

Vermont's Health Care System

Overview:

Payers & Players

(as we currently know it)



Updated January 2019
Nolan Langweil, Joint Fiscal Office

Parts of a Health Care System

- Patients
- Providers
- Payers (Insurance Coverage)
- Regulators



PATIENTS

(People)



POPULATION

1990 = 562,758

2000 = 608,827

2010 = 625,741

2016 = 624,594

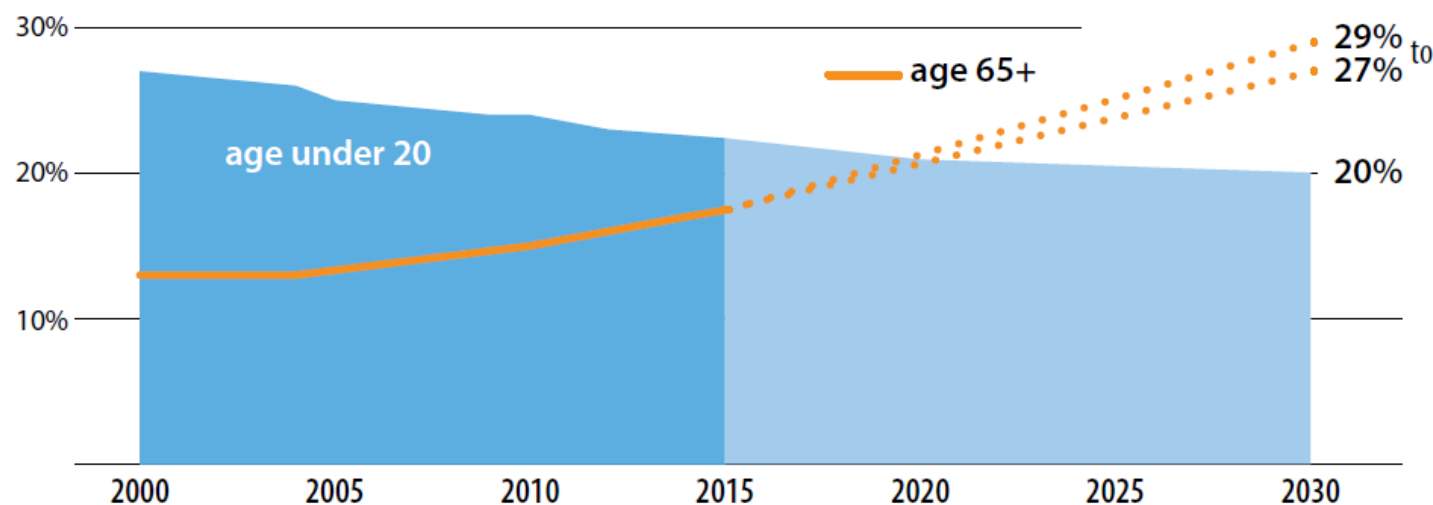
- 5,756 live births
- 5,908 deaths

Projected Aging Trends

U.S. Census / Intercensal Population Estimates • 2000–2015

Vermont Agency of Commerce & Community Development • 2013

Projected decline of the younger age groups and growth of the older age groups in the Vermont population



POPULATION

1990 = 562,758

2000 = 608,827

2010 = 625,741

2016 = 624,594

- **5,756 live births**
- **5,908 deaths**

LEADING CAUSES OF DEATH BY AGE

15-24 Years

Accidents 51%

25-34 Years

Accidents 52%

Suicide 20%

35-44 Years

Accidents 35%

Malignant Neoplasms 18%

45-54 Years

Malignant Neoplasms 27%

Diseases of the heart 18%

Accidents 13%

Suicide 7%

55-84 Years

Malignant Neoplasms 31%

Diseases of the heart 22%

Chronic Lower Respiratory Disease 7%

85+ Years

Diseases of the Heart 28%

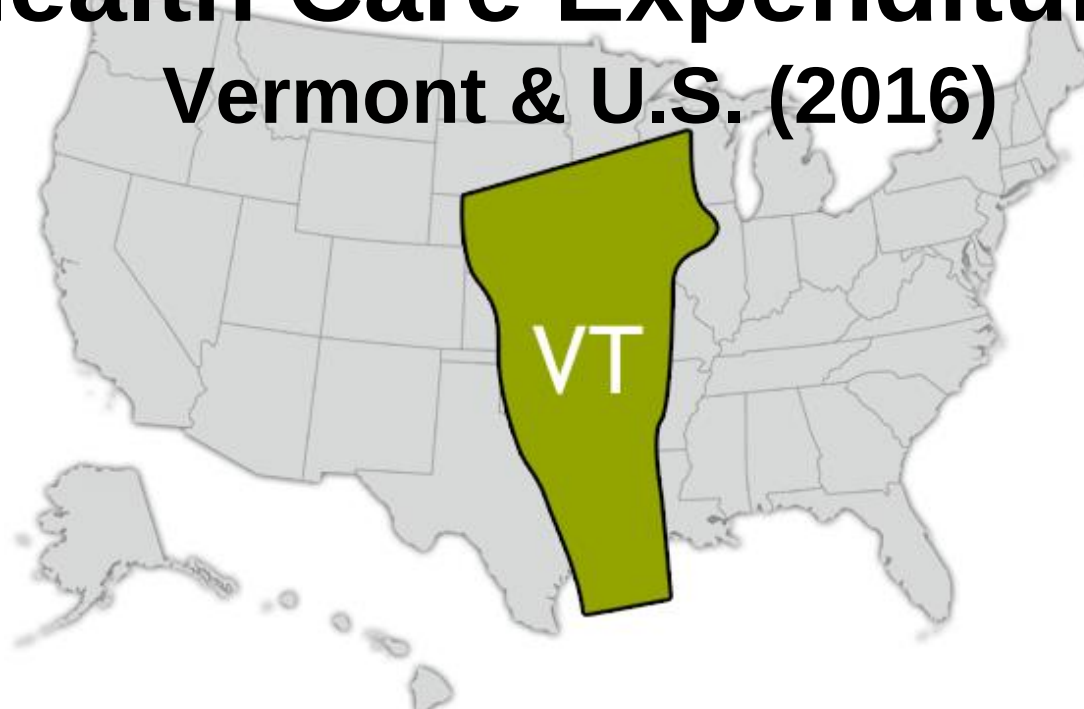
Malignant Neoplasms 12%

Alzheimer's Disease 10%

Stroke 6%

Health Care Expenditures

Vermont & U.S. (2016)

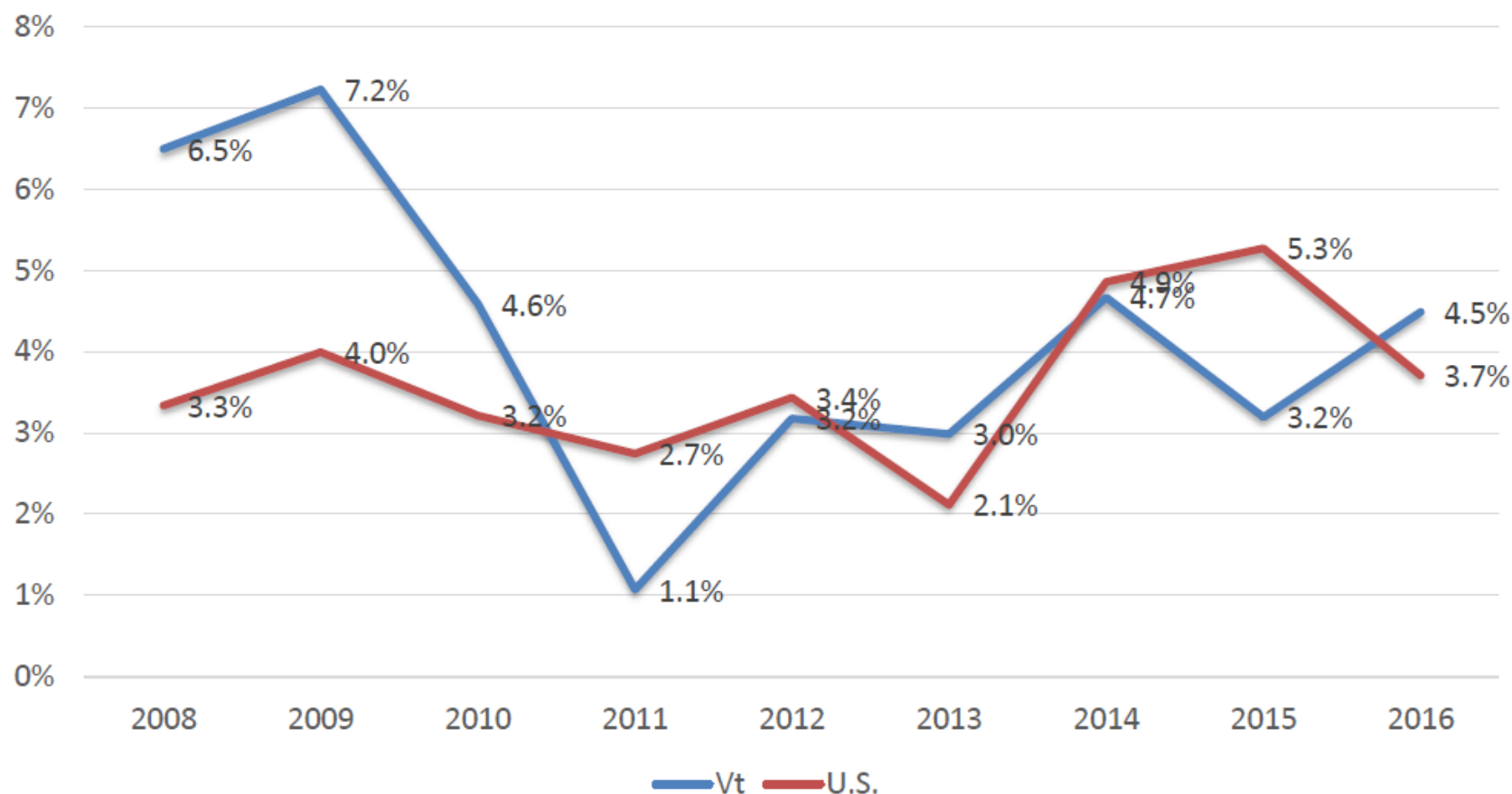


	<u>VT</u>	<u>U.S.</u>
Total (billions)	\$5.96	\$3,180
Annual Change (2015-2016)	4.2%	4.4%
Average Annual Change (2007-2016)	4.1%	4.6%
Per Capita	\$9,539	\$9,875
Annual Change (2015-2016)	4.5%	3.6%
Average Annual Change (2007-2016)	4.1%	3.8%
Share of Gross State/Domestic Product	19.2%	17.1%

Health Care Expenditures

Average Annual Growth: Vermont & U.S.

