

Vermont Health Reform: Cost Control and Payment Reform

November 14, 2012

New York State Health Foundation

By Anya Rader Wallack, Ph.D.

Chair, Green Mountain Care Board

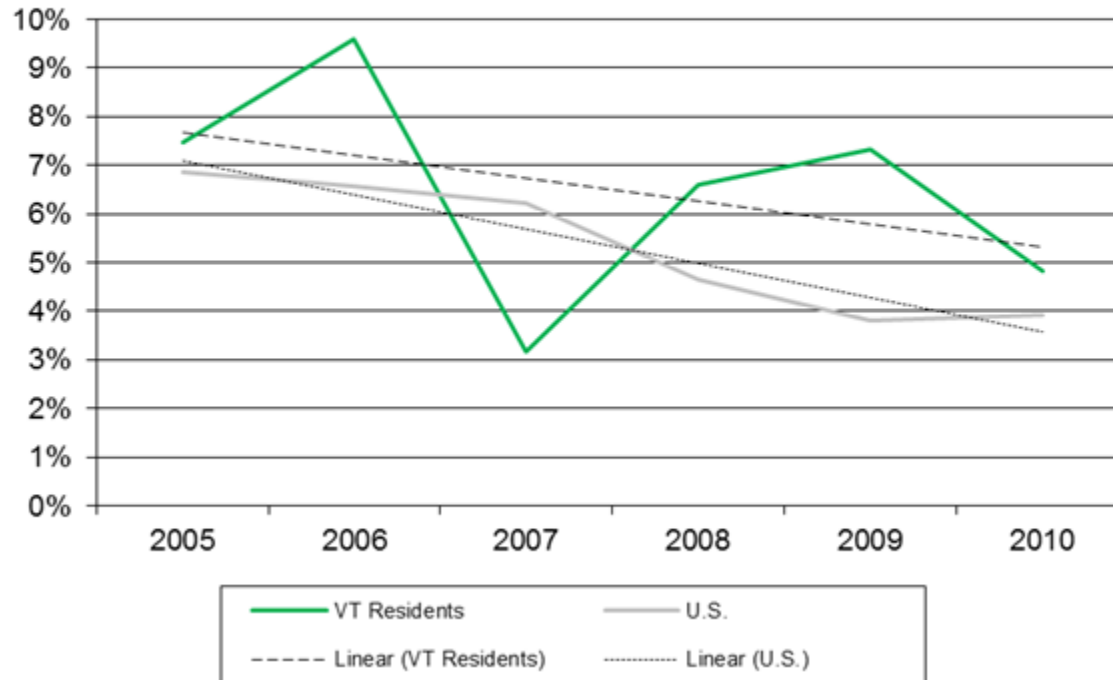
Fast facts on Vermont



- 625,000 people
- 14 hospitals
- 1 AMC, plus Dartmouth
- More than half of physicians employed
- 3 insurance carriers, only 2 in small group
- Non-competitive market
- Significant regulation
- 6% uninsured
- No managed care (including Medicaid)

