From: Gray, Laura [Laura.Gray@vermont.gov]
Sent: Friday, January 30, 2015 4:53 PM
To: Allen, Susan; Clasen, Michael; Coriell, Scott; Davis, Austin; Green, Geoff; Johnson, Harriet; Johnson, Justin; Kunin, Lisa; London, Sarah; Miller, Elizabeth; Miller, Lawrence; Mishaan, Jessica; Nease, Floyd; Richards, Alyson; Spaulding, Susan; Trombley, Shana; GPS; Byrne, Emily
Subject: Conf. Exec Priv: Daily Legislative Report for Friday, January 30
Attachments: auditorvhcures.pdf

*attached is overview of Doug Hoffer's presentation on VHCures in HHC.

Senate Reconvenes Tuesday, February 3 at 11:30 a.m.
House Reconvenes Tuesday, February 3 at 10:00 a.m.

House:

House Bills Introduced:

- H.101 by Rep. Donahue proposes to prohibit management of mental health insurance benefits separately from other health care benefits. It also prohibits prior authorization requirements for mental health care that differ from medical or surgical prior authorization requirements.

Third Reading; Bills Passed:

- H.7, relating to miscellaneous amendments to laws regarding law enforcement officer certification.
- H.82 2015 budget adjustments. Passed roll call 135-5, no new amendments.

Passed House Committee:

- H.51, group-wide supervision of internationally active insurance groups, passed House Commerce and Economic Development. Notice Tuesday, second reading Wednesday.

Senate:

Passed Second Reading; Third Reading Ordered:

- S.6., relating to technical corrections to civil and criminal procedure statutes

COMMITTEE INTEL:

Quick Updates:

- **Rent to own:** Mullin putting in bill for Rent-to-own disclosures and protections for consumers (see attached). Starting to take testimony on Wednesday afternoon. David Mickenberg has been the point person coordinating this, ACCD will testify in favor.
- **AG/ANR Lab:** Jolinda, Obuchowski, Trey and VTC President Dan Smith in Senate Institutions addressed the Capital Construction Bill proposal for a $25 million Vermont Ag and Environmental Lab. Review of siting, conceptual design, and partnership

amongst state agencies and VTC to build a state of the art, energy efficient, lab of the future…critical to the Administration and State of Vermont's goals for Water Quality, Food Safety and flow of Commerce. Few questions from the committee; overall very positive receipt of presentation.

- **Agency of Education** gave testimony pertaining to fees for college prep programs. House Education unanimously supported and sent back to Ways and Means.
- **Rebecca and Aly in Senate Education:** Senate Ed wants to start with governor's proposal, and has asked for specific bill language. Questions about giving Board of Education more power to redistrict orphan schools, but Rebecca's explanation probably convinced them. Senate worried about policies being too reactive to all the hullabaloo on property taxes.
- **H.40 – EIP/RESET:** going well but Tier III taking some criticism especially from WEC and small utilities who are advocating for a tier III that is voluntary or less aggressive. Fuel Dealers are supportive. Solar siting and setbacks are definitely coming up again this year.
- **Don Rendell in House Natural**: In taking this position I was most excited about the opportunity to provide affordable fuel to Vermonters. Natural gas can save money, it has a stable price because it is regulated. Natural gas is desirable from an environmental perspective because it releases less carbon pollution than its oil counterparts. Natural gas is a great opportunity in what I like to call "the here and now." Committee questions were mostly about NG as power source not a ton of pipeline questions.

Child Protection:

- House Judiciary discussed H.86 which is a proposal to essentially expand the ways we notify parents to include electronic notification. As the discussion proceeded it appeared that the committee not only had reservations about electronic notification, but also wanted to restrict our existing ability to send notice by first class mail. This is 180 degrees opposite our intent so we should not support this direction. We recommend we shelving this for now to give us time to research the issues further.
- ADAP testified in Senate Health and Welfare that taking away children based on exposer to drugs goes too far and could stifle treatment efforts. Committee seems receptive to make changes to include "risk of harm" language.

DEC Update:

- $1/acre versus fertilizer fee increase still being talked about, questions about feasibility.
- Also talk of broadening impervious surface tax to outside of Lake Champlain basin and to include residential. Broaden and lower rate.
- DEC permit reform process moving forward, businesses are more on board than we originally thought.
- Water quality bill moving along. Testimony from the city of Burlington brought up issues with state funding for wastewater upgrades. Also concerned about equity of impervious tax as most businesses in the city already pay a municipal fee as well. Mayor Louras offered his support for the package as a whole, some concerns about giving exemptions to storm water utilities. Louras brought Jeff Wenberg with him, who had some in the weeds jabs. Louras suggested a gas tax for road storm water improvements.

Overview of Auditor's 2014 Report on VHCURES and Health Care Price Transparency

What is VHCURES?

