

# **Cost Containment and Regulatory Structures Health Reform Oversight Committee of the Vermont State Legislature**

August 4, 2021

# Overview

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- I. Introduction
- II. Context and Caveats
- III. Framework Discussion/Key Questions
- IV. Next Steps

# Overview of Key Questions

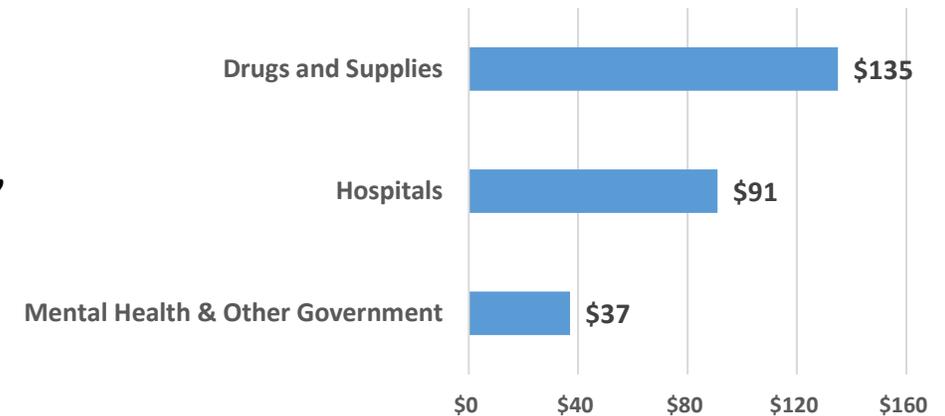
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- I. What are the factors driving cost growth in Vermont?
- II. What are the cost levels and best opportunities to reduce costs/cost growth?
- III. What is the experience within the current GMCB scope of regulatory authority and that of other state agencies/constituencies to address those cost growth factors/opportunities?
- IV. What are the future goals? How can the structure, authority and performance be improved to more directly achieve the goals?

# What are the factors driving cost growth? (Information needs)

- I. Obtain/synthesize key information on cost increases
  - **Comparative cost growth data, all spending, by category, by payer, per capita—need a single source of truth**
  - Total cost growth, high percentage cost growth, relative growth vs. others, growth by payer
- II. Others?
  - E.g. practice acquisitions, higher facility fees
  - Long-term care/long-term services & supports (LTSS)

Top increases in Vermont Health Spending  
2018 to 2019 (Millions of \$)



Source: GMCB 2019 Vermont  
Expenditure Analysis 5/11/2021

# What are the cost levels and best opportunities to reduce costs/cost growth? (Information needs)

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- I. Benchmarks versus averages and better performers, avoidable cost analysis-- prioritization
- II. Current state of incentive alignment (rewards and penalties) with goals, e.g. total cost of care performance, health improvement, avoidable utilization reduction
- III. Current state of realizing the full benefit of primary care investments/leadership-- informatics and alignment across the system for health improvement and cost reduction, data-driven supports to primary care
- IV. Opportunities to capitalize on lessons learned from COVID-19-- telehealth, accelerating home and community-based services and services outside of hospitals
- V. Need and state of addressing social determinants of health, long-term services and supports (LTSS), transportation, etc.
- VI. Others?

# What is the experience within the current GMCB scope of regulatory authority and that of other state agencies/constituencies to address those cost and cost-growth opportunities?

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- I. Are cost growth targets appropriate and are they being achieved?
  - In the aggregate and by payer
- II. How does regulatory authority and approach line up with reducing hospital cost and use? Is this a top priority?
  - Are the growth targets applied to hospital budgets appropriate and aligned with all payer total cost targets?
  - Does the CON review program promote and account for lower future hospital use?
  - Can value-based programs be strengthened to promote reduction of avoidable hospital use and cost? E.g. value-based adjustments to hospital revenues? What is the best way to accomplish this?
  - Is OneCare Vermont on a path to achieve meaningful cost reductions
    - Need to increase enrollment
    - Capabilities and incentive structures evaluation, as needed

What is the experience within the current GMCB scope of regulatory authority and that of other state agencies/constituencies to address those cost and cost-growth opportunities, cont?

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III. How does regulatory authority and approach line up with other opportunities to reduce costs and improve health?

- E.g., drug costs
- E.g., are home and community-based services/mental health system reducing the need for hospital use and long-term facility-based care, optimizing these services?
- Does Medicaid have the tools/flexibility it needs to use funds for addressing social determinants of health, long-term services and supports?

IV. Are there other gaps?

# How can the goals, structure and authority be improved to more directly address cost levels, cost growth and improve health?

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## I. What?

- Obtain synthesis of quantitative and qualitative analytics. Identify the “source of truth” for information. Close gaps in information.

## II. So what?

- Gaps in performance versus goals
- Best opportunities to reduce cost, improve health, meet goals

## III. Now what?

- What are the goals?
- How should the goals/objectives be clarified or adjusted?
- What regulatory or provider support structures need to be changed or enhanced to realize the opportunities and close performance gaps?

# Brief Bio of Donna Kinzer

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Donna is the past Executive Director of the Maryland Health Services Cost Review Commission. She led the implementation of Maryland's All-Payer Hospital Model (2014-2018), which showed savings of nearly \$1 billion to Medicare, and the development and negotiation of the follow-on Total Cost of Care Model (2019-2028).

In 2013, Donna left private sector consulting, where she focused on payment and delivery transformation, rate setting, cost analysis and data analytics, to lead the Commission through Maryland's transformation. Donna has worked in the healthcare field with purchasers, payers, providers, and government for more than 40 years. In 2020, Donna returned to the private sector.