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# State Efforts to Control Total Health Care Costs

## Presentation to Princeton Conference

May 23, 2013

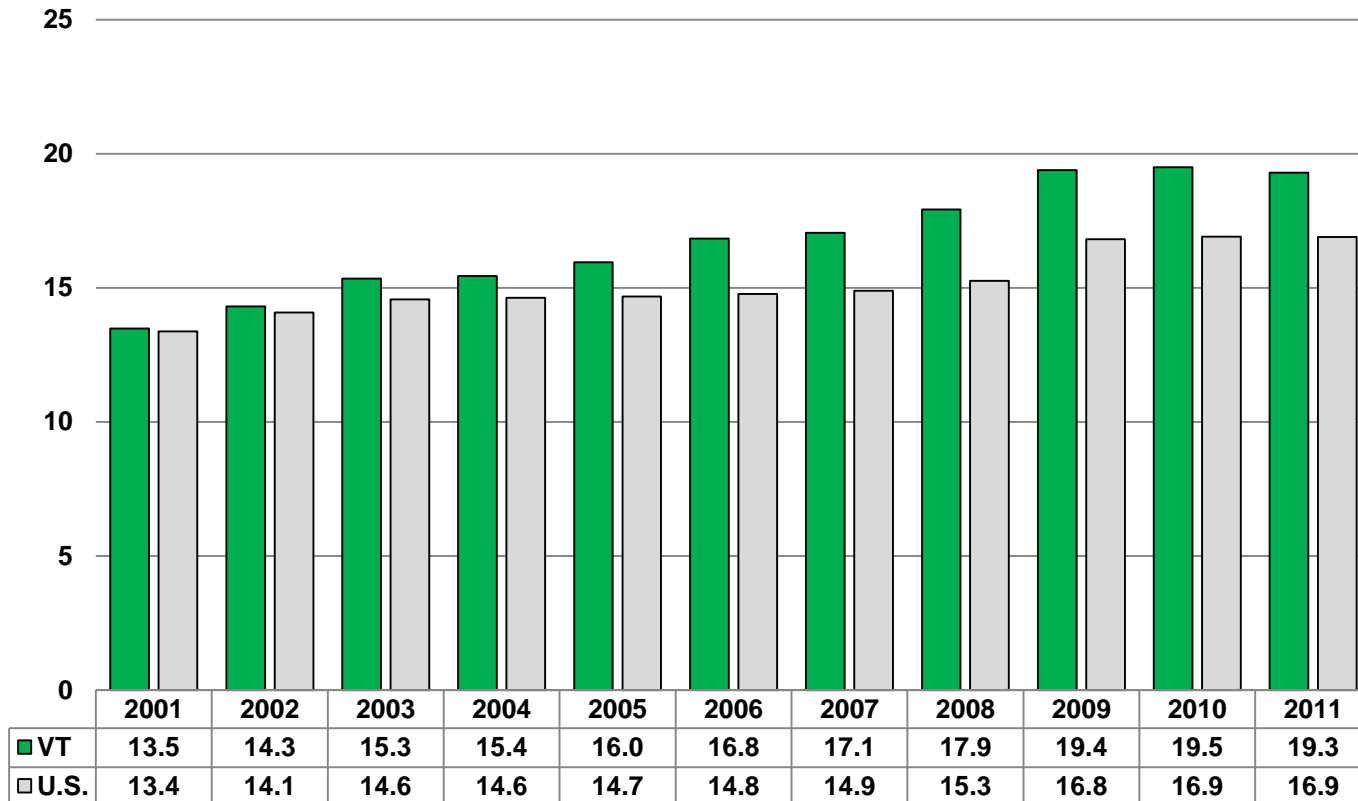
By Anya Rader Wallack, Ph.D.

