

BISHCA



LEGISLATIVE REPORT

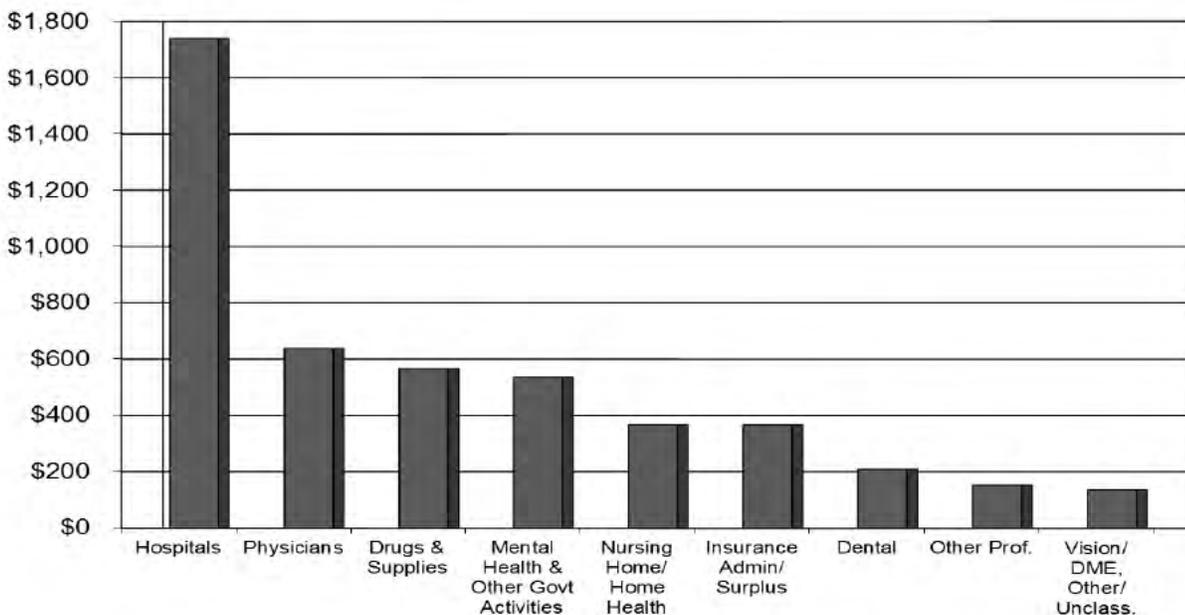
DIVISION OF HEALTH CARE ADMINISTRATION

2009

VERMONT HEALTH CARE EXPENDITURE ANALYSIS & THREE- YEAR FORECAST

March 2011

Millions



2009 Vermont Resident Health Care Expenditures

Acknowledgements

This report would not have been possible without the support of many individuals in government, private insurance, and the health care provider industry. The Division of Health Care Administration of the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) would like to thank BISHCA staff and all participants who provided data and feedback in a timely manner. If you have questions about this report, please contact BISHCA at 802-828-2900 and ask for Michael Davis or Lori Perry.

www.bishca.state.vt.us/health-care/hospitals-health-care-practitioners/health-care-expenditure-analysis-reports

Cover Figure

The figure on the cover of this report shows the major provider categories of health care spending for Vermont residents in 2009. Hospitals accounted for about 37 percent of the total \$4.7 billion in expenditures. Physicians and Drugs & Supplies respectively accounted for 14 percent and 12 percent.

Department of Banking, Insurance, Securities and Health Care Administration
89 Main Street
Montpelier, VT 05620-3101
Telephone (802) 828-2900
Fax (802) 828-2949
www.bishca.state.vt.us

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Introduction

Purpose of the Report

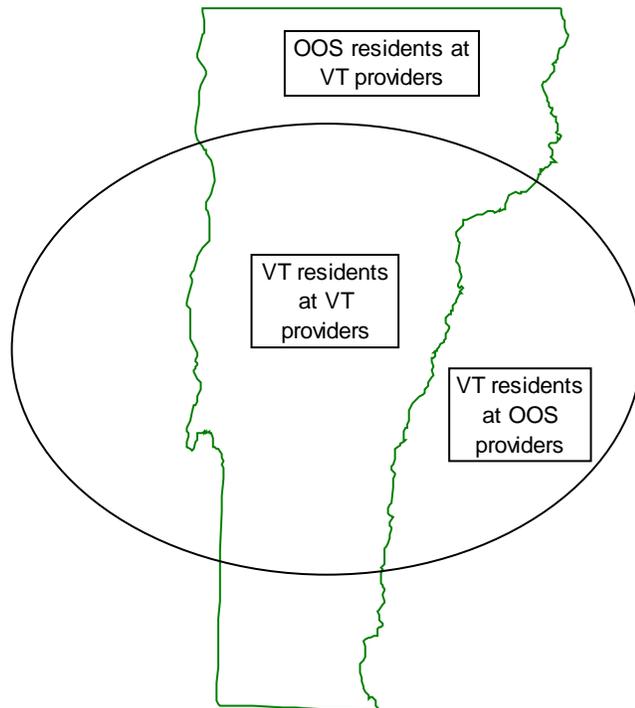
The *2009 Vermont Health Care Expenditure Analysis & Three-Year Forecast* report provides information on health care spending in Vermont on behalf of Vermont residents. It is anticipated that this information will inform policymakers and stakeholders as the health care policy debate continues around various quality, cost, and access proposals.

The objectives of this report are to provide basic information about where financing for Vermont's health care comes from, what is being purchased, and to estimate future spending levels and trends. This analysis answers such questions as "How much is being spent on health care for Vermonters?", "How does Vermont health care spending compare to health care spending nationally?", and "How fast is spending increasing in the various provider service sectors, such as hospitals or nursing homes?"

In addition, the report presents more in-depth data and analysis in a number of *Spotlights* to highlight areas of further interest.

Two Different Analyses

This report summarizes data in two forms: the **Resident analysis**, which includes expenditures on behalf of Vermont residents, regardless of where the health care was rendered; and the **Provider analysis**, which includes all revenue received for services by Vermont providers, regardless of where the patient lives. Because some Vermonters obtain health care out-of-state (OOS) and some non-Vermonters come to Vermont for care, both of these analytical constructs are necessary to understand health care spending. In the figure to the right, the Vermont map represents Vermont **providers** and the oval represents Vermont **residents**.



You will find that the spending information will differ because the Resident and the Provider analysis are two different populations. This factor and different data sources and estimating methods for the Resident analysis and Provider analysis explain the disparities in total expenditures and growth rates.¹

Three-Year Forecast

Besides requiring the development of a health care expenditure analysis, the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) is required by law (18 V.S.A. § 9406) to prepare an annual three-year projection of health care expenditures and an

annual Unified Health Care Budget. The Provider analysis supports the development of the Unified Health Care Budget by projecting expenditures by Vermont providers. The Resident analysis serves as the foundation for forecasting expenditures for all health care payers.

A Three-Year Forecast was published and provided to the legislature in February 2011. A summary is included in this report.

Data Sources

The Vermont data described in this report and contained in the tables and figures are BISHCA estimates or data collected by BISHCA from health care payers and providers. U.S. data are from the U.S. Centers for Medicare and Medicaid Services' (CMS) National Health Expenditure Accounts (NHE) annual analysis of health care spending. Reporting categories are modeled after the national CMS NHE categories.

The Vermont data are received from a variety of sources including Vermont payers and providers. About 70 percent of the payer data and 60 percent of the provider data come directly from the individual Vermont payers and providers, providing very reliable and accurate data. Other data come from CMS, the BISHCA Household Health Insurance Survey, and other less direct sources. We have shaded the matrices at the end of the report to reflect the differences in the reliability of the data.

BISHCA collects health insurance claims data from health insurers through the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES). The purpose of VHCURES is to provide information that can be used to evaluate and improve the quality and cost-effectiveness of health care. While these data and reports are not yet fully integrated into this document, BISHCA anticipates that future integration of this information will provide more accurate and more detailed reporting of Vermont health care expenditures. *See the VHCURES page on BISHCA's website for details about the program and for a series of standard reports on utilization and expenditures for privately insured Vermont residents.*²

Changes in 2009

BISHCA is always seeking to refine and revise the Expenditure Analysis models and data sources to more accurately reflect Vermont's health care spending. In doing so, sometimes a methodology or source change can affect the trend analyses. For example, the self-insured payer has been recalculated for 2007 & 2008 with a methodology using data from the Annual Statement Supplement Report (ASSR) for the Federal, TPA/ASO, Dental and CBA lines of business. As a result, 2007 decreased by \$185 million and 2008 decreased by \$218 million respectively. The change resulted in new information for Vermont premiums per enrollee.

Please see "Summary of Data Revisions" for a full discussion at the end of this report.

Executive Summary

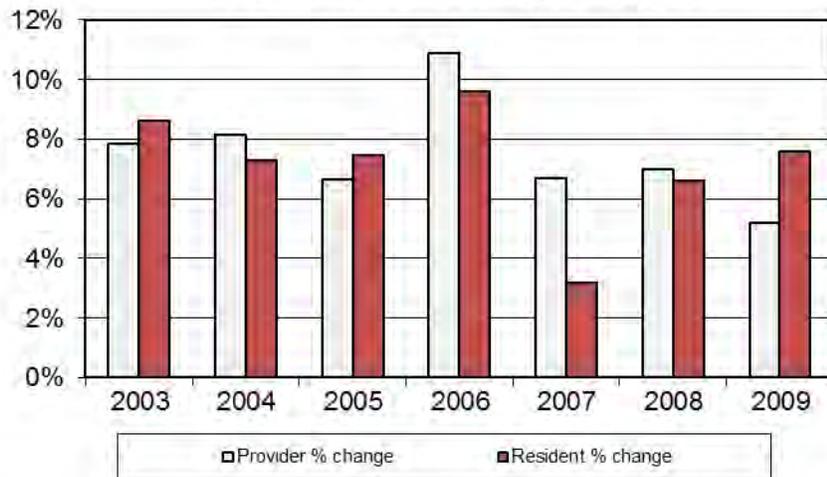
Health care reform initiatives are moving rapidly as Congress approved President Obama’s health care law and Vermont has adapted quickly to try to slow cost growth and to establish changes to the commercial insurance infrastructure and Vermont’s public health programs. Many of the changes are trying to address the pressing cost issues and the need to achieve savings with payment and delivery reform. This document will provide the fundamental spending of health care services, how costs are trending, how services have been funded, and what the most recent forecasts suggest will occur through 2013.

In 2009, Vermont resident health care spending grew 7.6 percent. This is higher than the last couple of years, though lower than the period 2003 through 2006. Nationally, health care expenditures grew even slower, increasing at 5.7 percent. It appears Vermont has not seen the effects of the recession on health spending as strongly as the U.S., but problems remain similar.

As noted by CMS, “Despite the overall slowdown in national health spending growth, increases continue to outpace growth in the resources available to pay for it.”³

In 2009, though Vermont resident health care spending grew faster than the U.S., Vermont resident per capita health care expenditures were lower than the U.S.; \$7,581 in Vermont compared to \$8,047 nationally.

Annual Vermont Health Care Expenditure Growth (2003-2009)



Key Data Findings: Health Care Expenditures. VT & U.S. (2009)		
	VT	U.S.
Total (billions)	\$4.7	\$2,472.2
Per Capita	\$7,581	\$8,047
Annual Change (2008-2009)	7.6%	5.7%
Avg Annual Change (2006-2009)	5.8%	5.4%
Share of Gross State/Domestic Product	18.5%	17.6%

Notable findings include:

1. Spending for Vermont residents totaled \$4.713 billion in 2009.
 - a. Spending on Vermont providers was \$4.662 billion. The two different perspectives will not be the same because they are compiled for different populations and from different data sources.
 - b. The spending for Vermont residents is funded 52 % by private payers and 48% by Government payers.
2. Based upon Vermont Resident spending, health care spending accounted for 18.5% of Vermont's projected Gross State Product in 2009.
 - a. Nationally, health care expenditures accounted for 17.6% of Gross Domestic Product in 2009.
3. The 2008-2009 increase was 7.6% in the Resident analysis. It was a 5.2% increase in the Provider analysis.
 - a. From 2004 to 2009, Vermont resident average annual growth in total health care spending was 6.9%, compared to 6.2% for the U.S.
4. From 2010 to 2013, health care expenditures are projected to grow at an average annual rate of 5.7% for the Resident analysis and 5.3% for the Provider analysis.
 - a. The slower growth is based upon the economy and Medicare reform changes.⁴
 - b. The forecast does expect lower growth for Vermont hospitals and global commitment expenditures than in recent years.
5. Despite faster average annual expenditure growth than the U.S. since 2004, per capita health care costs in 2009 were lower in Vermont (\$7,581) when compared to the U.S. (\$8,047).
6. Implementation of the Medicare Part D Prescription Drug Program in 2006 has dramatically shifted who pays for drugs. Medicaid dropped from \$140 million in 2005 to less than \$80 million in 2009. Meanwhile, Medicare went from no expenditures in 2005 to \$105 million in 2009.
7. Spending for health care services is heavily concentrated. Pareto analyses find that 63.7% of the Vermont Medicare residents will consume 10% of the spending for any given annual period.
8. In 2008, the most expensive 5% of Vermont Medicare beneficiaries consumed 45% of total Vermont Medicare health care expenditures. The least expensive 50% of beneficiaries consumed less than 4% of the total⁵.
9. In 2009, 57.2% of Vermont residents were enrolled in private insurance. This compares to 57.5% in 2006
 - a. There were an estimated 47,460 uninsured Vermont residents in 2009 (7.6% of the population, compared to 10.2% in 2006).
 - b. Medicare and Medicaid together account for over 204,535 enrollees.

10. Medicaid is the primary payer of Government Health Activities, funding 91% or \$486 million of the total for that category. About \$268 million or 50% of the total \$535 million are for programs related to mental health, mental retardation, and substance abuse.
11. The Dartmouth Atlas shows that from 2001-2005, Vermont had among the lowest Medicare utilization rates in New England for enrollees in the last six months of life and last two years of life.

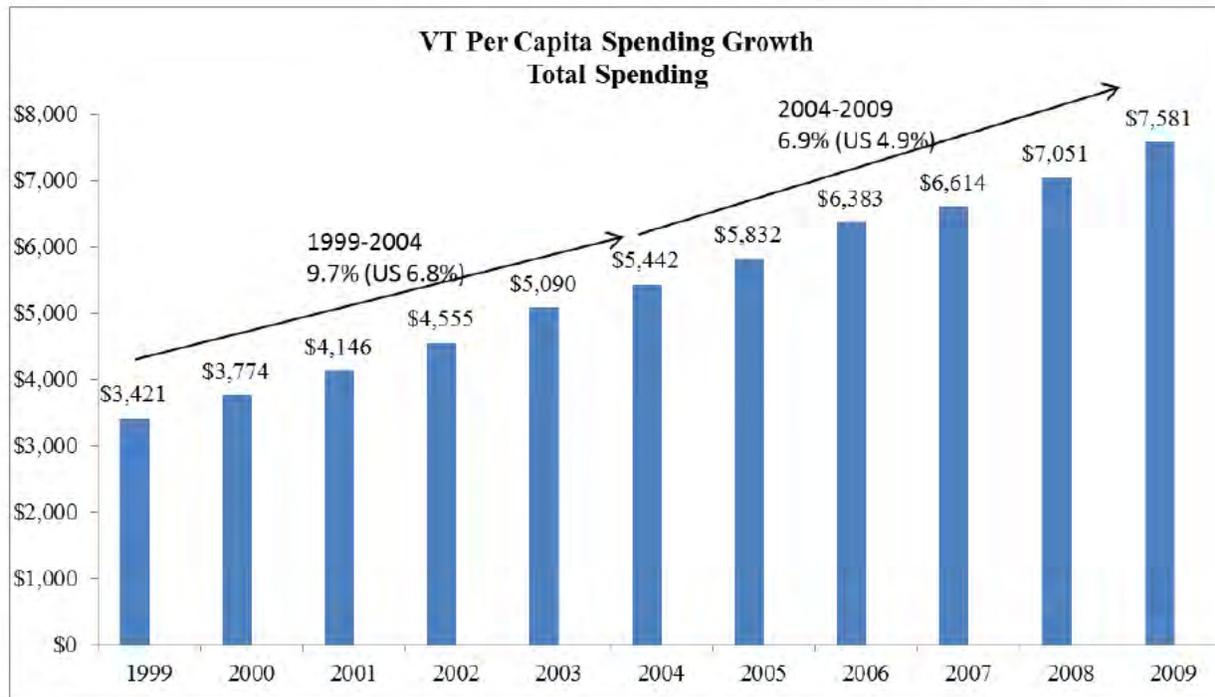
Provider spending

12. Provider spending amounts and trends mirror closely with Vermont resident spending.
13. However, there is a net migration of health care costs going out of the state which is more expensive.
 - a. In 2009, there was a *net* migration of 4,408 inpatient discharges to out-of-state hospitals. There were 11,407 discharges of Vermont residents from hospitals in the bordering states of New Hampshire, New York, and Massachusetts, and 6,563 discharges of out-of-state patients from Vermont hospitals.
 - b. BISHCA estimates this net migration for inpatient discharges are approximately \$100 million.
14. Hospital-employed physician practices amounted to \$265 million in 2009, up from \$240 million in 2008. Almost half of total physician spending is now occurring through hospital operating budgets.

Resident Analysis

Health Care Spending for Vermont Residents

The Resident analysis is based on reporting from all health care payers.⁶ It measures what is paid on behalf of Vermont residents, regardless of whether they receive services in Vermont or out-of-state.



Note: Analysis based on "Total Spending" as defined by the National Health Expenditures at CMS.

Figure 2

How much do Vermont residents spend on health care?

- Health care spending on behalf of Vermont residents totaled \$4.7 billion in 2009.
- Spending increased \$333 million (7.6 percent) from 2008 to 2009. The increased expenditures were primarily hospital services (\$222 million, 66 percent of the total) and drugs and supplies (\$35 million, 11 percent).
 - Private insurance funded 23.7 percent of the \$333 million increase, with Medicaid funding about 28.6 percent, Medicare funding about 19.6 percent, out-of-pocket (OOP) about 29.5 percent and Other Government Health Activities -1.4 percent.
- Per capita health care costs grew 7.5 percent from 2008 to 2009, reaching \$7,581 faster than the U.S. Nationally, per capita health care costs were \$8,047 in 2009. *Please see Spotlight on Per Capita Health Care Costs for more information.*
- Health care spending in Vermont continues to grow faster than the overall economy. The share of Vermont's Gross State Product accounted for by health care services reached 18.5 percent in 2009, the highest level recorded since tracking of this data began. Nationally, 2009 health spending accounted for 17.6 percent of the Gross Domestic Product⁷.