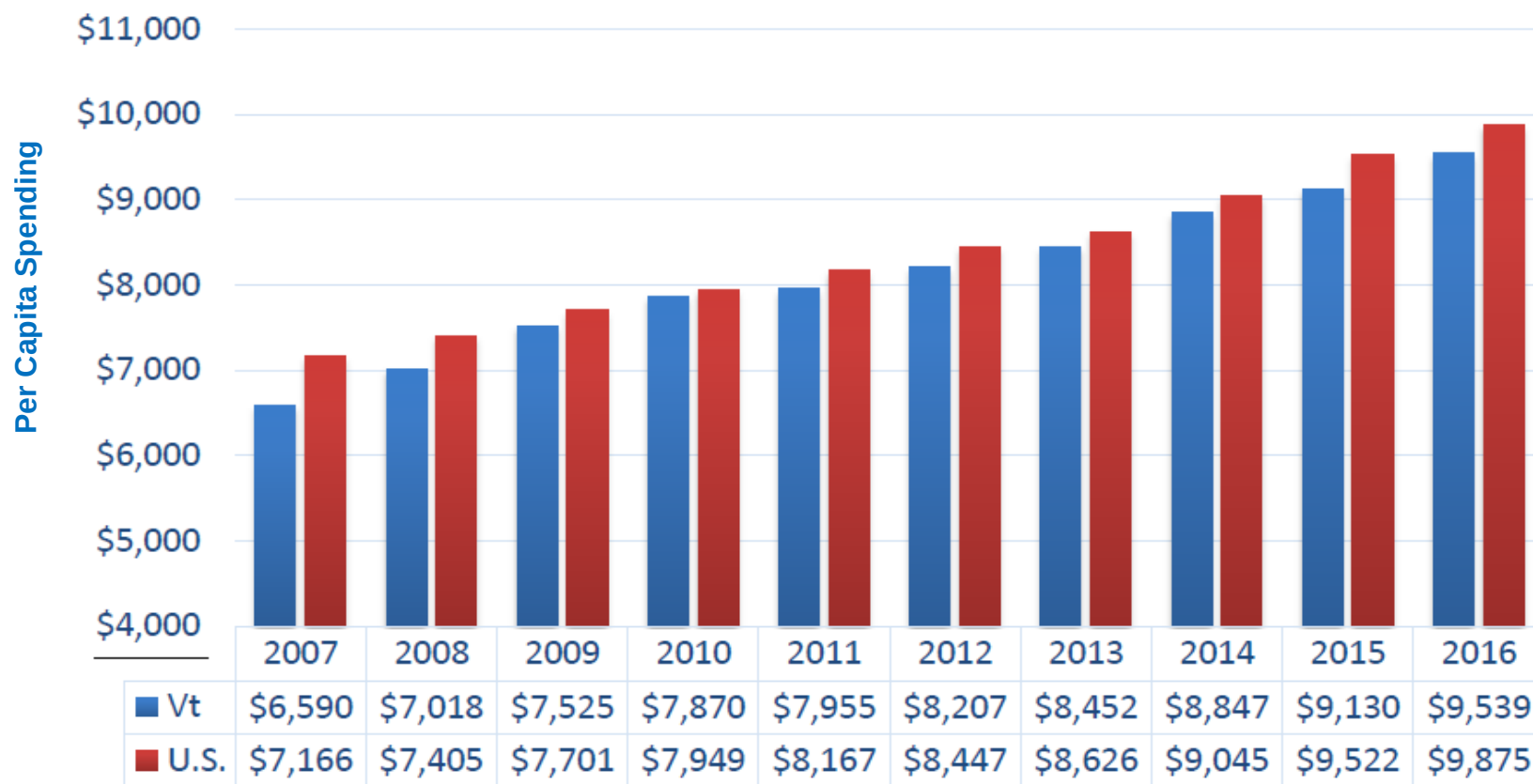
Per Capita Growth (per person)
Health Consumption Expenditures



Health Care Expenditures

Per Capita

Health Consumption Expenditures



Note: Chart from GMCB 2016 Expenditure Analysis.

Source: US Data from CMS: NHE Health Consumption Expenditures

PROVIDERS



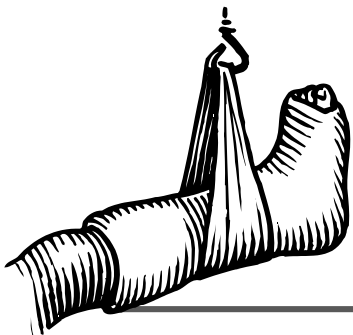
HOSPITALS

- 14 hospitals in Vermont
 - 1 “Level 1” trauma center (University of Vermont Medical Center)
 - All of not-for-profit hospitals
- Dartmouth-Hitchcock Medical Center (in NH)
 - Approx. 41% of patient discharges are Vermonters
 - Also a “Level 1” trauma center (only one in NH)
- VA Hospital
 - Located in White River Junction
- Psychiatric Hospitals
 - Vermont Psychiatric Care Hospital in Berlin
 - Brattleboro retreat (private treatment center)



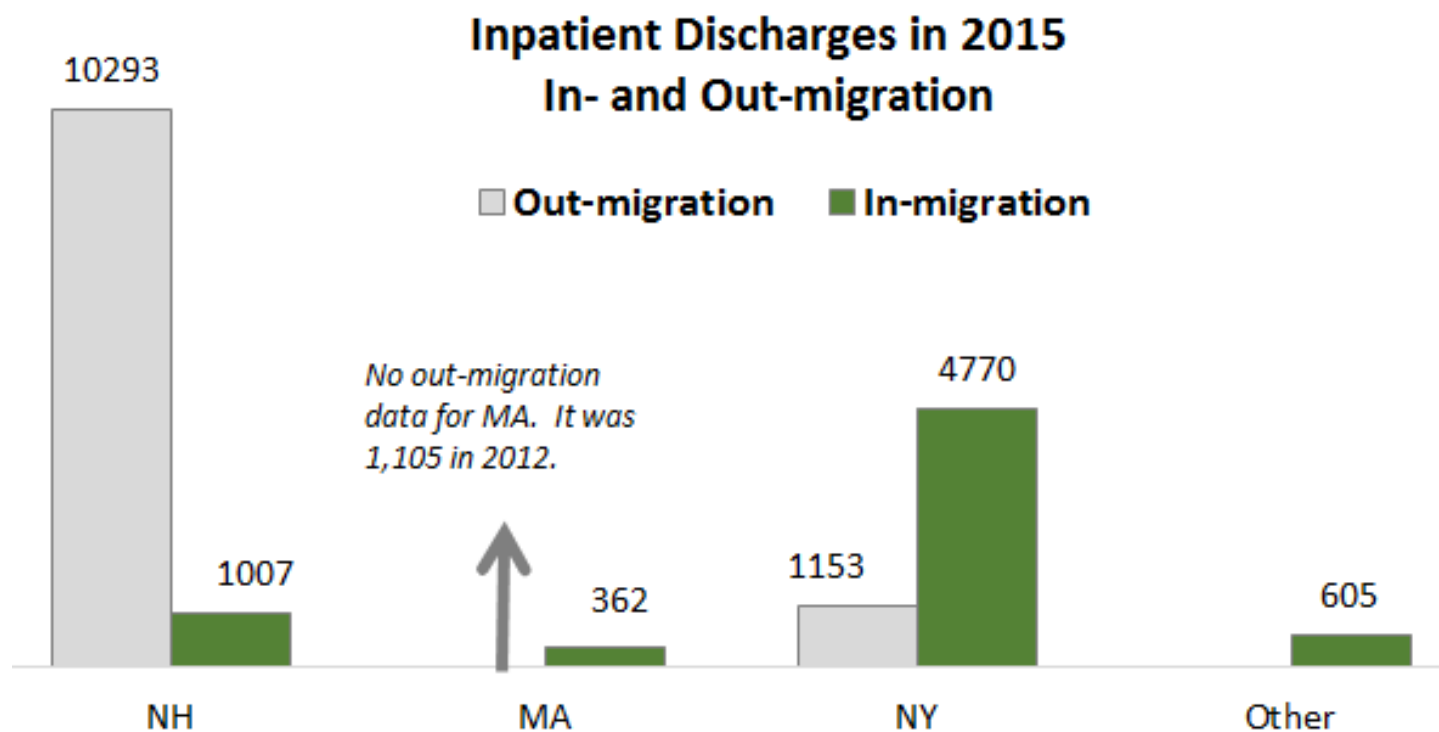
Spending on **HOSPITAL CARE** for Vermonters in 2016 was **\$2.19 billion**. This accounted for **37%** of all health care spending for Vermonters.