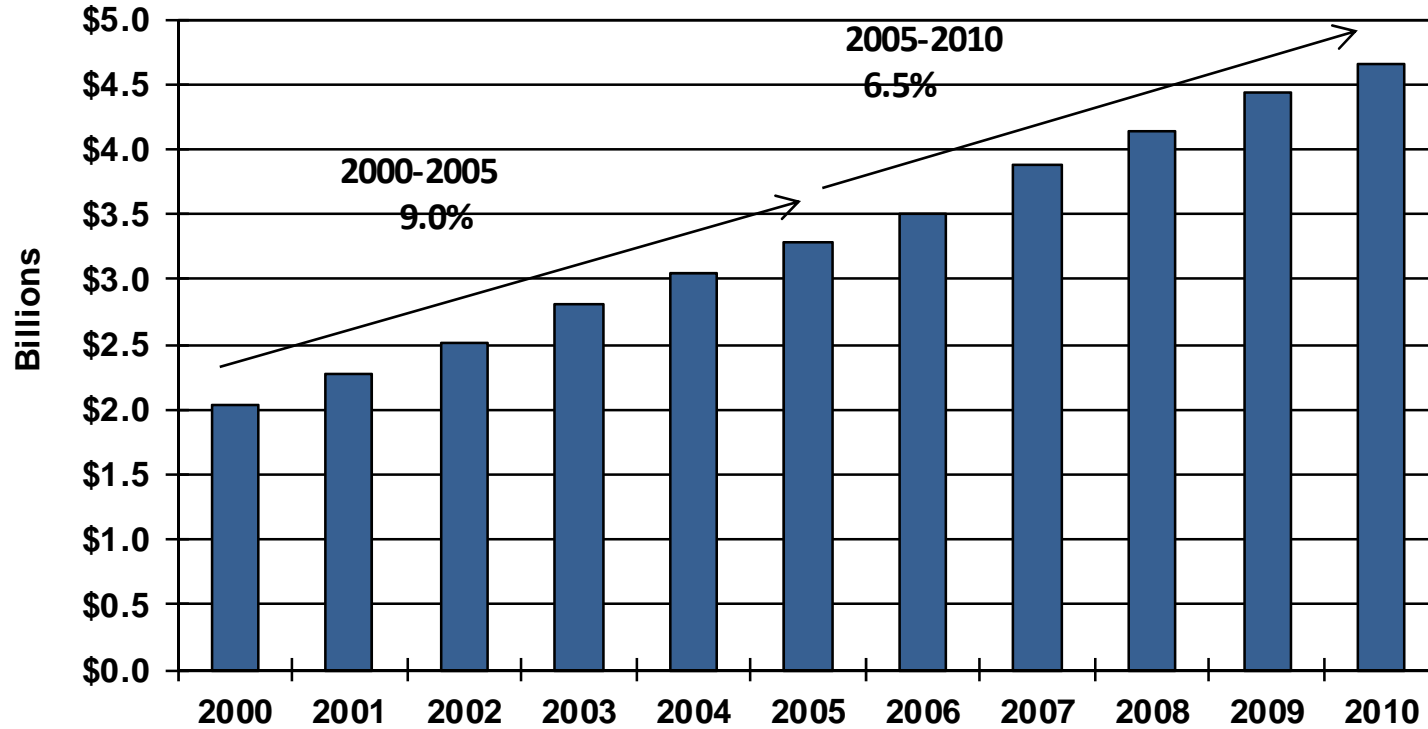
Health care spending on Vermont *residents* grew an average of 6.3% per year from 2005 to 2010

Annual Health Care Expenditure Growth,
U.S. and Vermont Residents
2005-2010



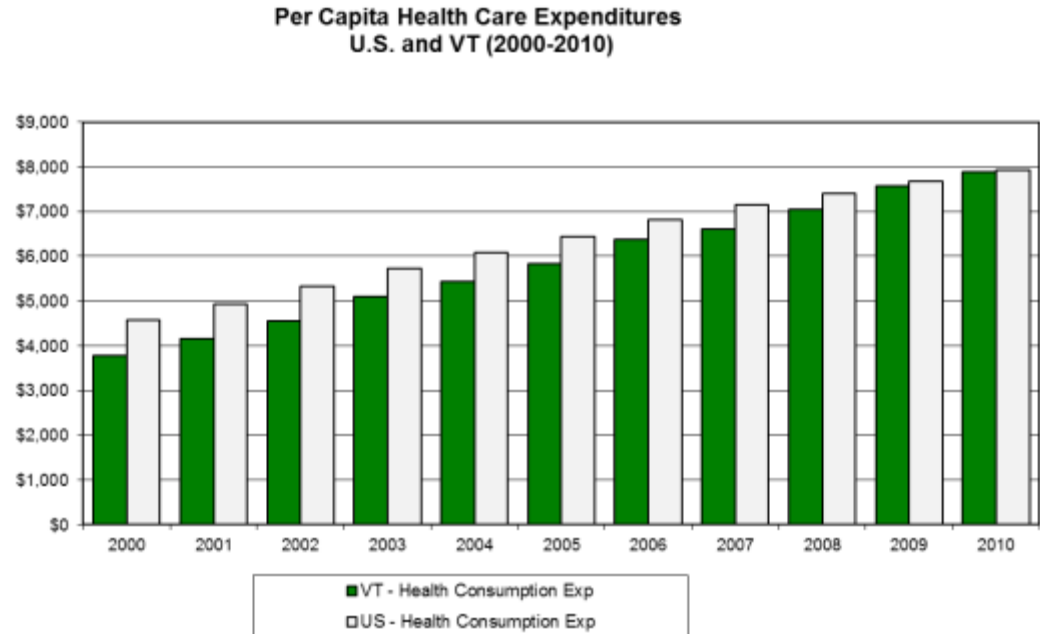
Health care spending on Vermont *providers* grew an average of 6.5% per year from 2005 to 2010