**Vermont Resident Health Care Expenditures
Provider Service Categories by Funding Source (2009)**

What services are Vermont’s funding sources purchasing?

- Each provider category is funded differently by the different payment sources. This is a function of the population’s demographics, services provided, and allowable benefits paid by different payers.

For private payers (self-insured and commercial insurance), 64 percent of expenditures were for hospital and physician services in 2009.

For Medicaid, about 42 percent of Vermont Medicaid dollars were for Mental Health & Other Government Health Activities in 2009.

Hospital and physician services accounted for about 26 percent of Medicaid expenditures. See *Spotlight on Government Health Activities* for more information.

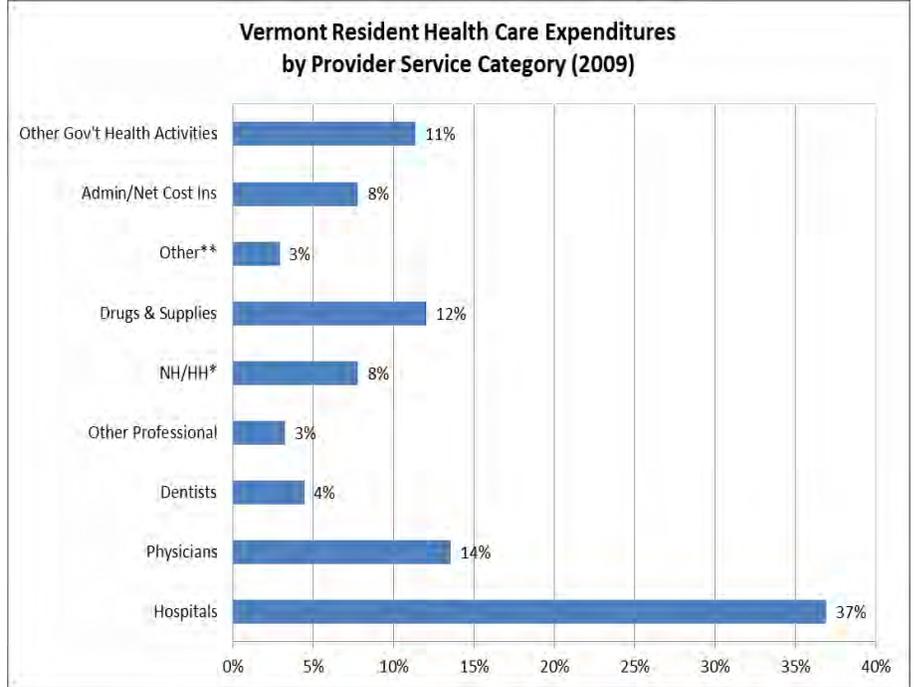


Figure 3

- Hospitals and drugs & supplies have consistently accounted for the highest share of out-of-pocket spending, 23 percent and 20 percent respectively in 2009. See *Summary of Data Revisions* for adjustments that might affect trend values.

Distribution by Service Category, 2009

Provider Category	Out-of-Pocket	Private Ins.	Medicaid	Medicare	Other Govt	Total
Hospitals	23.4%	45.8%	17.4%	51.9%	50.5%	36.9%
Physicians	12.6%	18.7%	8.7%	12.4%	4.5%	13.5%
Dentists	19.0%	3.2%	1.7%	0.0%	0.2%	4.4%
Other Professional	3.7%	4.6%	2.4%	2.0%	0.0%	3.2%
NH/HH*	12.9%	0.4%	12.5%	12.6%	6.5%	7.8%
Drugs & Supplies	20.3%	13.2%	6.8%	11.6%	4.0%	12.0%
Other**	8.0%	0.7%	1.1%	4.5%	8.3%	2.9%
Admin/Net Cost Ins	0.0%	13.4%	7.3%	5.1%	0.0%	7.8%
Other Gov't Health Activities	0.0%	0.0%	42.0%	0.0%	26.0%	11.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* NH/HH includes expenditures for nursing home and home health care providers.

** Other includes expenditures for vision, durable medical equip., and other misc. providers.

Table 2

**Annual Health Care Expenditure Growth,
U.S. and Vermont Residents**

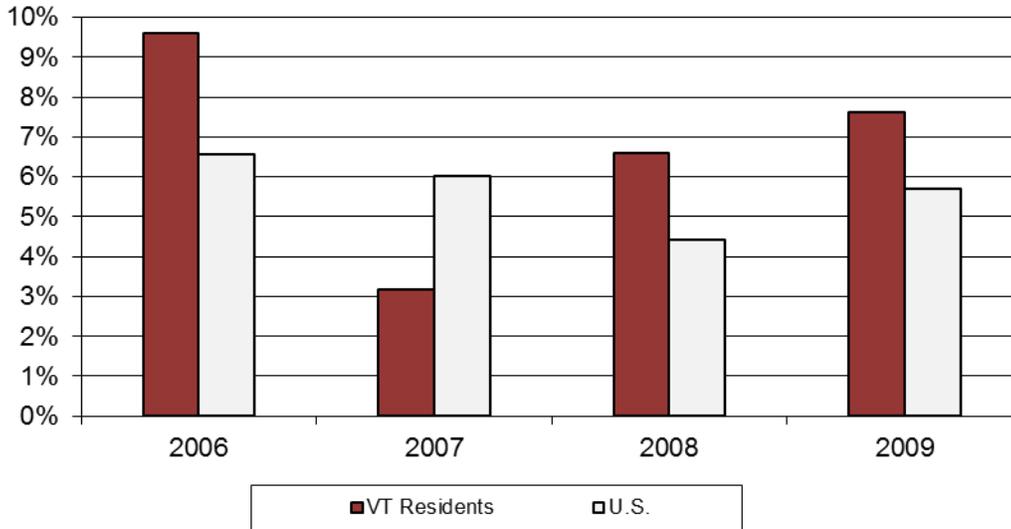


Figure 4

How fast are Vermont resident health care expenditures growing?

- Health care spending for Vermont residents grew 7.6 percent in 2009, compared to 5.7 percent for the U.S.
- The average annual growth rate for Vermont from 2006 to 2009 was 5.8 percent, compared to 5.4 percent for the U.S.
- Nationally, CMS indicates that the slower growth experienced by the nation in 2009 was largely attributed to the recession which caused increased burdens on households, business and governments.⁸
- The relatively higher spending growth Vermont residents experienced in 2009 was reported across all provider service categories except for “Other Professional Services” and “Administration/Net Cost of Health Insurance”.

Vermont Resident Health Care Expenditures Distribution by Payment Source

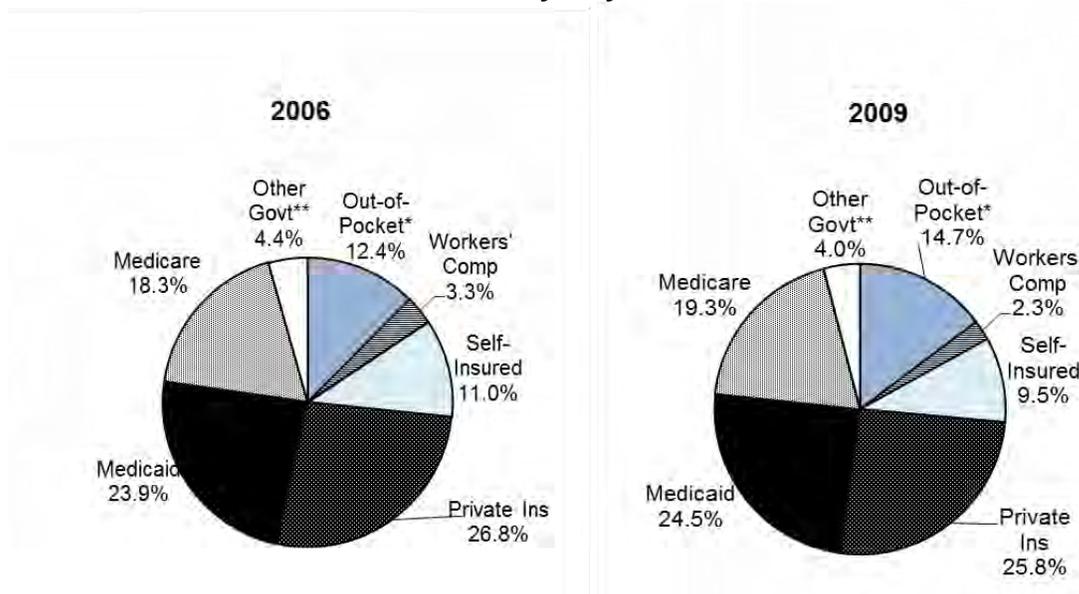


Figure 5

* Out-of-Pocket includes deductibles, copayments, payments for services not covered by insurance, and payments made by uninsured persons. It does not include individuals' share of premium payments. Premium dollars are captured under Private Insurance.

** Other Government includes spending for public health activities by federal and state government that is not covered by Medicaid or Medicare. Over 40% of expenditures in the Other Government category is funding for the Veterans Hospital in White River Junction, Vermont.

Who is paying for Vermonters' health care?

- Private payers (including workers' compensation, self-insured, and private commercial plans) financed over 37 percent of total health care expenditures, in both 2006 and 2009 (\$1.8 billion in 2009). Nationally, private payers accounted for 40 percent of total expenditures in 2009.
- There is a slight shift towards higher government funding in Vermont; in 1999, private payers financed 39 percent of the total.
- Vermont Medicaid's share of the health care dollar increased from 24 percent of the total in 2006 to 25 percent of the total in 2009. In the U.S. in 2009, the Medicaid program represented about 15 percent of total health care expenditures. The higher relative share of Vermont's Medicaid program compared to the nation can be explained in part by expansion of the Vermont program to be more inclusive in terms of its eligibility and benefits in comparison to other state Medicaid programs.⁹
- About 43 percent of Vermont's Medicaid program covers home and community-based services and community mental health and developmental services. Most of this spending flows through other state agencies that manage a variety of public programs related to these services. See *Spotlight on Government Health Activities* for more information.

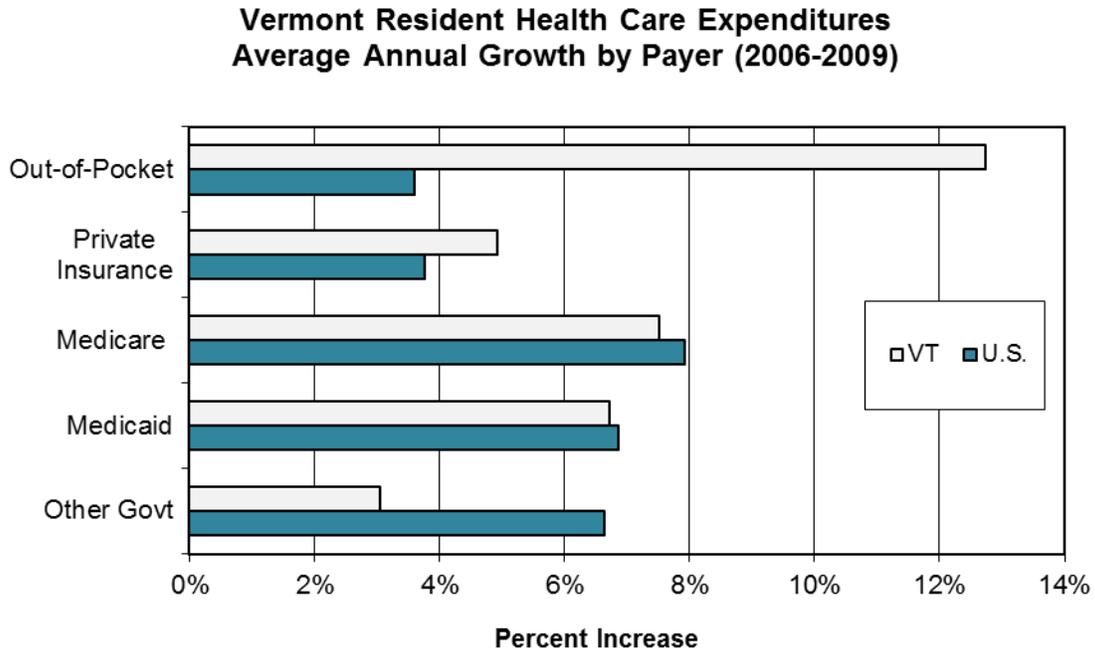
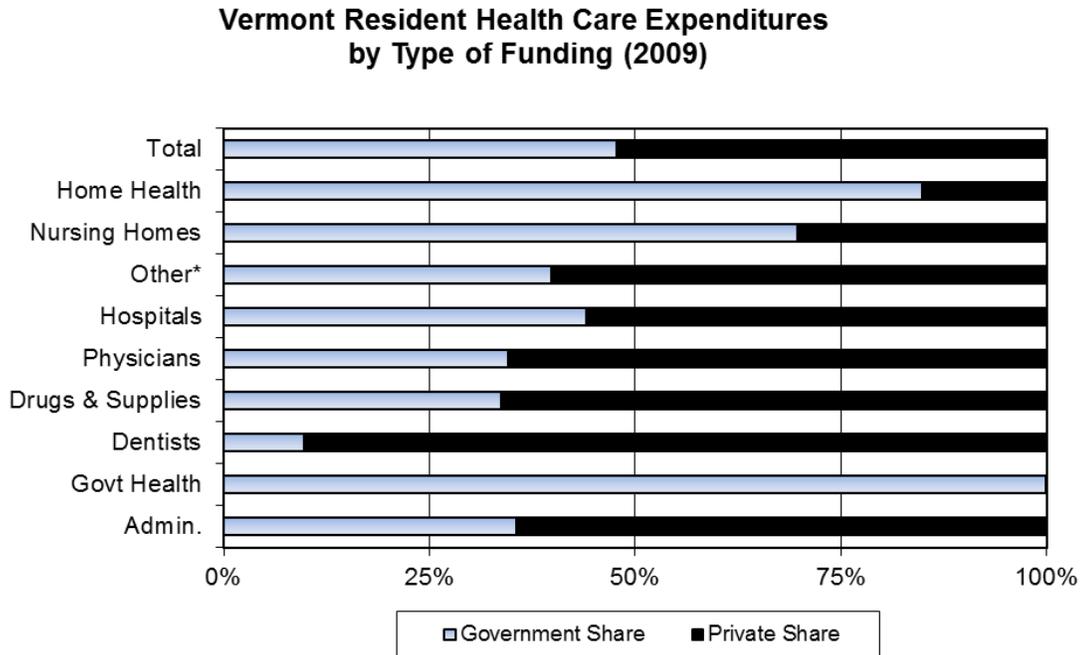


Figure 6

What are the annual growth trends for Vermont payers?

- The average annual growth in private insurance expenditures was 4.9 percent from 2006 to 2009. Hospital spending was responsible for about two thirds of the growth.¹⁰
- Medicare spending grew at an average annual rate of 7.5 percent from 2006 to 2009. All other things being equal, without the addition of the Medicare Part D prescription drug program, the average annual growth would have been closer to 4.6 percent in Vermont. See *Spotlight on Prescription Drugs* for more information on drug spending.
- Medicaid expenditures grew an average of 6.7 percent annually between 2006 and 2009. Medicaid funding of drugs and supplies remained about the same at \$78 million for both 2006 and 2009.

The 2009 methodology change in calculating out-of-pocket (OOP) spending that resulted in more accurate estimates took into consideration the percentage paid by Vermont Medicare and commercial insurance enrollees for hospitals, physician services and other professional services and NHE percentages for all other categories. Because of this change, between 2006 and 2009, OOP spending showed the highest growth, averaging an annual growth rate of 12 percent. These expenditures accounted for a 15 percent share of total spending in 2009 (see Figure 5).



*Other includes services rendered by other professionals, durable medical equip. suppliers, vision providers, and other misc. providers *

Figure 7
How much do government and private payers fund for each provider service?

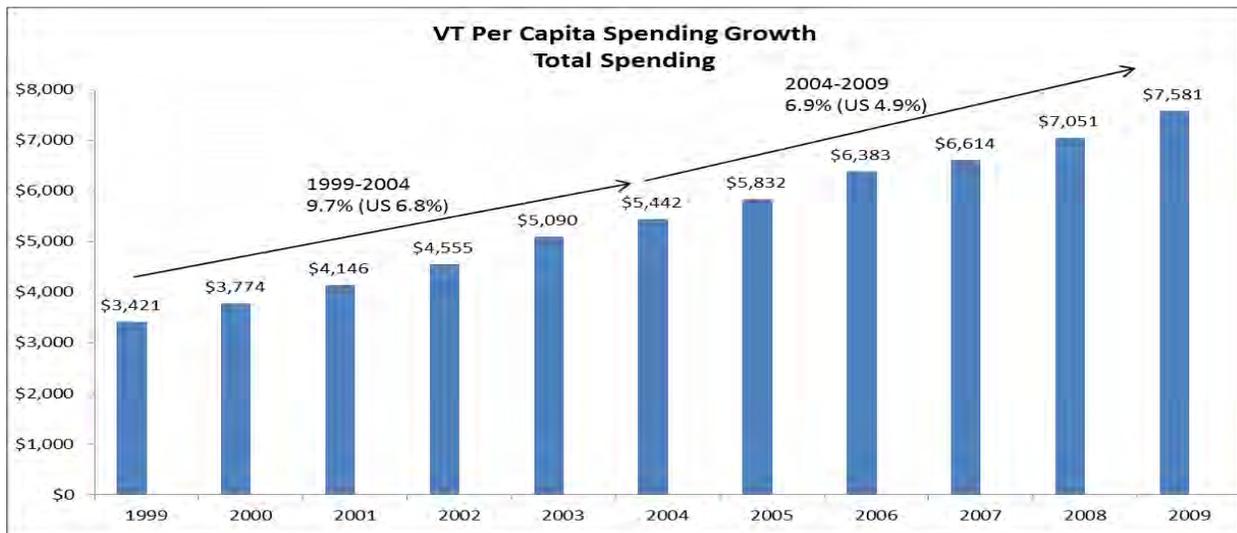
- In 2009, total health care expenditures for Vermont residents were financed 52 percent by private payers (private insurers and out-of-pocket) and 48 percent by government payers (Medicaid, Medicare, and other government).
- The percent of care financed by the government or private payers varies considerably at the provider service level. For example, in 2009, home health providers received about 85 percent of their funding from government sources. In contrast, the government financed only 34 percent each for physician services and drugs and supplies.
- In the U.S. in 2009, the government share of total health care spending was 44 percent compared to 48 percent for Vermont. Recent data from CMS indicates that the government share of health spending will exceed the private share by 2012.¹¹
- Over a longer term, from 1999-2009, the government share of the total has ranged between 44 percent and 48 percent. During this time period, the government share of health care funding in Vermont increased for all provider services with the exception of hospitals. Hospitals were financed 50 percent by private payers in 1999 and 56 percent by 2009.

