

Stepping Toward Single Payer in Vermont



Anya Rader Wallack, Ph.D.
Special Assistant to Governor Shumlin

June 20, 2011

VERMONT HEALTH REFORM



Highlights of Vermont's health reform history

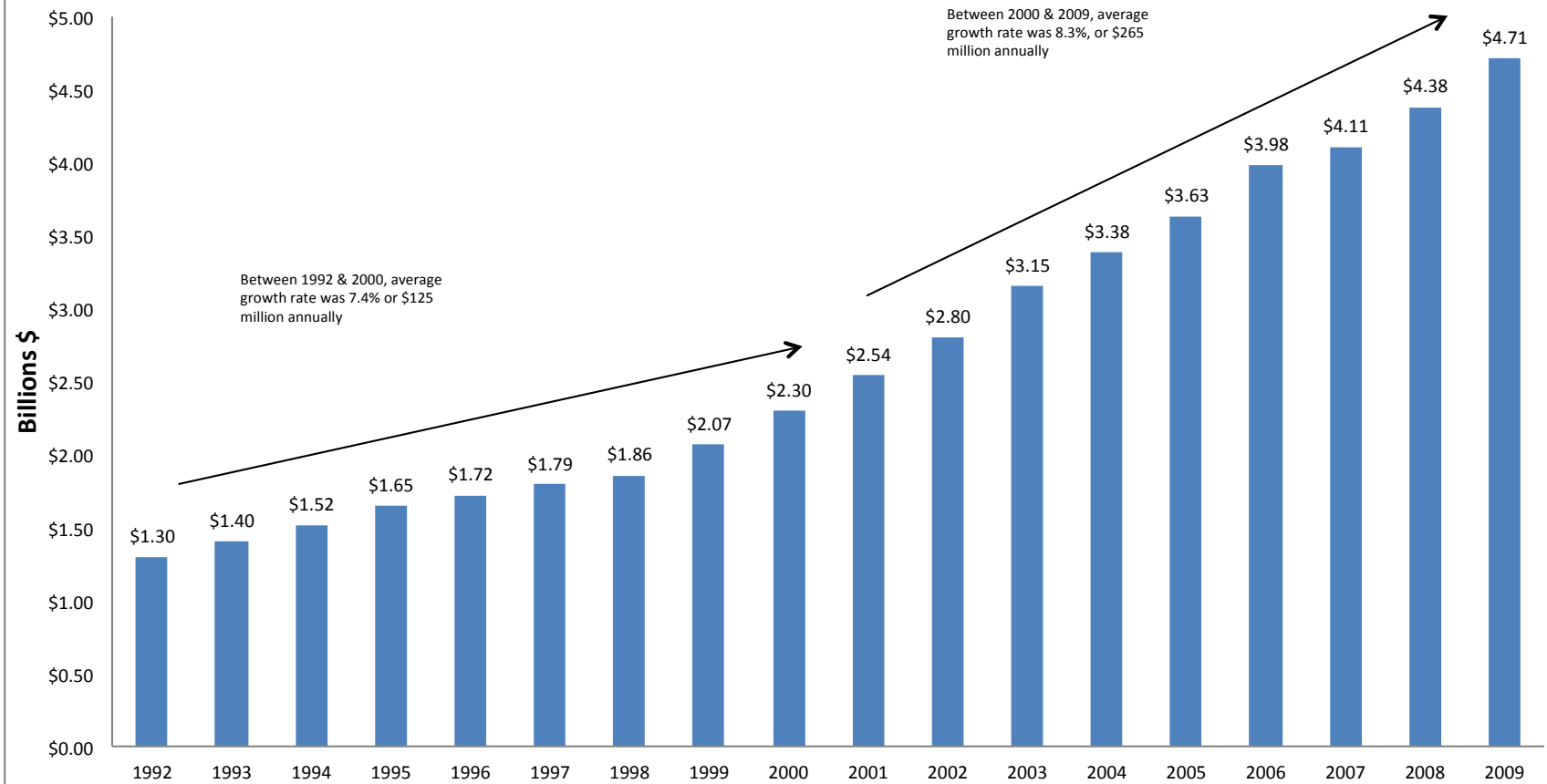
- Expansion of coverage through Medicaid options and waivers
 - Dr. Dynasaur
 - VT Health Access Program
 - Catamount Health
- Small group insurance reform
- Non-group insurance reform
- Long-term care rebalancing
- Blueprint for Health (advanced primary care medical home)