Vermont Provider Health Care Expenditures
(in billions)



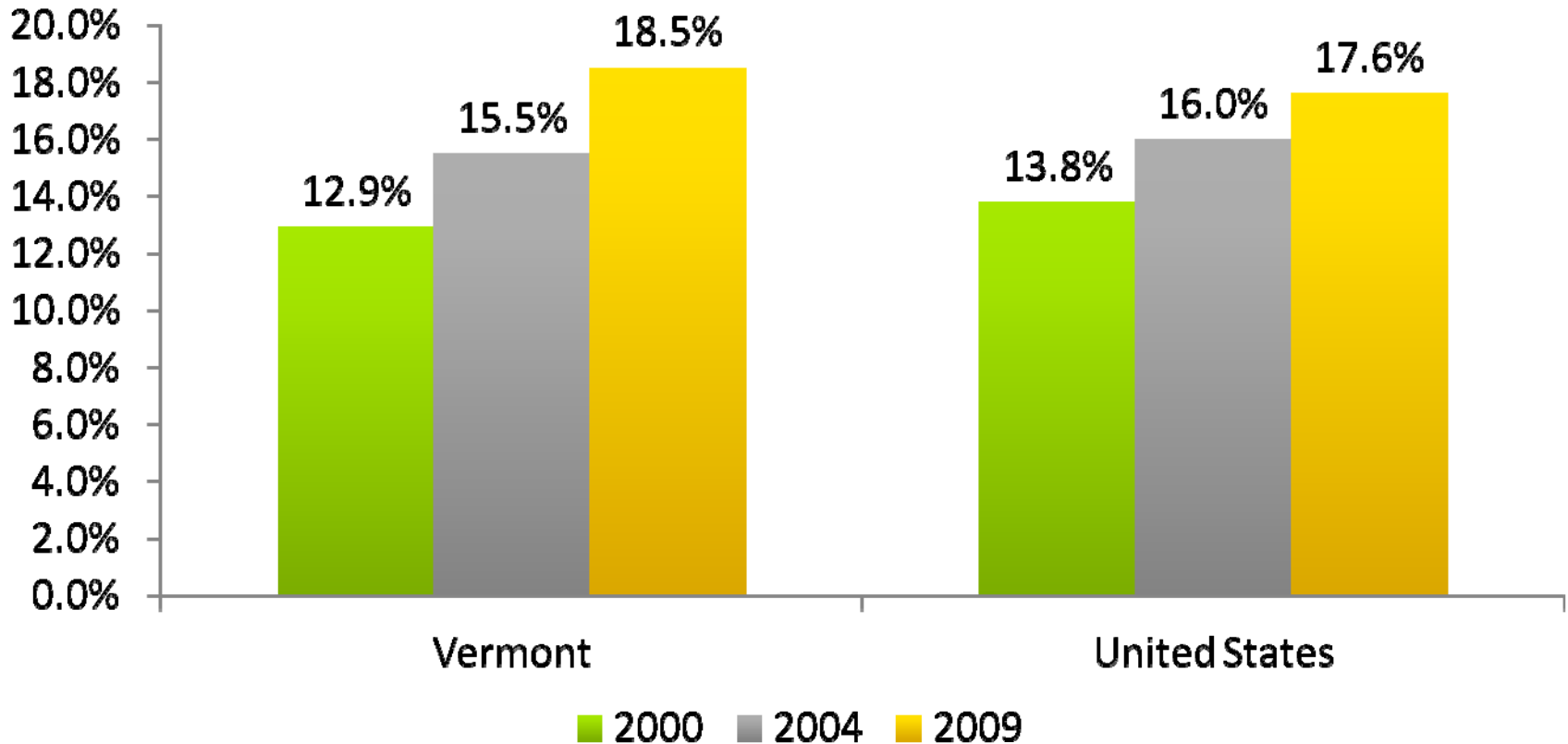
Vermont's accelerating per capita health care costs are now just below national per capita spending level

