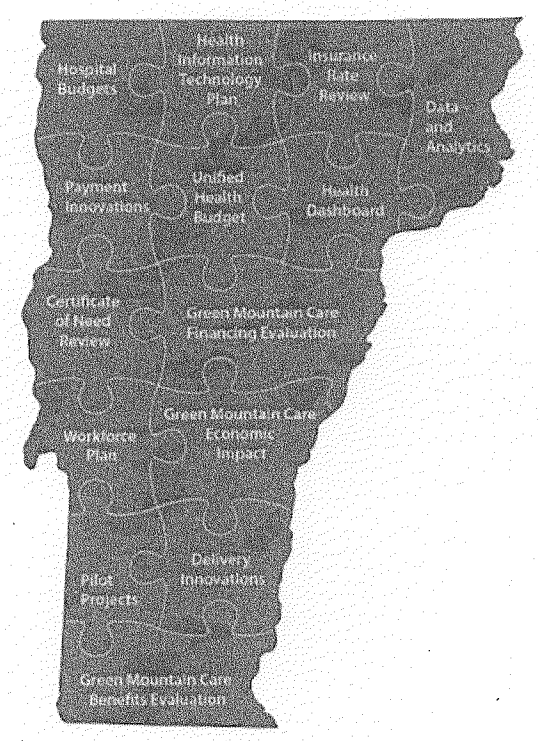
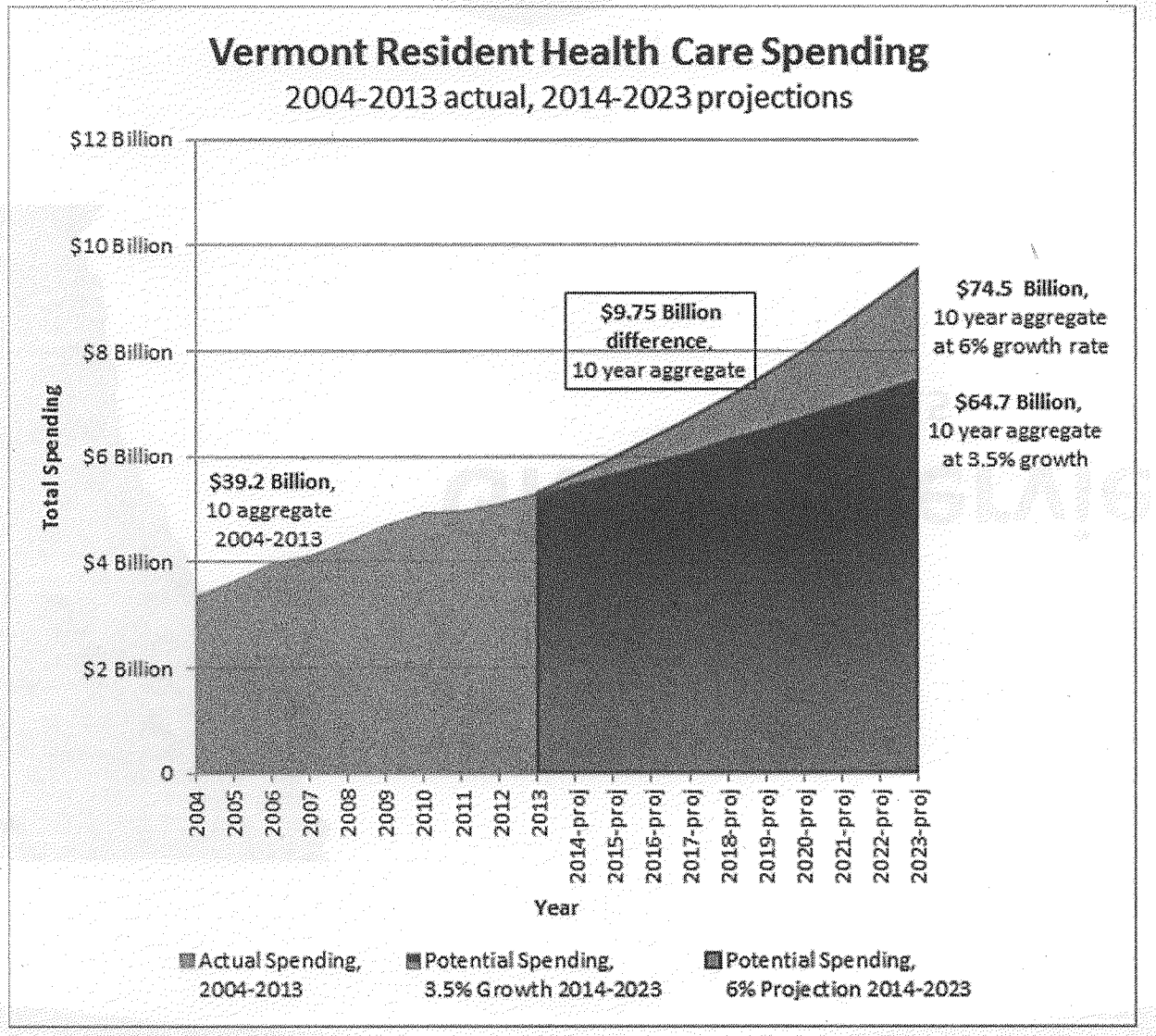


