



# Vermont Health Policy Perspectives

JANUARY 2006

Vermont Association of Hospitals and Health Systems • 148 Main Street • Montpelier, Vermont 05602 • 802-223-3461

## President's Message: Health Care Reform Concepts

Health care reform is staggeringly complex. It's like the fabled Gordian Knot that defied all attempts to untie it—until Alexander the Great simply sliced it in two with his sword. Unfortunately, not even Alexander could slice through our own health care crisis, which has been decades in the making and will be years in the fixing. But to have a fix you must first have a plan, and the Vermont Association of Hospitals and Health Systems, MVP, and the Business Review Group have collaboratively developed one. Simply called *The Health Care Reform Concept Paper*, this pragmatic proposal identifies concrete and credible steps to decrease the unsustainable growth in the cost of health care, while improving the health of all Vermonters. It also proposes measured relief from premium inflation.

Spiraling costs have brought these groups together to help put Vermont's health care system on the right track. We have strived to focus on solutions that will provide uninsured Vermonters with access to affordable coverage, slow the rate of growth, initiate Medicaid reform and begin sorely needed system-wide improvements.

While there is ample room for improvement, many experts cite Vermont as one of the best rural health care systems in the country. Study after study places Vermont at or near the top of the country on many health care measures. This plan builds on the strengths of our existing system, recognizing that the growth and change in the needs of our patients calls for significant system re-engineering.

The primary components of the plan are as follows:

1. All Vermonters will be required to show **proof of insurance coverage**. Since health care services are available to all, every Vermonter should participate in supporting these services if they have the financial means to do so. **Vermonters who already have government, personal or employer-sponsored coverage would face no new requirements or interruptions in their coverage.**
2. An affordable **basic benefit package** would be offered to currently uninsured Vermonters to purchase

in the individual insurance market. Publicly-funded premium subsidies would be provided to low-income individuals and families on a sliding scale.

3. **Publicly funded re-insurance** for the individual and small group market would help lower premium costs for these markets by sharing the risk of high claims over a broader funding base.
4. **Complexity and waste in the health care system would be reduced** through several strategies. The most comprehensive approach is to develop a state-wide strategy for the use of health information technology in all settings. This multi-year effort is already underway, led by the Vermont Information Technology Leaders non-profit organization. A state-wide review to eliminate out-dated and redundant regulations will also help reduce administrative waste. Another effort being explored by hospitals and health plans will create more "patient friendly" hospital bills and health plan explanations of benefits. It will also seek to standardize claims processing rules on high volume services across all health plans.
5. Several **longer-term strategies would be employed to lower per capita health care costs** while enhancing the delivery of high-quality care in a financially viable system. These longer-term strategies include: cost-containment strategies for providers, consumer incentives, patient safety and quality improvement efforts, payment reform, incentives to purchase long-term care insurance and

*(Continued as Refrom Concepts on inside right)*

### ALSO IN THIS ISSUE:

- VITL Receives Funding
- Sharing Summit January 20, 2006
- NNE MMRS First in Nation
- Legislative Preview



## VITL RECEIVES \$200,000 FOR FIRST STEPS TOWARD DEVELOPING A PAPERLESS HEALTH INFORMATION EXCHANGE FOR VERMONT

Vermont Information Technology Leaders (VITL) was officially incorporated as a 501(c)(3) non-profit organization on July 22, 2005, and has been actively pursuing its goal of developing a Vermont health information exchange since fall of 2004. It's VITL's vision that the Vermont Health Information Exchange will share real-time clinical information among all health care providers across the state to improve patient outcomes while reducing service duplication and the rate of increase in health care spending.

VITL signed its first contract for \$200,000 with Vermont Department of Banking Insurance Securities and Health Care Administration (BISHCA) on November 14, 2005. This seed money will be used to prepare for the launch of VITL's first project (Medication History Reporting). In addition, the 2005 Budget Bill (Sec. 277. 18 V.S.A. § 9417) also provided \$500,000 in dollar-for-dollar matching funds to help pay for the implementation of the medication history pilot project and a statewide health information technology plan. VITL has begun a 60-day fundraising campaign to generate the matching funds necessary for project implementation. For more information on VITL or to contribute to the fundraising campaign, please visit <http://www.vitl.net/fundraising.htm>.