Spotlight on Per Capita Health Care Costs

Vermont’s per capita health care costs¹² have historically been lower than the national average. In 2009, according to BISHCA, Vermonters total spending averaged \$7,581 per person on health care, compared to \$8,047 nationally.¹³ Compared to 2008, this was a one-year increase of 7.5 percent for Vermont and 4.8 percent for the U.S.

The difference in cost per person between the Vermont and U.S. per capita estimates has been narrowing over time. In 1999, Vermont per capita health care costs were about 75 percent of the U.S. per capita; by 2009, Vermont’s per capita cost was about 94 percent of the U.S. per capita.

Figure 8



We also did a per capita comparison below showing the NHE category called “Personal Health Care Spending” which excludes the Admin/Net Cost of Health Insurance and Government Health Care Activities categories. Though the numbers change, the findings remain similar.

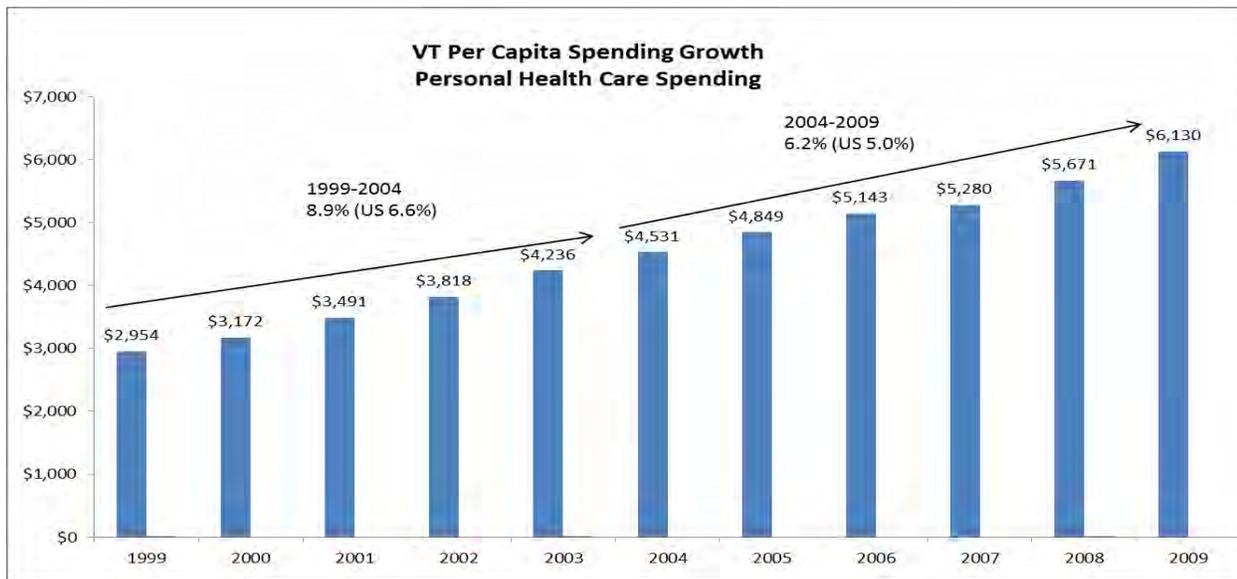


Figure 8a

How does BISHCA’s spending analysis differ from the CMS national analysis?

Different sources: CMS builds their cost estimates of Vermont residents by using provider-based data and then adjusting for state border-crossing patterns (migration). Those adjustments are based on unique data sets that include Medicare claims data, private hospital discharge information, and physician claims records. This method of building the resident costs is less specific than the BISHCA methodology. For example, BISHCA gets Vermont resident spending data directly from private insurers, Medicare and Medicaid data accounted for 70 percent of total health care spending in 2009. Payments made to out-of-state providers on behalf of Vermonters are included in that spending information. This is a level of detail that CMS does not have.

Definitional issues: BISHCA and CMS define certain health care expenditures and categories differently. In comparison to the CMS national estimates, **when doing state estimates**, CMS does not include the categories of administration, net cost of private health insurance, certain government health activities spending and investments (research, structures, and equipment). Another difference is in the hospital category; CMS includes hospital non-operating revenue in its estimates while BISHCA does not.

Population counts: There are also differences in estimating population: BISHCA uses population estimates as calculated by the Vermont Department of Health (VDH) and BISHCA’s Vermont Household Health Insurance Survey; CMS uses U.S. Census data for Vermont. This difference is relatively minor, but can alter actual per capita values.

Other provider spending categories: Because CMS builds their resident estimates off of their provider estimates, understanding how CMS estimates provider spending is important to help value per capita differences. For example, one item that needs to be further understood between BISHCA and CMS is the accounting for physician costs. BISHCA is working with CMS to better understand differences to ensure the per capita analysis is consistent and reliable.

Table 3

	Expenditures		Per Capita	
	VT	US	VT	US
Hospital Care	\$1,739	\$760,600,000		
Professional Services	\$1,001	\$777,300,000		
Nursing Home and Home Health	\$367	\$216,300,000		
Retail Outlet Sales of Medical Products	\$703	\$314,100,000		
PERSONAL HEALTH CARE	\$3,811	\$2,068,300,000	\$6,130	\$6,732
Admin/Net Cost of Health Ins.	\$367	\$162,800,000		
Government Health Care Activities	\$535	\$75,200,000		
Investment	\$0	\$166,000,000		
TOTAL HEALTH EXPENDITURES	\$4,714	\$2,472,300,000	\$7,581	\$8,047
	millions	millions		
Population			621,760	307,200,000

Spotlight on Vermont Resident Health Insurance

In January 2010, BISHCA published findings from the recently completed 2009 Vermont Household Health Insurance Survey. The graph below summarizes survey results that assign Vermont residents into mutually exclusive categories for primary source of health insurance coverage. Many Vermonters have multiple coverage sources providing primary and secondary or wrap-around coverage.

Vermont Residents Primary Source of Health Insurance Coverage 2006 and 2009				
	2006		2009	
	Population	% of Pop.	Population	% of Pop.
Private	358,586	57.5%	355,358	57.2%
<i>Self-insured*</i>	95,346	15.3%	105,302	16.9%
<i>Insured</i>	263,240	42.2%	250,056	40.2%
Medicaid	105,152	16.9%	109,353	17.6%
Medicare	96,532	15.5%	95,182	15.3%
Military	unknown	0.0%	13,917	2.2%
Uninsured	63,639	10.2%	47,460	7.6%
Total Vermont	623,909	100.0%	621,270	100.0%

* Self-insured plans are private insurance plans where the employer assumes the risk for claims.
 Data Source: From HCA's "Health Insurance Coverage Profile of Vermont Residents"
 Note: Military enrollees could not be distinguished in 2006.

Table 4

In 2009, 57 percent of Vermont residents were enrolled in private insurance. There were an estimated 47,460 uninsured Vermont residents in 2009, (7.6 percent of the population).

In 2009, 18 percent of Vermonters were enrolled in the Vermont Medicaid program as their primary source of coverage. Of those Vermonters covered by Medicare, about 19,000 were dually enrolled in both Medicare and Medicaid, with Medicare as their primary source of coverage. In the table and graph above, the dually eligible are counted under Medicare.

For more information about the health insurance market and coverage in Vermont, see the "Frequently Asked Questions About The Health Insurance Market in Vermont in 2009" on BISHCA's website.

Spotlight on Government Health Activities

The category of Government Health Activities primarily includes expenditures for mental health and other direct care programs administered by the Vermont Agency of Human Services (AHS). This category totaled \$535 million in 2009.

About \$268 million (50 percent of the total \$535 million) are for programs related to mental health, mental retardation, and substance abuse. From 2006 to 2009, the average annual growth in Government Health Activities was 5.7 percent.

Medicaid

Medicaid is the primary payer of Government Health Activities, funding 90 percent (\$485 million) of the total.

A significant change occurred at the start of the 2006 federal fiscal year (October 2005), when the State of Vermont entered into an agreement with CMS called the “Global Commitment to Health Waiver”. This five-year Waiver imposed a global cap on federal funds, but gave the State financial and programmatic flexibility to help maintain public health care coverage and provide for more effective services. It established the Department of Vermont Health Access (DVHA) as a Managed Care Organization (MCO), subject to the rules for Medicaid MCOs. At the same time, the State also entered into an agreement with CMS called “Choices for Care”, which is a long-term care program that pays for care and support of the elderly and those with physical disabilities. OVHA’s reporting to CMS was changed during this period and a number of reporting improvements have been done to meet the needs of CMS and BISHCA.

2009 Government Health Care Activities

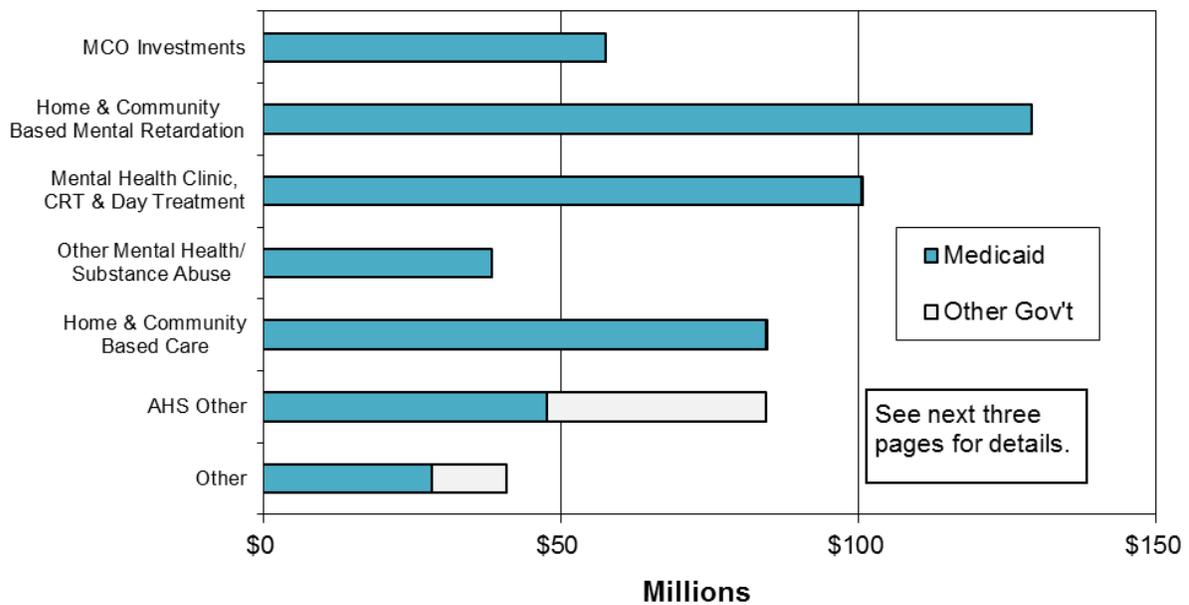


Figure 9

Other Government

Other government health care spending that was not Medicaid totaled \$50 million in 2009 under the category of Government Health Activities. This spending includes state and other federal grant funding (non-Medicaid) that is administered by the Vermont Department of Health, health care spending by the Vermont Department of Corrections, and the funding for the Vermont Division of Health Care Administration (DHCA).

The table below shows Government Health Activities spending for federal fiscal year 2008 and 2009 by program and service categories.¹⁴ Please contact BISHCA or DVHA for more information related to these changes or expenditures.

Government Health Care Activities	Description	FFY08	FFY09	\$ Variance	% Variance
Mental Health/Substance Abuse					
H&CB Mental Retardation	Home & community-based care for those requiring in-home services due to mental retardation.	\$123,765,500	\$129,072,241	\$5,306,741	4.3%
Mental Health Clinic	Evaluation, diagnostic and treatment services provided in a licensed mental health clinic, including psychotherapy, group therapy, day hospital, chemotherapy and emergency care.	\$8,868,422	\$8,652,278	(\$216,145)	-2.4%
Mental Health Day Treatment	Day treatment programs for those with mental health issues.	\$42,159,616	\$48,993,510	\$6,833,893	16.2%
Mental Health Community Rehab/Treatment	Programs that assist adults who have been diagnosed with a mental illness, including programs that help individuals and their families develop skills and supports important to living the life they want for themselves.	\$43,271,289	\$42,819,430	(\$451,859)	-1.0%
Targeted Case Management	Services aimed specifically at special groups such as those with developmental disabilities or chronic mental illness, that assist individuals in gaining access to needed medical, social, educational, and other services. It does not include the direct provision of those services.	\$7,363,130	\$8,256,761	\$893,631	12.1%
H&CB Mental Health Services	Home & community-based care for those requiring in-home services due to a mental health illness.	\$3,978,954	\$4,147,380	\$168,426	4.2%
H&CB - TBI Services	Home & community-based care for those requiring in-home services due to a traumatic brain injury.	\$4,027,240	\$4,841,763	\$814,523	20.2%
Other MH/MR Services	Other mental health and mental retardation services.	\$7,226,507	\$7,501,512	\$275,005	3.8%
Alcohol & Drug Abuse Programs	Programs to address alcohol and substance abuse.	\$12,391,841	\$13,604,263	\$1,212,422	9.8%
Total Mental Health/Substance Abuse		\$253,052,499	\$267,889,137	\$14,836,638	5.9%

2009 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & THREE-YEAR FORECAST

Government Health Care Activities	Description	FFY08	FFY09	\$ Variance	% Variance
MCO Investments	Health care investment opportunities in programs that serve to reduce the rate of uninsured and/or underinsured in Vermont, increase the access of quality health care to uninsured, underinsured, and Medicaid beneficiaries, provide public health approaches to improve the health outcomes and the quality of life for Medicaid-eligible individuals in Vermont, and encourage the formation and maintenance of public-private partnerships in health care. Examples include health provider training, school health services, and emergency mental health services.				
Total MCO Investments		\$59,017,611	\$57,557,811	(\$1,459,800)	-2.5%
Home & Community-Based Care					
H&CB Aged/Disabled	Home & community-based care provides alternative services for the aged and disabled who would otherwise need admission to a nursing home.	\$27,210,042	\$29,966,755	\$2,756,713	10.1%
H&CB Enhanced Residential Care	Home & community-based enhanced residential care provides services to those in Level III residential care facilities and assisted living residences.	\$6,776,155	\$5,557,220	(\$1,218,936)	-18.0%
Assistive Community Care Services	Services for those in participating residential care homes or assisted living residencies including case management, nursing assessment and routine tasks, medication assistance, and on-site assistive therapy.	\$24,832,184	\$25,468,995	\$636,811	2.6%
Personal Care Services	Personal care services for those in participating residential care homes or assisted living residencies.	\$20,235,146	\$23,749,500	\$3,514,354	17.4%
Total Home & Community-Based Care		\$79,053,527	\$84,742,470	\$5,688,943	7.2%
AHS Other					
D&P Dept. of Education	Services offered through the Vermont Department of Education including case management, counseling, rehabilitation, personal care, and therapy services.	\$36,431,910	\$42,477,100	\$6,045,190	16.6%
AHS - Dept. of Health	Program and grant funding through the Department of Health, primarily for Alcohol and Drug Abuse Programs (ADAP), health promotion & disease prevention, local health services, and emergency preparedness .	\$20,414,352	\$21,554,025	\$1,139,673	5.6%
AHS - Other	Other miscellaneous services including Department of Corrections inmate health care services and miscellaneous health care transportation services.	\$22,380,233	\$20,352,325	(\$2,027,909)	-9.1%
Total AHS Other		\$79,226,495	\$84,383,449	\$5,156,954	6.5%

2009 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & THREE-YEAR FORECAST

Government Health Care Activities	Description	FFY08	FFY09	\$ Variance	% Variance
Other					
D&P Other	Services including case management, counseling, rehabilitation, personal care and therapy services.	\$23,051,748	\$26,477,913	\$3,426,166	14.9%
Medicare C	Refers to private managed care plans that offer Parts A & B services together, known as Medicare Advantage.	\$12,766,473	\$9,915,707	(\$2,850,766)	-22.3%
Health Care Administration	The Division of Health Care Administration of the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) provides health care consumer protection, assistance and education; requires community hospital and insurance company regulatory filings for evaluation, response and approval; promotes cost containment in health care through activities including the review of capital expenditure and hospital budgets; provides data and analysis to advance public policy discussions at state and federal levels.	\$3,868,202	\$4,346,992	\$478,790	12.4%
Total Other		\$39,686,423	\$40,740,612	\$1,054,190	2.7%
GRAND TOTAL GOVERNMENT HEALTH CARE ACTIVITIES		\$510,036,556	\$535,313,479	\$25,276,923	5.0%

Spotlight on Vermont Resident Medicare Spending¹⁵

BISHCA has access to Vermont Medicare claims by contracting with The Dartmouth Institute for Health Policy & Clinical Practice (TDI). The contractor provides a variety of summary reports that allow BISHCA to detail spending in accordance with the Expenditure Analysis categories. In addition, reports are prepared that provide other analytical constructs for examining general characteristics of Medicare enrollees and their associated expenditures. The following describes information based upon an analysis of the 2008 Medicare claims because the 2009 detail is not yet available. The 2009 claims are expected to be available by Spring 2011.

Enrollees

There were 110,203 Vermont Medicare beneficiaries enrolled for at least one month in 2008, a three percent increase over 2007.¹⁶ Of these beneficiaries, 93 percent were enrolled in Medicare Part A (inpatient hospital care¹⁷) midyear and 87 percent were enrolled in Part B (primarily physician services) midyear. Enrollment also includes several thousand beneficiaries who maintain primary coverage through private group employer-sponsored plans and use Medicare as a secondary payer. The remaining enrollees are those who either aged into Medicare after midyear or who died before midyear. It is noted that this number of enrollees does not include many “snowbirds” since it is likely that they select another state as their residence.¹⁸ Also, neither HMO enrollees in Medicare Advantage plans or Medicare Part C, nor their claims, were included in this report; the number for Vermont is extremely small.¹⁹

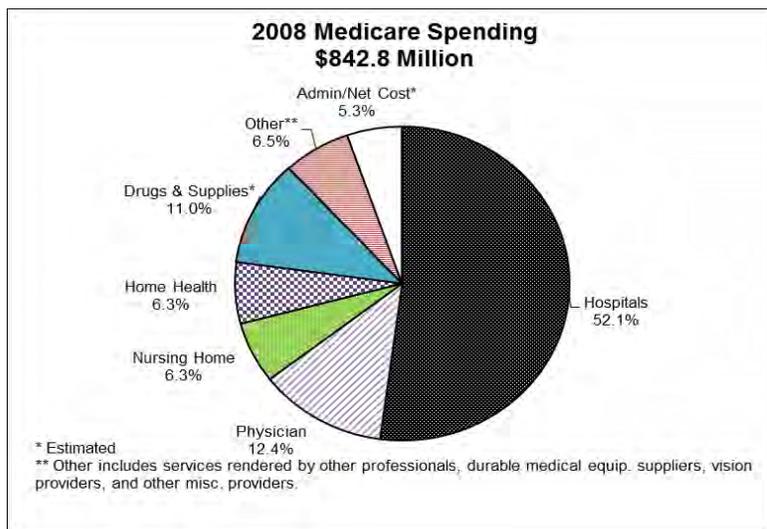


Figure 10

A total of \$843 million in Medicare expenditures was spent on the 110,203 beneficiaries identified as living in Vermont in 2008. This includes \$137 million estimate for administration costs (\$45 million) and the Medicare Part D prescription drug program (\$92 million).