GMCB Overview

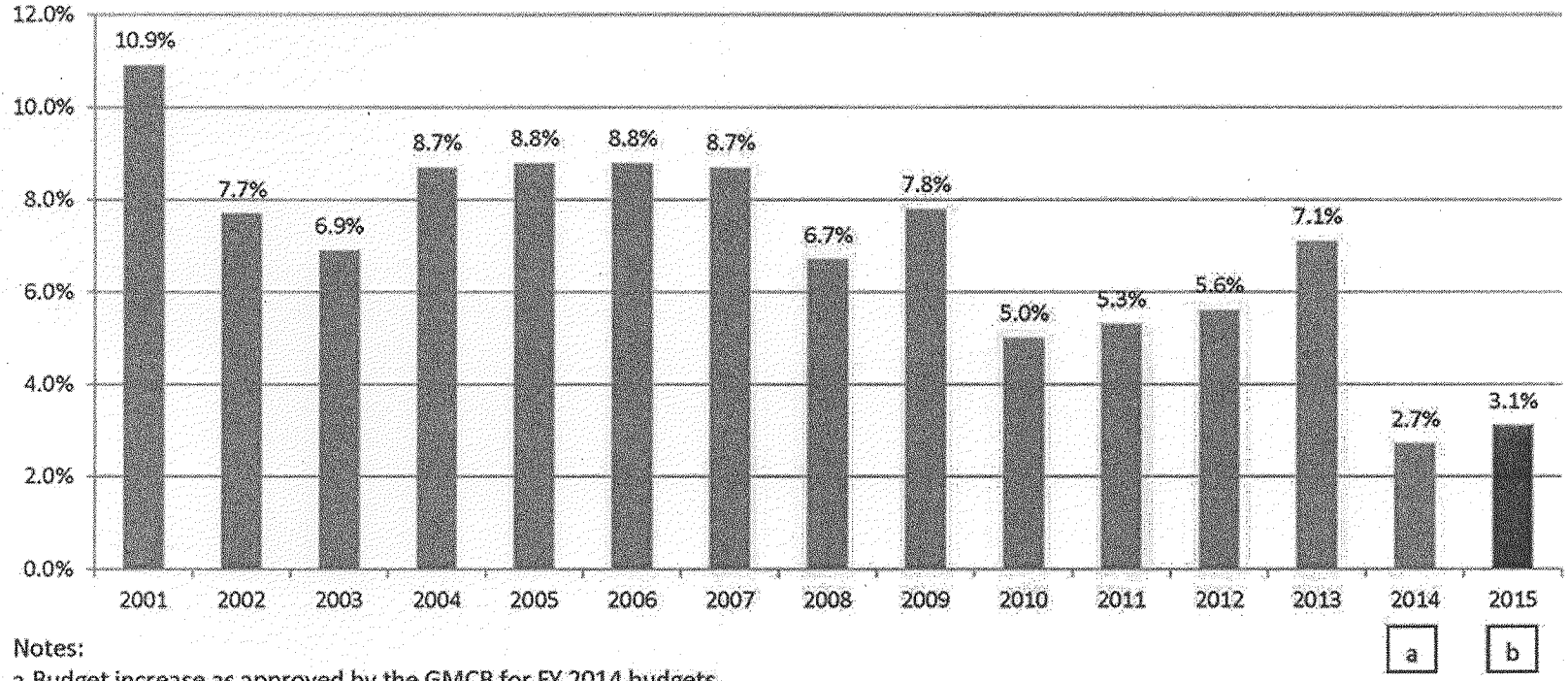
3/18/2015

VERMONT
GREEN MOUNTAIN CARE BOARD

The Problem: Health care costs growing faster than GDP

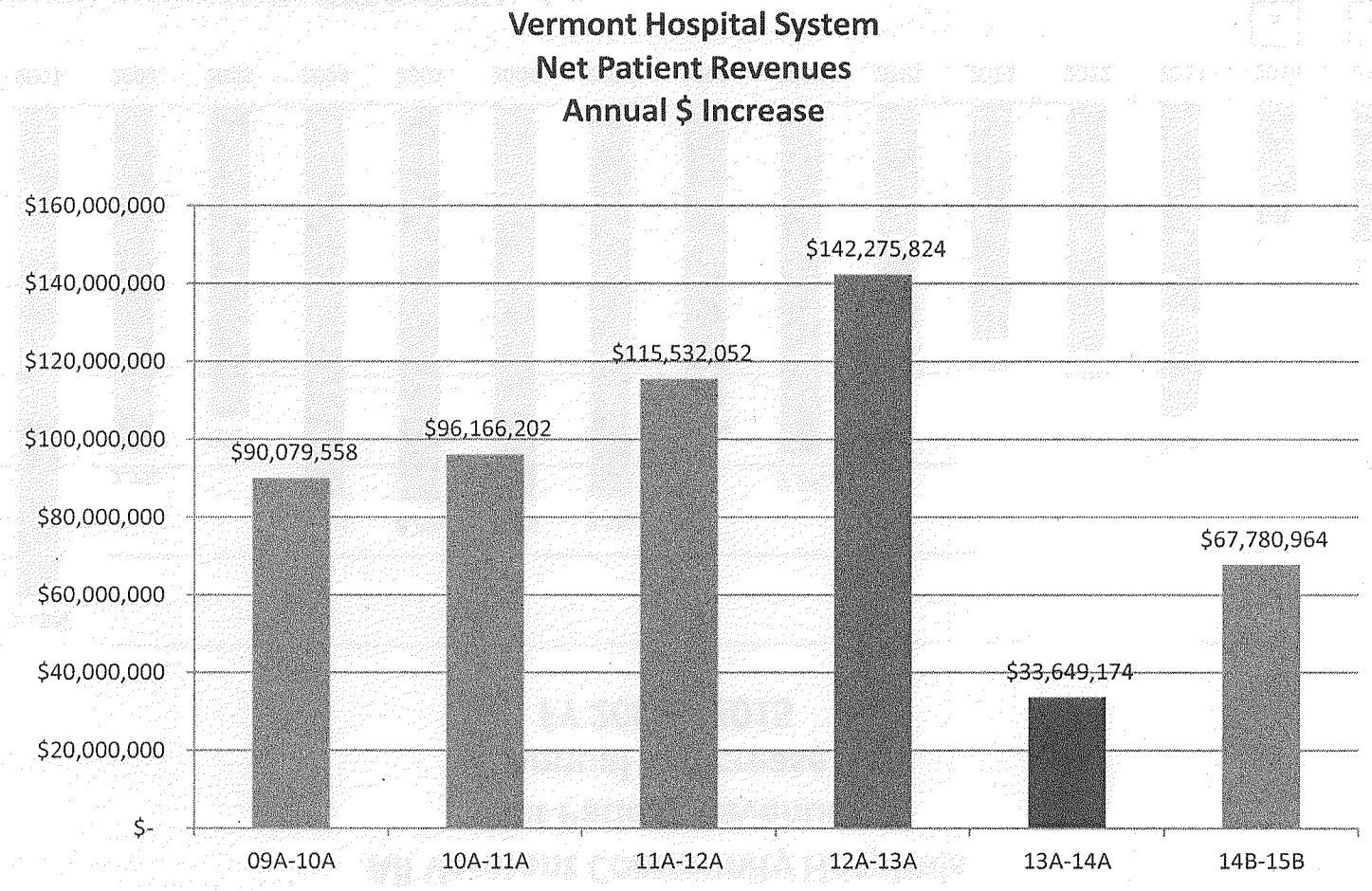


All Vermont Community Hospitals