First, VITL will design and implement a scalable pilot project to give doctors instant access to a patient's medication history (a critical resource for averting medication errors, particularly in emergency rooms). Authorization to access the information will be controlled by the patient. The VITL project will be particularly helpful for those patients on complex medication regimens and others who are too ill or distressed to think clearly during a crisis. This concept is not new and VITL has already received proposals from a wide variety of vendors with experience implementing exactly this kind of project in other states and countries.

Second, VITL will develop a technology plan for the implementation of a statewide health IT system. It will take coordination throughout the health care system to ensure that patient privacy will be protected. VITL will also propose a sustainable funding model and a scalable strategy that can be implemented over several years. Such a strategy is long overdue and will take significant time and resources to develop on such a tight timeline.

VITL is a multi-stakeholder corporation of providers, payors, employers, patients, state agencies, information technology vendors and other business leaders. The efforts of VITL

will be coordinated with other state and federal initiatives, including the Vermont Blueprint for Health and the National Health Information Network (NHIN) of the federal Office of the National Coordinator for Health Information Technology (ONCHIT). The Health Information Technology movement officially began in April of 2004 when President Bush signed an executive order that called for widespread adoption of electronic health records (EHRs) within 10 years. With such a system, health information will follow patients throughout their care in a seamless and secure manner.

For further information on VITL and its activities, please contact Greg Farnum, VITL President, at [gfarnum@vitl.net](mailto:gfarnum@vitl.net) or 802-223-4100 x109, or visit the VITL web site at <http://www.vitl.net>.

### **Clinical and Operational Improvements Showcased at Next Sharing Summit**

The next VAHHS Sharing Summit will be Friday, January 20, 2005 at the Capitol Plaza in Montpelier, Vermont from 9 a.m. to 4 p.m.

The morning session is designed for hospital trustees, hospital leaders, legislators and other policy makers, but anyone interested in system wide performance improvement should attend this session.

Anna Noonan, Vice President for Quality will describe Fletcher Allen Health Care's efforts to improve operational efficiency by using 8 week rapid cycle improvement teams to achieve the organization's goals. Dr. Novotny's presentation will describe how Southwestern Vermont Health Care has experienced success in reducing their mortality ratio through a series of quality/safety interventions and focusing leadership and strategic planning on mortality.

The small group roundtable session in the afternoon is an opportunity for IMPACT or 100K Lives teams to meet and share ideas. Staff from the Northeast Health Care Quality Foundation will also present and answer questions about the Surgical Care Improvement Project and Appropriateness of Care measures. There will also be an allied group meeting for the Vermont Organization of Nurse Leaders (VONL).

You may register and pay online at: <http://www.vahhs.org/events>. For more information or to request a registration brochure, call Megan at (802) 223-3461 x107 or email [Megan@vahhs.org](mailto:Megan@vahhs.org).





## NNE MMRS Seeks Medical Strike Team Volunteers

Started in 1996, the Metropolitan Medical Response System (MMRS) is a national program that provides guidance and funds directly to local organizations that want to enhance their inter-agency capacity to prepare for and respond to health emergencies in their region. Formed in 2003, the Northern New England MMRS (NNE MMRS) is the first in the country to build a multi-state emergency response system. Covering Vermont, New Hampshire, and Maine, it is also the first to focus on a predominantly rural region.

The NNE MMRS has four essential elements, they are:

- 1) To coordinate readiness needs assessments, planning, education, training, and exercises in Maine, New Hampshire, and Vermont.
- (2) To support coordination of State-to-State activities in cross-border response in regional emergency operations.
- (3) To purchase and distribute a pharmaceutical cache. The primary mission of the cache is force protection, but other uses are possible at the discretion of the Regional Commander.
- (4) To create, train, and equip Medical Strike Teams.

The NNE MMRS also serves as a venue for coordination of surge capacity planning in the other New England States and the eastern Provinces of Canada through its relationship with the International Emergency Management Group.

