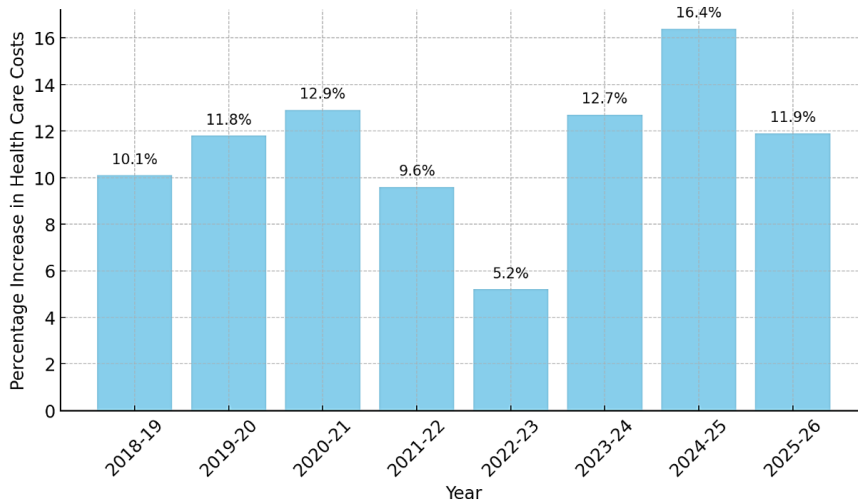
6

SOV Healthcare Costs



7

Vermont Education Health Initiative (VEHI) Healthcare Costs



8

HEALTH

How rising health care costs are driving up property taxes

Health care staff shortages, rising drug costs, and inflation are driving up health insurance rates. That, in turn, is driving up education spending — and Vermonters’ property taxes.

By Peter D’Auria
March 1, 2024, 6:32 pm



Statement from Governor Phil Scott on Additional Projected Property Tax Increases

[Press Release](#)
December 2, 2024

Montpelier, Vt. – Governor Phil Scott today issued the following statement based on forecasted average increases of nearly 6% in property tax bills:

“One of the greatest issues facing Vermonters is affordability. With an already high tax burden, the last thing Vermonters need is yet another property tax increase. I know many will claim victory, and celebrate this increase being limited to single digits. But the fact is, with this projected increase, Vermonters will have seen a 33% increase in education property taxes in the last three years. This is the result of unsustainable costs, an aging demographic, and smaller workforce.



HEALTHCARE REFORM STRATEGIES

Overview of Vermont's All-Payer Model (APM)



The Vermont All-Payer Accountable Care Organization (ACO) Model is a collaborative agreement between the state of Vermont and the federal government, initiated in 2018. It allows Medicare, Medicaid, and commercial insurers to align payment structures to incentivize value-based care over volume-based services.

Primary Objectives

- **Cost Containment:** Aim to keep the average increase in healthcare spending to 3.5% annually, with a cap at 4.3%, over the five-year period from 2018 to 2022.
- **Quality Improvement:** Enhance healthcare quality by focusing on preventive care and reducing hospital readmissions.
- **Population Health:** Improve the overall health of Vermonters by increasing access to primary care, reducing deaths from suicide and drug overdose, and lowering the prevalence of chronic diseases.

11

All-Payer Model Reform



- + Provider data analytics and reporting
- + Additional financial support to primary care and community-based providers
- + Waiver implementation
- Administrative costs
- “Saved” Medicare money
- Commercial insurance prices went up
- Health system bureaucracy, complexity

12



All-Payer Model

GMCB has mandated OneCare's health care savings exceed its administrative costs; specifically:

"Over the duration of the APM Agreement, OneCare's administrative expenses must be less than the healthcare savings, including an estimate of cost avoidance and the value of improved health, projected to be generated through the Model."

Discussion

The analyses in this memo demonstrate a range of results, from \$42.28 million in losses for Medicaid and commercial payers up to \$21.43 million in savings for Medicaid. When removing 2020 from any of these analyses, savings significantly decrease, and losses significantly increase.

