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THE GOVERNOR'S HEALTH CARE REFORM PLAN

I. Goals and Principles for Health Care Reform

- Ø Universal access to affordable health insurance for all Vermonters.
- Ø Improve quality and contain costs through health care system reform.
- Ø Promote healthy behavior & disease prevention across the lifespan.
- Ø Reduce the demand for health care expenditures through improved health outcomes.
- Ø Personal responsibility and consumer choice.
- Ø Competitive private health insurance and effective and efficient public programs.
- Ø Health care reform must be consistent with economic growth and prosperity.

II. Universal Access to Affordable Health Insurance for All Vermonters

The Governor's universal access initiatives are designed to address the diverse needs of all Vermonters:

- Ø 45% of the uninsured are potentially eligible for Medicaid, but are not enrolled in the Medicaid program. Strategies for this group should focus on Medicaid outreach and enrollment efforts.
- Ø 34% of the uninsured have low or moderate income, and may need financial assistance to purchase health insurance.
- Ø 21% of the uninsured have income greater than 300% of the Federal Poverty Level. These individuals should be encouraged to participate in the health care system, but they do not need financial assistance.

A. *Toll-free Health Insurance Assistance and Referral*

- o By calling a toll free number, uninsured individuals and businesses will be given simple directions for enrolling in public and private health insurance programs designed to ensure universal access to affordable health insurance for all Vermonters. Depending upon their circumstances and income, callers will have a choice of Medicaid, the Premium Assistance Plan, and the Basic Insurance Plan, and other insurance options.

B. *Medicaid Access Initiatives*

- o *Outreach and enrollment.* Any credible effort to ensure universal access to health insurance for all Vermonters must include aggressive outreach and enrollment initiatives.

- o *Medicaid provider reimbursement.*
 - This initiative will increase annual Medicaid reimbursement levels for doctors and other providers by \$5 million.
 - Reasonable reimbursements will assure continued access to providers, and reduce the Medicaid cost shift
 - Future reimbursement level increases will be contingent upon implementation of “pay for performance” and chronic care payment reform strategies, which reward hospitals, doctors and other health care providers for adherence to quality and cost-effectiveness standards.
 - Any increases in Medicaid reimbursement levels should be accompanied by reductions in commercial health insurance premiums.
- o If current Medicaid beneficiaries who have access to employer-sponsored insurance were to participate in the employers’ offer of coverage, the Medicaid program could save \$5.8 million in state funds. A Medicaid subsidy will be paid to ensure that beneficiaries are provided affordable, comprehensive health insurance.

C. *The Premium Assistance Program*

- o Uninsured individuals with household income between 150% - 300% of the Federal Poverty Level will receive the financial assistance necessary to purchase an affordable health insurance policy.
- o The Program will require adherence to chronic care management procedures and treatment protocols.
- o Basic Insurance Policies purchased through the Premium Assistance Program by uninsured individuals will be in a separately rated pool.
- o Estimated enrollment after start up: about 13,000.

D. *The Basic Insurance Policy*

- o Uninsured Vermonters and Vermont need a low-cost, basic insurance policy in order to be able to afford health care coverage.
- o Features of the Basic Insurance Policy:
 - The Basic Insurance Policy will be a Health Savings Account-type health insurance plan. The deductible amount (typically \$2,500 per person per year) will ensure that premiums will be affordable, and will ensure that the policy is eligible for federal tax savings.
 - Primary and preventive care expenses will not be subject to the deductible amount.

- Major medical health care expenses, such as hospital expenses, will be covered above the deductible amount.
- The Basic Insurance Policy will require adherence to chronic care management procedures and treatment protocols.

E. *Insurance Re-Importation Options*

- o BISHCA will explore options to permit out-of-state health insurance companies to sell policies to individuals and Vermont businesses. Out-of-state companies will be required to comply with BISHCA-approved consumer protection standards.

III. Improving Quality and Containing Costs through Health Care System Reform

1. *The Vermont Blueprint for Health: the Chronic Care Initiative*

- o The Blueprint constitutes a major, long-term restructuring of Vermont's health care system designed to promote health improvement and improve cost-effectiveness in the treatment and management of chronic conditions, which account for over 80% of Vermont's health care costs.
- o The Blueprint will accelerate the development and deployment of a state-wide chronic disease registry. Patient self-management program will be expanded from two to five communities. Best practice treatment protocols will be developed for additional chronic conditions.

2. *The VITL Health Information Technology project*

- o During the 2005 Session, the Legislature and the Governor approved the creation of the Health Information Technology project, under the leadership of the Vermont Information Technology Leaders (VITL) and BISHCA. The project is designed to provide Vermont with a modern health care information and communications system.
- o Two key elements of the project include the development of a patient-centered health information technology plan and the implementation of an electronic medical records system. Beginning in July 2006, a pilot project involving at least two hospitals will start.
- o VITL will be asked to explore the potential for a patient-centered "problem knowledge coupler"-type tool in an electronic patient medical records system.
- o Additional resources for VITL will remove existing barriers to comprehensive implementation of this project.