Vermont medical/political landscape

- 14 general hospitals, 8 of them critical access (<25 beds), with fairly exclusive service territories
- One tertiary care center plus Dartmouth-Hitchcock just across the border
- Three insurers, only two in non-group and small group
- Hospital budget oversight and tight certificate-of-need law
- Democratic Governor
- 2/3 Democratic majority in both House and Senate

Health Spending in VT More Than Tripled Between 1992 and 2009



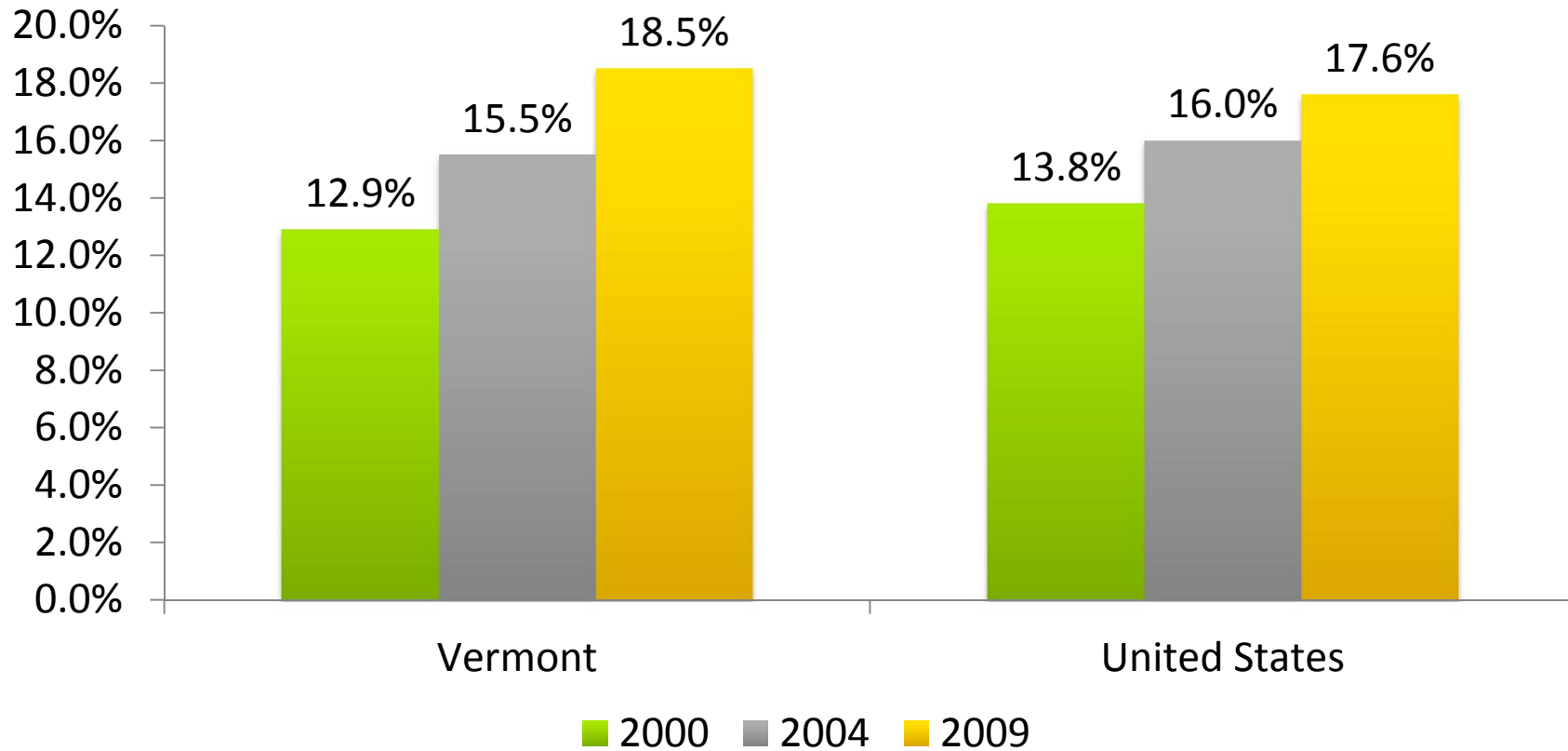
Source: Vermont Dept. of Banking, Insurance, Securities and Health Care Administration (BISHCA)

