

Stepping Toward Single Payer in Vermont



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June 20, 2011

VERMONT HEALTH REFORM



Highlights of Vermont's health reform history

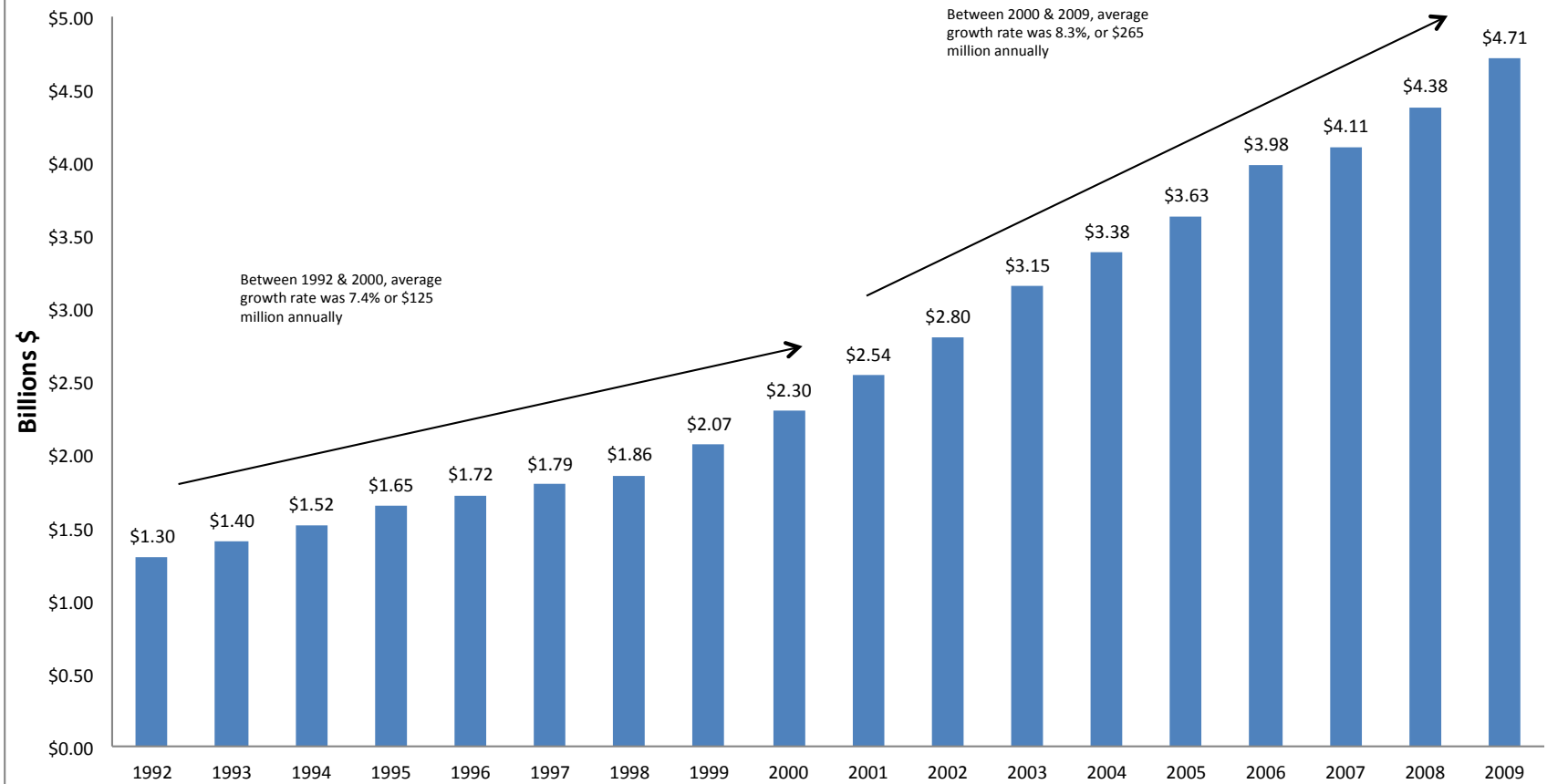
- Expansion of coverage through Medicaid options and waivers
 - Dr. Dynasaur
 - VT Health Access Program
 - Catamount Health
- Small group insurance reform
- Non-group insurance reform
- Long-term care rebalancing
- Blueprint for Health (advanced primary care medical home)