The primary function of the Medical Strike Team will be force protection providing prophylaxis and care to responders and members of their households. After performing its critical functions, the team will support the Incident Commander as appropriate. Depending on the ultimate composition of the team, support areas might also include appropriate medical and mental health care for responders, service as back-up personnel, management of supply and medication stockpiles, and coordination with state and federal health assets. The Medical Strike Team is trained to work in coordination with other regional response assets, such as the National Guard's Civil Support Teams and the Emergency Management Assistance Compact.

NNE MMRS is actively recruiting team members for the Vermont medical strike team. If you are interested in serving on the Medical Strike Team, please call 603-653-1189 and request an application or visit [www.nnemrms.org](http://www.nnemrms.org) to download one.

## Reform Concepts (Continued from front page)

system-wide investments and waste-reduction strategies.

- 6. **Ending the Medicaid cost-shift** will also help lower premium costs for all Vermonters. Creating a financially viable health care system requires slowing the growth of the Medicaid program. The Legislature has approved a new Medicaid financing mechanism, called the Global Commitment. The Global Commitment will provide Vermont with more flexibility to draw down additional federal funds, but the state must manage the Medicaid program within defined financial parameters. The bigger challenge however, will be devising new strategies to more efficiently deliver needed care to current Medicaid enrollees – particularly those with complex and chronic illness.

This proposal strives to end the cost-shift by requiring the Medicaid program to both pay for the benefits they promise to beneficiaries and to contract with qualified health plans to help them manage the benefits provided through the Medicaid program. Medicaid would be required to pay the full premium cost of the acute care benefits the legislature chooses to provide for its enrollees to qualified health plans. **The increase in Medicaid payments would not result in any net payment increases for hospitals. Hospitals will lower their charges to commercial plans and plans will decrease their premiums to employers and employees.**

Every effort would be made to find needed revenues for these proposals by re-allocating existing state revenues. If additional revenues are still needed for the premium subsidies, publicly-funded reinsurance and system-wide improvements, then new revenue sources should be considered. Within the context of the new Global Commitment, Medicaid matching funds should also be considered to pay for system-wide improvements. Taken together, we believe that these investments and strategies will slow the rate of health care inflation over time.

*The Health Care Reform Concept Paper* represents a no-nonsense, practical approach to making our health care system more affordable, more reliable and more accessible to those who need it. Some aspects of this concept paper do not need legislative approval, but without bipartisan legislative action on a shared plan of action, precious time will be lost and resources wasted.

*Mami B. Gramer*





## LEGISLATIVE PREVIEW

January 3, 2006 marks the beginning of the second year of the biennium – an election year. In addition to health care, legislators face an agenda full of weighty issues, such as: transportation funding, energy policy, education and civil commitments. All of these issues cut to the heart of Vermont’s economic and social fabric, affecting us all: young, old, rich and poor.

On health care issues, expect another busy, busy year. The Governor has just released a rough framework for his health reform plan. Much of it builds on current initiatives, but includes the creation of a basic benefit plan with aspects similar to our proposal to make that basic benefit plan more affordable. The Governor plans to unveil the financing specifics on January 19<sup>th</sup> as part of his budget address, but has already vowed his health reform plan will not contain mandates or new taxes.

Not to be outdone, the Democratic legislature will soon return with a revised version of the bill they passed last year. This plan, dubbed “Green Mountain Health” would establish a

tax-funded health plan for most Vermonters. Additional changes to Green Mountain Health will be influenced by the Health Care Commission’s new consultant, Dr. Ken Thorpe, from Emory University in Georgia. Dr. Thorpe’s focus to date has been on how to accelerate improvements in chronic care and patient safety. In January, Dr. Thorpe will provide a preliminary analysis on the Commission’s financing studies. This analysis will hopefully provide additional insights where Democratic leaders will be headed this year on health care reform.

While the devil will be in the details, there appears to be a great deal of support for many important initiatives, such as creating a state-wide strategy for the use of health information technology and changing our delivery system to better meet the needs of patients with life-long, complex health conditions. The partisan fight will focus on funding – particularly Medicaid funding and any potential new taxes (unlikely in an election year). The pace of health care reform in this upcoming year however, will depend on the amount of appropriated funding, so stay tuned!

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