A quick note about where people go for health care



VERMONT HOSPITALS* (2015)

- 46,046 Inpatient discharges
- 117,292 Outpatient Procedures
- 215,865 Emergency Dept. Visits



* Vermont Hospitals Report, VT Green Mountain Care Board and Department of Health

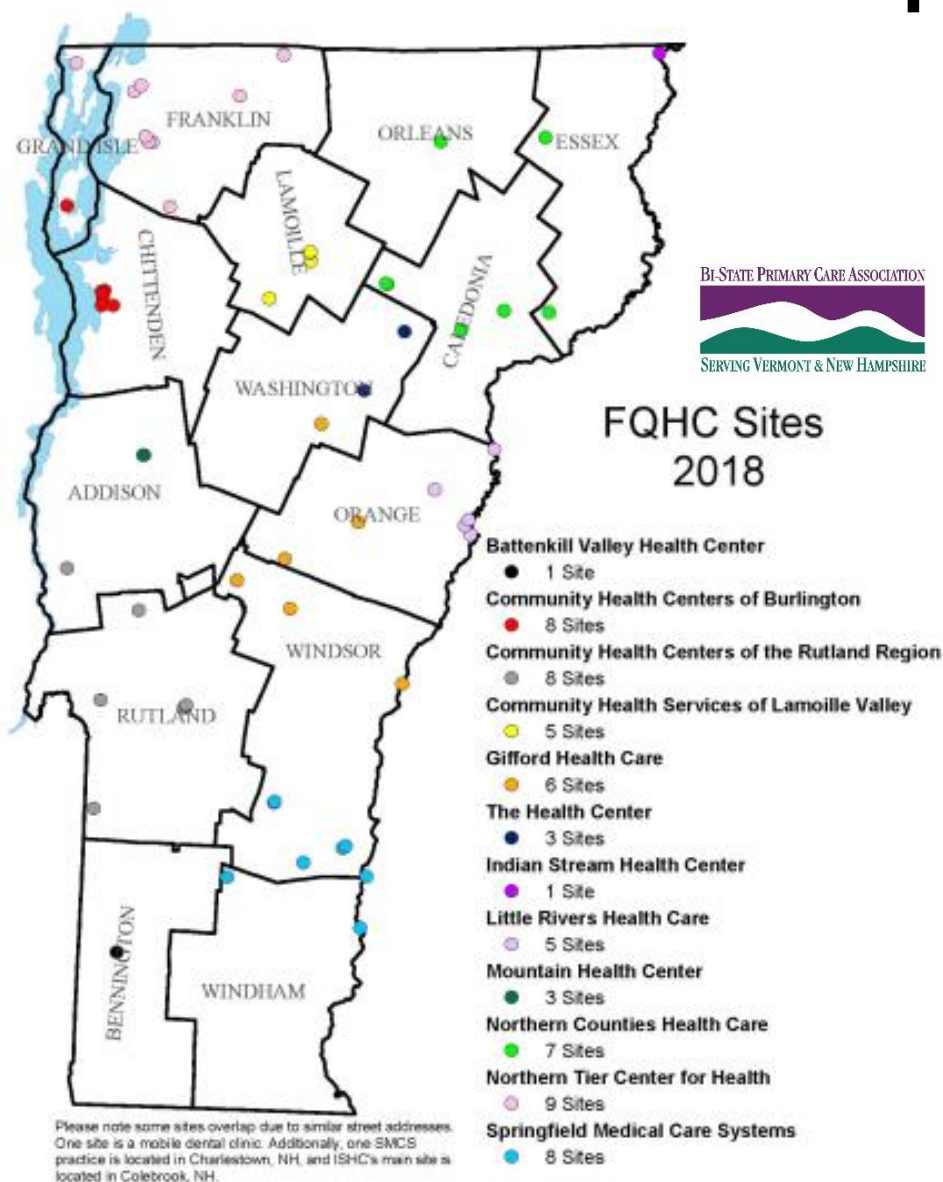
A quick note about where people go for health care

- ***The University of Vermont Medical Center (VT) and Dartmouth-Hitchcock (NH) account for a major part of in/out migration***
 - Approx. 20% of UVMMC's business come from New York residents
 - Approx. 40% of Dartmouth-Hitchcock's business come from Vermonters
- **Porter Hospital** - In-migration from NY for newborn delivery
- **Southwestern Hospital** - shares a market with Albany, NY
- **St. Johnsbury Hospital** - market-area includes New Hampshire
- Other VT hospitals also serve out-of-state residents for emergencies (e.g. as skiing injuries, etc.)

FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

- FQHC is a reimbursement designation from the federal government. In order to qualify, an organization must:
 - Offer services to all persons, regardless of ability to pay
 - Offer a sliding fee scale
 - Be a non-profit or public organization
 - Be community-based, with the majority of their governing board of directors composed of their patients.
 - Serve a medically underserved area or population
 - Provide comprehensive primary care services, including preventive, dental, mental health, and substance abuse services
 - Have an ongoing quality assurance program.

FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)



- 12 FQHCs
 - (including New Hampshire-based Indian Stream's Canaan, Vermont site)
- 60+ primary care sites in all 14 counties
 - *Note: There were only 7 sites in 2000.*
- Federal grants support sliding fee scale
- Located in medically-underserved areas or health professional shortage areas
- Served over 176,000 Vermonters in 2017
- Leverage federal dollars to expand services, construct or renovate facilities, and help primary care practitioners pay education loans
- FQHC boards of directors are at least 51 percent patients and include representatives from underserved populations



LONG TERM CARE

- 38 Nursing homes facilities
 - 35 participate in Medicaid (including the Vermont Veteran's home)
 - Approx. 3,913 beds (2018)
- 10 Home health agencies
- 10 Hospice programs
- 1 ICF/ID *

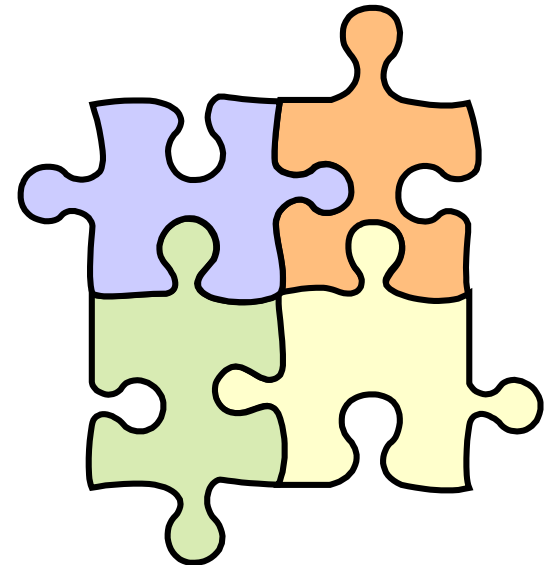


* ICF/MR = Intermediate Care Facilities Individuals with Intellectual Disabilities

MENTAL HEALTH

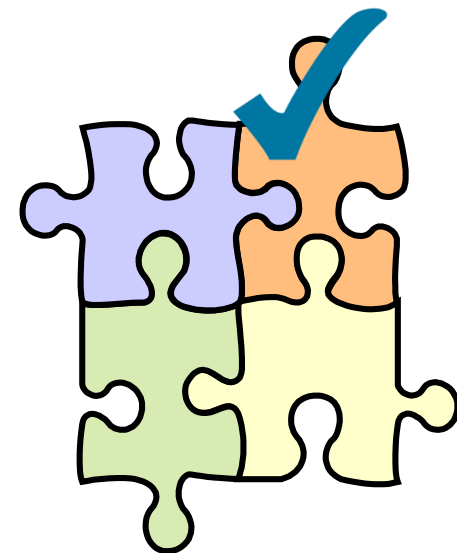
Providers Include:

- 9 Designated Agencies (DA's) provide comprehensive Mental Health (MH) & Developmental Disability Services (DS)
 - 1 region has separate DA's for MH and DS
 - 5 specialized service agencies for DS only
 - 2 specialized service agencies for MH only
- “Designated” Hospitals
 - Hospitals that have inpatient psychiatric units.
- Brattleboro Retreat
- Vermont Psychiatric Care Hospital in Berlin



MENTAL HEALTH

- 199 adult psychiatric inpatient beds across the system of care.
- 45 are level 1 beds
 - Level 1 = hospitalization stay for people who are the most acutely distressed and require additional resources
 - 25 @ Vermont Psychiatric Care Hospital
 - 20 @ Rutland Regional Medical Center & Brattleboro retreat
- Beds also located White River Junction VA Hospital



WORKFORCE

(2015)

	Physicians		Physician Assistants	
	#	%	#	%
Primary Care	707	44%	108	46%
Medical Specialties	237	15%	32	14%
Surgical Specialties	258	16%	49	21%
Other	412	26%	48	20%
TOTAL	1614		237	

Dentists	323
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Advanced Nurse Practitioners

	#	%
Nurse Practitioners	380	73%
Primary Care	236	45%
Medical Specialties	54	10%
Surgical Specialties	19	4%
Other	71	14%
CRNAs	109	21%
Nurse Midwives	30	6%
APN TOTAL	519	



Source: Vermont Health Workforce Demand Findings,
(May 2017)

PAYERS

(Insurance Coverage)