Net Patient Revenue
Annual % Increase
FY 2001 - 2015



Notes:
a Budget increase as approved by the GMCB for FY 2014 budgets
b Budget increase as approved by the GMCB for FY 2015 budgets
Adjusted to reflect bad debt reporting change in 2012

Operating Results and Trends – in dollars



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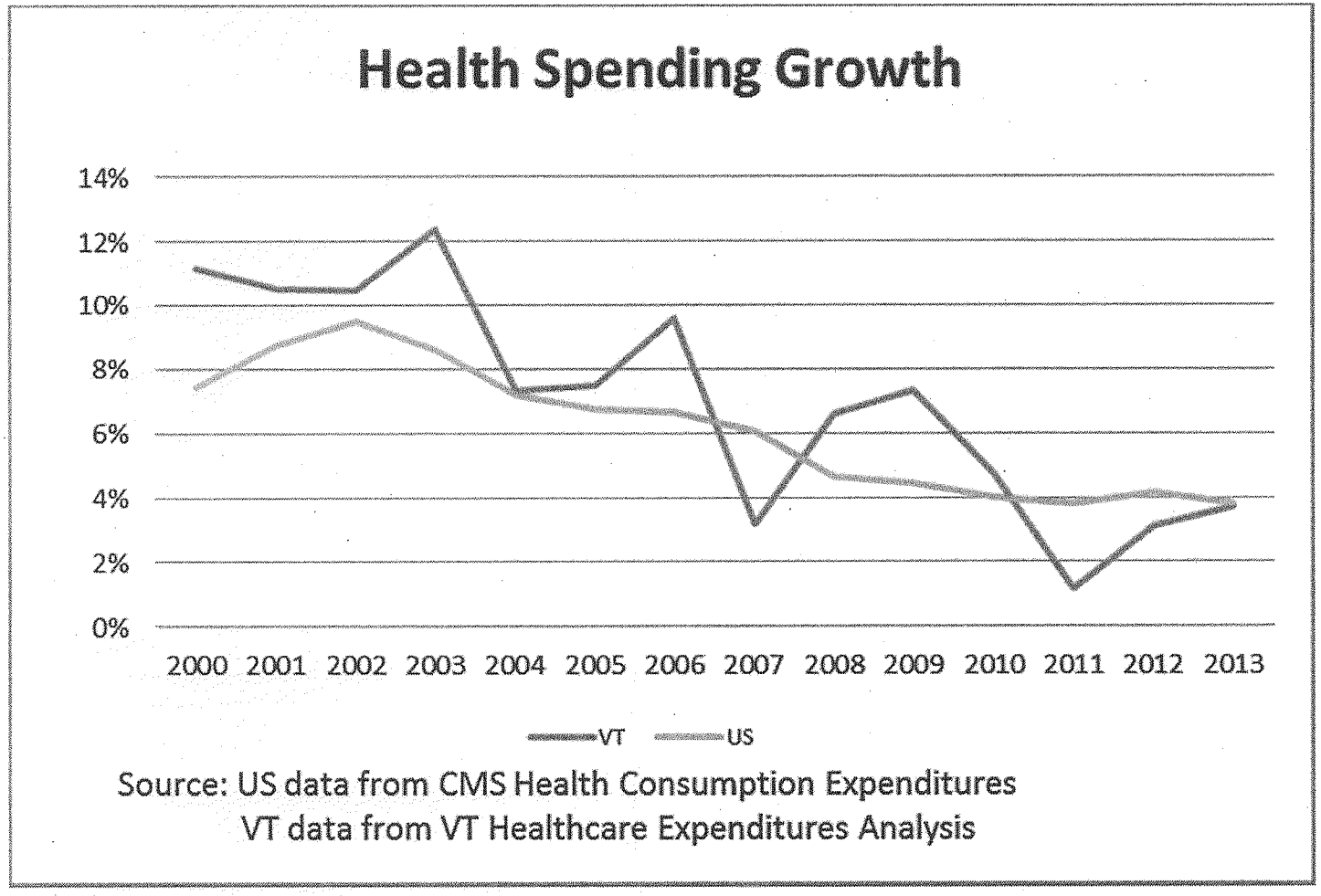
Comparison to NHE – actual spending



