

House Health Care Questions – Act 128 report

Clarifying questions

- 1) In table 1 on page xiv, “percent of total health spending from 2015 to 2024” is 25.3% (under option #3), but it is unclear of what specifically it is a percentage of? Please clarify.

The way we estimated savings was to first estimate the full amount that could be saved as a percentage and then to spread that amount over time. In Table A, the column labeled “Percent of Total Health Spending from 2015 to 2024 is that amount. For example, we estimate that Option 3, when fully implemented, will save 25.3% compared to what would have been spent.

In the same table, the dollar figures are the savings for selected individual years during that period. The amounts start out at less than 25.3% and increase for two reasons – the percentage increases over time as changes are fully implemented and the base spending increases.

- 2) Table 2 on page xvi (recommended savings under the different benefit packages) – the two dates on the chart are 2016 and 2019. What about 2014 and 2015, as well as 2017 and 2018?

We believe that you’re asking about the table that shows recommended USE of savings. The table below shows figures for 2017 and 2018. We don’t recommend using savings in 2014. I have requested 2015, but haven’t received it yet.

Recommended Use of Savings -Option 3

\$Millions	Year			
	2016	2017	2018	2019
Cover the Uninsured	\$227	\$242	\$235	\$250
Increase Benefits for Underinsured	\$33	\$35	\$34	\$36
Investments in Primary Care and Community Hospitals	\$64	\$68	\$66	\$70
Additional Dental and Vision Benefits	\$128	\$136	\$132	\$140
Savings from Uniform Payment Rate	(\$57)	(\$61)	(\$59)	(\$63)
Total	\$395	\$420	\$408	\$433

- 3) Table C on page xvii (estimated impacts of the three reform options), under total employer spending, what is the actual total estimated spending? The chart only shows the reductions in spending.

	2016	2019
Total employer spending:	\$2,604 million	\$ 2,790 million

- 4) On page xix, last paragraph, The third sentence reads “our research and analysis shows that a single payer system can reduce health care costs in Vermont by 8-12% in the first one to two years and reduce health care costs an additional 12-14% over time.” Are those “per year savings” or over a period of time savings?

The figures are for the indicated periods of time. We estimate that the first two years will produce large initial savings, in both administration and volume of care. Administrative savings are primarily “one-time,” while organizational changes and payment reform will produce smaller, but ongoing reductions in the rate of spending growth. It is this ongoing impact that produces the additional savings over time (through 2024 in our estimates). The projected savings from 2017 through 2024 are between 1% and 1.5% per year.

- 5) On page 65, second paragraph says the “the current total health expenditure for the non-elderly privately insured and uninsured was estimated using the 2008 Vermont Health Expenditure analysis report at about \$1.7 billion in 2009.” That is actually not a number that is in the expenditure analysis report. Can you clarify this number and/or what’s in it and/or how it was calculated?

To calculate this figure, we started with the amount of private insurance spending from the 2008 Expenditure Analysis (about \$1.9 billion) and inflated it to 2009. We removed spending that would not be included in our proposal (dental services, home health care, nursing home care, Workers Compensation, and Medicare Supplement insurance).

Comparison questions

- 6) Can you provide a comparison/chart showing both state and federal spending (actual dollars) in Vermont:
- Today
 - If we did nothing, what would look like in 2014 – 2016 (or so)
 - What it is estimated to look (same period) under option #3.

Today - According to the most recent “Expenditure Analysis,” Medicare spending in Vermont in 2009 was \$908 million, “other federal” (primarily the VA hospital) was \$112 million, Medicaid was \$1.16 billion, and “other state and local” was \$78 million. If we assume that the state share of Medicaid was 40% (long term average, 2009 actual state share was lower), total federal spending on behalf of Vermont residents was \$1.71 billion and total state spending was \$540 million.

If we did nothing - This would be difficult to do, for a variety of reasons. We based our spending projections on aggregate figures, rather than payer-specific ones, since the aggregate level is less influenced by policy decisions by any one payer (e.g. what will be done about Medicare payment rates for physicians?).

The biggest issue in projecting c) is how to separate the policy consequences (both state and local) from changes in reimbursement. We recommend that under the single pipe, payments for the same service will not vary by source. For Medicaid, this will increase both federal and state spending. For Medicare, since we don't control its payment rates, state funds would be used to make up any difference.