Table 5: Summary of Results

METHOD	Page	RESULT	RESULT w/o 2020
1a. OneCare's Administrative Expenses Compared to Performance against all-payer target	Pg 7	\$14.67 million in savings	\$51.22 million in losses
1b. OneCare's Administrative Expenses Compared to Performance against Medicaid and Commercial Insurer-blended target (Medicare omitted)	Pg 7	\$42.28 million in losses	\$89.56 million in losses
1c. Medicaid's contribution towards Administrative Expenses against Performance against Medicaid Target	Pg 8	\$21.43 million in savings	\$9.99 million in savings
2. OneCare's Administrative Expenses Compared to all-payer settlement	Pg 9	\$39.52 million in losses	\$46.18 million in losses
3. OneCare's Administrative Expenses Compared to all-payer settlement [OneCare's submission]	Pg 11	\$18.23 million in savings	\$32.38 million in losses



Continued analysis of any of these or other methods will require additional analytics support. One consideration that could be explored is the effect on health care pricing on the observed financial performance of OneCare. While reducing utilization and improving outcomes are two goals of the ACO, financial performance could ultimately be a reflection of, or at least impacted by, what providers are charging for health care services rather than a sign of decreased utilization and improved health.

[OneCare Vermont ROI Analysis \(5.13.24\) \(002\).pdf](#)

AHS Approach to Act 51

Goal: To Facilitate creation of hospital transformation plans to improve access, financial sustainability, and strengthen primary & community-based care

Oversight: Care Transformation Steering Committee, comprised of AHS & GMCB staff, to establish a care transformation roadmap and within a statewide lens

Key State Transformation Activities:

- Hospital and health system transformation planning and implementation
- Quality measurement and health equity framework development
- Statewide dashboard to monitor impact of reform in real time
- Payment model negotiation with payers
- Continuation and enhancement of provider stabilization and long-term sustainability efforts

Build on Delivery System Reform Infrastructure:

- Health Care Reform: Blueprint for Health, Vermont Chronic Care Initiative, field services, workforce development, health information exchange, payment reform
- Green Mountain Care Board regulatory authority



2024 Reference-Based Pricing Report



Key findings:

- Vermont hospital payments for VSEA and VEHI members averaged 289% of Medicare rates during the study period. Adjusting these payments to 200% of Medicare could have saved the VSEA/VEHI health plans approximately \$400 million during the study period, with \$79 million of savings estimated in 2022.
- Outpatient services accounted for the majority of estimated savings (\$321 million), with the remainder from inpatient services (\$78 million).
- Critical Access Hospitals (CAH) and Prospective Payment System (PPS) hospitals showed varying impacts, with most savings occurring at PPS hospitals.
- VEHI and VSEA collectively represent approximately 59,000 beneficiaries.

Commercial prices at some Vermont hospitals are high, and moving to reference-based pricing could mitigate the need for ongoing large tax increases and protect the affordability of healthcare for Vermont teachers and State employees. Moreover, reference-based pricing could protect the solvency of the VSEA and VEHI and the richness of benefits offered. At the same time, Vermont hospitals are experiencing financial strain and if reference-based pricing is pursued the State should do so in a manner consistent with ensuring healthcare access and quality in our communities and to ensure hospitals receive fair and adequate compensation.

[Reference-Based Pricing Report](#)

15

Global Budget Model



- Caps hospital revenue
- Requires significant investment to:
 - Develop, implement, and adjust methodology;
 - Create monitoring measures for access, quality, utilization;
 - Create new regulatory structures and programs;
 - Hospitals manage multiple payment systems;
 - GMCB conduct multiple hospital budget reviews;
 - Service line reviews/approvals.
- Implementation will take several years (not a quick solution to the current crisis)

16

Global Budgets?



- + Address over utilization
- + Predictable hospital revenue
- + Disincentivizes reliance on high margin services (CT/MRI/Ortho)
- + Flexibility
- Stinting of care/moving care out of state
- Sufficient revenue to maintain hospital operations?
- Access and wait time challenges
- Administrative burden, expensive, disruption, and additional complexity

17

Global Budgets in Vermont: What is needed to make them work



- Stabilizing, rightsizing, and right-pricing our healthcare system
- Strengthening of the services around hospitals: Primary Care, Home Health, Long Term Care, Mental Healthcare, Substance use treatment, and housing.
- Allocation of resources to create regulatory framework, implement global budgets, and to evaluate/monitor access, utilization, and pricing (via reference-based pricing)
- Building incentives for efficiency and productivity (population health)
- Assurance that money spent by Vermonters is used to deliver healthcare (not administration), and that Vermont healthcare dollars are not moved out of state or to a corporate administrative entity.

18