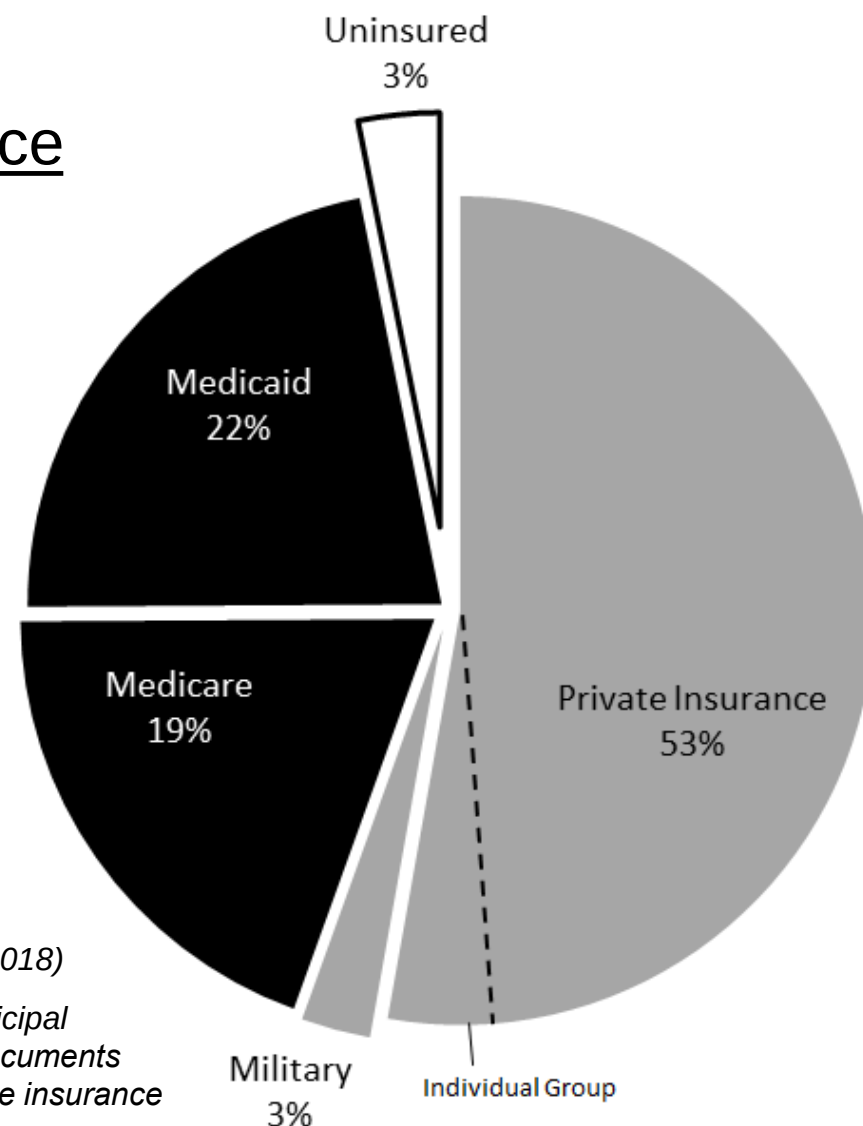
INSURANCE COVERAGE

Private / Commercial Insurance

- Employer-based
- Individual Market
- Military

Government

- Medicare
- Medicaid

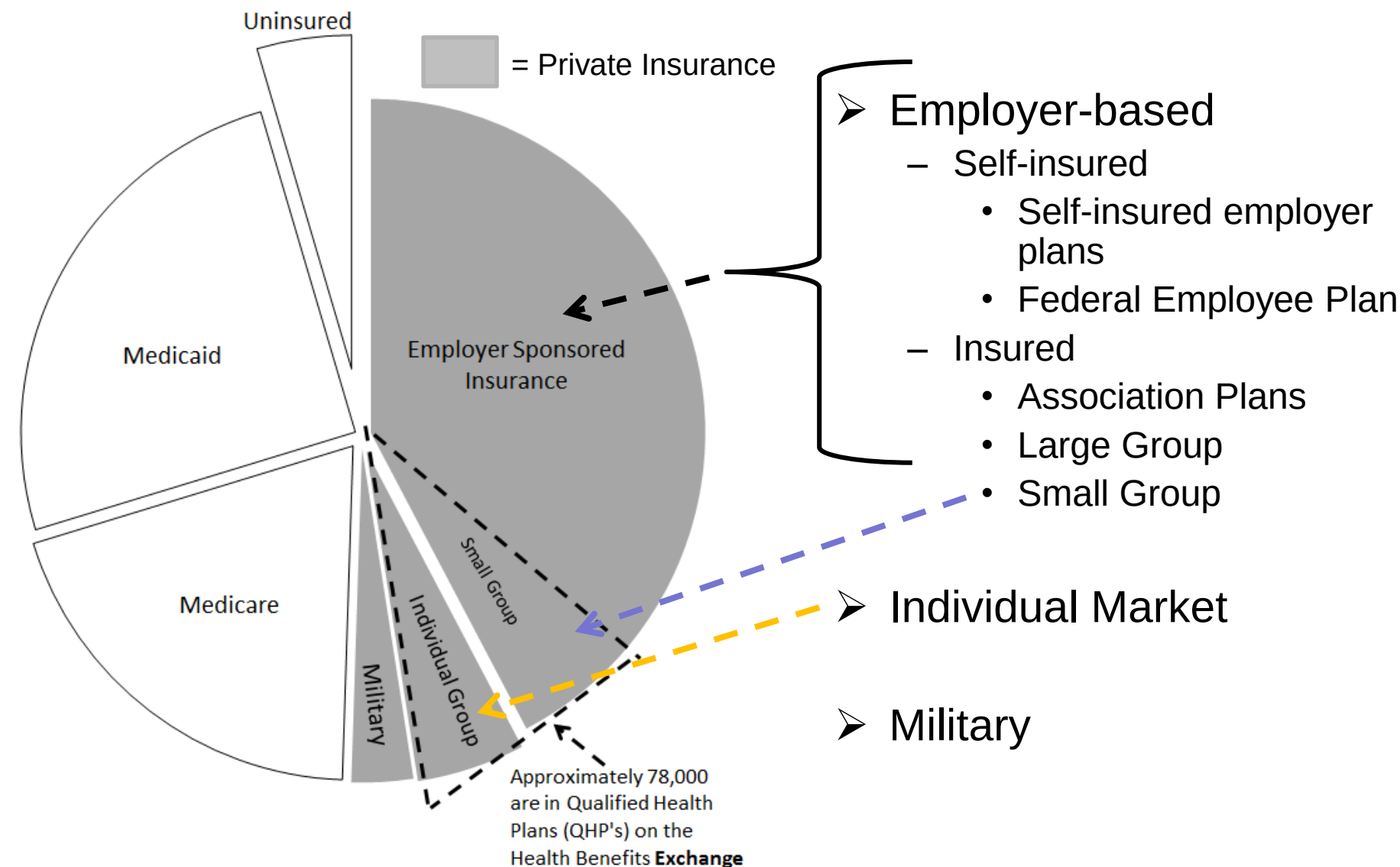


Notes:

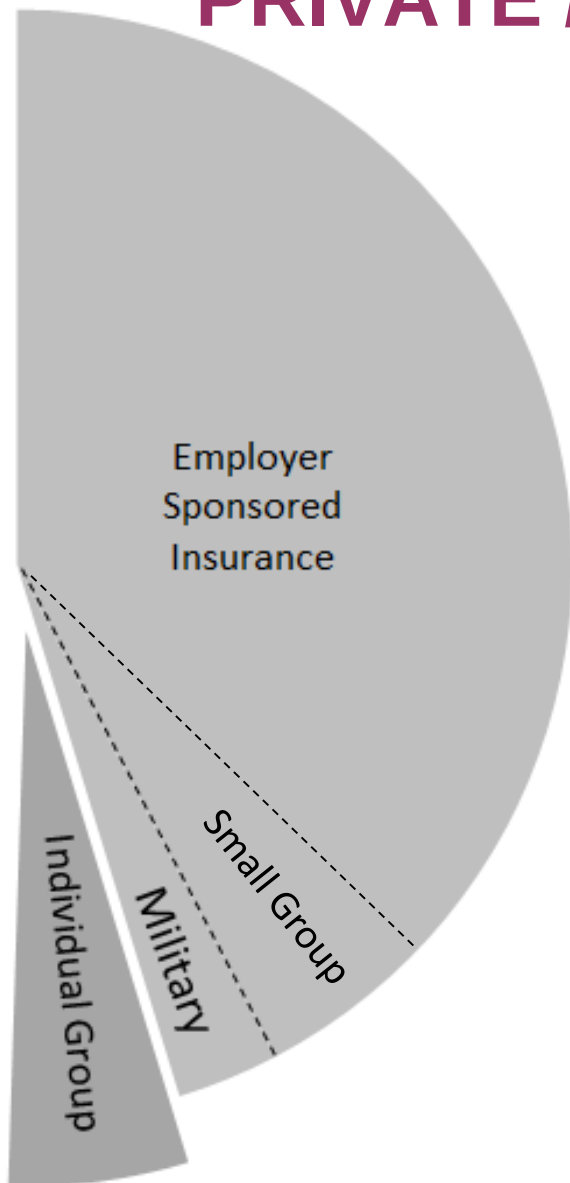
1) Chart = Primary source of health coverage by source (VHHIS, 2018)

2) Public employees (such as state-employees, teachers and municipal workers) are considered as “private” insurance in this and other documents and not “public” insurance since they are purchased through private insurance companies and third-party administrators.

PRIVATE / COMMERCIAL INSURANCE



PRIVATE / COMMERCIAL INSURANCE



- Approximately half of Vermonters have private insurance*
 - Approx. 90% of private insurance was through an employer
 - Approx. 5% were individual plans purchased through Vermont Health Connect

* Preliminary results from the 2018 Vermont Household Health Insurance Survey (VHHIS)

PRIVATE / COMMERCIAL INSURANCE

Employer-based

INSURED

- INSURER bears ALL (or most) of the financial risk
- Employer purchases coverage from a regulated health insurance company
- Insurer is subject to state regulations

SELF-INSURED

- EMPLOYER assumes ALL (or most) of the financial risk (may reinsure)
- Employer purchases administration services (TPA*)
- Not subject to state regulation

* TPA = Third Party Administrator

Health Benefits Exchange

("The Exchange")



- Established under the Affordable Care Act (ACA)
- Online marketplace for Individuals and Small businesses (≤ 100 employees) to purchase health insurance plans and access financial assistance (if eligible).
- ***Vermont Health Connect (VHC)*** is Vermont's Health Benefit Exchange.

