

Vermont's health system reform

The Green Mountain Guide to

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Federal Law

The U.S. Affordable Care Act of 2010 created broad health reforms. Among the many efforts in it designed to increase Americans' access to affordable health insurance was the creation of state-based health insurance "Exchanges" by 2014.

Vermont Law

Act 48 of 2011 and Act 171 of 2012 laid the groundwork for Vermont's landmark health system reform efforts by: 1) requiring the state to fulfill the federal mandate to launch a health insurance "Exchange" in 2014; 2) requiring the state to lay out plans that will position Vermont to begin moving forward on a "universal health care system" in 2017; and 3) creating the Green Mountain Care Board to improve quality of care while controlling costs.



The GMCB & the ABC's of Vermont's health care system

If you find health system reform baffling, you're far from alone. This *Green Mountain Guide* offers some clarity on health system reform in Vermont.

By *health system*, we mean everything that adds up to Vermonters' physical and emotional health: people and organizations providing health care; insurance and other ways we pay for care; the things government and other organizations do to guide and monitor health; and the ways we as individuals and families look after our own health.

While the real goal of a health system is to keep people healthy, lately you have probably heard a lot about the *cost* of care and insurance. The reason is simple: Of every dollar Vermonters spend on any kind of goods or services, 20 cents goes to health care. By comparison, the U.S. as a whole spends 17 cents of each dollar on health care, while other developed nations tend to spend only half that much.

Each year, health care expenses grow faster than other expenses, elbowing out the other things we want to do with our money for ourselves, our families and our communities.

A recent report in the journal *Health*

Affairs found that, while workers' paychecks steadily increased between 1999 and 2009, the additional pay went mostly to cover the rising cost of health care. By 2009, a worker whose paycheck should have provided an additional \$650 per month instead had only \$95 of that additional income left after paying for health care.

The irony is that, for all the money we pour into health care, Americans as a whole are less healthy than citizens of countries that spend much less.

Of every dollar Vermonters spend, 20 cents goes to health care.

Health reform laws address these issues. In 2010 President Barack Obama signed the federal Affordable Care Act. In 2011, Governor Peter Shumlin signed Act 48, the Vermont Legislature's health reform law. It first brings Vermont in line with the federal law by 2014 and then moves ahead to a new system custom-built for Vermont.

Act 48 created the Green Mountain Care Board (also called the GMCB, or the Board) to guide transitions in Vermont's health system. The Legislature has empowered this independent group of five Vermonters to promote high quality care while stabilizing costs by regulating Vermont's health system and guiding innovation in how we deliver, receive, and pay for care.

Innovation in action:

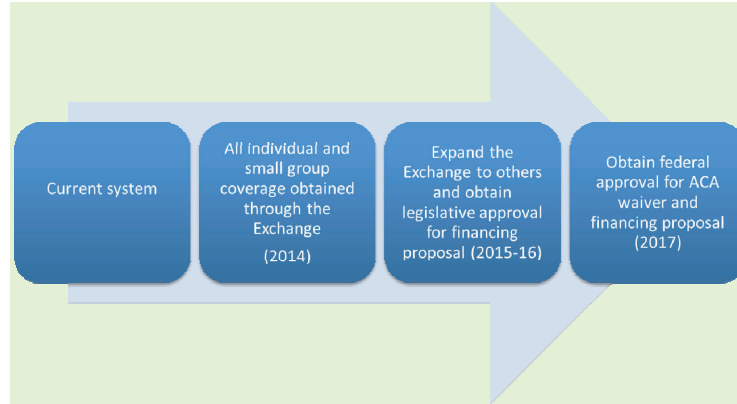
The plan for Vermont's evolving health system

Vermont's health system is going through major changes. Some of the changes are clear and are coming as early as 2014. Others will be guided by the lessons of "pilot programs" testing new ways to deliver and pay for care. Here's a brief overview of the current system—and how it's likely to change in the next few years.

In the current system, Vermonters who can't afford insurance can get covered through State programs — Catamount and the Vermont Health Access Program (VHAP) and Vermont Medicaid. Other Vermonters get health insurance through work or military service, pay for their own insurance, or are uninsured. But health expenses are eating up more and more of people's paychecks and businesses' time and money.