Source: US data from CMS Health Consumption Expenditures
VT data from VT Healthcare Expenditures Analysis

Upcoming Topics

- Vermont Health Connect 2016 Qualified Health Plan Benefits Decision
- Vermont Health Information Technology Plan
- Certificate of Need Applications: 17 pending, 4 listed on Board schedule

Price Transparency

- We are committed to working on and addressing this issue
- What we found:
  - Lack of side by side price and quality information
  - Price information alone can lead to selection of higher priced services
  - State-based website limitations
  - Accuracy of Price Estimates
  - Cost

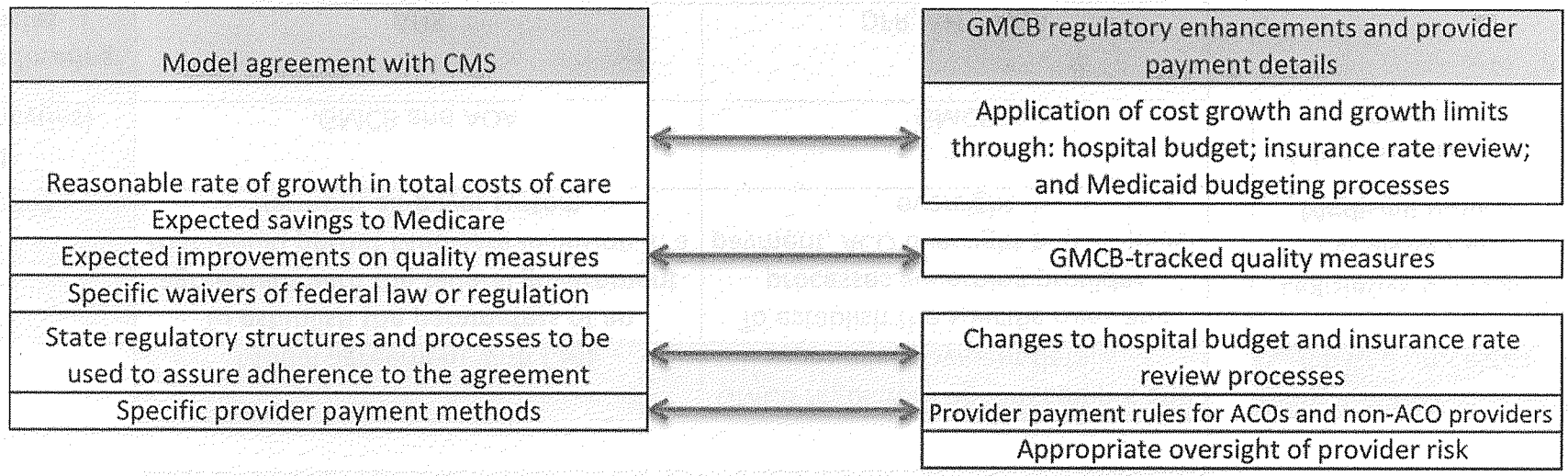
What is an all-payer model?