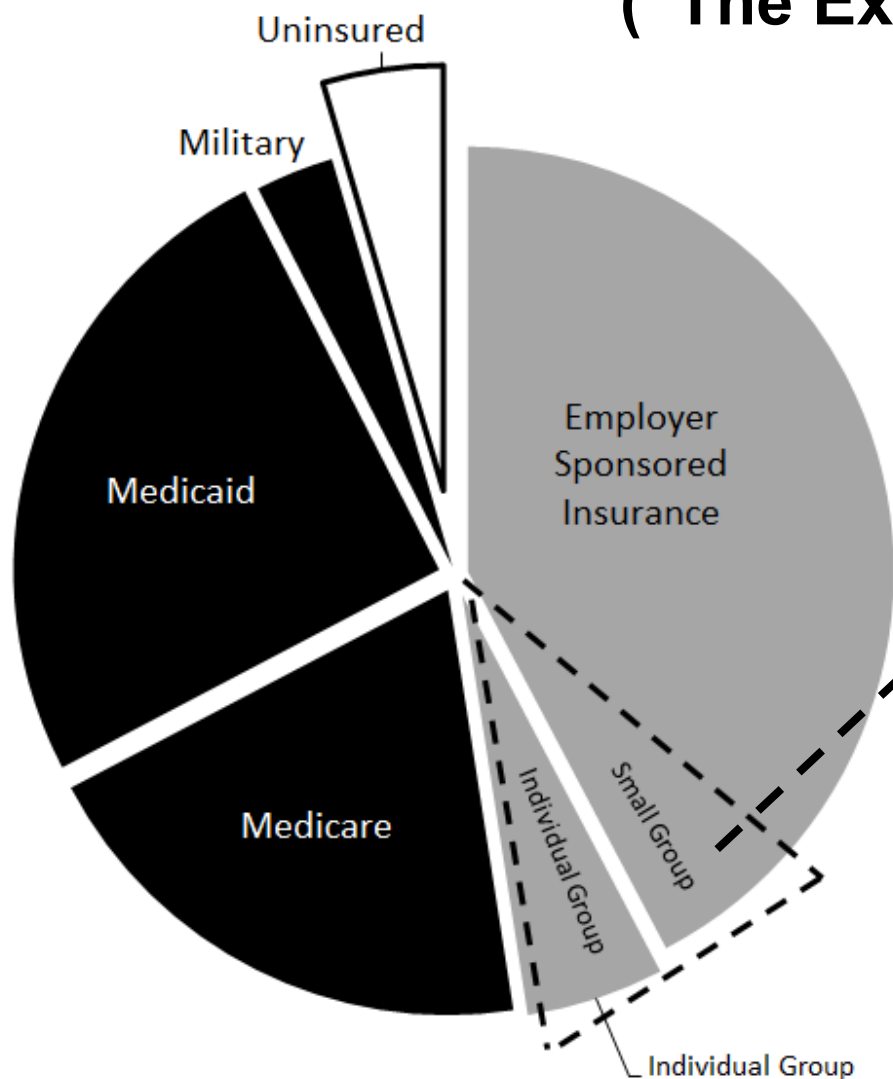
Useful Terms



- ***Qualified Health Plans (QHPs)*** – are certified health insurance plans sold through the exchange which provide essential health benefits, have set limits on cost-sharing, and meet other requirements.
- ***Essential Health Benefit Package*** – are a group of health care benefits that health plans sold through the exchange are required to cover

Health Benefits Exchange

("The Exchange")

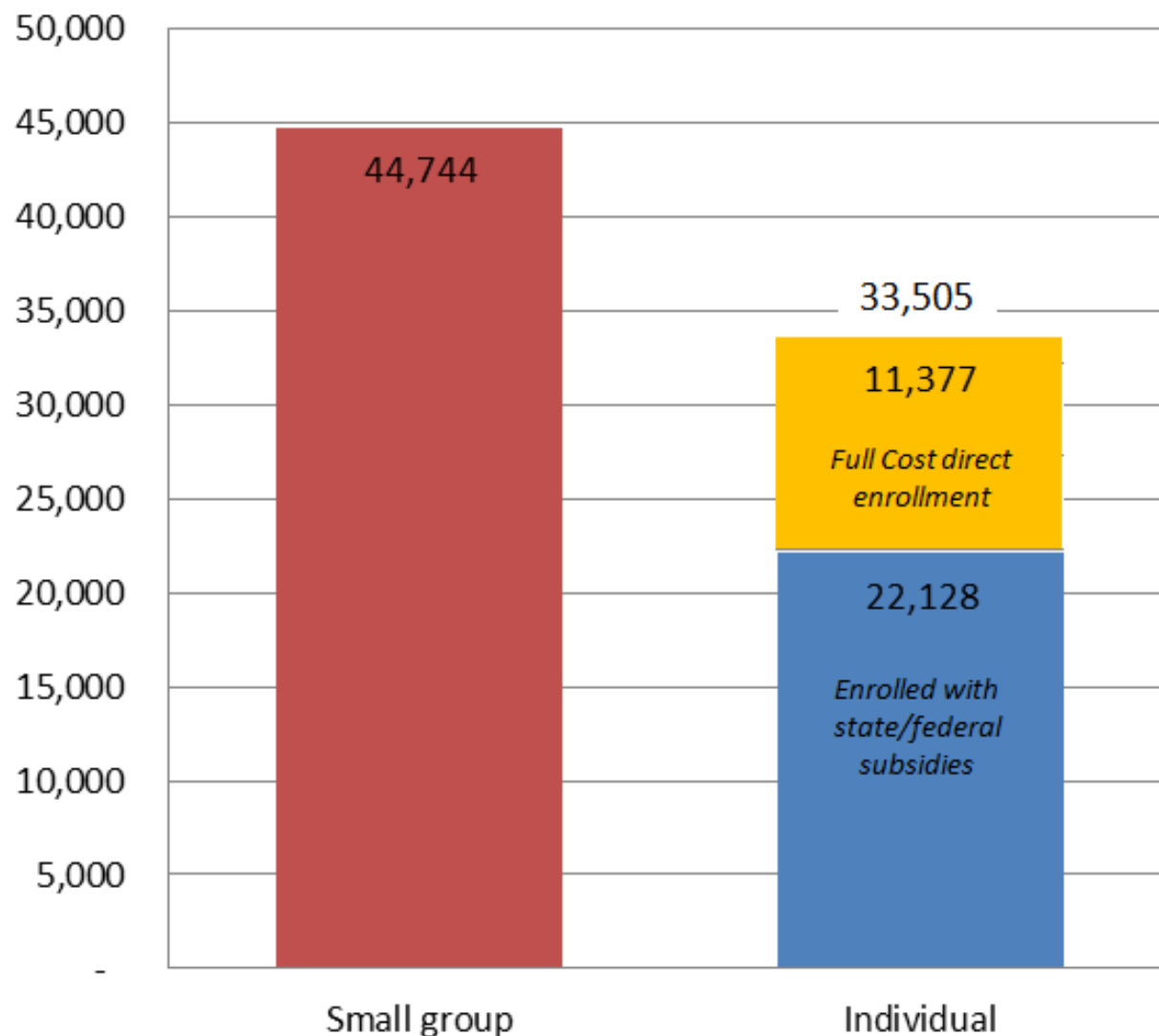


Approximately 78,000 Vermonters are in Qualified Health Plans on the Health Benefits **Exchange** (June 2018)

- Individual Market = 33,505
- Small Group Market = 44,744

Enrollment in Qualified Health Plans (QHPs)

(June 2018)



78,249 lives enrolled in Qualified Health Plans as of October 2018

Source: Vermont Health Connect - June 2018

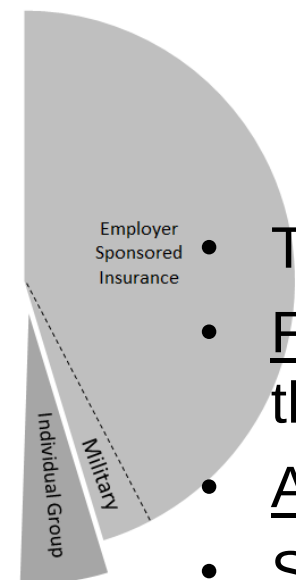
Small Employer Plans

- Small employer defined as up to 100 employees
- Approx. 45,000 people were covered by small group QHP plans (as of June 2018)

*Note: As of January 2019 many small employers are enrolled in **Association plans** which were reintroduced for the 2019 plan year and are not part of the small group market. This will effect enrollment in small group plans (as presented in previous slides) in 2019 and beyond.*

Individual Plans

(no Employer-Sponsored Insurance)



- Those with state subsidies can only purchase through VHC
- Federal advanced premium tax credits (APTC) available for those up to 400% FPL
- Additional State tax credits available up to 300%FPL
- State & Federal cost-sharing assistance also available up to 300% FPL
- Approximately 33,500 people (as of June 2018)
 - Two-thirds are receiving financial assistance (state and/or federal)
- Individuals not receiving financial assistance can buy directly from the carriers although many still purchase through VHC.