Medicare claims totaled \$706 million in 2008, not including administration costs or Medicare Part D spending. Analysis of funds spent shows that about 73 percent or \$516 million of the \$706 million was for services to Vermont Medicare beneficiaries provided within the State of Vermont. The remaining 27 percent or \$189 million was for services provided in other states, with New Hampshire receiving \$122 million of the \$189 million.

Overall Vermont Medicare spending increased 6.0 percent from 2007 to 2008, with Medicare per enrollee spending increasing 3.1 percent. Nationally, Medicare spending increased 8.6 percent from 2007 to 2008. Again, this includes the estimates for administration and the Medicare Part D prescription drug program (see *Spotlight on Prescription Drugs*).

Another analysis that examines spending is what is called a pareto analysis. It shows how much of total spending is attributable to small percentages of total beneficiaries. For example, 64 percent of Vermont Medicare payments were attributed to the 10 percent of Vermont beneficiaries with the highest spending in 2008. This trend has been consistent for the period 2003 through 2008. This type of analysis may offer opportunities to find savings for certain high-cost populations. See *Spotlight on the Concentration of Health Care Expenditures* for more information.

The analysis of the top inpatient Diagnostic Related Groups (DRGs)²⁰ in 2008 shows that major joint replacement or reattachment of the lower extremity accounted for the highest expenditures, with \$13.9 million (4.9 percent) of total Part A inpatient hospital payments of \$283 million. The same diagnosis had the highest expenditures in 2007. The DRG with the second highest expenditures in 2008 was rehabilitation (\$8.5 million), followed by percutaneous cardiovascular procedure (\$7.2 million). These top three diagnoses represented 10.4 percent of total inpatient hospital payments.

BISHCA continues to work with TDI and the Dartmouth Atlas data to refine the Medicare analysis. The beginning of the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) will enable further analysis of Vermont Medicare data. For additional tables and information, please contact BISHCA.

Spotlight on the Concentration of Health Care Expenditures

At any given point in time, a small percentage of the population consumes a relatively large proportion of health care resources. For example, for the Vermont Medicare population in 2008, the most expensive 5 percent of that population consumed 45 percent of Medicare health care expenditures. Both Vermont and the U.S. show similar concentrations of health care expenditures for a given percentage of their respective Medicare populations.

Viewing it another way, half of Medicare beneficiaries in both the U.S. and Vermont had few health care expenses; these groups were responsible for less than 4 percent of their populations' respective health care spending.

National data shows a decline in the concentration of expenditures for the U.S. Medicare population over time. For example, the top 5 percent of the U.S. Medicare population in 1975 accounted for 54 percent of total Medicare expenditures. In 2006, the number was 39 percent.²¹ In previous studies, some of the reasons suggested for this decline relate to changes in Medicare program design, long-term trends in longevity and medical expenses, a possible increase in expensive technology used on less sick patients and trends in disability and associated health care costs.²²

However, recent Vermont data (2003 through 2008) suggests that the concentration of Medicare spending remains fairly steady in Vermont. *For more information, see the Health Affairs article, "Long-Term Trends In The Concentration Of Medicare Spending".*²³

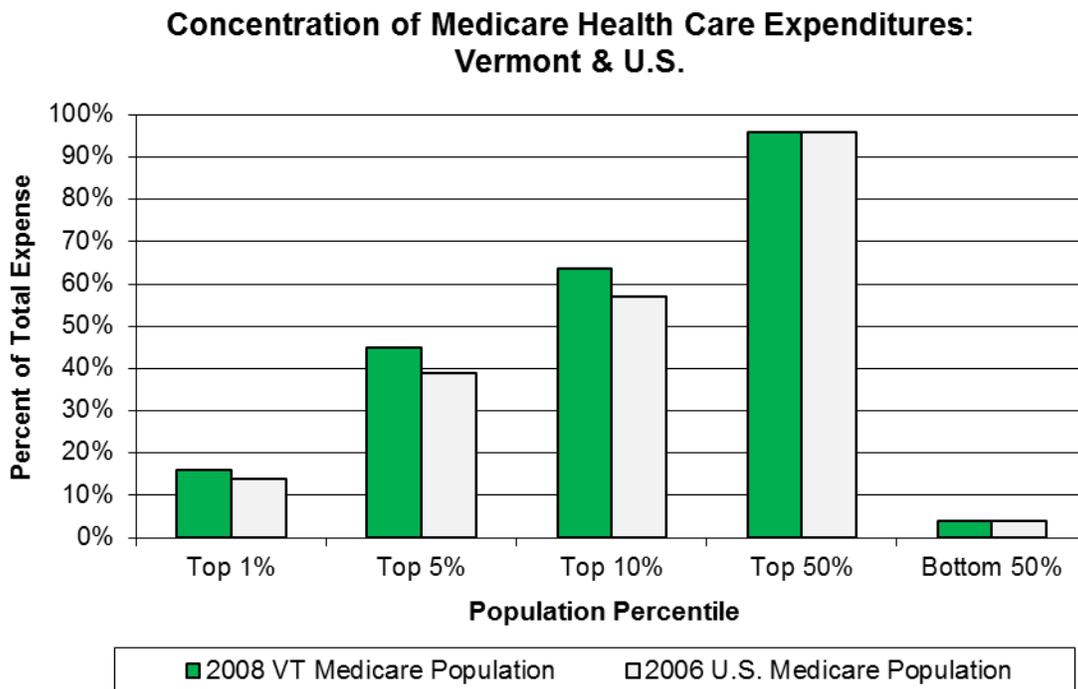


Figure 11

Spotlight on Prescription Drugs

This analysis is of Resident expenditures as reported by the Payers.

Overall, Drugs & Supplies for Vermont residents were \$566 million in 2009, a 6.6 percent increase over 2008. Nationally, prescription drugs grew 5.2 percent in 2009.

The increase in prescription drugs in 2009 was attributed to a higher use of antiviral drugs and faster growth in brand-name prescription drugs.²⁴

In the 2006-2009, estimates for Medicare prescription drug spending for Vermont residents rose from \$71 million to \$105 million.

The Medicare Part D program, which subsidizes the cost of prescription drugs for eligible seniors and those with disabilities, explains the large shift towards Medicare spending after 2005.

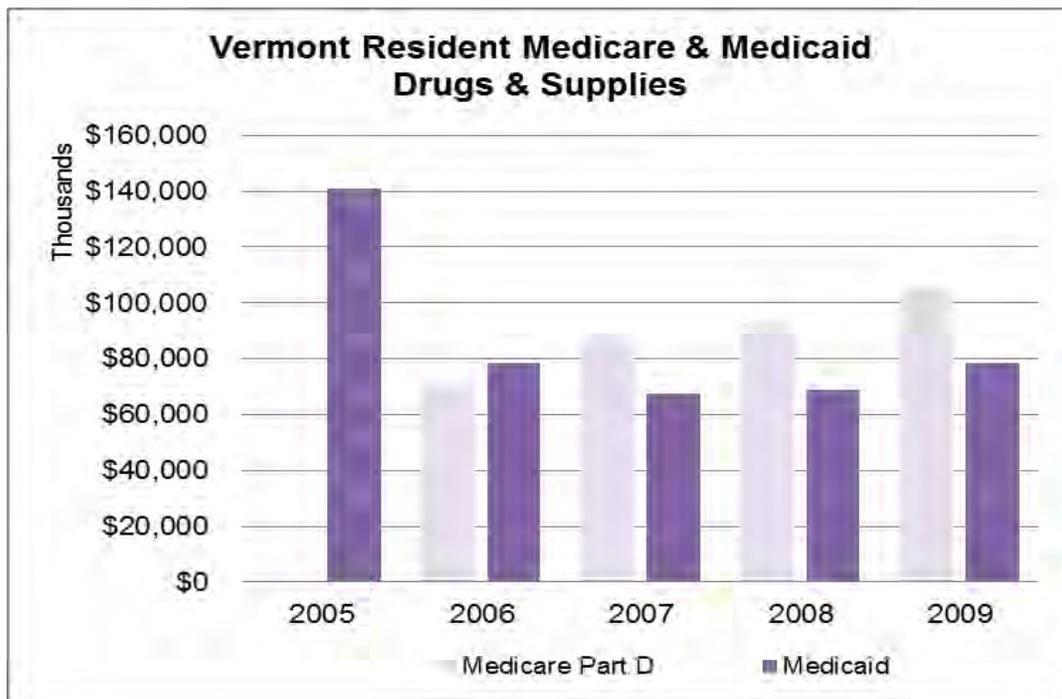


Figure 12

Provider Analysis

Health Care Spending for Vermont Providers

The Provider analysis includes expenditures for Vermont residents and out-of-state residents served by Vermont providers.

**Vermont Provider Health Care Expenditures
(in billions)**

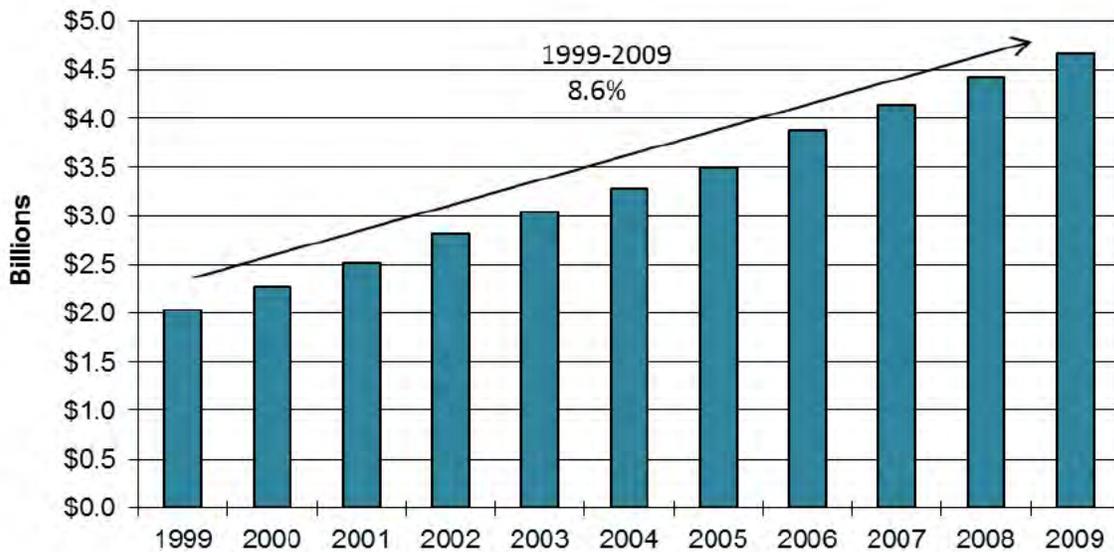


Figure 13

How much is spent on Vermont health care provider services?

- Health care spending by Vermont providers for residents and out-of-state patients totaled \$4.7 billion in 2009.
- Vermont health care Provider spending increased 5.2 percent (\$231 million) from 2008 to 2009, compared to Vermont Resident spending, which grew 7.6 percent.
 - Spending by Providers for the last 10 years averaged 8.6 percent.
- The hospital category (which includes hospital-employed physicians) had the largest share of this expenditure growth, accounting for 55 percent (\$129 million) of the total increase. Government health activities accounted for 11 percent (\$25 million) of the increase and drugs and supplies 27 percent (\$62 million).
- Drivers of health care spending growth include economy-wide and medical-specific price inflation, population growth, and increases in the use and intensity of medical care services.²⁵

**Annual Health Care Expenditure Growth,
U.S. and Vermont Providers**

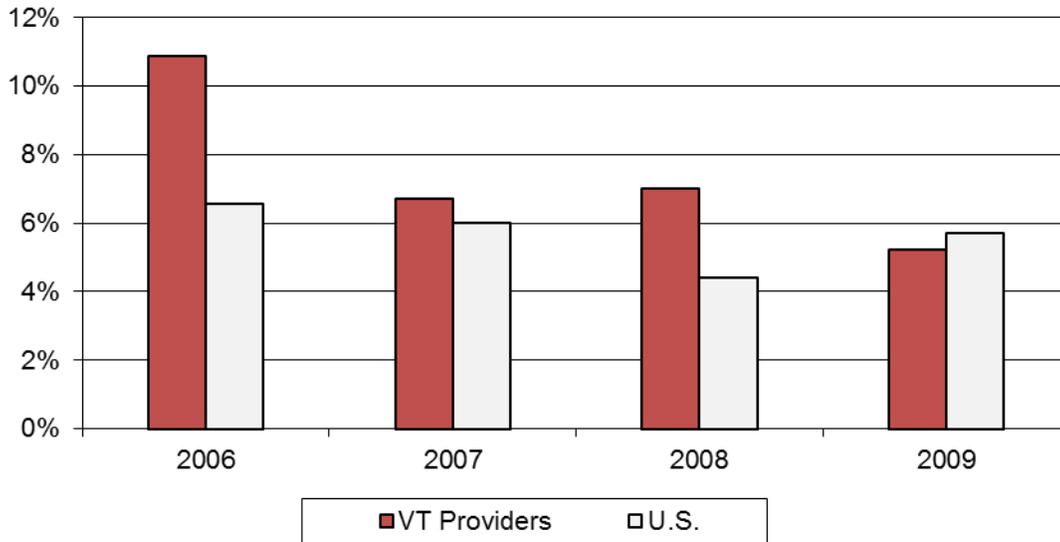


Figure 14

How fast are total Vermont health care provider expenditures growing?

- Health care expenditures by Vermont providers grew 5.2 percent in 2009. This is less than the 6.3 percent average annual growth from 2006 to 2009.
- The U.S. experienced a 5.4 percent average annual increase from 2006 to 2009.
- Similar to the Resident analysis, the higher-than-average increase in Vermont in 2006 was due to the beginning of the Global Commitment for Health and Choices for Care Medicaid waivers, the beginning of the Medicare Part D prescription drug program, and improved reporting of data. Please see the *Spotlight on Government Health Activities* for more information.

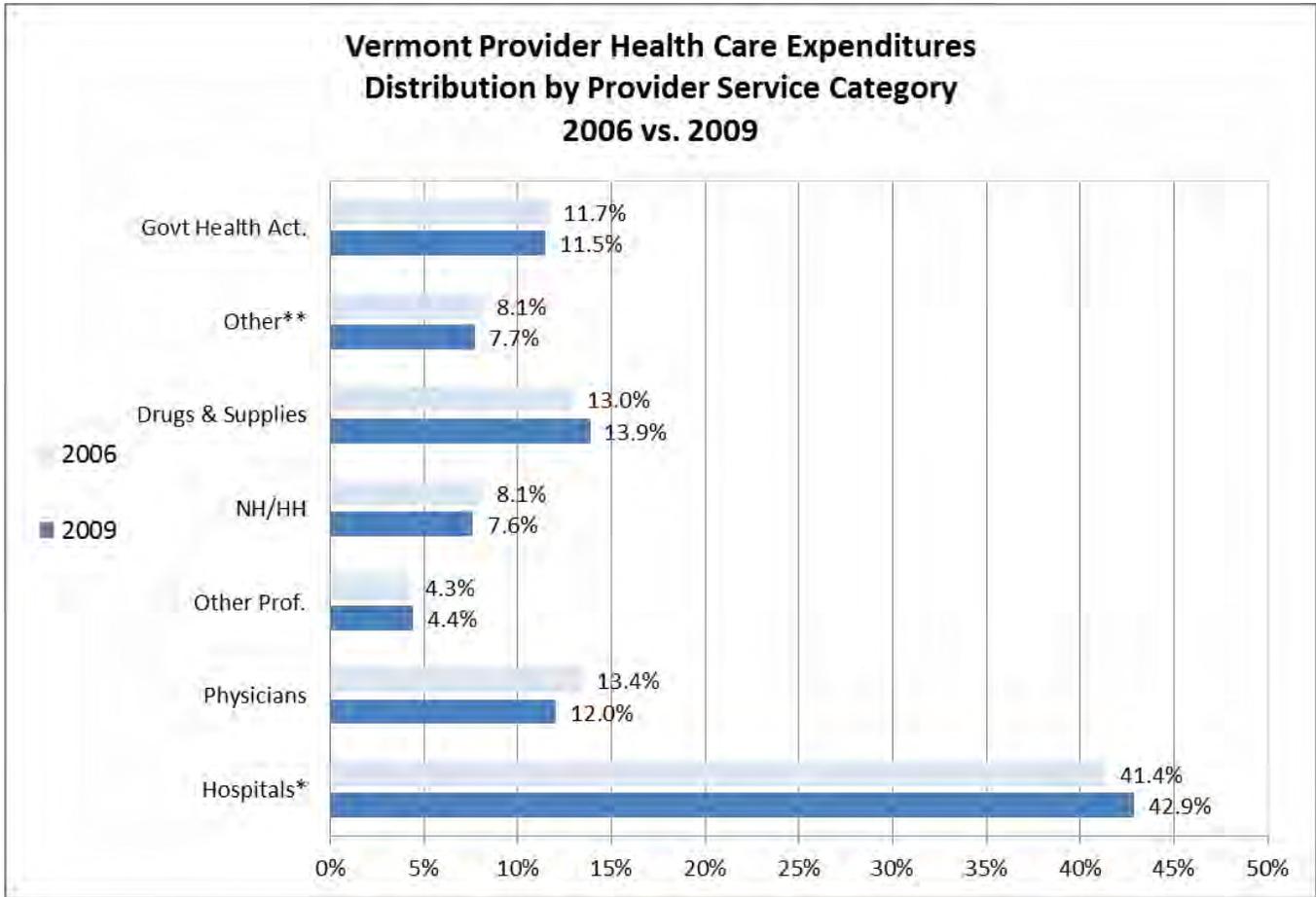


Figure 15

NH/HH = Nursing Home & Home Health.

* Hospitals include hospital-employed physicians, who accounted for between 5-6 percent of the totals in 2006 and 2009.

** Other includes services rendered by vision and durable medical equip. suppliers, dentists, and other miscellaneous providers.

Which Vermont providers account for the most health care expenditures?