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



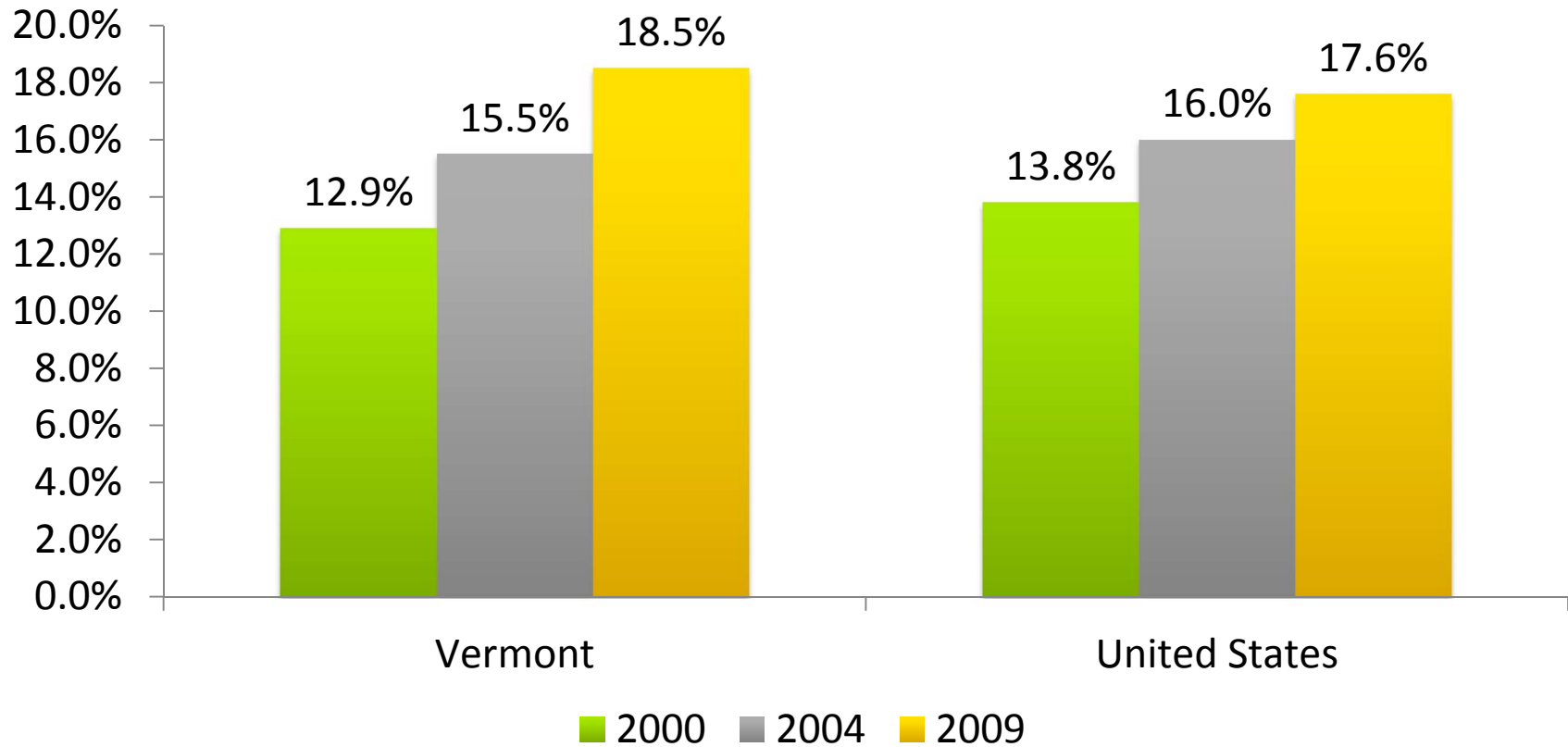
Source: Vermont Dept. of Banking, Insurance, Securities and Health Care Administration (BISHCA)

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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