In 2014, "Vermont Health Connect" will go live as Vermont's version of the national "Exchange" program. This marketplace will provide choices for people previously uninsured or covered by State programs, as well as those who previously got coverage on their own or through a

company with 50 or fewer employees. It will simplify the insurance puzzle for small businesses. Meantime, a growing number of organizations will be conducting pilot projects testing ways alternatives to the "fee for service" system.



In 2016, the state plans to expand Vermont Health Connect to businesses with 50-100 employees. Looking beyond Vermont Health Connect, the Governor will work with the Legislature on a plan to provide universal health care to all Vermonters through a new system.

In 2017, or when a federal "waiver" allows, Vermont plans to launch the new system, which will be called Green Mountain Care—not to be confused with the current array of programs by the same name, which will be replaced by the new system. The plan is for Vermonters to have health coverage through a single system providing universal health care (see Glossary, below). While there are many details to work out, the goal is clear: Provide all Vermonters high quality care at a cost that doesn't continue to rise so steeply.

Glossary

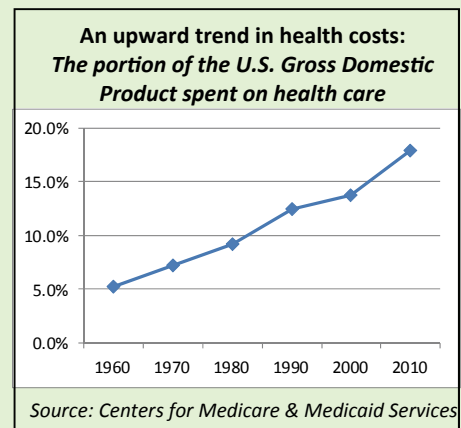
Universal Health Care

Health care that's available to all people in a specific population — such as the citizens of a state or nation. Some health reforms aim at providing universal insurance coverage so that everyone has the ability to pay for health care. Other reforms look more broadly at not only ability to pay but also other barriers to care — such as geographic distance from health professionals. Act 48 calls for Vermont to have a universal health care program.

"Bend the curve" of health care costs

To reduce the rate of increase in health care costs. When plotted on a chart—like the one at right—these costs have generally shown an upward "curve" for decades. The GVCB is looking to bend the trend downward

while improving the quality of care and the health of Vermonters. The tools for curve-bending are "cost containment" strategies such as reducing overutilization of health services, addressing provider reimbursement issues, eliminating waste, and increasing efficiency in the health care system.



What is the GMCB's job?

Finding a healthy balance of regulation & innovation

The GMCB's job is to improve the health of Vermonters while stabilizing health costs. Much of the Board's focus is on the people and organizations such as doctors and hospitals that *deliver* care as well as with the organizations that *pay* for care—private insurance companies and the government, mostly. Of course, the Vermonters who use health services need to be involved as well because each of us influences the cost and quality of care when, for example, we put off seeing the doctor and a condition keeps getting worse and more costly to treat.

The Legislature has given the GMCB two kinds of tools: some support **regulation**, while others help with the **innovation** that will ultimately pave the way to a new system.

Regulatory tools:

Health insurance rate review: Of all GMCB's jobs, reviewing insurance rates affects Vermonters' budgets most immediately. Each rate increase means that some Vermonters could soon be paying more for their health insurance. The GMCB has final authority to approve, disapprove or modify an insurance company's rate request. (To learn more, see *The Green Mountain Guide to Insurance Rate Review*.)

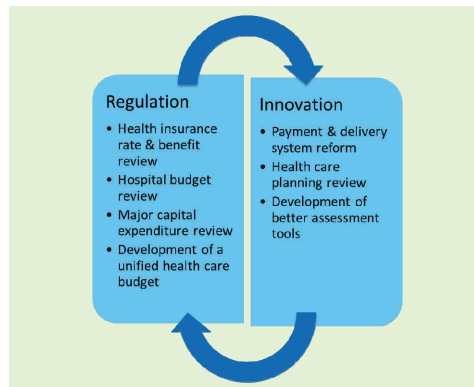
Insurance benefits review: At each of stage of Vermont's health reform, the GMCB will review and approve health insurance benefits packages. This ensures that Vermonters get their money's worth in policies that truly promote health.

Hospital budget review: Hospitals account for more than 60 percent of health care spending in Vermont. The GMCB sets annual budget targets for the state's 14 hospitals and monitors progress during the year. (To learn more, see *The Green Mountain Guide to Hospital Budget Review*.)

