Stepping Toward Single Payer in Vermont

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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

Between 1992 & 2000, average growth rate was 7.4% or $125 million annually

Between 2000 & 2009, average growth rate was 8.3%, or $265 million annually

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

- **Vermont**:
  - 2000: 12.9%
  - 2004: 15.5%
  - 2009: 18.5%

- **United States**:
  - 2000: 13.8%
  - 2004: 16.0%
  - 2009: 17.6%
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