Chair, Green Mountain Care Board

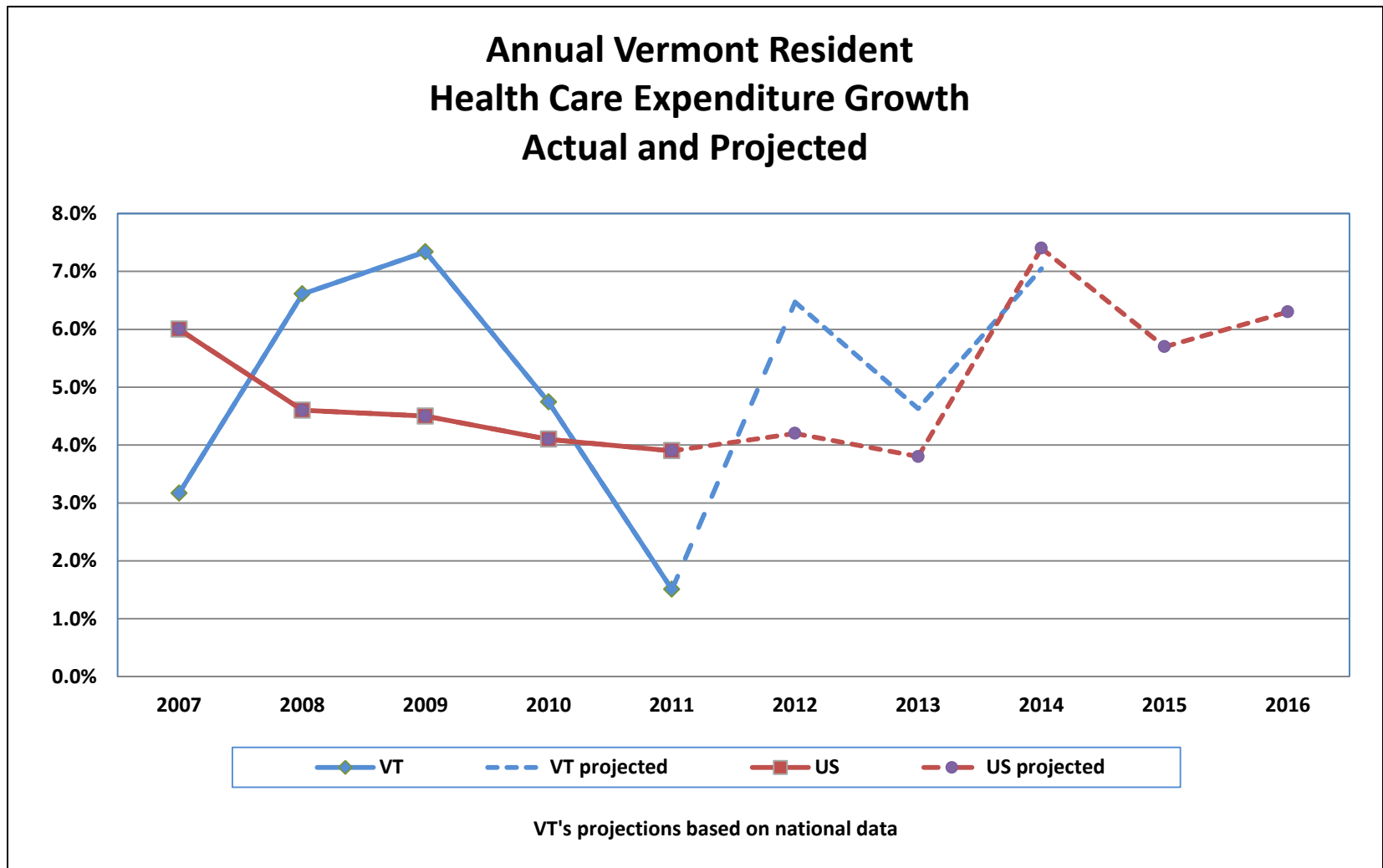
# Health care costs in Vermont

## VT GSP and Health Care Annual Growth

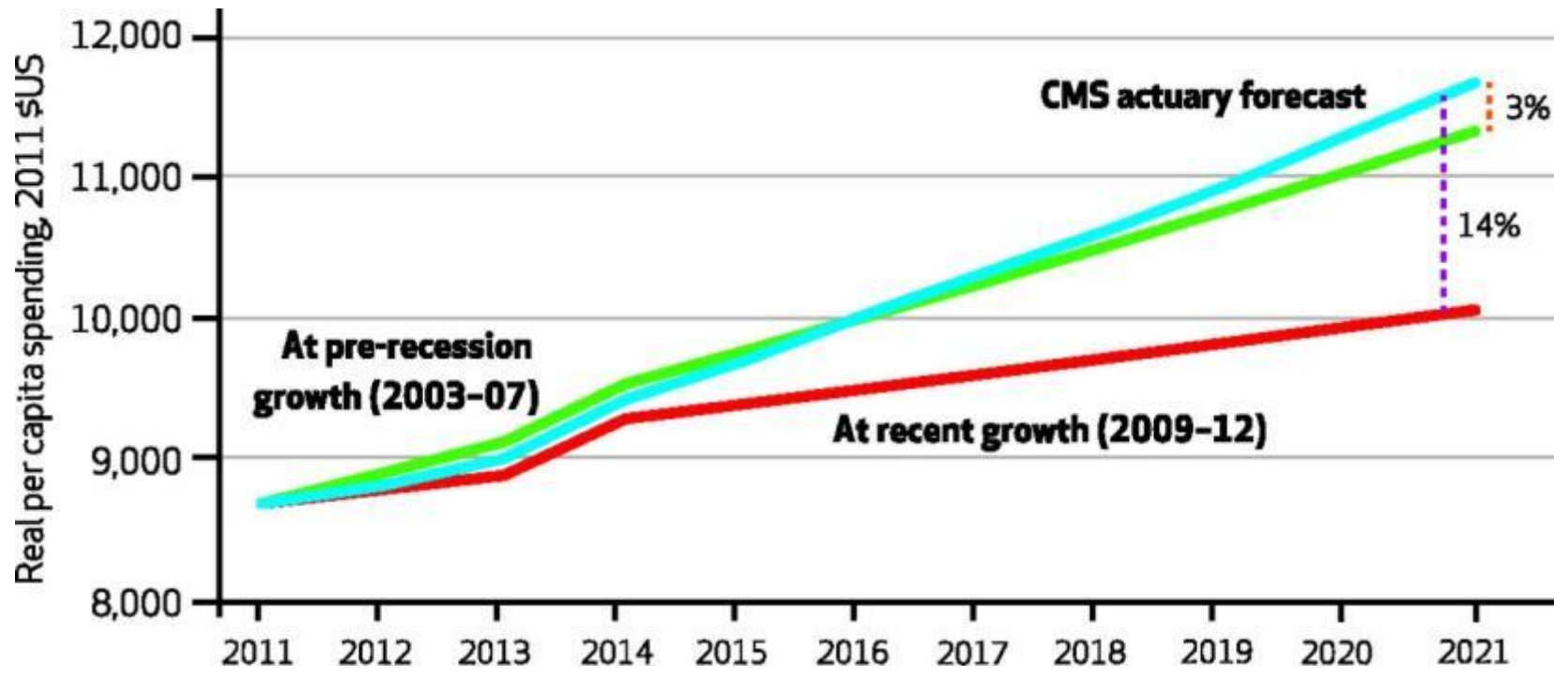
Percent of GSP



# Health care cost growth in Vermont



# Projected Health Spending, United States, 2011–21



Cutler D M , and Sahni N R Health Aff 2013;32:841-850

HealthAffairs

VERMONT HEALTH REFORM



# Health care cost control in Vermont

## Green Mountain Care Board (Five Members)



### Regulation:

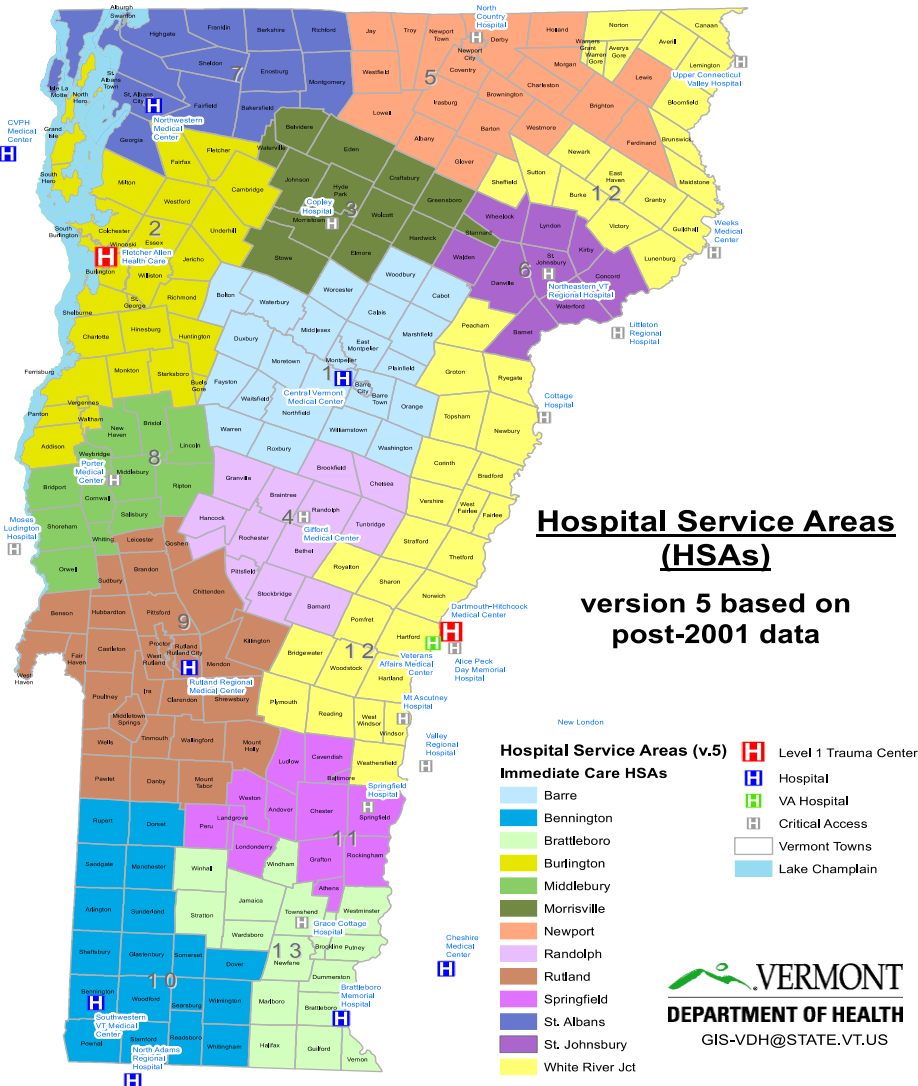
- Hospital budgets
- Health insurer rates
- Major capital expenditures
- Payment policy and rate setting

### Innovation:

- Payment reform pilots
- Changes to state budgeting and regulatory processes to better achieve our goals
- “Unified health care budget”

# Meanwhile in the private sector...

TOTAL POPULATION: 625,000