Vermont per capita costs of \$7,876 is slightly less than the U.S. per capita amount of \$7,919.



In Vermont we spend almost 20 cents of every dollar we earn on health care, *even more* than the national average

Health Expenditures As a Share of GSP/GDP

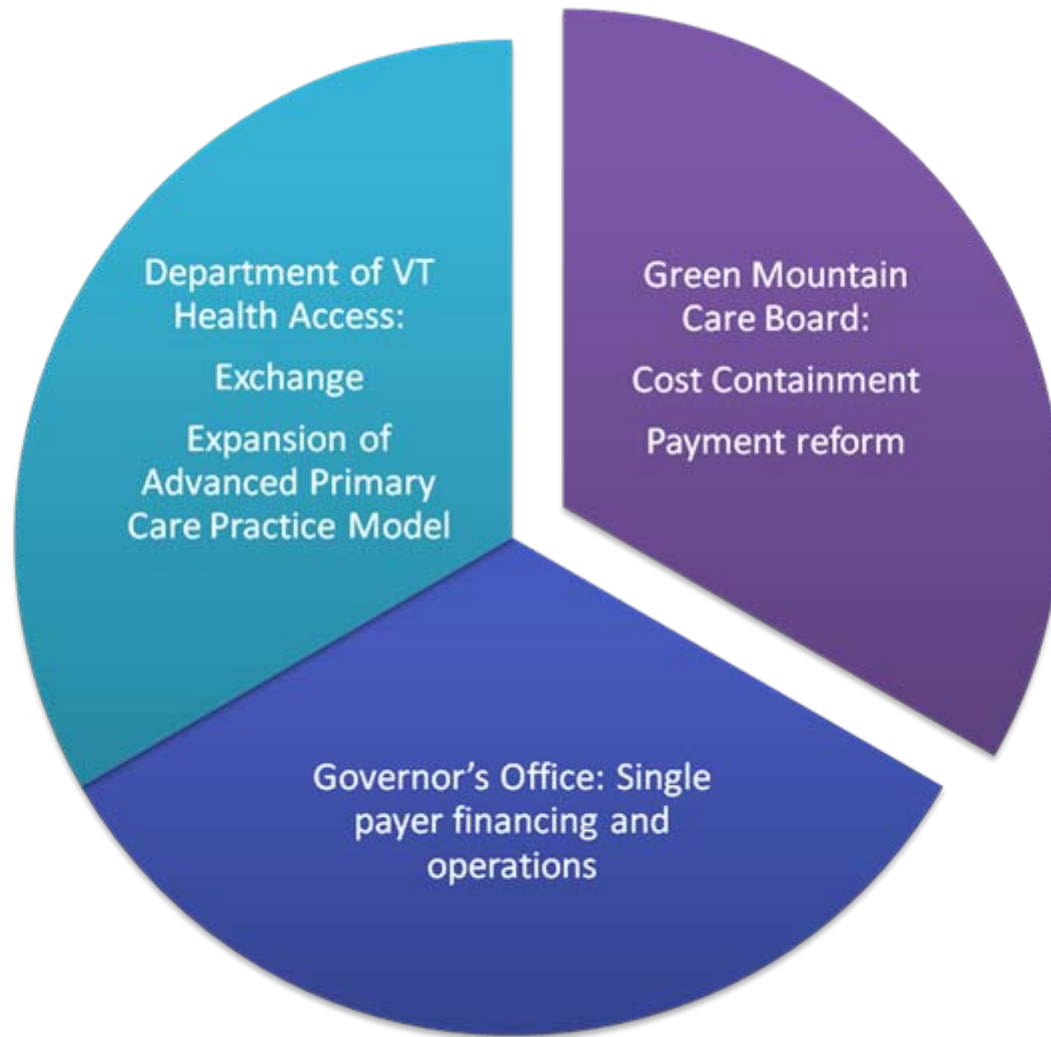


Vermont's Health Reform Goals*

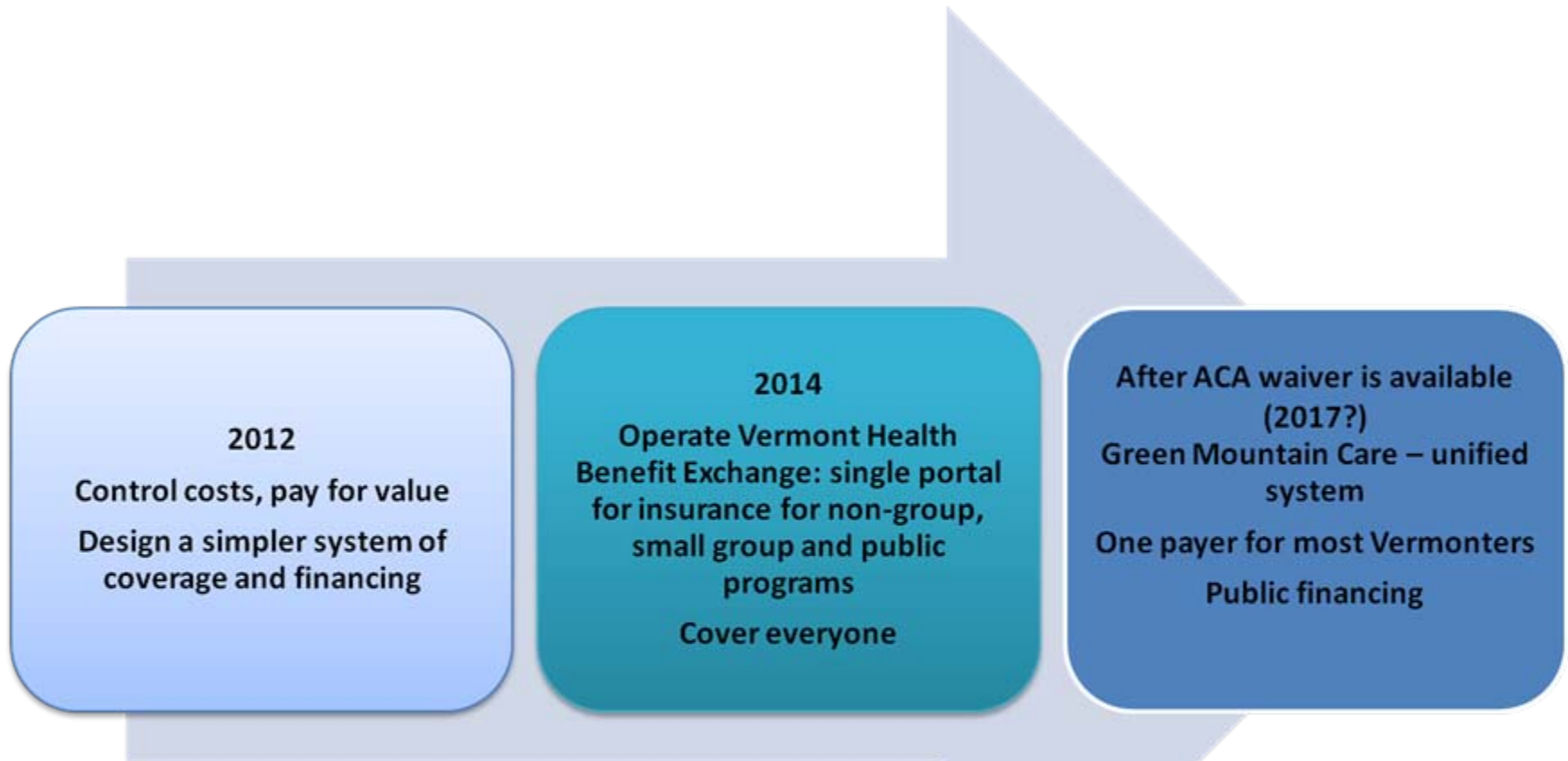