Major capital expenditures review: The GMCB reviews certain health care building and technology expenditures. This is so that hospitals, nursing homes and other health care organizations don't end up buying more than the state needs—potentially increasing the cost of care.

Development of a unified health care bud-

et: When families run into financial trouble, experts suggest a budget covering all spending and income. Despite a history of financial trouble, Vermont's health system has never had such a budget. As Vermont moves toward a universal health system, the GMCB will recommend three-year health care budgets to the Governor and Legislature.



Innovation tools:

Payment and delivery system reform: The health care “system” is really various organizations and people working in ways that are often inefficient or even at cross purposes. In today's “fee for service” system, we pay for the volume of services that we receive. This can encourage more procedures and tests, even when that's not always best for our health. The GMCB is working to

improve the system while testing promising “pilot projects.” These projects test different ways to pay for care by encouraging collaboration and efficiency among providers.

Health planning review: The GMCB is planning for the resources needed to build a system that serves Vermonters' needs. This includes a **health workforce plan** to ensure Vermont has enough well-trained health professionals and a **health information technology plan** so that Vermont has the health information systems it needs – and that the systems protect Vermonters' privacy.

Impact assessment: To evaluate progress toward Vermont's goals in health reform, the GMCB in 2012 launched the “Health System Dashboard 1.0” (<http://gmcboard.vermont.gov/dashboardproject>). It presents charts and explanations that demystify the statistics.



From left to right: Al Gobeille; Chair Anya Rader Wallack, Ph.D.; Executive Director Georgia Maheras; Karen Hein, M.D.; Con Hogan; Allan Ramsay, M.D.

Who's doing what ?

The GMCB has many partners in health reform

To improve the health of Vermonters and stabilize health costs, the GMCB works across Vermont's state government—as well as with non-government organizations, companies and individuals. Here's a look at the GMCB's key government partners:

Governor Peter Shumlin's Office and the Secretary of Administration's Office provide health policy leadership, work with the Legislature to gain passage of reform legislation, and seek approval of a federal waiver to launch the new Green Mountain Care system by 2017. The Administration also produces the plan for financing each step of reform.

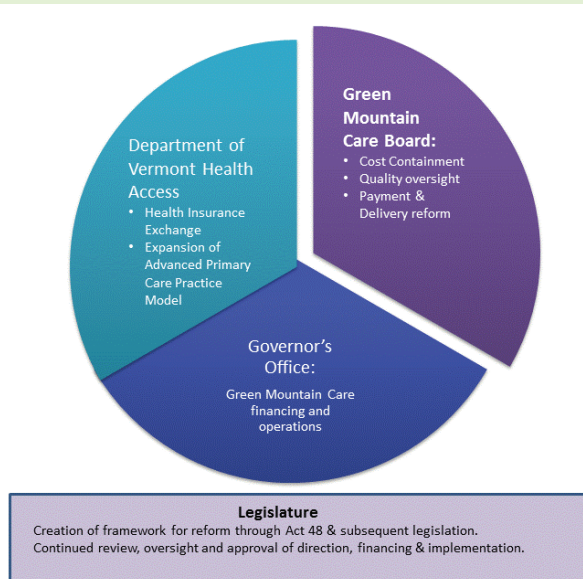
The Legislature created the reform process through Act 48 and subsequent legislation. Legislators continue to closely monitor progress and will require accountability throughout the Vermont health system's evolution.

The Department of Vermont Health Access (DVHA) oversees publicly funded state health insurance programs. DVHA is creating "Vermont Health Connect" for its 2014 launch, including managing enrollment that begins in October 2013.

The Department of Financial Regulation (DFR) licenses health insurance companies and has other regulatory roles regarding health insurance, including quality assurance for consumers.

The Agency of Human Services plays a central role in providing health services to Vermonters, as well as in providing

many other services that promote wellbeing. Its Department of Health and Department of Mental Health lead the way in monitoring and improving health and supporting Vermont communities' efforts to address their specific health challenges.



Make **your** comments **Count**

The Green Mountain Care Board wants to hear from you. To comment or ask questions, visit the GMCB website, call our offices, or attend our meetings—which are always open and usually occur on Thursday afternoons in Montpelier.

Comment online at :
www.gmcboard.vermont.gov

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