

The Vermont Option: Achieving Affordable Universal Health Care

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Major Problems Confronting Vermont

- **Equity**—Lack of universal health insurance coverage and equal access to quality health care for all Vermonters.
- **Affordability**—High health care cost inflation rate that makes health insurance and health care less affordable.
- Holistic **patient-centered care**—Fragmented health care delivery.
- **Efficiency**—Duplications and waste in health care; high administrative costs.

Principles and Goals of Act 128

- Universal coverage and access to essential or comprehensive health services, equitably financed.
- Patient-centered, coordinated, community-based delivery with a focus on primary care, prevention, and health promotion.
- Waste reduction, quality improvement and increase in health care efficiency.
- Cost containment and sustainable financing over time.
- Public engagement, accountability, and transparency.

Our Approach

- Diagnose the **CAUSES** of the problems.
- Design policy **OPTIONS** (remedies) once accurate diagnoses have been made.
- Consider the **CONSTRAINTS** when designing options:
 - Economic
 - Political
 - Federal
 - Institutional and operational.
- Ascertain **IMPACTS** of options and compare impacts of different options.

Vermont's Major Problems and Causes

Major Problems	Root Causes
Lack of universal coverage and access	Patchwork; unaffordable insurance and adverse selection
Quality and continuity of health care	Fragmented health care delivery system
Duplications, waste and inefficiency	Fragmented financing and delivery systems; fee-for-service (FFS) payment
High health cost inflation	Lack of rational system; FFS payment

Our Proposed Strategies

Objective	Strategy
Achieve universal coverage and access; equitable financing	UNIVERSAL SOCIAL HEALTH INSURANCE OR MANDATE SINGLE PAYER
Improve quality and efficiency; achieve integrated delivery system with community-based, patient-centered primary care	Reform payment system
Reduce administrative costs; reduce waste and fraud; increase transparency	Introduce uniform medical claims processing system and patient records
	STAKEHOLDER ANALYSIS
Ensure viability and implementability of the plan and thus the ultimate success of reforms	Assess political and institutional space for reform

Work Plan – What We Will Produce

- **Options:**
 - 1 – state-run universal coverage and single payer plan; supplementary private insurance.
 - 2 – “public option” competing with private plans.
 - 3 – a plan designed to be politically and practically viable for Vermont
- **Benefit packages required by Act 128 for each option:**
 - Comprehensive package x 2 different cost-sharing schemes
 - Essential package x 2 cost-sharing schemes
- **Implementation plan for each option:**
 - Enrollment process, payment system, global budgets/targets, reform delivery system, health planning, compliance with federal law

Work Plan –What We Will Deliver

- A **comprehensive design** of three options with sufficient details to allow legislators to enact and implement a system that best fits Vermonters’ goals, principles, and values
- A **detailed comparison** of the impacts of different options on cost, insurance coverage, taxes, etc. that will allow legislators to make rational policy choices
- A strategy for integrating and strengthening current Vermont efforts to improve quality and efficiency within a **cohesive system framework**

Competencies Required

- A **track record** in designing and implementing universal & single payer systems in real life.
- **Systems design** - financing, payment, organization of delivery systems, planning, etc.
- **Stakeholder analysis** to ascertain what’s politically and practically viable.
- **Technical:** actuarial science, economics, microsimulation models, and financial analysis.
- **Institutional:** knowledge of Vermont’s unique context, federal programs and statutes.

Major Priorities

We have completed the work when Act 128 provides the outline and budget for the project

- Design and analyze:
 - a single payer, government-run, publicly financed system
 - a “public option” plan
- Design a health system that is politically and institutionally viable, and therefore able to be implemented in Vermont’s context.
- Develop and integrate current Vermont initiatives in a coherent framework; provide implementation steps and broad recommendations.
- Provide comparative analysis of the strengths and weaknesses of different options, including their impact on total cost, tax implications and other distributional effects on individuals and businesses, as well as the impact on providers.

Lower priorities

Project team will rely more on state staff

- Write proposals for Medicare and Medicaid Waivers.
- Negotiate ERISA exemption.
- Other matters of federal and state law.
- Detailed changes in governance structures, mechanisms, and regulations.
- Detailed implementation plan.
- Impact on state’s economy.