*from the State's Strategic Plan for Health Reform, February, 2012

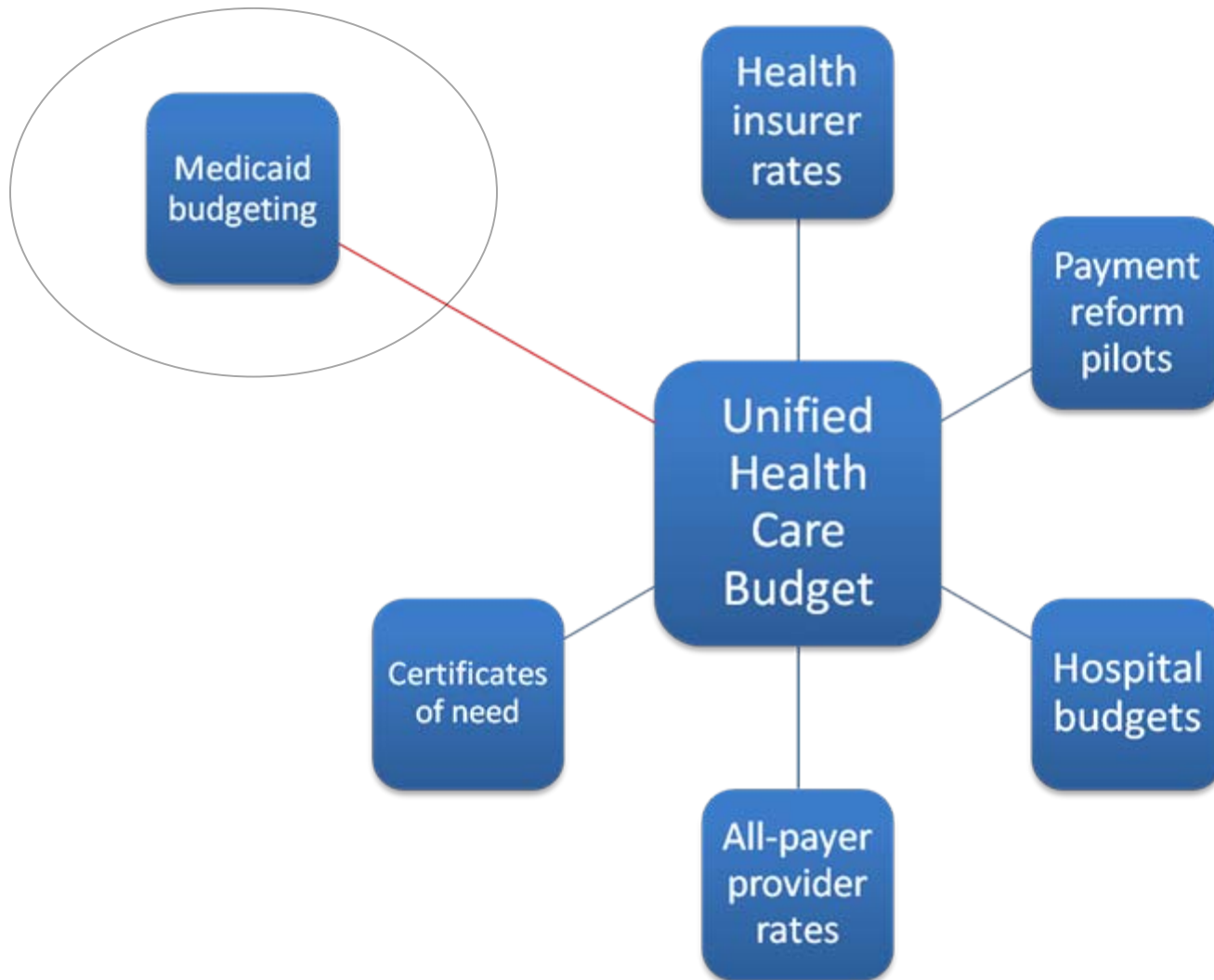
Who does what in Vermont health reform (2012-14)?