- Hospitals, which include acute care, the Veterans Administration, state psychiatric and private psychiatric hospitals, continue to be the largest provider category in Vermont in 2009, totaling \$2.0 billion (43 percent of total provider expenditures).
- Nationally, hospitals accounted for 31 percent of total Provider expenditures in 2009. This figure compares to 37 percent for Vermont after excluding Vermont’s hospital-employed physicians (\$265 million) that are included in the hospital category in the Provider analysis. See *Spotlight on Hospital-Employed Physician Practices* for more information.

The distribution of the Vermont health care dollar by provider service category has not shifted substantially from 2006 to 2009. Government Health Activities experienced the greatest shift, in part due to the beginning of the Global Commitment and Choices for Care waivers in 2006.

**Vermont Provider Health Care Expenditures
Average Annual Growth by Provider Service Categories
(2006-2009)**

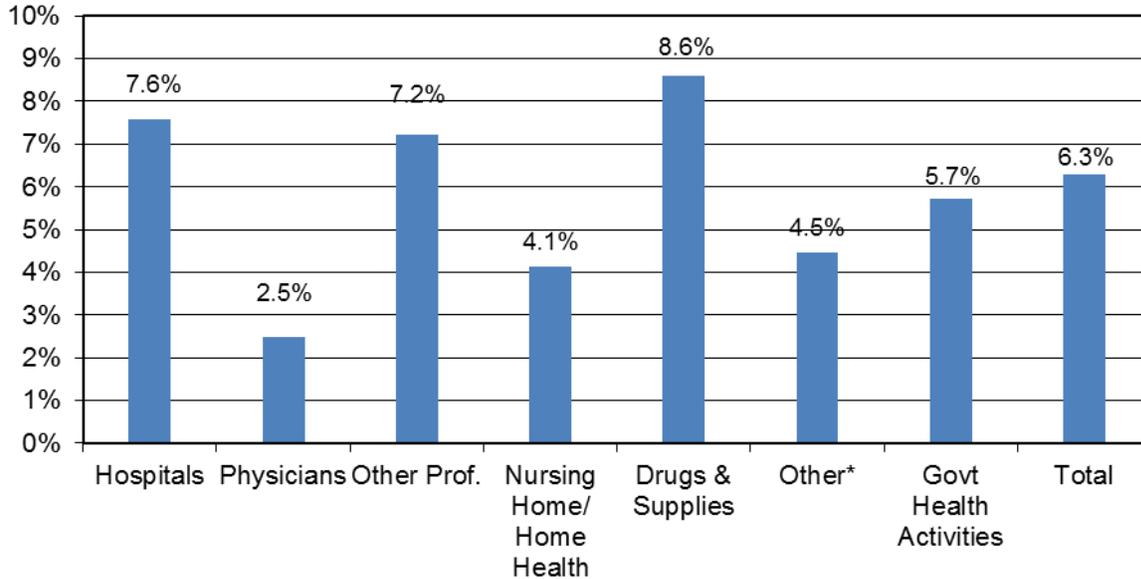


Figure 16

* Other includes services rendered by vision, durable medical equipment, dental, and other miscellaneous providers.

What are the annual growth trends for Vermont providers?

- Total Vermont Provider health care expenditures grew at an average annual rate of 6.3 percent from 2006 to 2009.
- Vermont hospital expenditures grew slightly faster than overall expenditures, at an average annual rate of 7.6 percent from 2006 to 2009. Hospital expenditures for the U.S. grew 5.4 percent annually from 2006 to 2009.
- The category of drugs and supplies was the fastest growing Provider category from 2006 to 2009, increasing at an average annual rate of close to 8.6 percent.
- Physicians’ expenditures experienced the lowest average annual rate of growth in Vermont from 2006 to 2009, growing at 2.5 percent annually.
- Major factors that contribute to health care expenditure growth include price inflation, population growth and increases in the use and intensity of services.

Spotlight on Hospital-Employed Physician Practices

Expenditures for Vermont’s fourteen acute-care community hospitals totaled \$1.8 billion in 2009. These expenditures include a large share of physicians who were once in private practice but are now employed by the hospitals. This trend has emerged over the last several years as more physicians seek employment at community hospitals.

The *2009 Expenditure Analysis* presents this spending as a hospital cost in the Provider analysis. In the Resident analysis, however, physician expenditures cannot be distinguished as to whether they come from hospital-employed physicians or physicians in private practice. This is important to note when trying to compare the Provider and Resident results since it explains some of the difference.

The Provider analysis includes expenditures for hospital-employed physician practices (\$265 million in 2009) in the hospital category. This is up from \$240 million in 2008. Physicians employed by Fletcher Allen Health Care, Vermont’s largest hospital, accounted for about \$201 million (76 percent) of the \$265 million.

Physician expenditures (not including hospital-employed physician practices) totaled about \$562 million in Vermont in 2009 (Provider analysis). With hospital-employed physician practices included, total physician expenditures were \$827 million.

BISHCA is working to try to improve the estimate for the Physician category. Current estimates have limited information as to the total number of physicians and their earnings as well as the defining and accounting for the hospital-employed physicians. We need to better understand how the 2007 U.S. Census data is compiled for physicians.

Vermont Community Hospitals & Physician Expenditures

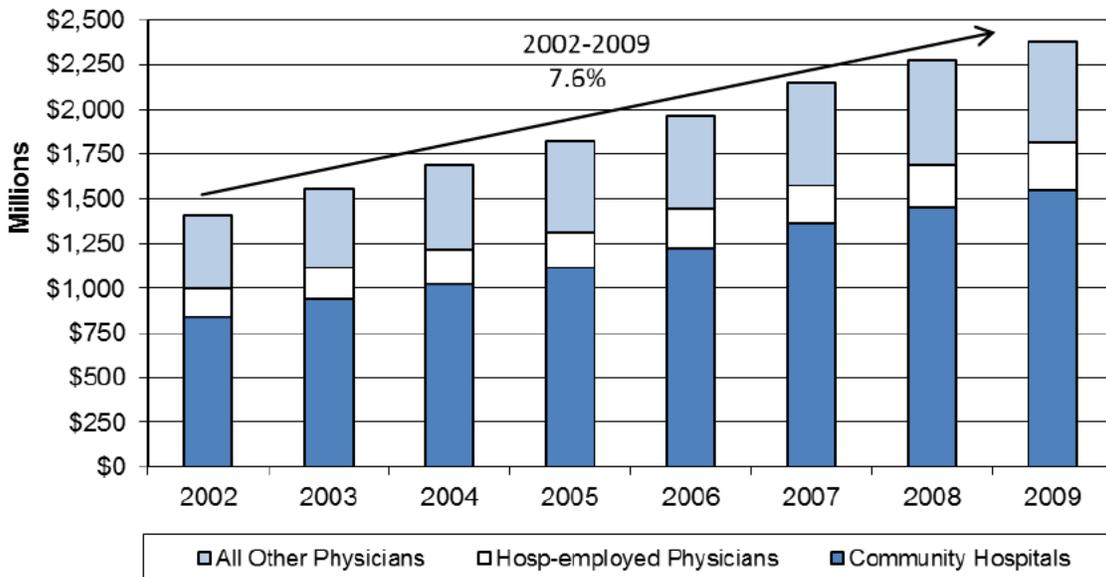


Figure 17

Spotlight on Hospital Inpatient In-Migration and Out-Migration

Many Vermont residents receive medical services from providers located in other states. Similarly, non-Vermonters use Vermont’s health care system. The flow of health care dollars among states can be attributed to a number of factors including the presence of border communities, the mix of services or specialties provided within a state, and different health plan benefits.

Utilization

In 2009, out of a total of 52,640 Vermont resident inpatient discharges, 10,972 (21 percent) were at hospitals in the bordering states of New Hampshire, New York, and Massachusetts. New Hampshire accounted for 84 percent of these admissions of which Dartmouth Hitchcock Medical Center accounted for 82 percent (7,479).

For hospitals located within the State of Vermont, 14 percent (6,563 out of a total of 47,855) of inpatient discharges were attributed to non-residents in 2009. New York residents accounted for 77 percent (5,037) of the non-resident inpatient discharges from Vermont hospitals.

In 2009, 11,407 Vermont residents were discharged from out-of-state hospitals and 6,563 out-of-state residents were discharged from Vermont hospitals. The *net migration* of inpatient discharges was 4,844 to out-of-state hospitals. This was a net increase in out-migration of 313 discharges (6.9 percent) over 2008.

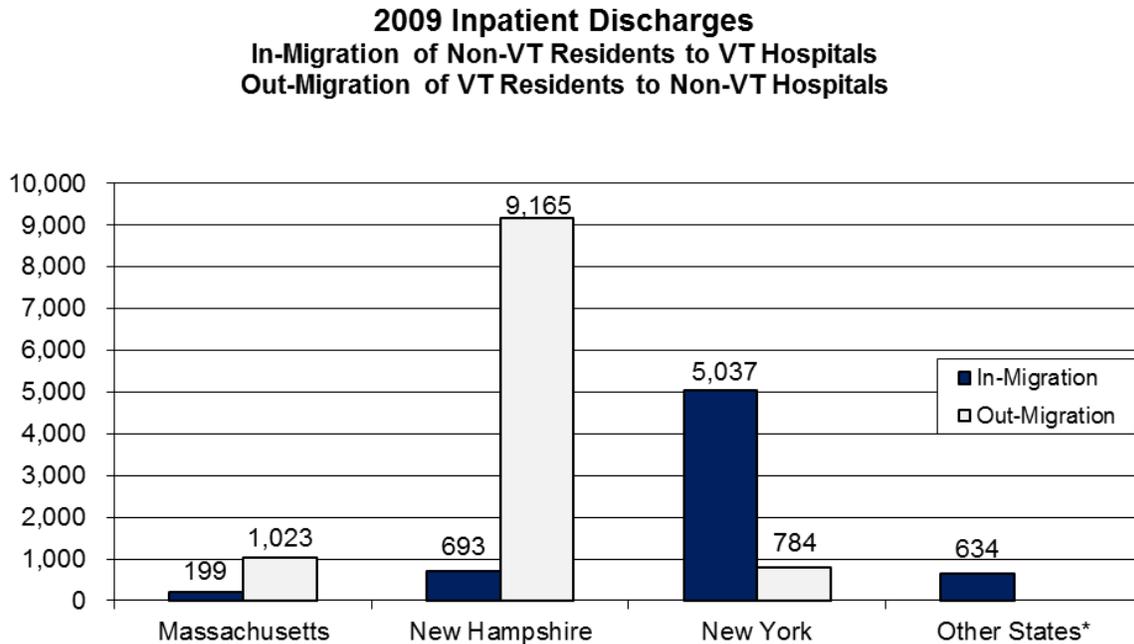


Figure 18

Source: 2009 Vermont Uniform Hospital Discharge Data Set.

Notes: VT residents use hospitals in other states in addition to NH, NY and MA, but reporting is currently unavailable. Data excludes discharges from the Veterans Administration Hospital and records with missing charges.

Charges

Average charges for Vermont residents at Vermont hospitals were \$18,635 in 2009, with an average DRG weight of 1.28. For Vermont residents in out-of-state hospitals (out-migration), the average charges were \$34,342, with a DRG weight of 1.83. On average, Vermont residents are using more complex and expensive services at out-of-state hospitals than at Vermont hospitals. Out-of-state residents using Vermont hospitals (in-migration) had average charges of \$25,447 and a DRG weight of 1.64.

In 2009, charges associated with net out-migration of inpatient hospital discharges were \$209.8 million. This was a decrease of 5.6 percent (\$18.7 million) in 2009, compared to a net decrease of out-migration discharges of 2.7 percent (123 discharges).

Possible reasons for the different relative uses of services are differences in the severity of illness, type of services provided and payer mix. For example, the complex services used in out-of-state hospitals by Vermont residents (Dartmouth Hitchcock Medical Center and Albany Medical Center) are higher than complex services used in Vermont hospitals.

For more information on hospital in-migration and out-migration, please see the Vermont Hospital Migration Reports on BISHCA's website.²⁶

2009 Vermont Inpatient Hospital Migration

	Discharges	Total Charges	Average Charges	Average DRG Wt*	Ave. Chgs Care Mix Adj.
Total Vermont Residents in Vermont Hospitals	41,292	\$769,495,202	\$18,635	1.28	\$14,559
Total Out-Migration (Vermont Residents in Out-Of-State Hospitals)	10,971	\$376,766,082	\$34,342	1.83	\$18,766
Total In-Migration (Out-of-State Residents in Vermont Hospitals)	6,563	\$167,010,968	\$25,447	1.64	\$15,517
Net Out-Migration	4,408	\$209,755,114	\$47,585		

Source: 2009 Vermont Uniform Hospital Discharge Data Set
 All figures exclude discharges from VA and records with missing charges; Vermont residents only;
 Number of discharges and average DRG weight exclude newborns; charges include newborns.

* DRG weights indicate the relative costs for treating patients during the prior year. For example, a DRG with a weight of 2.0 means that charges were historically twice the national average whereas a DRG with a weight of 0.5 was half the national average.

Table 5

**2010-2013
Forecast**

Three-Year Projections of Health Care Expenditures

This section describes projected expenditures for Vermont health care providers on behalf of Vermont residents for the period 2010-2013.

Background

This section was prepared to meet the requirement under 18 V.S.A. § 9406 (b)(1-4) that directs the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) to annually prepare a three-year projection of health care expenditures made on behalf of Vermont residents. The statute requires that the projections be considered in the evaluation of health insurance rate and trend filings that are submitted to BISHCA, as well as used in connection with the hospital budget review process and the Certificate of Need process. The projections of Vermont health care expenditures are also used in the development of the Unified Health Care Budget.

A Three-Year Forecast report was published February 3, 2011.

Forecast Models

BISHCA models a forecast for both Resident data and Provider data. As their base, the two models use the 2009 Vermont health care expenditures (Resident and Provider) as reported to and calculated by BISHCA. These expenditures can be found in the matrices at the back of this report. In both models, most of the projected expenditures for Vermont in 2010-2013 are estimated using the provider services projections reported by the U.S. Centers for Medicare and Medicaid Services (CMS) National Health Expenditure (NHE) model.²⁷ Community hospital projections, however, are based upon data submitted to BISHCA during the annual hospital budget review process, and include projected 2010 and budgeted 2011 data.

For the Provider model, provider service expenditures are projected forward, and allocated by payer (based on most recent payer distributions reported through 2009). For the Resident model, each payer's provider service expenditures are projected forward from the 2009 base. Medicaid is the one exception. It is projected independently in the Resident model, based on budgeted growth rates and other information from the Vermont Agency of Human Services (AHS).

Projections for the Global Commitment for Health (Medicaid) are included in the Resident model. Projections are based on data available at time of publication. However, we have learned that new changes to the State budget might affect this projection. Aside from the Medicaid projections, the forecast model assumes no significant changes in enrollment or significant program policy changes in Medicare or Medicaid. A technical documentation report is available on BISHCA's web site and has a more complete discussion of the forecast model.²⁸

Projected Expenditures

The following table shows Vermont resident health care expenditures in 2009, as projected for 2013, and the average annual change.

Resident Expenditures by Provider				Resident Expenditures by Payer			
(\$ in millions)	Actual 2009	Projected 2013	2009-2013 Average Annual Change	(\$ in millions)	Actual 2009	Projected 2013	2009-2013 Average Annual Change
Hospitals	\$1,739.5	\$2,155.8	5.5%	Out-of-Pocket	\$693.9	\$846.4	5.1%
Physicians	\$638.4	\$784.6	5.3%	Private	\$1,765.6	\$2,186.4	5.5%
Dentists	\$209.5	\$253.6	4.9%	Medicare	\$907.9	\$1,116.6	5.3%
Other Professional	\$153.0	\$200.2	6.9%	Medicaid	\$1,155.7	\$1,542.6	7.5%
Home Health	\$101.5	\$125.9	5.5%	Other Govt	\$190.4	\$238.9	5.8%
Drugs & Supplies	\$566.1	\$714.8	6.0%	TOTAL	\$4,713.5	\$5,930.8	5.9%
Vision & DME	\$94.1	\$110.2	4.0%				
Nursing Homes	\$265.8	\$335.6	6.0%				
Admin/Net Cost Ins.	\$367.0	\$479.1	6.9%				
Other/Unclassified	\$43.3	\$56.5	6.9%				
Govt Health Activities	\$535.3	\$714.5	7.5%				
TOTAL	\$4,713.5	\$5,930.8	5.9%				

Note: Vermont data is from the Resident analysis. 2009 is actual; 2010-2013 are projected.

Table 6

Update to Projections

Typically, the NHE release updated spending information around February-March. The last update we have is February 2010. The NHE sees the economic recession continuing, and has built in expected Medicare health reform changes. In Vermont, we see a lower limit of growth expected in the VT Global Commitment waiver. Further, Vermont hospital growth is expected to slow to 4.5% and 4% in 2011, 2012.

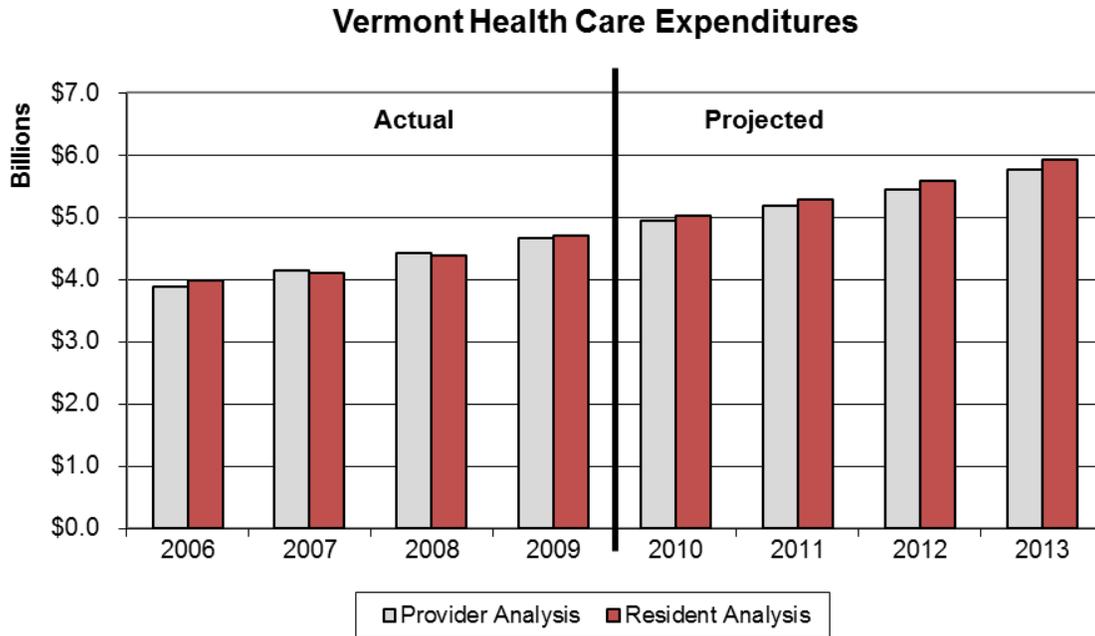


Figure 19

What are Vermont residents' total health care expenditures expected to be in the next few years?