NOTE: FPL Chart on the last slide of this presentation

Military

- Coverage based on current or previous military service
 - Includes Veteran's Administration (VA).
- Approximately 3% of Vermonters have Military coverage*

• *Roughly 18,000 people according to the Vermont Household Health Insurance Survey & The Green Mountain Care Board data.*

A quick note about the UNINSURED

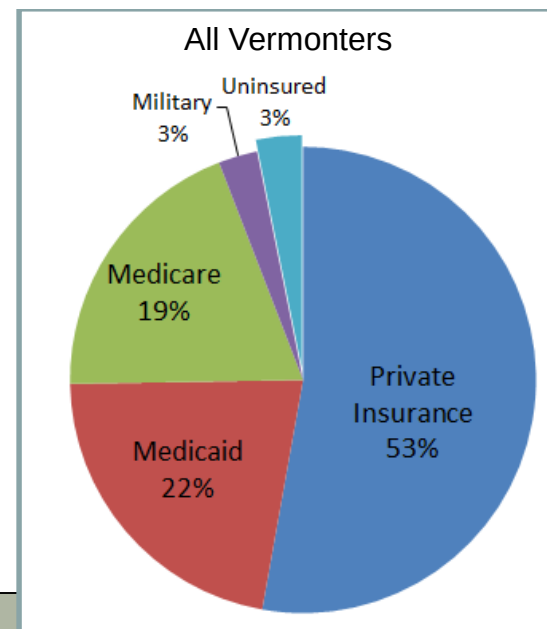
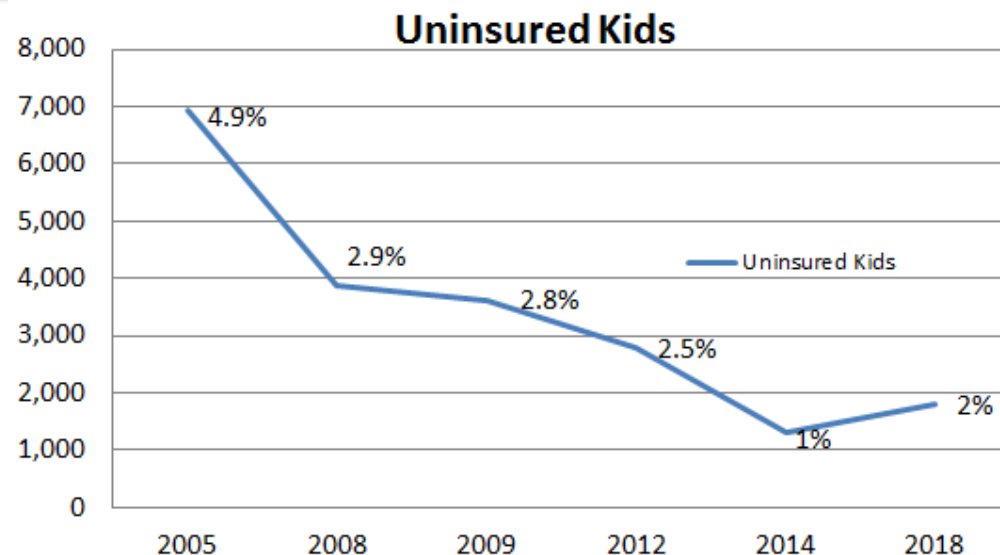
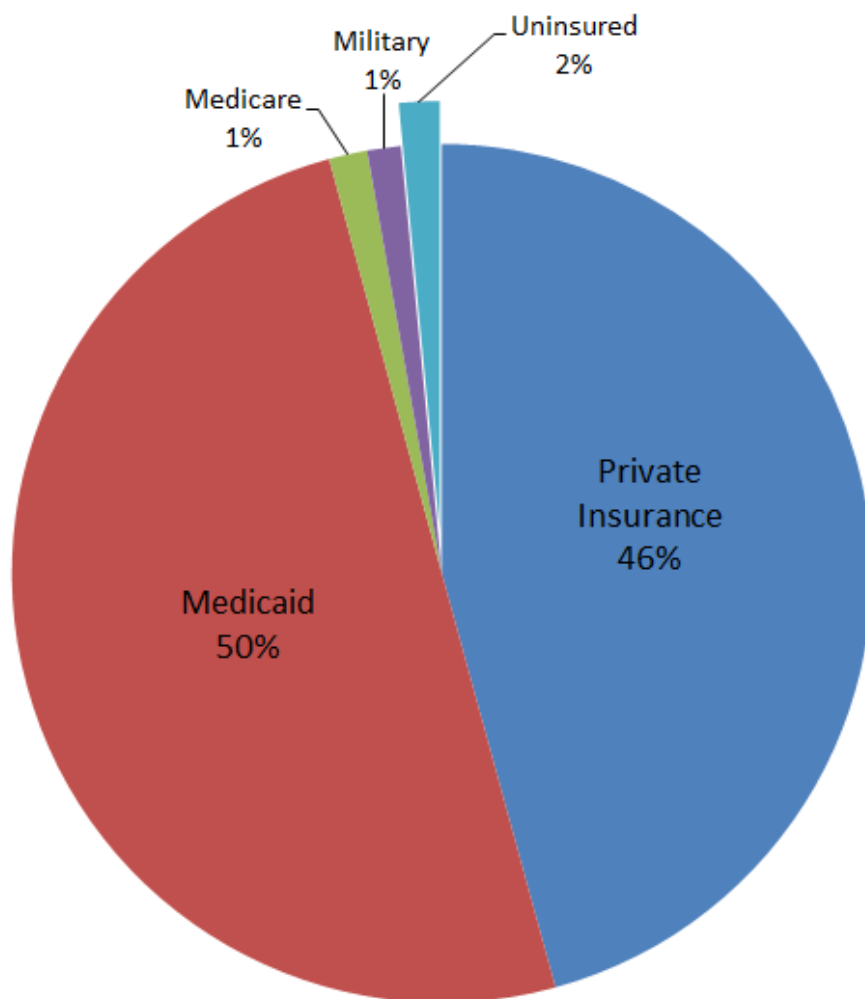
According to the 2018 Vermont Household Health Insurance Survey (VHHIS):

- 19,800 (3.2%) people were uninsured.
 - This is a decrease of 3,400 (0.5%) people from 2014.

Of the uninsured:

- 3,000 (17%) are eligible for Medicaid.
- 7,500 (43%) are eligible for both state and federal subsidies through the VT Health Connect.
- 5,500 (28%) work for employers who offers health insurance.
 - Most cite cost as the reason they do not have insurance.

Source of Coverage for Kids (ages 0-17)



PUBLIC

- **Medicare**
- **Medicaid**

Note: Public employees are counted as private insurance

A quick note about
Medicaid vs. Medicare

CAUTION

**Medicaid &
Medicare
are not the same!**

A quick note about Medicaid vs. Medicare

Medicaid

- State-federal program
- Low-income
- Pregnant women
- Children under 19
- Blind or disabled
- Long term care

Medicare

- Federal program
- All incomes
- 65 or older
- Of any age and have
End Stage Renal
Disease
- Under 65 with certain
disabilities

Medicare

- Federal program
 - No state role at all
- Created by Congress in 1965
- Privately administered
 - States currently have no part in administering Medicare

Medicare – who is covered

- 121,000 (19%) Vermonters on Medicare
- Nearly everyone over 65 years old
 - 1,700 (or 1% of) kids ages 17 & Under
- Anyone with end-stage renal disease
- Some Parts have additional requirements (i.e. work history, premium requirements, etc.)

Note: the number of Medicare beneficiaries increased by 9% between 2014 and 2018.

Structure of Medicare

- **Part A** - Primarily hospital inpatient care
- **Part B** - Most other health services
- **Part C (Medicare Advantage Plans)** - Are health plan options (like an HMO or PPO) approved by Medicare and offered by private insurance companies.
 - Cover all of Part A and Part B and usually Medicare drug coverage.
 - Roughly 3% of Medicare beneficiaries in Vermont
- **Part D** - Pharmacy coverage

A quick note on the 'Dual-Eligibility'

- Eligible for both Medicare and Medicaid
 - Medicare payer of first resort
 - Counted in Medicare totals on previous slide
- Approx. 17-18,000 lives
- The Vermont Agency of Human Services (AHS) spent approx. \$456 million on “duals” for health care and other support services agency-wide

Medicaid

- Created in 1965 as Title XIX of the Social Security Act
- Helps with medical costs for some people with limited income and resources.
- Financed through a federal-state partnership
- Each state designs and operates its own program within broad federal guidelines.

“If you’ve seen one Medicaid Program, then you’ve seen one Medicaid program.”

Medicaid

NATIONWIDE

73.2 million individuals nationwide have coverage through Medicaid and CHIP (as of September 2016, Medicaid.gov).

- Approx. 22% of Americans.

VERMONT

Approx. 198,000 (32%) of Vermonters receive some form of assistance through Medicaid (as of July 18).

- Primary source of coverage:
 - Between **137,000** (VHHIS, VDH) and **160,000** (DHVA) Vermonters (approx. 22-26%).
- Partial or supplemental assistance for approx. **40,000** Vermonters (approx. 6%)
 - e.g. premium assistance, Rx assistance, etc.

Medicaid

- Public health insurance program for people with limited income and resources.
 - Many Medicaid beneficiaries have extensive, complex and costly needs for care
 - Most beneficiaries lack access to other affordable health insurance.
 - Medicaid covers a broad array of health services and limits enrollees out-of-pocket costs.
- Benefit varies by program
 - Most: health care costs + related costs (e.g. transportation)
 - Some: by benefit (e.g. pharmacy)

Vermont Medicaid and other State-Sponsored Programs

- Aged, Blind or Disabled (ABD) and/or Medically Needy Adults
 - Adults, Dual Eligibles, Children
- General Medicaid
 - Often referred to as “Aid to Needy Families with Children (ANFC)”
 - Adults, Children
- CHIP & Underinsured Children
- Pharmacy programs
- ‘New Adult’ expansion (under Affordable Care Act)
- State Premium tax credit (in addition to federal tax credit).
- State Cost-sharing subsidy (in addition to federal tax credit)

Covered Medicaid Populations

Covered Populations

Aged, Blind, Disabled

Working Disabled at or below 250% FPL

Parents or Caretaker
Relatives under 138%
FPL

Pregnant Women at or below 213% FPL

Children under 19 at or below 317% FPL.
Including additional benefits.

Adults under 138% FPL

Limited Benefit Groups

VPharm:

Covers Part D cost sharing and excluded classes of meds, diabetic supplies and eye exams for Medicare Part D beneficiaries.