Vermont Health Reform Timeline



GMCB focus: coherent and coordinated state planning, policy and regulation to contain cost growth and improve health



Vermont payment reform goals

Move away
from fee-for-
service

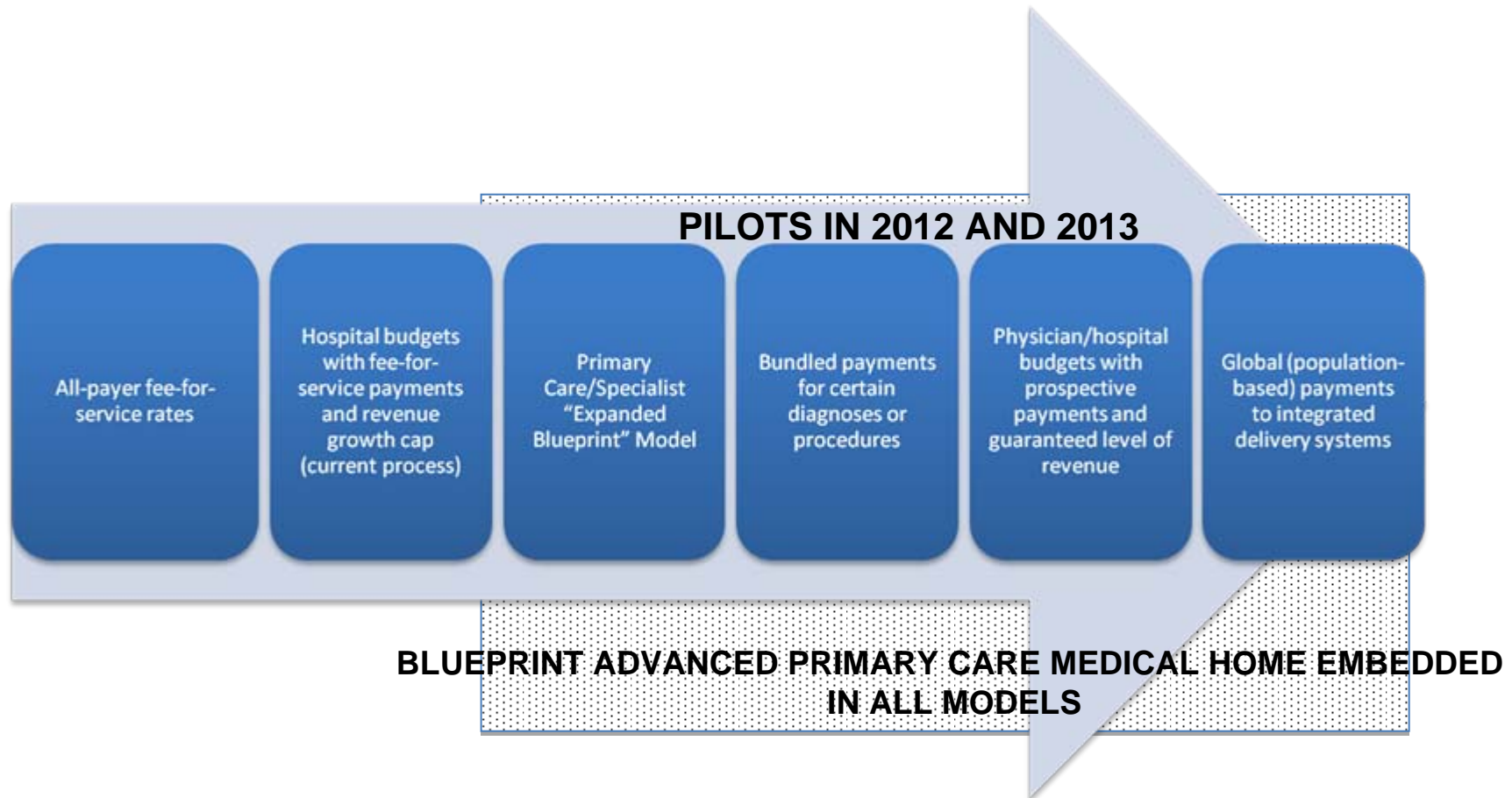
Build on the
Blueprint
(advanced
primary care
medical
home)