- Total health care expenditures for Vermont residents are expected to reach \$5.0 billion in 2010 and close to \$5.9 billion by 2013. This is an average annual increase of 5.7 percent.
- Vermont per capita health care expenditures (calculation based on Resident analysis) are projected to be approximately \$9,218 in 2013. The amount was \$7,051 per capita in 2009.
- The average annual increase in Vermont per capita health care expenditures in the 2010-2013 period is projected to be 5.7 percent. National per capita health care spending is projected to grow at an average annual rate of 4.7 percent during the same period²⁹. Vermont's per capita health care costs are projected to exceed the U.S. per capita costs in 2012 for the first time.
- There are a number of reasons that may explain Vermont's per capita difference with national data, including sources of data, definitions, methodologies, timing, and adjustments. Please see *Spotlight on Per Capita Health Care Costs* for more information.
- To put projections in perspective, average annual growth trend from 2006 to 2009 for Vermont per capita health care expenditures was 5.9 percent compared to 4.4 percent for the U.S. Some of the variance is explained because of differences in reporting by CMS.

Note: The differences between the Resident and Provider analyses are due to different populations, accounting techniques, reporting definitions, and fiscal year considerations.

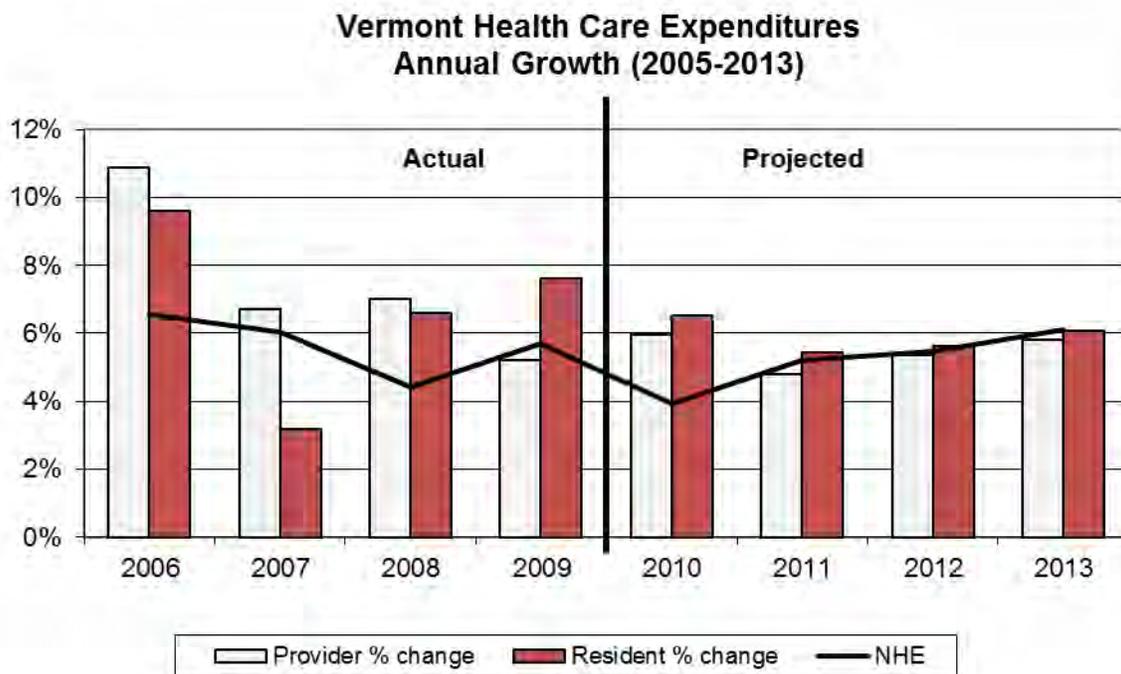


Figure 20

What are the spending trends from 2006 to 2013?

- The figure above highlights the projected annual rates of growth in health care spending for both the Resident and Provider views in Vermont through 2013. After growing above 10 percent in 2001 and 2002 (not shown), the average annual increase from 2006 to 2009 was 5.8 percent in the Resident analysis and 6.3 percent in the Provider analysis.
- The forecast (which is primarily based upon national growth projections for providers) predicts an average annual increase from 2010 to 2013 of 5.9 percent for the Resident analysis and 5.5 percent for the Provider analysis.
- The slower growth is based upon the effects of the economy and Medicare reform changes.³⁰ In addition, the forecast does expect lower growth for Vermont hospitals and global commitment expenditures than in recent years.
- The forecast model assumes no significant changes in enrollment or significant program policy changes in Medicare or Medicaid.

**Vermont Provider Health Care Expenditures
Projected Average Annual Increase by Provider
(2010-2013)**

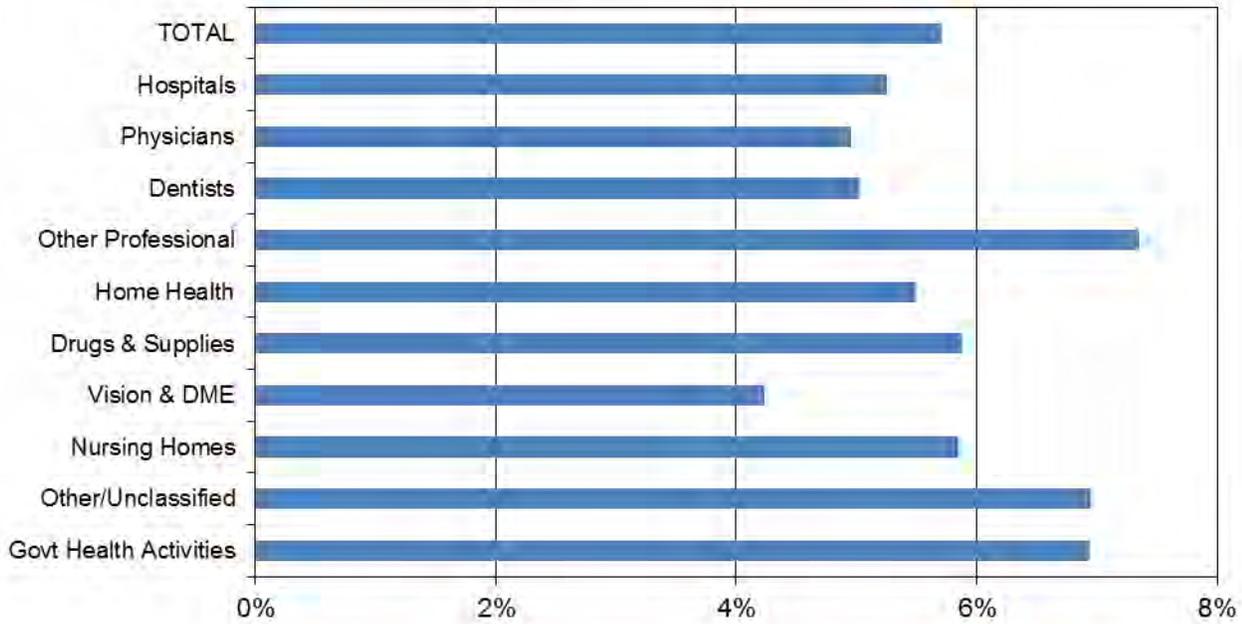


Figure 21

How fast are different health care provider services projected to grow?

- Vermont provider services are projected to experience an average annual increase of 5.7 percent in the 2010-2013 time period. This growth will total \$910 million over the 3 years.
- Hospital and physician expenditures represent over 45 percent of the total. While their growth is projected lower than the \$910 million, they will require over \$413 million of the total in growth through 2013.
- Other Professional Services shows the highest annual increase at 7.4 percent.
- The 2nd highest growing category is government health activities; it shows an average annual growth of 6.9 percent. Most of the expenditures here are funded by Medicaid and support an array of Agency of Human Services programs.
- Expenditures for Vision and Durable Medical Equipment are projected to grow the least among the providers at 4.2 percent annually from 2010 to 2013.
- The increases in Vermont *resident* expenditures by provider are about 0.4 percent higher than the increases measured in the Vermont *provider* expenditures in the figure above. The increases in the totals of the two models (resident and provider) can be different because the populations are not the same and therefore could have a different service mix.

Dollars in millions

Vermont Expenditures			
Resident	2009	Provider	2009
Jan '06 Forecast	\$ 4,687.4	Jan '06 Forecast	\$ 4,617.3
Jan '07 Forecast	\$ 4,949.6	Jan '07 Forecast	\$ 4,751.7
Jan '08 Forecast	\$ 4,798.5	Jan '08 Forecast	\$ 4,753.9
Jan '09 Forecast	\$ 4,936.1	Jan '09 Forecast	\$ 4,696.5
Actual	\$ 4,713.5	Actual	\$ 4,662.7
Differences - Forecast from Actual			
Resident	2009	Provider	2009
Jan '06 Forecast	\$ (26.08)	Jan '06 Forecast	\$ (45.42)
Jan '07 Forecast	\$ 236.09	Jan '07 Forecast	\$ 88.99
Jan '08 Forecast	\$ 84.99	Jan '08 Forecast	\$ 91.23
Jan '09 Forecast	\$ 222.58	Jan '09 Forecast	\$ 33.84
Differences - Forecast from Actual			
Resident	2009	Provider	2009
Jan '06 Forecast	-0.6%	Jan '06 Forecast	-1.0%
Jan '07 Forecast	4.8%	Jan '07 Forecast	1.9%
Jan '08 Forecast	1.8%	Jan '08 Forecast	1.9%
Jan '09 Forecast	4.5%	Jan '09 Forecast	0.7%

Table 7

- Table 7 illustrates estimated 2009 values from prior forecasts for both resident and provider expenditures. January 2006, January 2007, and January 2008 forecasts are compared to the resulting actual 2009 spending. The middle chart shows the differences in dollars. For example, the 2006 Forecast shows that 2009 was \$26.08 million lower than the actual spending.
- The variability across individual payers and providers may very well be greater than the aggregate total variability.

Note: The differences between the resident and provider analyses are due to different populations, accounting techniques, reporting definitions, and fiscal year considerations.

Definitions and Data Sources: Resident (Payer)

Expenditure Categories	Definition	Data Sources for Payer Matrix	Allocation to Provider Services
Out-of-Pocket	Includes expenditures made directly by consumers to purchase health care services and supplies: includes deductibles and coinsurance. Excludes payments for insurance premiums that are included in the insurance expenditure category.	Medicare and VHCURES data includes out of pocket costs for enrollees. Also, average of NHE per capita data and data from Market Decisions (from the 2009 VT Household Health Insurance Survey).	Allocation based on NHE distributions, line item data from Market Decisions, and other Resident expenditures.
<u>Private Insurance</u>	Includes expenditures made by BCBSVT, MVP, CIGNA and other private commercial payers that sell benefit plans regulated by BISHCA. Includes comprehensive major medical insurance, Medicare supplement insurance, long-term care, and dental insurance. Excludes accident only and disability insurance.	BCBSVT, CIGNA, and MVP reported 2009 data by provider service category. Other private commercial insurance expenditures were calculated from the 2009 Annual Statement Supplement filed with BISHCA.	Actuals as reported by BCBSVT, CIGNA, and MVP. Other private allocation based on BCBSVT and MVP distribution.
- Commercial			
- Self-Insured	Includes expenditures by companies that assume financial risk and directly pay for health services for their employees. These plans are exempt from state regulation under ERISA.	Calculated from the 2009 Annual Statement Supplement filed with BISHCA.	Allocation based on BCBSVT and MVP distribution.
- Workers' Compensation	Includes the medical component of workers' compensation claims. Some of these claims are self-insured and some are private insurance.	Calculated with data from A.M. Best, the National Council on Compensation Ins., and the National Academy of Social Ins.	Allocation based on 2009 workers' compensation medical payments in Oregon.
<u>Medicare</u>	Includes expenditures made by the federal government on behalf of beneficiaries of the national Medicare program, including the elderly and disabled.	2008 claims data for Medicare beneficiaries who are VT residents regardless of location of covered services received, and inflated by a 3-year average increase, with adjustments for drugs and admin.	Actual reported 2008 claims data for VT beneficiaries.
<u>Medicaid</u>	Includes health expenditures for beneficiaries of VT's medical assistance program, a federal-state health insurance program for certain low-income and medically needy people and aged, blind, and disabled residents. The program provides medical and prescription drug coverage.	2009 Medicaid expenditure claims data prepared by AHS. Global Commitment, Long-Term Care, SCHIP, and MCO Investments are included in the data.	Actual reported claims data and input from AHS.
<u>Other Government Federal</u>	Includes federal expenditures to operate the V.A. Hospital, grants administered by the VT Dept. of Health for health care services not covered through the Medicare or Medicaid program, and expenditures on federally qualified health centers.	2009 data from the V.A. Hospital, AHS, and the Bi-State Primary Care Association.	Allocation based on input from AHS.
<u>Other Government State & Local</u>	Includes public health activities and payments made by the state government for health care services that are not covered through the Medicare or Medicaid program.	2009 data from AHS, the VT State Hospital, the V.A. Hospital, and DHCA.	Allocation based on input from AHS.

Note: The data matrices at the end of this report have been shaded according to data quality. White areas are relatively well documented and refer to Vermont specific sources. Gray areas have Vermont based information from which reasonable estimates can be calculated. Dark gray areas are based on estimates where there is no reliable Vermont specific information. Generally, national sources are used to make estimates in these areas.

- | | | | |
|--------|---|--------|--|
| AHS | Agency of Human Services | BCBSVT | Blue Cross Blue Shield of Vermont |
| BISHCA | Department of Banking, Insurance, Securities and Health Care Administration | CIGNA | Connecticut General Life Ins Co of Amer. |
| DME | Durable medical equipment | DHCA | Division of Health Care Administration |
| NHE | National Health Expenditures model | ERISA | Employment Retirement Income Security (1974) |
| VPQHC | Vermont Program for Quality in Health Care | V.A. | Veterans' Administration |
| | | SCHIP | State Children's Health Insurance Program |

Definitions and Data Sources: Provider

Expenditure Categories	Definition	Data Sources for Provider Matrix	Allocation to Payers of Services	Forecast Method
<u>Hospitals</u>	Includes net revenues from all inpatient and outpatient acute care services and paid physician salaries and expenses at VT community hospitals, Brattleboro Retreat, VT State Hospital, and V.A. Hospital.	2009 data from all VT non-profit community hospitals, VT State Hospital, V.A. Hospital, and Brattleboro Retreat.	Government expenditures allocated as reported by hospitals. Private expenditures allocated based on resident matrix.	NHE hospital % projection increases except for Community Hospital 2010 projected and 2011 budget from BISHCA hospital budget process, and Brattleboro Retreat 3-year moving average with NHE %.
<u>Physician Services</u>	Includes revenue for all physicians (including osteopathic physicians), rural health clinics, federally qualified health centers, nurse practitioners, and physician assistants. Salaries and expenses paid for Vermont hospital-owned physician practices are excluded (see Hospitals).	2007U.S. Economic Census, inflated to 2009 with NHE data.	Allocation based on resident matrix. Represents total net practice revenue, not physician net income.	NHE physician % projections.
<u>Dental Services</u>	Includes revenue for dental and oral surgery services.	2007U.S. Economic Census, inflated to 2009 with NHE data	Allocation based on resident matrix.	NHE dental % projections.
<u>Other Professional Services</u>	Includes all revenue for services provided by licensed health care professionals who are not physicians or dentists and who directly bill for their services. Includes: chiropractic services, physical therapy services, podiatrist services, psychological services, and all other expenditures for services provided by health professionals that are not specifically identified.	Chiropractic, physical therapy, psychological, podiatrist, and other professional services data from 2007U.S. Economic Census, inflated to 2009 with NHE data	Allocation based on resident matrix.	NHE other professional % projections.
<u>Home Health Care</u>	Includes revenue from all services provided by home health agencies.	2009data from the VT Assembly of Home Health Agencies (non-profit agencies), Bayada and Associates in Physical & Occupational Therapy.	Expenditures allocated based on resident matrix except government expenditures reported by VT Assembly of Home Health Agencies and Bayada.	Average of 3-year moving average and NHE home health % projections.
<u>Drugs and Supplies</u>	Includes all revenue for prescription drugs and non-durable supplies that are purchased by prescription. Non-prescription drugs are included.	2009 Verispan, L.L.C. data (Henry J. Kaiser Family Foundation, State Health Facts Online) averaged with 2009 NHE drugs growth rate. Estimate for supplies added.	Allocation based on resident matrix.	Weighted average of NHE prescription drugs and non-durable medical supplies % projections.
<u>Vision Products & DME</u>	Includes all revenue for products that aid sight and for all services provided by optometrists and opticians. Also includes expenditures for durable medical equipment purchased from independent vendors.	2007U.S. Economic Census, inflated to 2009 with NHE data	Allocation based on resident matrix.	Weighted average of NHE other professional and durable medical equipment % projections.
<u>Nursing Home Care</u>	Includes all revenues received by nursing homes, including intermediate care facilities and skilled nursing facilities.	Expenditure data reported to AHS Division of Rate Setting for 2009. Estimates added for non-Medicaid homes.	Government expenditures allocated as reported by nursing homes to AHS. Private expenditures distributed based on resident matrix.	Average of 3-year moving average and NHE nursing home % projections.
<u>Other/ Unclassified Health Services</u>	Includes all services not specified elsewhere, including college health fees, office-based business health spending, and some public school health spending.	University of Vermont, Vermont Department of Education, others.	Expenditures are classified primarily as out-of-pocket and state & local.	NHE other personal health care % projections.
<u>Government Health Activities</u>	Includes all expenditures for health activities through AHS, public mental health funding, case management services, and VT Department of Corrections health-related spending. State and Federal grants and DHCA expenditures are also included.	AHS and DHCA.	Allocated as reported by AHS. AHS does not include employee or operating costs, only grant programs. DHCA includes employee and operating costs and contract with VPQHC.	Resident Medicaid annual increases projected separately based on AHS/OVHA projections, and applied to this category.