- Two Medicare Shared Savings ACOs, one dominates the market
- 14 community hospitals, including 8 critical access hospitals (fewer than 25 beds)
- One in-state academic medical center, plus Dartmouth-Hitchcock, provide most tertiary care
- 70% of Vermonters are in an advanced primary care medical home supported by Community Health Teams
- Eight FQHCs serving more than 120,000 Vermonters
- Almost 60% of physicians are employed by hospitals or FQHCs
- Three insurers cover 98% of insured population

# Vermont's State Innovation Model: expand and integrate....

Delivery system transformation



Payment reform



Interoperable health  
information technology

VERMONT HEALTH REFORM



# Results so far?

## ■ Regulation

- 3% growth allowed for hospitals in their next fiscal year, with the intent to reduce growth over 3 years to mirror economic growth
- Additional 1% allowed for “health reform investments”
- Exchange rates coming in June
- Closer scrutiny of insurer admin costs

## ■ Innovation

- Six payment reform pilots under way or in development
- Working to expand statewide shared savings model to commercial payers and Medicaid with expected 1/1/14 start
- Linking inflation forecasts, Medicaid budget, hospital budgets and insurer rates



# Other elements of Vermont's reforms

- State-based Exchange – for all individual and small group coverage beginning January 2014
- Leveraging Affordable Care Act funds
- Leveraging Affordable Care Act payment reform – statewide ACO demo, bundled payments, value-based purchasing – Medicare as the starting point
- Planning for “single payer”:
  - ACA waiver in 2017
  - Financing to replace most private premiums
  - Coverage de-linked from employment