VERMONT HEALTH REFORM



We spend almost 20 cents of every dollar we earn on health care, more than the national average

Health Expenditures As a Share of GSP/GDP



This doesn't work for our economy

- Ten years ago we spent \$2.5 billion on health care, currently we spend about \$5 billion per year
- If we do nothing, we will spend an additional \$1.6 billion *per year*, in just four years
- This amounts to additional costs of \$2,900 per working-age Vermonter, on average, *in 2015 alone*.

It doesn't work for Vermont families

- Vermonters make, on average, the same as they made a decade ago
- We are paying more and more for less and less coverage
- Despite what we spend, 47,000 Vermonters are uninsured
- Another 150,000 Vermonters are considered underinsured, meaning they have insurance, but their out-of-pocket costs could bankrupt them
- High medical costs are the #1 cause of bankruptcy in the U.S.



It doesn't work for Vermont doctors and hospitals

- A recent survey by the Vermont Medical Society confirms what we all know:
 - Physicians aren't able to spend enough time with each patient
 - We have an undersupply of some types of physicians
 - Physicians and patients don't have enough say in health care decision-making
- Vermont hospitals have narrow margins, but have little incentive to move toward more efficient and effective models of care delivery

So what are we doing about it?

- Study by Harvard economist William Hsiao showed that a single payer system could save at least \$500 million per year in Vermont
- How?
 - Reduce administrative waste
 - Implement electronic medical records
 - Pay providers for *value not volume*
 - Improve care delivery
- Act 48 of 2011 puts on track to implement a single payer system in Vermont

Major components of Act 48

- Green Mountain Care Board
- Vermont Health Benefit Exchange
- Detailed Planning for Green Mountain Care (single payer)

What are the steps along the way?

- 2011 – Green Mountain Care Board created
 - Implements an overall budget and value-based provider payment
 - Recommends benefits for the single payer (Green Mountain Care)
- 2012 – Statewide expansion of the Blueprint for Health (redesign of primary care practices) and electronic medical records
- 2013 – Secretary of Administration
 - Calculates cost of single payer and available federal funds
 - Recommends financing for coverage for all Vermonters
- 2013 – Legislature
 - Votes on single payer financing

More steps along the way...

- 2014 – Vermont Health Benefit Exchange
 - Provides new federal tax credits to cover uninsured Vermonters
 - Administrative structure for the single payer
- Upon availability of federal waiver (2017 at latest)
 - Vermont implements single payer



Goals

- A sustainable budget for health care in Vermont
- Achieve and *maintain* a reasonable rate of growth in overall spending closer to economic growth
- Quality maintained or improved and health improved
- Changes in health care payment and delivery that are necessary to support these goals

The finish line

- Health care is a right – all Vermonters are covered
- Health care costs are sustainable – closer to our rate of economic growth
- Providers are paid fairly
- Everybody pays their fair share
- Vermont is the best place to do business
- Vermont is the best place to practice medicine