Data Matrices & Tables

2009 Vermont Health Care Expenditures - Resident Analysis

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total	Out-of-Pocket	Private Insurance	Medicare	Vermont Medicaid	Other Federal	State & Local
Hospitals	36.9%	\$1,739,497	\$162,606	\$809,276	\$470,996	\$200,536	\$74,264	\$21,819
Community Hospitals	34.6%	\$1,630,498	\$162,606	\$798,784	\$468,393	\$200,536	\$147	\$32
Veterans Hospital	1.6%	\$75,554	\$0	\$1,305	\$0	\$0	\$74,117	\$132
Psychiatric Hosp: State	0.5%	\$22,372	\$0	\$717	\$0	\$0	\$0	\$21,655
Psychiatric Hosp: Private	0.2%	\$11,073	\$0	\$8,470	\$2,603	\$0	\$0	\$0
Physician Services*	13.5%	\$638,416	\$87,671	\$329,674	\$112,290	\$100,212	\$8,487	\$83
Dental Services	4.4%	\$209,458	\$132,188	\$56,656	\$0	\$20,181	\$22	\$412
Other Professional Services	3.2%	\$153,021	\$25,384	\$81,220	\$18,132	\$28,284	\$0	\$1
Chiropractor Services	0.4%	\$18,987	\$3,148	\$13,399	\$1,504	\$936	\$0	\$0
Physical Therapy Services	0.8%	\$35,570	\$5,900	\$22,171	\$5,121	\$2,378	\$0	\$0
Psychological Services	0.9%	\$42,927	\$7,121	\$18,377	\$2,202	\$15,226	\$0	\$1
Podiatrist Services	0.1%	\$4,690	\$778	\$2,163	\$1,504	\$245	\$0	\$0
Other	1.1%	\$50,847	\$8,438	\$25,110	\$7,800	\$9,499	\$0	\$0
Home Health Care	2.2%	\$101,539	\$14,047	\$1,321	\$57,108	\$23,713	\$0	\$5,350
Drugs & Supplies	12.0%	\$566,076	\$141,209	\$233,782	\$105,125	\$78,423	\$915	\$6,622
Vision Products & DME	2.0%	\$94,063	\$48,915	\$12,228	\$24,251	\$8,666	\$0	\$3
Nursing Home Care	5.6%	\$265,753	\$75,325	\$5,019	\$57,145	\$121,235	\$0	\$7,029
Other/Unclassified Health Services	0.9%	\$43,339	\$6,588	\$244	\$16,702	\$4,010	\$0	\$15,795
Admin/Net Cost of Health Insurance	7.8%	\$367,042	N/A	\$236,141	\$46,173	\$84,728	\$0	\$0
Change in surplus	N/A	(\$31,382)	N/A	(\$31,382)	n.a.	n.a.	\$0	\$0
Administration	N/A	\$398,424	N/A	\$267,524	\$46,173	\$84,728	\$0	\$0
Government Health Care Activities**	11.4%	\$535,313	n.a.	n.a.	n.a.	\$485,736	\$28,762	\$20,816
TOTAL VERMONT EXPENDITURES	100.0%	\$4,713,518	\$693,932	\$1,765,562	\$907,921	\$1,155,724	\$112,451	\$77,928
Percent of total expenditures		100.0%	14.7%	37.5%	19.3%	24.5%	2.4%	1.7%

* Hospital-employed physician practices are included in the Physician Services category in the Resident Matrix.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Payer reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2009 Vermont Health Care Expenditures - Resident Analysis Private Insurance Detail

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total Private Insurance	Self-Insured	BCBS VT	MVP	Workers' Comp	Other Private
Hospitals	45.8%	\$809,276	\$204,180	\$208,333	\$71,645	\$25,526	\$299,593
Community Hospitals	45.2%	\$798,784	\$201,101	\$206,793	\$68,962	\$25,526	\$296,402
Veterans Hospital	0.1%	\$1,305	\$355	\$441	\$46	\$0	\$463
Psychiatric Hosp: State	0.0%	\$717	\$3	\$5	\$0	\$0	\$709
Psychiatric Hosp: Private	0.5%	\$8,470	\$2,721	\$1,094	\$2,636	\$0	\$2,019
Physician Services*	18.7%	\$329,674	\$83,045	\$82,347	\$31,527	\$16,453	\$116,302
Dental Services	3.2%	\$56,656	\$20,292	\$1,362	\$192	\$276	\$34,535
Other Professional Services	4.6%	\$81,220	\$16,750	\$20,673	\$2,294	\$17,063	\$24,440
Chiropractor Services	0.8%	\$13,399	\$2,623	\$3,475	\$122	\$3,070	\$4,108
Physical Therapy Services	1.3%	\$22,171	\$4,145	\$4,699	\$985	\$5,668	\$6,673
Psychological Services	1.0%	\$18,377	\$4,785	\$6,262	\$299	\$197	\$6,834
Podiatrist Services	0.1%	\$2,163	\$555	\$572	\$189	\$39	\$808
Other	1.4%	\$25,110	\$4,641	\$5,665	\$699	\$8,089	\$6,017
Home Health Care	0.1%	\$1,321	\$285	\$117	\$274	\$394	\$250
Drugs & Supplies	13.2%	\$233,782	\$60,501	\$62,152	\$20,808	\$5,530	\$84,790
Vision Products & DME	0.7%	\$12,228	\$2,956	\$3,385	\$668	\$118	\$5,101
Nursing Home Care	0.3%	\$5,019	\$1,282	\$1,672	\$86	\$256	\$1,723
Other/Unclassified Health Services	0.0%	\$244	\$85	\$2	\$114	\$0	\$42
Admin/Net Cost of Health Insurance	13.4%	\$236,141	\$56,112	\$34,242	\$13,697	\$40,514	\$91,577
Change in surplus	-1.8%	(\$31,382)	n.a.	(\$6,100)	(\$5,253)	n.a.	(\$20,029)
Administration	15.2%	\$267,524	\$56,112	\$40,342	\$18,951	\$40,514	\$111,605
Government Health Care Activities**	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL VERMONT EXPENDITURES	100.0%	\$1,765,562	\$445,488	\$414,285	\$141,307	\$106,129	\$658,353
Percent of total expenditures		100.0%	25.2%	23.5%	8.0%	6.0%	37.3%

* Hospital-employed physician practices are included in the Physician Services category in the Resident Matrix.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Payer reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2009 Vermont Health Care Expenditures - Provider Analysis

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total	Out-of-Pocket	Private Insurance	Medicare	Vermont Medicaid	Other Federal	State & Local
Hospitals	42.9%	\$2,000,218	\$185,828	\$905,156	\$550,272	\$215,723	\$114,596	\$28,643
Community Hospitals	38.9%	\$1,815,090	\$181,015	\$885,170	\$544,691	\$204,214	\$0	\$0
Veterans Hospital	2.7%	\$127,439	\$4,255	\$9,025	\$0	\$0	\$114,026	\$132
Psychiatric Hosp: State	0.5%	\$21,758	\$45	\$22	\$0	\$0	\$36	\$21,655
Psychiatric Hosp: Private	0.8%	\$35,932	\$514	\$10,939	\$5,581	\$11,509	\$534	\$6,856
Physician Services*	12.0%	\$561,643	\$77,128	\$312,701	\$103,435	\$60,251	\$8,050	\$79
Dental Services	5.3%	\$246,564	\$155,605	\$66,693	\$0	\$23,756	\$26	\$485
Other Professional Services	4.4%	\$205,546	\$34,097	\$111,004	\$25,060	\$35,384	\$0	\$1
Chiropractor Services	0.7%	\$31,836	\$5,278	\$22,467	\$2,522	\$1,569	\$0	\$0
Physical Therapy Services	1.0%	\$45,178	\$7,493	\$28,159	\$6,504	\$3,021	\$0	\$0
Psychological Services	1.0%	\$44,536	\$7,388	\$19,066	\$2,285	\$15,797	\$0	\$1
Podiatrist Services	0.1%	\$5,158	\$856	\$2,379	\$1,655	\$270	\$0	\$0
Other	1.7%	\$78,838	\$13,083	\$38,934	\$12,093	\$14,728	\$0	\$0
Home Health Care	2.2%	\$102,802	\$6,690	\$8,142	\$51,077	\$30,799	\$745	\$5,350
Drugs & Supplies	13.9%	\$646,021	\$161,151	\$266,798	\$119,971	\$89,499	\$1,044	\$7,557
Vision Products & DME	1.7%	\$80,154	\$41,682	\$10,420	\$20,665	\$7,384	\$0	\$2
Nursing Home Care	5.4%	\$252,566	\$41,861	\$2,486	\$71,033	\$125,175	\$4,306	\$7,705
Other/Unclassified Health Services	0.7%	\$31,856	\$13,616	\$1,979	\$0	\$500	\$0	\$15,761
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Change in surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Government Health Care Activities**	11.5%	\$535,313	\$0	\$0	\$0	\$485,736	\$28,762	\$20,816
TOTAL VERMONT EXPENDITURES	100.0%	\$4,662,684	\$717,659	\$1,685,380	\$941,513	\$1,074,206	\$157,528	\$86,398
Percent of total expenditures		100.0%	15.4%	36.1%	20.2%	23.0%	3.4%	1.9%

* Hospital-employed physician practices are included in the Community Hospital category in the Provider Matrix. Physicians amount reported \$265 million.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Provider reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2009 Vermont Health Care Expenditures - Provider Analysis Private Insurance Detail

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total Private Insurance	Self-Insured	BCBS VT	MVP	Workers' Comp	Other Private
Hospitals	53.7%	\$905,156	\$228,677	\$233,470	\$80,098	\$28,834	\$334,077
Community Hospitals	52.5%	\$885,170	\$222,720	\$229,024	\$76,376	\$28,786	\$328,266
Veterans Hospital	0.5%	\$9,025	\$2,444	\$3,034	\$318	\$47	\$3,183
Psychiatric Hosp: State	0.0%	\$22	\$0	\$0	\$0	\$0	\$22
Psychiatric Hosp: Private	0.6%	\$10,939	\$3,513	\$1,413	\$3,404	\$1	\$2,607
Physician Services*	18.6%	\$312,701	\$78,770	\$78,107	\$29,904	\$15,606	\$110,314
Dental Services	4.0%	\$66,693	\$23,886	\$1,603	\$227	\$324	\$40,652
Other Professional Services	6.6%	\$111,004	\$22,434	\$27,705	\$3,058	\$25,136	\$32,672
Chiropractor Services	1.3%	\$22,467	\$4,399	\$5,827	\$205	\$5,148	\$6,888
Physical Therapy Services	1.7%	\$28,159	\$5,265	\$5,969	\$1,251	\$7,199	\$8,475
Psychological Services	1.1%	\$19,066	\$4,964	\$6,497	\$310	\$204	\$7,090
Podiatrist Services	0.1%	\$2,379	\$610	\$629	\$208	\$43	\$888
Other	2.3%	\$38,934	\$7,196	\$8,783	\$1,084	\$12,542	\$9,329
Home Health Care	0.5%	\$8,142	\$175	\$2,048	\$428	\$59	\$5,432
Drugs & Supplies	15.8%	\$266,798	\$69,046	\$70,930	\$23,747	\$6,311	\$96,764
Vision Products & DME	0.6%	\$10,420	\$2,519	\$2,884	\$569	\$101	\$4,347
Nursing Home Care	0.1%	\$2,486	\$635	\$828	\$43	\$127	\$854
Other/Unclassified Health Services	0.1%	\$1,979	\$1,979	\$0	\$0	\$0	\$0
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Change in surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Government Health Care Activities**	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL VERMONT EXPENDITURES	100.0%	\$1,685,380	\$428,121	\$417,576	\$138,073	\$76,498	\$625,113
Percent of total expenditures		100.0%	25.4%	24.8%	8.2%	4.5%	37.1%

* Hospital-employed physician practices are included in the Community Hospital category in the Provider Matrix. Physicians amount reported \$265 million.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Provider reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2008 Vermont Health Care Expenditures - Resident Analysis

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total	Out-of-Pocket	Private Insurance	Medicare	Vermont Medicaid	Other Federal	State & Local
Hospitals	34.6%	\$1,517,122	\$47,907	\$761,312	\$439,264	\$171,253	\$75,856	\$21,530
Community Hospitals	32.1%	\$1,407,145	\$47,907	\$751,005	\$436,836	\$171,253	\$135	\$8
Veterans Hospital	1.8%	\$77,232	\$0	\$1,350	\$0	\$0	\$75,720	\$162
Psychiatric Hosp: State	0.5%	\$22,065	\$0	\$705	\$0	\$0	\$0	\$21,361
Psychiatric Hosp: Private	0.2%	\$10,679	\$0	\$8,252	\$2,428	\$0	\$0	\$0
Physician Services*	14.7%	\$642,458	\$103,502	\$335,180	\$104,725	\$92,768	\$6,279	\$4
Dental Services	4.6%	\$201,372	\$131,618	\$52,989	\$0	\$16,507	\$4	\$255
Other Professional Services	3.4%	\$148,609	\$33,909	\$74,820	\$16,910	\$22,969	\$0	\$0
Chiropractor Services	0.4%	\$18,527	\$4,340	\$12,591	\$1,403	\$192	\$0	\$0
Physical Therapy Services	0.9%	\$37,970	\$8,646	\$22,735	\$4,776	\$1,812	\$0	\$0
Psychological Services	0.9%	\$40,784	\$9,322	\$15,516	\$2,054	\$13,892	\$0	\$0
Podiatrist Services	0.1%	\$4,741	\$1,077	\$2,014	\$1,403	\$246	\$0	\$0
Other	1.1%	\$46,586	\$10,523	\$21,963	\$7,274	\$6,826	\$0	\$0
Home Health Care	2.3%	\$102,553	\$13,537	\$4,512	\$53,260	\$26,158	\$4	\$5,080
Drugs & Supplies	12.1%	\$530,779	\$140,399	\$217,912	\$92,400	\$68,803	\$854	\$10,411
Vision Products & DME	2.1%	\$90,629	\$48,447	\$12,208	\$22,617	\$7,350	\$3	\$3
Nursing Home Care	5.8%	\$255,318	\$76,223	\$5,251	\$53,295	\$115,577	\$0	\$4,971
Other/Unclassified Health Services	0.8%	\$33,971	\$0	\$938	\$15,577	\$2,994	\$2	\$14,461
Admin/Net Cost of Health Insurance	7.9%	\$347,516	N/A	\$221,404	\$44,719	\$81,394	\$0	\$0
Change in surplus	N/A	(\$9,840)	N/A	(\$9,840)	n.a.	\$0	\$0	\$0
Administration	N/A	\$357,356	N/A	\$231,243	\$44,719	\$81,394	\$0	\$0
Government Health Care Activities**	11.6%	\$510,037	n.a.	n.a.	n.a.	\$454,669	\$29,591	\$25,777
TOTAL VERMONT EXPENDITURES	100.0%	\$4,380,364	\$595,542	\$1,686,526	\$842,766	\$1,060,444	\$112,593	\$82,493
Percent of total expenditures		100.0%	13.6%	38.5%	19.2%	24.2%	2.6%	1.9%

* Hospital-employed physician practices are included in the Physician Services category in the Resident Matrix.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Payer reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

**2008 Vermont Health Care Expenditures - Resident Analysis
Private Insurance Detail**

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total Private Insurance	Self-Insured	BCBS VT	MVP	Workers' Comp	Other Private
Hospitals	45.1%	\$761,312	\$211,382	\$202,306	\$56,389	\$27,168	\$264,067
Community Hospitals	44.5%	\$751,005	\$208,129	\$200,400	\$54,314	\$27,168	\$260,993
Veterans Hospital	0.1%	\$1,350	\$408	\$488	\$12	\$0	\$443
Psychiatric Hosp: State	0.0%	\$705	\$25	\$31	\$0	\$0	\$648
Psychiatric Hosp: Private	0.5%	\$8,252	\$2,819	\$1,388	\$2,062	\$0	\$1,983
Physician Services*	19.9%	\$335,180	\$90,067	\$84,823	\$25,403	\$27,545	\$107,342
Dental Services	3.1%	\$52,989	\$19,632	\$1,218	\$297	\$284	\$31,557
Other Professional Services	4.4%	\$74,820	\$16,561	\$18,445	\$1,822	\$18,039	\$19,953
Chiropractor Services	0.7%	\$12,591	\$3,019	\$3,642	\$54	\$1,923	\$3,953
Physical Therapy Services	1.3%	\$22,735	\$4,496	\$4,731	\$772	\$6,655	\$6,083
Psychological Services	0.9%	\$15,516	\$4,598	\$5,364	\$263	\$81	\$5,211
Podiatrist Services	0.1%	\$2,014	\$547	\$533	\$137	\$97	\$700
Other	1.3%	\$21,963	\$3,900	\$4,176	\$597	\$9,284	\$4,006
Home Health Care	0.3%	\$4,512	\$1,197	\$1,199	\$265	\$647	\$1,204
Drugs & Supplies	12.9%	\$217,912	\$61,517	\$61,185	\$14,101	\$5,917	\$75,191
Vision Products & DME	0.7%	\$12,208	\$3,318	\$3,440	\$621	\$62	\$4,766
Nursing Home Care	0.3%	\$5,251	\$1,514	\$1,802	\$52	\$245	\$1,638
Other/Unclassified Health Services	0.1%	\$938	\$297	\$271	\$92	\$0	\$278
Admin/Net Cost of Health Insurance	13.1%	\$221,404	\$46,623	\$34,208	\$16,429	\$42,605	\$81,538
Change in surplus	-0.6%	(\$9,840)	n.a.	(\$12,426)	\$2,587	n.a.	n.a.
Administration	13.7%	\$231,243	\$46,623	\$46,635	\$13,843	\$42,605	\$81,538
Government Health Care Activities**	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL VERMONT EXPENDITURES	100.0%	\$1,686,526	\$452,107	\$408,899	\$115,471	\$122,515	\$587,534
Percent of total expenditures		100.0%	26.8%	24.2%	6.8%	7.3%	34.8%

* Hospital-employed physician practices are included in the Physician Services category in the Resident Matrix.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Payer reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2008 Vermont Health Care Expenditures - Provider Analysis