Healthy Vermonters:

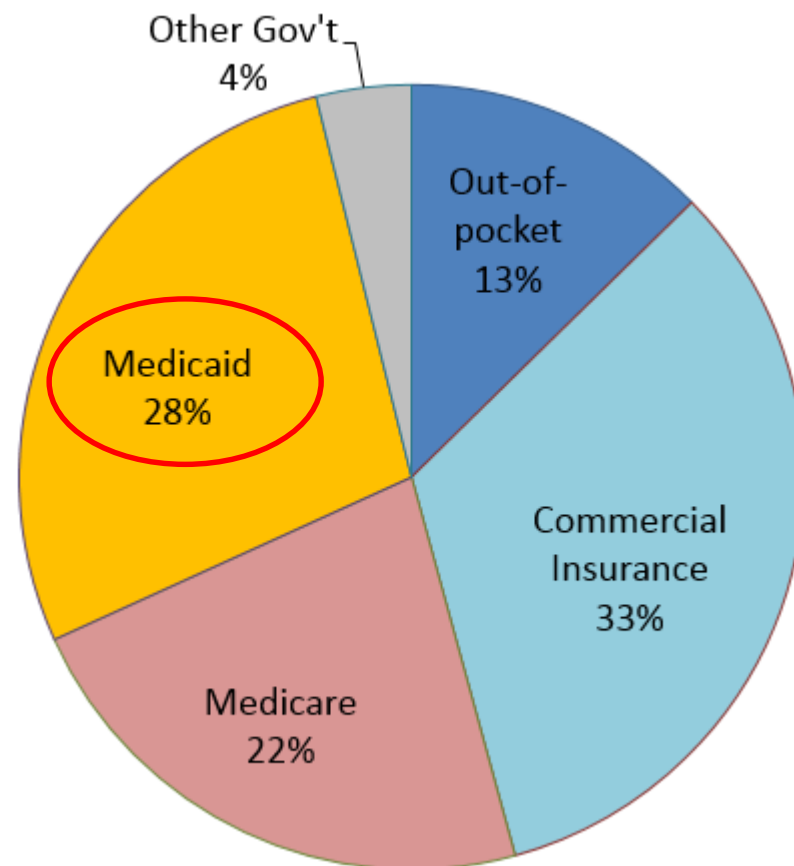
Discount on Medications for anyone who has exhausted or has no prescription coverage.

Vermont Premium Assistance (VPA) up to 300% FPL

Context: Overall Health Spending

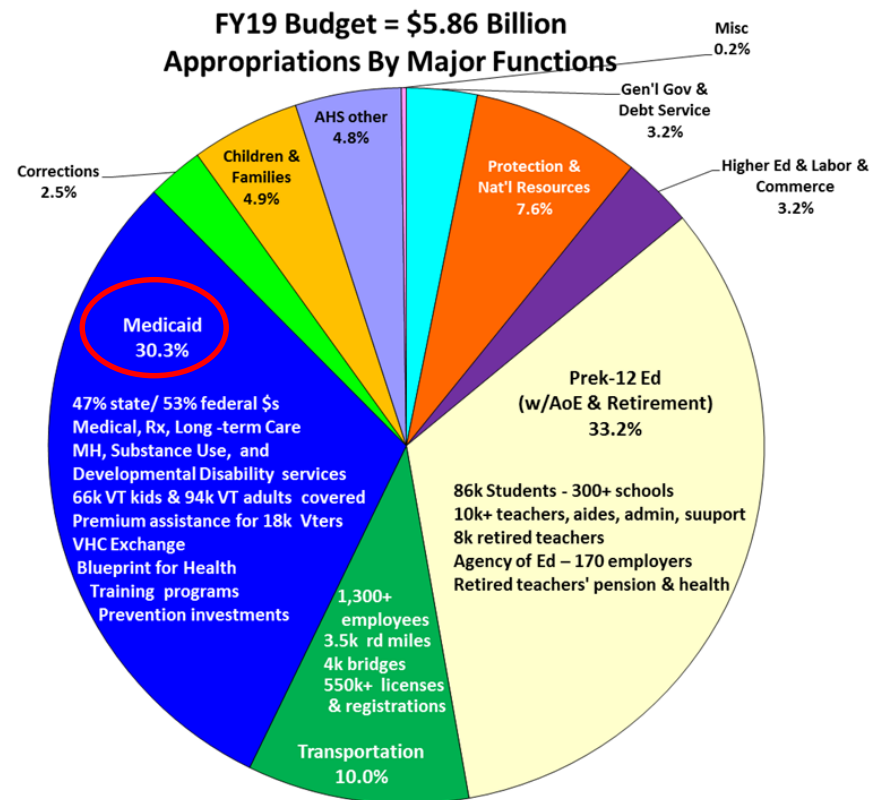
TOTAL HEALTH CARE SPENDING
IN VERMONT = **\$5.96 Billion** (2018)

- **Medicaid** accounts for **28%** of TOTAL overall statewide health spending



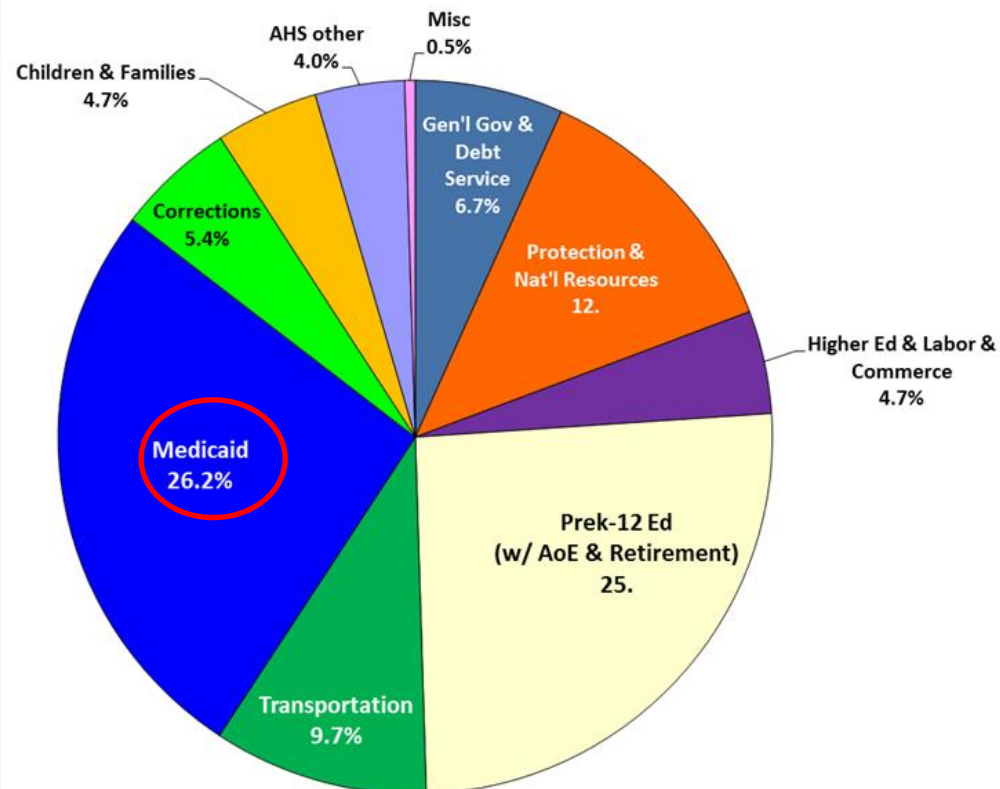
Context: State Budget

ALL FUNDS



STATE FUNDS

FY19 Budget = \$2.75 Billion State Funds
Appropriations by Major Function
Excludes Federal Funds and Property Taxes



Medicaid accounts for :

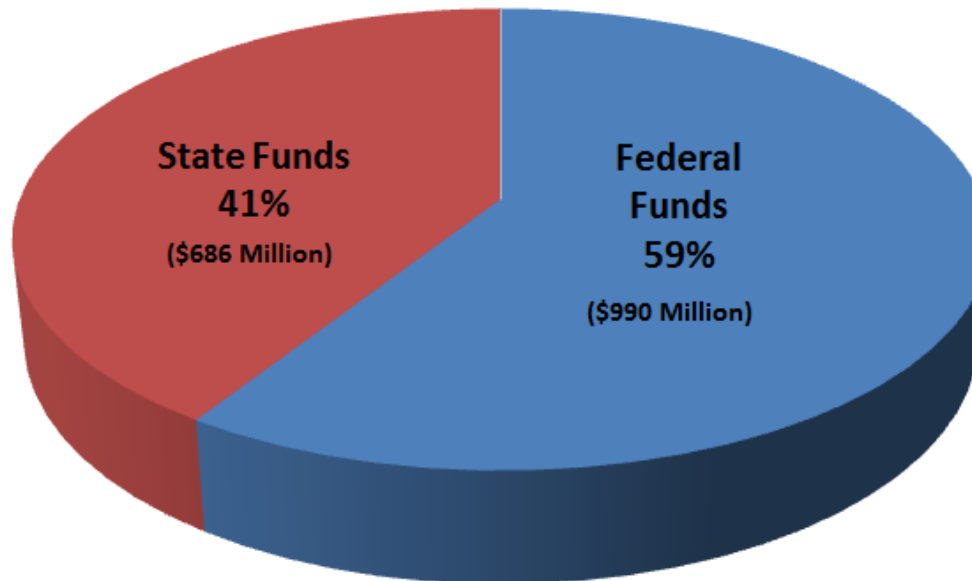
- **30.3%** of the total budget (all funds)
- **26.2%** of state funds appropriation

Note: This slide uses FY19 as passed. The rest of the presentation uses FY18 actuals.

Medicaid Financing

- Costs shared by the state & federal government

FY 2018 = \$1.68 billion (gross)



- State funding comes from a combination of general funds, cigarette and tobacco taxes, provider taxes, and certified funds and other sources.