- A system of health care provider payment under which all payers – Medicare, Medicaid and commercial insurers such as Blue Cross and Blue Shield – pay doctors, hospitals and other health care providers on a consistent basis, within rules prescribed by a state or national government
- Can be used to promote desirable outcomes and reduce or eliminate cost-shifting between payers
- In the U.S., the only example of an all-payer model is in Maryland (currently only for hospital payments)
- A number of other countries use all-payer systems to assure that provider payments are fair, transparent and consistent with desired policies such as promoting primary care, prevention, quality of care and cost containment

One project, two major components

Vermont All-Payer Model Project Structure and Responsibilities			
	Model agreement with CMS	GMCB regulatory enhancements and provider payment details	Related processes
Purpose	To establish the parameters of an agreement with the federal government that would permit Medicare inclusion in a Vermont all-payer system	To establish the specific rules and processes governing provider payment, ACO oversight and all-payer oversight	Legislative oversight: Regulatory and Medicaid budgets
Lead agency(ies)	GMCB and AOA	GMCB	Administrative rules process
Coordinating agencies	AHS	DFR, AHS, AOA	

Examples of technical issues to be addressed in each process, and inter-relationship between them



Next Generation ACO

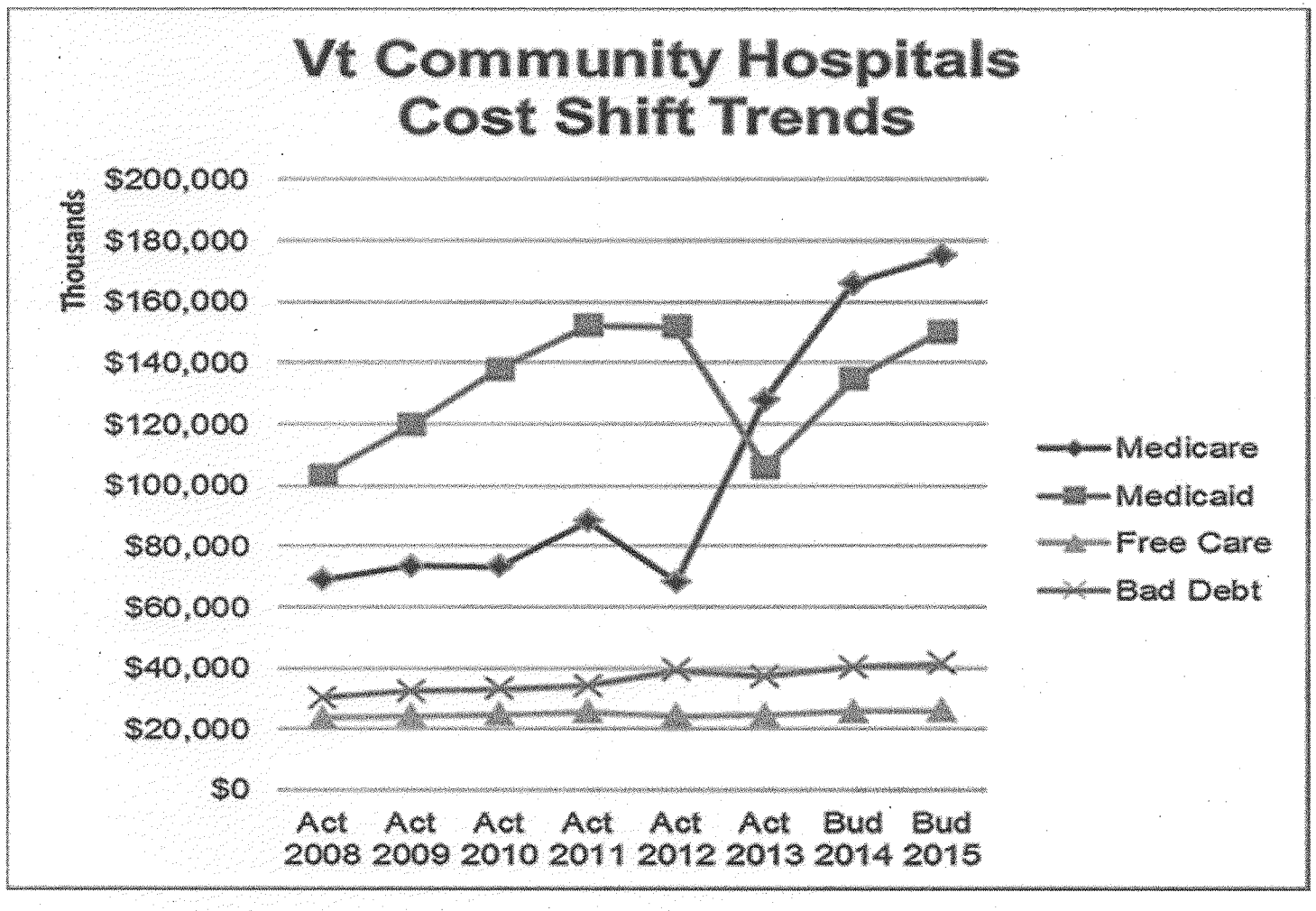
Offers four payment mechanisms: FFS, FFS+PMPM for Infrastructure, FFS+Withhold to ACO, Capitation