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total	Out-of-Pocket	Private Insurance	Medicare	Vermont Medicaid	Other Federal	State & Local
Hospitals	42.2%	\$1,872,379	\$61,697	\$955,506	\$514,010	\$195,521	\$116,787	\$28,858
Community Hospitals	38.1%	\$1,689,174	\$57,509	\$937,904	\$508,897	\$184,864	\$0	\$0
Veterans Hospital	2.9%	\$127,514	\$3,897	\$6,963	\$0	\$0	\$116,493	\$162
Psychiatric Hosp: State	0.5%	\$21,499	\$73	\$0	\$0	\$0	\$65	\$21,361
Psychiatric Hosp: Private	0.8%	\$34,191	\$219	\$10,639	\$5,112	\$10,657	\$228	\$7,336
Physician Services*	13.2%	\$586,728	\$94,524	\$327,541	\$100,942	\$57,582	\$6,136	\$4
Dental Services	5.4%	\$237,685	\$155,351	\$62,544	\$0	\$19,484	\$4	\$301
Other Professional Services	4.2%	\$185,630	\$42,398	\$94,600	\$21,219	\$27,414	\$0	\$0
Chiropractor Services	0.7%	\$32,929	\$7,714	\$22,379	\$2,494	\$342	\$0	\$0
Physical Therapy Services	0.8%	\$35,411	\$8,064	\$21,203	\$4,454	\$1,690	\$0	\$0
Psychological Services	1.0%	\$44,565	\$10,186	\$16,954	\$2,244	\$15,180	\$0	\$0
Podiatrist Services	0.1%	\$4,801	\$1,091	\$2,040	\$1,421	\$249	\$0	\$0
Other	1.5%	\$67,925	\$15,343	\$32,023	\$10,606	\$9,952	\$0	\$0
Home Health Care	2.3%	\$100,440	\$6,524	\$7,865	\$50,267	\$30,234	\$470	\$5,080
Drugs & Supplies	13.2%	\$584,477	\$154,603	\$239,958	\$101,748	\$75,764	\$940	\$11,465
Vision Products & DME	1.8%	\$78,778	\$42,112	\$10,611	\$19,660	\$6,389	\$3	\$3
Nursing Home Care	5.5%	\$244,732	\$42,309	\$2,586	\$62,617	\$127,872	\$3,891	\$5,457
Other/Unclassified Health Services	0.7%	\$30,976	\$13,063	\$2,951	\$0	\$500	\$0	\$14,462
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Change in surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Government Health Care Activities**	11.5%	\$510,037	\$0	\$0	\$0	\$454,669	\$29,591	\$25,777
TOTAL VERMONT EXPENDITURES	100.0%	\$4,431,861	\$612,581	\$1,704,162	\$870,462	\$995,428	\$157,822	\$91,406
Percent of total expenditures		100.0%	13.8%	38.5%	19.6%	22.5%	3.6%	2.1%

* Hospital-employed physician practices are included in the Community Hospital category in the Provider Matrix. Physicians amount reported \$265 million.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Provider reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

**2008 Vermont Health Care Expenditures - Provider Analysis
Private Insurance Detail**

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

	Percent of Total	Total Private Insurance	Self-Insured	BCBS VT	MVP	Workers' Comp	Other Private
Hospitals	56.1%	\$955,506	\$267,541	\$256,380	\$71,044	\$27,403	\$333,139
Community Hospitals	55.0%	\$937,904	\$261,813	\$252,090	\$68,324	\$27,365	\$328,312
Veterans Hospital	0.4%	\$6,963	\$2,093	\$2,500	\$61	\$37	\$2,270
Psychiatric Hosp: State	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
Psychiatric Hosp: Private	0.6%	\$10,639	\$3,634	\$1,789	\$2,659	\$0	\$2,556
Physician Services*	19.2%	\$327,541	\$88,014	\$82,890	\$24,824	\$26,917	\$104,896
Dental Services	3.7%	\$62,544	\$23,172	\$1,438	\$351	\$336	\$37,247
Other Professional Services	5.6%	\$94,600	\$20,824	\$23,374	\$2,111	\$23,347	\$24,943
Chiropractor Services	1.3%	\$22,379	\$5,367	\$6,473	\$95	\$3,417	\$7,027
Physical Therapy Services	1.2%	\$21,203	\$4,193	\$4,412	\$720	\$6,206	\$5,673
Psychological Services	1.0%	\$16,954	\$5,024	\$5,861	\$287	\$88	\$5,694
Podiatrist Services	0.1%	\$2,040	\$554	\$539	\$139	\$99	\$709
Other	1.9%	\$32,023	\$5,687	\$6,089	\$870	\$13,537	\$5,841
Home Health Care	0.5%	\$7,865	\$1	\$2,391	\$473	\$34	\$4,967
Drugs & Supplies	14.1%	\$239,958	\$67,741	\$67,375	\$15,528	\$6,516	\$82,798
Vision Products & DME	0.6%	\$10,611	\$2,884	\$2,990	\$540	\$54	\$4,143
Nursing Home Care	0.2%	\$2,586	\$746	\$887	\$25	\$121	\$807
Other/Unclassified Health Services	0.2%	\$2,951	\$2,951	\$0	\$0	\$0	\$0
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Change in surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Government Health Care Activities**	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL VERMONT EXPENDITURES	100.0%	\$1,704,162	\$473,874	\$437,726	\$114,895	\$84,727	\$592,940
Percent of total expenditures		100.0%	27.8%	25.7%	6.7%	5.0%	34.8%

* Hospital-employed physician practices are included in the Community Hospital category in the Provider Matrix. Physicians amount reported \$265 million.

** See Spotlight on Government Health Care Activities in this report for further detail.

	Provider reported data
	Allocations estimated from VT specific data
	Amounts imputed from National Health Expenditures or other indirect sources
N/A	Not Applicable
n.a.	Not Available

2006-2013 Vermont Resident Health Care Expenditures

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

PAYERS	2006	2007	2008	2009	Projected				2006-2013	2010-2013
					2010	2011	2012	2013	Average Annual Change	Average Annual Change
Out-of-Pocket	\$493,986	\$579,321	\$595,542	\$693,932	\$729,532	\$763,754	\$801,855	\$846,371	8.0%	5.1%
Private Insurance	\$1,633,371	\$1,600,787	\$1,686,526	\$1,765,562	\$1,868,054	\$1,965,674	\$2,067,300	\$2,186,395	4.3%	5.4%
Medicare	\$730,539	\$795,103	\$842,766	\$907,921	\$959,516	\$1,006,661	\$1,057,416	\$1,116,596	6.2%	5.2%
Medicaid	\$950,774	\$963,730	\$1,060,444	\$1,155,724	\$1,261,368	\$1,343,953	\$1,439,555	\$1,542,574	7.2%	6.9%
Other Government	\$173,952	\$169,878	\$195,086	\$190,379	\$201,993	\$213,168	\$225,084	\$238,880	4.6%	5.8%
TOTAL RESIDENT EXPENDITURES	\$3,982,622	\$4,108,819	\$4,380,364	\$4,713,518	\$5,020,462	\$5,293,211	\$5,591,209	\$5,930,816	5.9%	5.7%
Annual Percent Change	9.6%	3.2%	6.6%	7.6%	6.5%	5.4%	5.6%	6.1%		

PROVIDERS	2006	2007	2008	2009	Projected				2006-2013	2010-2013
					2010	2011	2012	2013	Average Annual Change	Average Annual Change
Hospitals	\$1,351,601	\$1,361,322	\$1,517,122	\$1,739,497	\$1,848,869	\$1,936,865	\$2,037,710	\$2,155,762	6.9%	5.3%
Physician Services	\$601,545	\$615,694	\$642,458	\$638,416	\$678,655	\$707,448	\$743,511	\$784,615	3.9%	5.0%
Dental Services	\$124,531	\$191,607	\$201,372	\$209,458	\$218,921	\$228,257	\$239,588	\$253,611	10.7%	5.0%
Other Professional Services	\$157,762	\$144,570	\$148,609	\$153,021	\$161,803	\$172,050	\$186,238	\$200,168	3.5%	7.4%
Home Health Care	\$87,949	\$94,895	\$102,553	\$101,539	\$107,213	\$112,925	\$119,132	\$125,881	5.3%	5.5%
Drugs & Supplies	\$561,870	\$510,746	\$530,779	\$566,076	\$602,326	\$638,933	\$674,237	\$714,838	3.5%	5.9%
Vision Products & DME	\$70,102	\$87,594	\$90,629	\$94,063	\$97,342	\$101,059	\$105,446	\$110,235	6.7%	4.2%
Nursing Home Care	\$216,337	\$239,902	\$255,318	\$265,753	\$283,036	\$299,022	\$316,347	\$335,622	6.5%	5.8%
Other/Unclassified Health Services	\$37,364	\$34,101	\$33,971	\$43,339	\$46,485	\$49,657	\$52,889	\$56,530	6.1%	6.7%
Admin/Net Cost of Health Insurance	\$320,484	\$379,695	\$347,516	\$367,042	\$391,566	\$424,496	\$449,332	\$479,057	5.9%	7.0%
Government Health Care Activities	\$453,075	\$448,693	\$510,037	\$535,313	\$584,246	\$622,498	\$666,779	\$714,496	6.7%	6.9%
TOTAL RESIDENT EXPENDITURES	\$3,982,622	\$4,108,819	\$4,380,364	\$4,713,518	\$5,020,462	\$5,293,210	\$5,591,209	\$5,930,815	5.9%	5.7%
Annual Percent Change	9.6%	3.2%	6.6%	7.6%	6.5%	5.4%	5.6%	6.1%		

2006-2013 Vermont Provider Health Care Expenditures

All dollar amounts are reported in thousands - Multiply expenditures by 1,000 to arrive at the full expenditure amount.

PAYERS	2006	2007	2008	2009	Projected				2006-2013	2010-2013
					2010	2011	2012	2013	Average Annual Change	Average Annual Change
Out-of-Pocket	\$538,686	\$590,953	\$612,581	\$717,659	\$755,036	\$790,144	\$830,225	\$877,091	7.2%	5.1%
Private Insurance	\$1,470,286	\$1,556,606	\$1,704,162	\$1,685,380	\$1,782,545	\$1,862,442	\$1,958,874	\$2,070,348	5.0%	5.1%
Medicare	\$735,045	\$850,144	\$870,462	\$941,513	\$994,841	\$1,039,065	\$1,091,209	\$1,151,802	6.6%	5.0%
Medicaid	\$922,722	\$926,767	\$995,428	\$1,074,206	\$1,149,937	\$1,213,703	\$1,287,040	\$1,368,425	5.8%	6.0%
Other Government	\$215,498	\$217,744	\$249,228	\$243,926	\$257,743	\$271,500	\$286,071	\$303,172	5.0%	5.6%
TOTAL PROVIDER EXPENDITURES	\$3,882,238	\$4,142,214	\$4,431,861	\$4,662,684	\$4,940,102	\$5,176,855	\$5,453,418	\$5,770,838	5.8%	5.3%
Annual Percent Change	10.9%	6.7%	7.0%	5.2%	5.9%	4.8%	5.3%	5.8%		

PROVIDERS	2006	2007	2008	2009	Projected				2006-2013	2010-2013
					2010	2011	2012	2013	Average Annual Change	Average Annual Change
Hospitals	\$1,607,094	\$1,748,089	\$1,872,379	\$2,000,218	\$2,117,557	\$2,205,224	\$2,314,086	\$2,443,614	6.2%	4.9%
Physician Services	\$521,826	\$571,072	\$586,728	\$561,643	\$594,075	\$616,649	\$645,632	\$679,205	3.8%	4.6%
Dental Services	\$214,537	\$226,151	\$237,685	\$246,564	\$256,488	\$266,770	\$279,356	\$295,280	4.7%	4.8%
Other Professional Services	\$166,814	\$175,786	\$185,630	\$205,546	\$215,758	\$229,312	\$248,837	\$267,636	7.0%	7.4%
Home Health Care	\$96,280	\$97,632	\$100,440	\$102,802	\$107,434	\$112,741	\$118,349	\$124,471	3.7%	5.0%
Drugs & Supplies	\$504,254	\$543,165	\$584,477	\$646,021	\$684,547	\$725,619	\$763,794	\$808,319	7.0%	5.7%
Vision Products & DME	\$72,904	\$73,179	\$78,778	\$80,154	\$82,488	\$85,396	\$88,840	\$92,611	3.5%	3.9%
Nursing Home Care	\$218,373	\$228,356	\$244,732	\$252,566	\$263,403	\$276,201	\$288,952	\$303,753	4.8%	4.9%
Other/Unclassified Health Services	\$27,080	\$30,092	\$30,976	\$31,856	\$34,108	\$36,445	\$38,794	\$41,454	6.3%	6.7%
Admin/Net Cost of Health Insurance	n.a.	n.a.								
Government Health Care Activities	\$453,075	\$448,693	\$510,037	\$535,313	\$584,246	\$622,498	\$666,779	\$714,496	6.7%	6.9%
TOTAL PROVIDER EXPENDITURES	\$3,882,238	\$4,142,214	\$4,431,861	\$4,662,684	\$4,940,102	\$5,176,855	\$5,453,418	\$5,770,838	5.8%	5.3%
Annual Percent Change	10.9%	6.7%	7.0%	5.2%	5.9%	4.8%	5.3%	5.8%		

Summary of Data Revisions

BISHCA is committed to continually updating and revising data and methodologies incorporated in this annual report to accurately reflect Vermont's health care expenditures in the different payer and provider categories. These refinements can change the expenditure levels noted in prior reports. Besides the revisions described below, this latest analysis incorporates other minor updates to prior data. Significant revisions include the following:

1. The **Out of Pocket** (OOP) methodology has been updated to rely more on Vermont data and less on the census and the NHE.
 - a. Medicare claims expenditures reported to BISHCA from The Dartmouth Institute (TDI) now include out of pocket costs by Medicare enrollees.
 - b. The Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES) allows us to measure the insured enrollee's actual out of pocket costs for about 75% of the commercial market.
 - c. Survey and 2007 census data and the National Health Care Expenditures (NHE) is still used to help estimate out of pocket costs for unique provider populations and services.
2. The **Self-insured** payer has been recalculated for 2007 & 2008 with a methodology using the data from the Annual Statement Supplement Report (ASSR) for the Federal, TPA/ASO, Dental and CBA lines of business. 2007 decreased by \$185 million and 2008 decreased by \$218 million respectively. The change resulted in better information for Vermont premiums per enrollee. The data was previously overestimated.
3. The 2008 **Medicare** expenditures have been updated with actual expenditures from The Dartmouth Institute for Health Policy & Clinical Practice (TDI) data provided to BISHCA. Medicare expenditures decreased from the 2008 estimate projected last year by \$20.7 million, primarily in Hospitals and Physician. 2009 Medicare expenditures should be received in the Spring 2011.
4. BISHCA is working to improve the estimate for the **Physician category**. Current estimates have limited information as to the total number of physicians and their earnings as well as the defining and accounting for hospital-employed physicians. BISHCA is also working to further understand how the U.S. Census measures VT Physician revenues.

Endnotes:

¹ For example, since an estimated 35% of the patients at the Veteran's Hospital in White River Junction, VT are not Vermont residents, the spending associated with those patients is *not* included in the Vermont resident analysis but *is* included in the Vermont provider analysis.

² <http://www.bishca.state.vt.us/health-care/health-insurers/vermont-healthcare-claims-uniform-reporting-and-evaluation-system-vhcure>

³ Hartman, M. et al., "Health Spending Growth At A Historic Low in 2008", Health Affairs, January 2010; 29 No. 1 (2010): 147-155.

⁴ "National Health Care and Medicare Spending", MEDPAC, June 2010, page 12

⁵ Dan Gottlieb, Medicare analysis, The Dartmouth Institute for Health Policy & Clinical Practice (TDI),

⁶ Payers of health care include private insurers (self-funded, workers' compensation, and private health insurers like Blue Cross Blue Shield of Vermont, MVP, CIGNA, etc.), government programs (Medicare, Medicaid, state and federal grants), and out-of-pocket expenditures made directly by individuals.

⁷ Vermont's GSP is \$25.438 thousand; the U.S. GDP is \$14.26 trillion and total health care expenditures are \$2.5 trillion.

⁸ Since publication CMS has said health care spending for 2009 will grow to 4.0 percent. Hartman, M. et al., "Recession Contributes to Slowest Annual Rate of Increase in Health Spending in Five Decades", Health Affairs, January 2011; 30 No. 1 (2011): 11-22.

⁹ Kaiser Family Foundation's State Health Facts Online: Medicaid Benefits Online Database,

<http://www.kff.org/medicaidbenefits/index.cfm>

¹⁰ BISHCA, Methodology adjustment for Private Insurance's 2006 Self-insured decreased by \$104.7 million.

¹¹ Truffer, C. et al., "Health Spending Projections Through 2019: The Recession's Impact Continues", Health Affairs, February 2010; 29 No. 3 (2010); published online February 4, 2010.

¹² Vermont's per capita health care costs are the average amount spent on health care for each Vermont resident.

¹³ NHE projections <https://www.cms.gov/NationalHealthExpendData/downloads/proj2009.pdf>

¹⁴ Federal fiscal year (FFY) runs from October 1 in one year to September 30 of the following year. For example, FFY 2009 is from October 1, 2008 to September 30, 2009.

¹⁵ Unless otherwise noted, Medicare data are from the 2008 Vermont Medicare Annual Report prepared for BISHCA by Dan Gottlieb of The Dartmouth Institute for Health Policy & Clinical Practice (TDI).

¹⁶ The number of enrollees included here is different from the number of enrollees for Medicare shown in the *Spotlight on Vermont Resident Health Insurance* due to how the enrollees are defined and whether they are counted at a point in time vs. having at least one month of benefit eligibility.

¹⁷ Also includes skilled nursing facility (SNF) rehab stays, some long term hospital stays, hospice, and durable medical goods.

¹⁸ A "snowbird" is one who travels to warm climates for the winter. (Merriam-Webster dictionary)

¹⁹ Less than 0.5%.

²⁰ Diagnostic Related Group (DRG) is the method CMS uses to group admission types and pay hospitals capitated rates.

²¹ Sisko, Truffer, et al, "National Health Spending Projections: The Estimated Impact of Reform Through 2019", Health Affairs, October 2010

²² Riley, Gerald F., "Long-Term Trends In The Concentration Of Medicare Spending", Health Affairs, May/June 2007; 26(3): 808-816.

²³ Riley, Gerald F., "Long-Term Trends In The Concentration Of Medicare Spending", Health Affairs, May/June 2007; 26(3): 808-816.

²⁴ NHE projections <https://www.cms.gov/NationalHealthExpendData/downloads/proj2009.pdf>

²⁵ Catlin, A. et al., "National Health Spending In 2006: A Year Of Change For Prescription Drugs", Health Affairs, January/February 2008; 27(1): 14-29.

²⁶ For more information about hospital migration, please visit the BISHCA's web site:

<http://www.bishca.state.vt.us/health-care/research-data-reports/vermont-hospital-migration-report-vhmr>.

²⁷ For more information about the National Health Expenditure Data, please visit the Centers for Medicare and Medicaid Services' web site at www.cms.hhs.gov/NationalHealthExpendData/.

²⁸ For more information about the Forecast, please see BISHCA's web site at <http://www.bishca.state.vt.us/health-care/hospitals-health-care-practitioners/health-care-expenditure-analysis-reports> and look for "Technical Documentation" under the *2009 Vermont Health Care Expenditure Analysis*.

²⁹ NHE projections <https://www.cms.gov/NationalHealthExpendData/downloads/proj2009.pdf>