The Vermont Health Care Uniform Reporting and Evaluation System (VHCURES) is an all-payer claims database that includes information about claims paid by commercial insurers, Medicaid, and Medicare. It is a digital catalogue of all fees for medical services and products that insurers have paid since 2007 for Vermont residents. The Legislature first envisioned and called for this database in the early 1990s, the State contracted for the management and collection of claims data in 2009, and oversight responsibility for the database shifted to the Green Mountain Care Board in 2013.

Central Finding of the SAO Report

As of June 2014, the State had used the database to fulfill five of the six statutory duties outlined in 18 V.S.A. §9410. The unfulfilled responsibility was to provide information to consumers.
In addition to this statutory duty, 18 V.S.A. §9410(2)(A) calls for "a consumer health care price and quality information system designed to make available to consumers transparent health care price information, quality information, and such other information as the Board determines is necessary to empower individuals, including uninsured individuals, to make economically sound and medically appropriate decisions." This statutory duty remains unfulfilled.

Vermonters Shoulder Greater Health Care Costs

Vermonters have become increasingly responsible for paying a larger share of health care costs, as enrollment in high-deductible health plans rose from 21 percent of the state's commercial market in 2009 to 34 percent in 2012.[1] While patients are given a greater incentive to make decisions based on the cost of care, they are not given the information necessary to effectively weigh their options.

Negotiated Rates Paired with Liability Levels = Useful Information

Provider charge information is not helpful for most Vermonters. These so-called charges, which are the only price information the State currently provides Vermonters, bare little to no resemblance to the rates that the vast majority of Vermonters pay for health care. The rates that providers and insurers negotiate paired with a patient's liability levels (deductibles, coinsurance levels, out-of-pocket-maximums, etc.) determine the price of an insured patient's health care service. VHCURES shows the negotiated rates and the portion of those rates that patients were liable for paying at a given point in time. Charge information also can be confusing to uninsured patients, who often have opportunities to pay a reduced rate for health care services.

Three Key Points

1. Price Information is more helpful when paired with quality information.
2. Patients appear to care more about health care prices when they share more of the cost.
3. Consumer information is most useful for care that is not urgent and is predictable.

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[1] Vermont Department of Financial Regulation Insurance Division, *The Commercial Health Insurance Market in Vermont*, 2013, 8-11. See the report.

Two Established Government Models for a Consumer Information System

1.) **Require, monitor, and enforce health insurer- and provider-based price information systems.**
A recent example is Massachusetts' new law, which requires health insurers and hospitals to make health care prices transparent and accessible to patients. Click the hyperlinks to read the Kaiser Health News story and the Massachusetts Medical Society post.

2.) **Create a State-run/administered system based on an All Payer Claims Database.**
New Hampshire's NHHealthcost.org is the most prominent example of this design. Maine has created a similar, less user-friendly version, called Maine HealthCost.

In addition to government systems, numerous private systems have cropped up in recent years from companies such as Castlelight Health, Change Healthcare, and Compass Healthcare Advisers.

Recent Studies

BlueCross BlueShield A Study of Cost Variations for Knee and Hip Replacement Surgeries *(January 2015)*
"The phenomenon of extreme price variation in healthcare can have obvious financial consequences for individuals and employers … In order to address healthcare costs and access, it is important that consumers, employers and industry leaders have information on these price variations …"

Journal of American Medical Association Association Between Availability of Health Service Prices and Payments for These Services *(October 2014)*
"Use of price transparency information was associated with lower total claims payments for common medical services. The magnitude of the difference was largest for advanced imaging services and smallest for clinical office visits." This study focused on 502,949 patients who were insured by 18 employers.

Health Affairs Price Transparency for MRIs Increased Use of Less Costly Providers and Triggered Provider Competition *(August 2014)*
"The price transparency program resulted in a significant price reduction of 18.7 percent per MRI test. This suggests that a price transparency initiative involving direct member outreach with integrated quality information can successfully reduce health care costs." This study focused on an insurer-initiated price transparency program.

West Health Policy Center Health Care Price Transparency: Policy Approaches and Estimated Impacts on Spending *(May 2014)*
This study focused on price transparency opportunities for consumers and other audiences. This study cites physicians as an important audience to provide price information to. Two GMCB-Vermont Medical Society Reports found that Vermont physicians want greater price and quality transparency. See page 38 of "Recommendations for Optimizing Rural Care in Vermont" and page 38 of "Physician Opinion on Optimizing Hospital based Care in the Vermont Region."

Robert Wood Johnson and California Health Foundations Moving Markets: Lessons from New Hampshire's Health Care Price Transparency Experiment *(April 2014)*
The study found that while the first version of NHHealthcost did not stimulate significant price shopping, there were signs that heightened public awareness of price variation from the program led to two key developments in New Hampshire: 1) a restructuring of hospital-insurer negotiations, and 2) a shift to new insurance designs that encouraged patients to choose lower cost services.