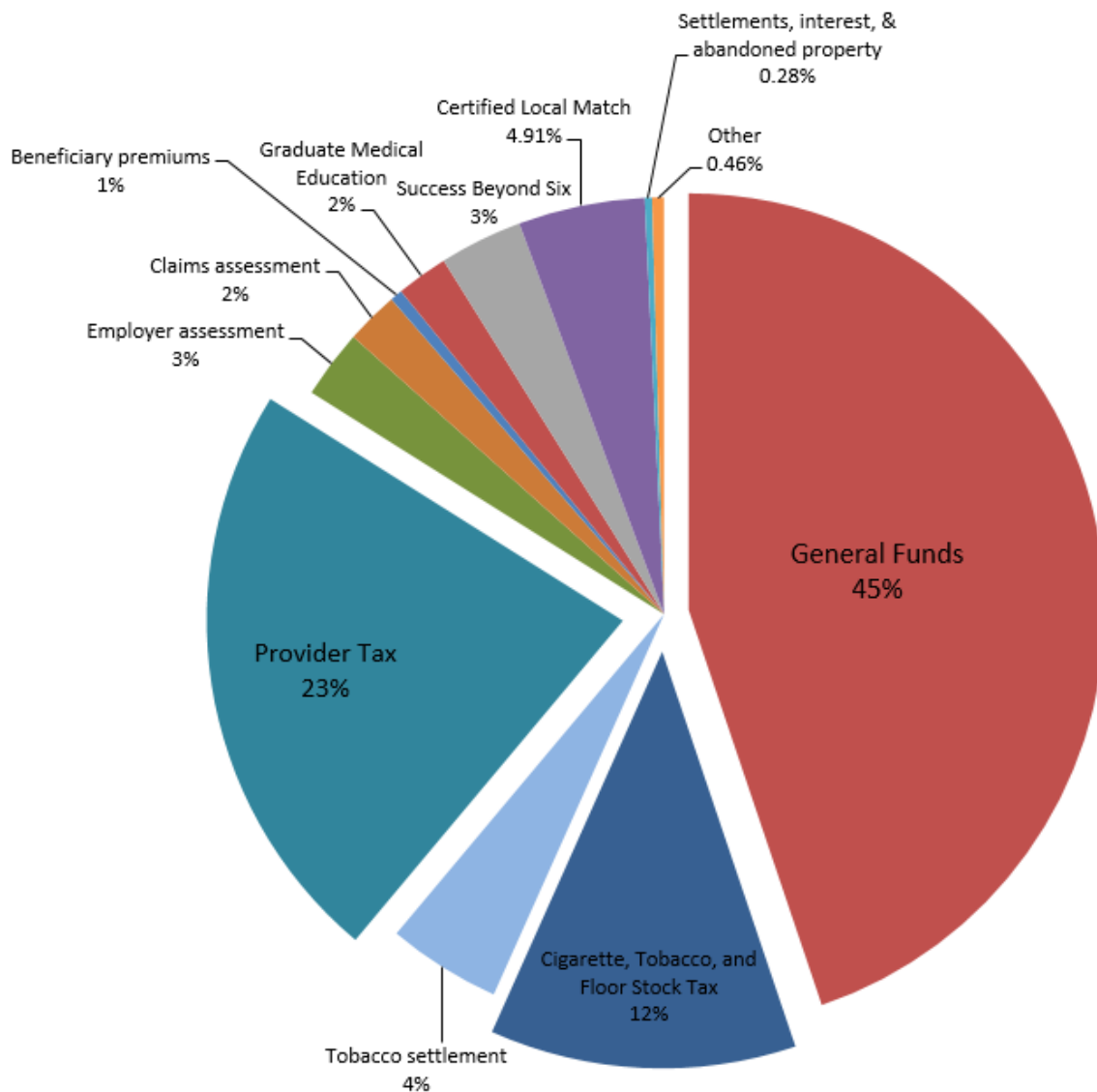
Federal Medical Assistance Percentage (FMAP)

- **FMAP** = the share of state Medicaid benefit costs paid by the federal government
- Match rate is determined by formula comparing each state's per capital income relative to the nation
 - Varies state by state from 50% to 83%
 - Vermont FMAPs:

	FFY 2019		FFY 2020		% Δ
	State	Federal	State	Federal	
Base FMAP	46.11%	53.89%	46.14%	53.86%	-0.03%
Enhanced FMAP (ACA)	8.52%	91.48%	8.50%	91.50%	0.02%
CHIP	9.35%	90.65%	17.92%	82.08%	-8.57%

Medicaid Financing - State Funds

(High level view regardless of special fund)



- Provider taxes and Cigarette, Tobacco, and Floor Stock Taxes account for 35% of total state funds used to fund Medicaid

Global Commitment

- Most of the Medicaid program is administered through what is known as “**Global Commitment**” which is an 1115 waiver granted by the Center for Medicare & Medicaid Services (CMS).
- Global Commitment began October 2005
 - Latest renewal – *1/1/17 to 12/31/2021*
- “Designed to use a multi-disciplinary approach including the basic principles of public health , the fundamentals of effective administration of Medicaid managed care delivery system, public-private partnership, and program flexibility.”*
- The terms and conditions of the agreement lay out how the program is administered and what is covered.

Global Commitment

'1115 Waivers'

- 1115 is the section of the Federal Social Security Act that allows the federal government to “waive” many, but not all, of the laws governing Medicaid, including eligible people and services.
- 1115 waiver authority is intended to encourage state innovation in the Medicaid program
- States identify ways to save Medicaid funds and permitted to use the savings for identified priorities/goals.
- 1115 waivers must be budget neutral

Global Commitment

A quick note about “Investments”

- GC also gives Vermont the expenditure authority (within limits) to invest in some program/services not typically eligible for federal financial participation.
- These funds are referred to as “investments”.
- The state currently invests about \$147 million in total funds under this authority.
 - Under the most recent agreement, many of these investments are to be reduced or phased out by CY 2021.
- Without this waiver, these investments would require new general fund appropriation (no federal match) or elimination.

A quick note about All Payer Model (APM)

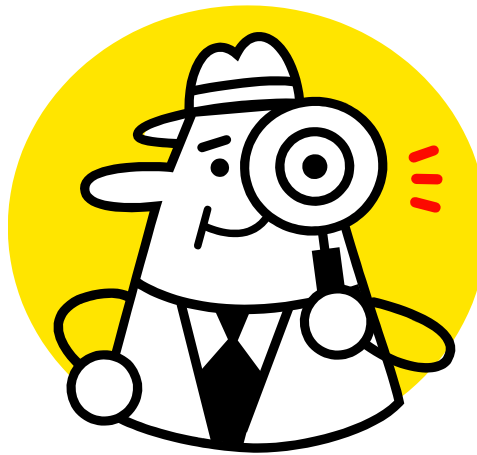
- The APM is an agreement between CMS, AHS, and the Green Mountain Care Board.
- The purpose of the APM is to move away from fee-for-service reimbursement on a state-wide level
- The APM will establish an annualized limit of 3.5% on per capita health care expenditure growth for all major payers.
- Beneficiaries (Medicare, Commercial, and Medicaid) will keep their current benefits, covered services, and choice of providers.

A quick note about All Payer Model (APM)

(Continued)

- Agreement contains 3 high level health improvement goals:
 - Improving access to primary care
 - Reducing deaths from suicide and drug overdose
 - Reducing prevalence and morbidity of chronic disease
- There will be no financial penalties to the state if financial and quality targets are not met.

REGULATORS



REGULATORS

- Department of Financial Regulations
- Green Mountain Care Board
- Attorney General (fraud, etc.)
- Health Department (inspections)
- Center for Medicare and Medicaid Services (CMS)

Other

- Joint Commission (accreditation)
- National Committee for Quality Assurance or NCQA (accreditation)

A quick note about The Green Mountain Care Board

- The GMCB was created in 2011 to:
 - Regulate hospital budgets and major capital expenditures as well as health insurance rates
 - Test new and innovative ways to pay for and delivery health care as part of its role in building a new system
 - Evaluate innovation projects and proposals for what should be in Vermont's new health system, proposals for funding the new system, and the effect of the new system on the Vermont economy.
- Five member board, appointed by the Governor

2018

*Note: 2019 VHC subsidies
based on the 2018 FPL chart*

2018 Federal Poverty Levels (FPLs)

Monthly

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$1,012	\$1,346	\$1,396	\$1,518	\$2,023	\$2,276	\$2,529	\$2,782	\$3,035	\$4,047
2	\$1,372	\$1,824	\$1,893	\$2,058	\$2,743	\$3,086	\$3,429	\$3,772	\$4,115	\$5,487
3	\$1,732	\$2,303	\$2,390	\$2,598	\$3,463	\$3,896	\$4,329	\$4,762	\$5,195	\$6,927
4	\$2,092	\$2,782	\$2,887	\$3,138	\$4,183	\$4,706	\$5,229	\$5,752	\$6,275	\$8,367
5	\$2,452	\$3,261	\$3,383	\$3,678	\$4,903	\$5,516	\$6,129	\$6,742	\$7,355	\$9,807
6	\$2,812	\$3,740	\$3,880	\$4,218	\$5,623	\$6,326	\$7,029	\$7,732	\$8,435	\$11,247

Annually

Household Size	100%	133%	138%	150%	200%	225%	250%	275%	300%	400%
1	\$12,140	\$16,146	\$16,753	\$18,210	\$24,280	\$27,315	\$30,350	\$33,385	\$36,420	\$48,560
2	\$16,460	\$21,892	\$22,715	\$24,690	\$32,920	\$37,035	\$41,150	\$45,265	\$49,380	\$65,840
3	\$20,780	\$27,637	\$28,676	\$31,170	\$41,560	\$46,755	\$51,950	\$57,145	\$62,340	\$83,120
4	\$25,100	\$33,383	\$34,638	\$37,650	\$50,200	\$56,475	\$62,750	\$69,025	\$75,300	\$100,400
5	\$29,420	\$39,129	\$40,600	\$44,130	\$58,840	\$66,195	\$73,550	\$80,905	\$88,260	\$117,680
6	\$33,740	\$44,874	\$46,561	\$50,610	\$67,480	\$75,915	\$84,350	\$92,785	\$101,220	\$134,960

<https://www.gpo.gov/fdsys/pkg/FR-2018-01-18/pdf/2018-00814.pdf>