- Dramatic change by CMS. Affords ACOs many new options.
- CMS is encouraging "graduation" to capitation.
- Capitation only for ACO and affiliated providers – CMS pays claims for everyone else.

The "price" differential

- When it enacted Act 48, the Legislature expressed its intent "to eliminate the shift of costs between the payers of health services to ensure that the amount paid to health care professionals is sufficient to enlist enough providers to ensure that health services are available to all Vermonters and are distributed equitably." 18 V.S.A. § 9376(a).
- This language comes from the statute that gives the GMCB the authority to "set reasonable rates" for the reimbursement of health care providers. 18 V.S.A. § 9376(b)(1).

How has the cost shift changed over time?



What is the magnitude of the cost shift in dollars?

Fiscal Year	Medicare	Medicaid	Free Care	Bad Debt		*Commercial Insurance & Other
Actual 2008	$ 69,003,712	$ 103,569,366	$ 23,623,972	$ 30,252,980	→	$ 226,450,033
Actual 2009	$ 73,627,496	$ 119,979,398	$ 24,292,187	$ 32,391,214	→	$ 250,290,295
Actual 2010	$ 73,515,988	$ 138,016,619	$ 24,806,398	$ 33,076,863	→	$ 269,415,868
Actual 2011	$ 88,399,861	$ 152,256,740	$ 25,784,124	$ 34,331,093	→	$ 300,771,818
Actual 2012	$ 68,334,861	$ 151,931,648	$ 24,347,367	$ 39,264,676	→	$ 283,878,552
Actual 2013	$ 128,033,776	$ 105,998,937	$ 24,685,204	$ 37,386,222	→	$ 296,104,139
Budget 2014	$ 166,065,165	$ 134,778,449	$ 25,982,503	$ 40,263,981	→	$ 367,090,098
Budget 2015	$ 175,171,362	$ 150,394,735	$ 26,137,170	$ 41,464,624	→	$ 393,167,892

Payer values include all hospital and employed physician services.

Medicaid values include non-Vermont Medicaid of approximately 5%.

* The amount shifted to commercial insurance and self-pays.

A $90 Million reduction in commercial healthcare costs is a 5% reduction in the $1.7 Billion commercial spend