3. *Multi-Payer Data Collection*

- o BISHCA has been charged with developing a system for collecting health care data from public and private health insurance plans, and from hospitals, doctors and other health care providers.
 - o Additional funding for program development and start up will help to create a comprehensive, population-based information system, enabling all participants in Vermont's health care system to improve the quality and cost-effectiveness of the delivery system, and to restructure the provider payment system for Medicaid and other health insurers.
4. *Common Claims Administration*
- o Vermonters are concerned about the complexity of the health care system, and the time and resources needed for claims administration. Hospitals and doctors are burdened with time spent on claims administration that could be directed toward direct patient care.
 - o Additional funding for the Common Claims Administration project will help to simplify and standardize the claims administration process, and thereby reduce health care administrative costs.
5. *Consumer Price and Quality Information*
- o Patients need more and much better information about the price of health care, and the quality and outcomes of health care services in order to make wise health care choices.
 - o BISHCA will create a consumer price and quality information system, after consultation with individual and business payers, physicians, hospitals and other providers, health insurance plans, and other elements of the health care system.
 - o The system will start by assuring that consumers have good information about the cost of, and provider experience in the ten most common in-patient and out-patient procedures or services.
6. *Advanced directives*
- o During the 2005 Session the modernization of Vermont's advanced directives law was approved. The Department of Health will enlist partner agencies to serve as "deposit sites" where trained staff will be available to assist individuals with the technical aspects of advance directives forms. A central registry administrator would receive advance directives forms, and provide information to individuals concerning advanced directives. This will be accompanied by a public education campaign to encourage all Vermonters to talk with family members about medical decision-making, and to take steps to approve a formal advance directive.
7. *Defensive Medicine Initiatives and Tort Reform*
- o An adverse event reporting system will be established for hospitals, to improve quality of care and lower health care costs.

- o Steps should be taken to reform the system of adjudicating medical malpractice claims, including the following items from the Medical Malpractice Study Committee Report:
 - Establishing caps on on-economic damages such as “pain and suffering” .
 - Safe apology legislation to exclude statements of apology from medical malpractice litigation.
 - Revision of the collateral source rule.
 - Establish a pre-trial screening panel to minimize frivolous lawsuits.
 - Amend the statute of limitations as applied to minors, reducing uncertainty and long-term insurance costs.
- IV. Promoting Healthy Behaviors and Disease Prevention Across the Lifespan
1. *Fit and Healthy Kids*
 - o The Fit and Healthy Kids program addresses the root causes of the prevalence of overweight and obesity among Vermonters by working to increase physical activity and healthy nutrition among our children and youth. The program will be expanded for grants to four communities designed to support healthy eating and physical activity among community members. The program will also expand the Run Girl Run program from 20 to 30 middle school sites and the after school SPARK program (Sports Play and Active Recreation for Kids) from 9 to 14 sites. Funding of the Governor’s Daylight Savings Challenge, engaging elementary school children in fun physical and nutritional activities and for the nutritional expertise and program oversight in the Department of Health will also be continued.
 2. *Healthy Aging*
 - o Vermonters use more health care services as they grow older, and the greatest number of chronic conditions occurs among seniors. Vermonters with developmental disabilities are aging and have a greater incidence of obesity, a known risk factor in many chronic conditions. As our population ages, health care costs will increase dramatically unless lifestyle changes can be encouraged. The Department of Disabilities, Aging and Independent Living will provide funds to the Area Agencies on Aging to fund Healthy Aging initiatives through grants to Senior Centers and appropriate programs such as RSVP to stimulate physical activity programs for this demographic.
 3. *Healthy Choices Incentives*
 - o Vermonters with health insurance in the small group or non-group market should be eligible for premium discounts if they make healthy choices in addressing personal health issues such as smoking and obesity, and if they engage in approved self-

management programs for chronic conditions such as diabetes or heart disease. Standards should be established by BISHCA to ensure that healthy choices premium discount plans offer appropriate protections for Vermonters with disabilities.

- V. Outcomes of the Governor's Health Care Reform Plan
 - A. Universal access to health insurance for all Vermonters, with a comprehensive, seamless coverage system for low and moderate income uninsured Vermonters.
 - B. Health insurance premium rate increases will be reduced for all Vermonters, because:
 - § The plan will reduce the Medicaid Cost Shift.
 - § The plan will reduce the Uncompensated Care Cost Shift.
 - § The plan pursues the importation of lower cost health insurance options.
 - C. Improved quality and cost containment through long-term system improvements.
 - D. A healthier population through the promotion of healthy behavior and disease prevention.

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