Include all
payers

Incorporate
performance
measurement

VERMONT HEALTH REFORM

Potential payment reform models under a state health care budget



Pilot payment reform models

Bundled payments for certain diagnoses or procedures

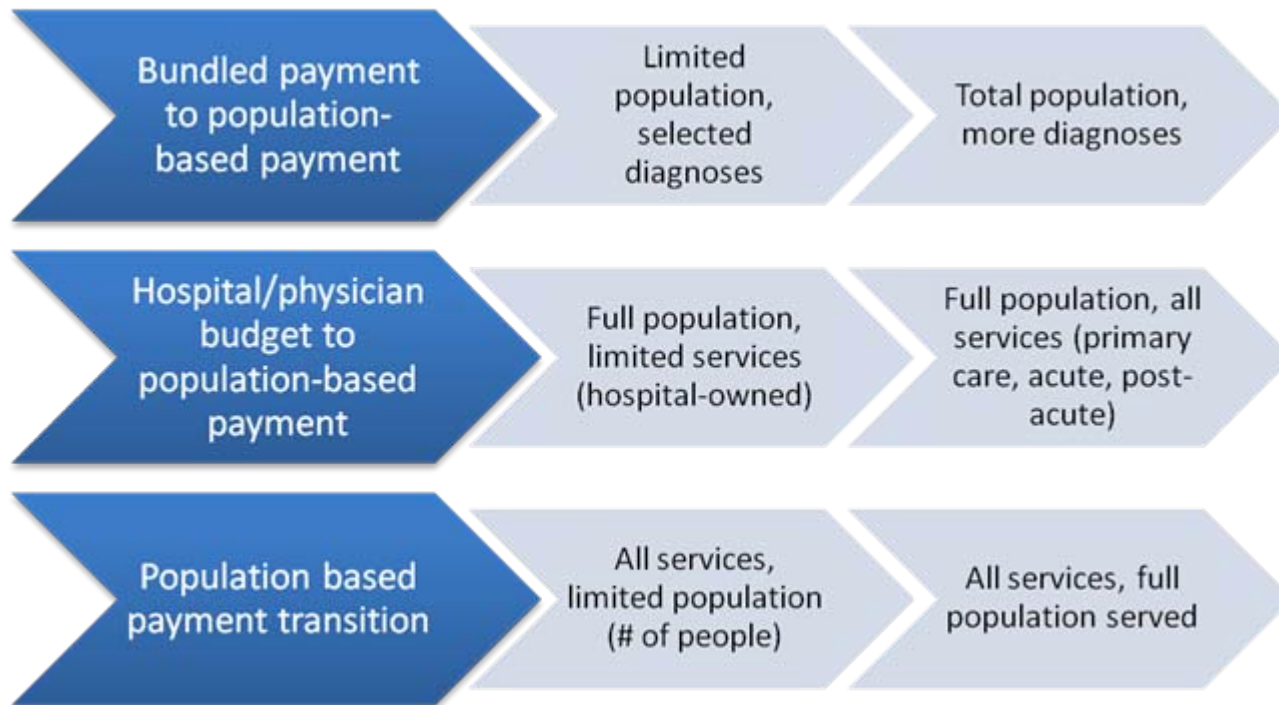


Physician/hospital budgets with prospective payments and a reasonable level of revenue



Global (population-based) payments to integrated delivery systems

Transition of pilot payment reform models to broader scope over time



Vermont's Innovation Plan Goal: a “high performance health system” for Vermont

Improved patient
experience of
care

Improved
population health

Reduced per
capita costs