

Robert Wood Johnson Foundation Payment Reform Evaluation Project
Development of Models for Comprehensive Payment Reform in Vermont
Green Mountain Care Board

Executive Summary: Spring 2014 Site Report
Prepared by the University of Washington

Introduction and Context

Over the last decade Vermont's health care system has faced economic and access problems in a state with a small population, a strong humanitarian and collaborative culture, and health markets with little competition. In 2011 Act 48 created the state's health insurance exchange and Green Mountain Care (GMC), which, pending certain approvals, will be the single administrative source of health insurance for nearly all Vermonters as early as 2017. Vermont state agencies will have oversight of GMC. Act 48 also created the Green Mountain Care Board (GMCB), an independent, five-member board with broad regulatory authority over Vermont's health care system, which is authorized by law to implement a wide range of statewide payment reforms. The GMCB was awarded a grant by the Robert Wood Johnson Foundation (RWJF) in 2012 to design and implement its payment reform strategies, and the State of Vermont was awarded a State Innovation Model (SIM) grant from the Centers for Medicare and Medicaid Services, which is supporting the state's value-based payment models and other work.

Project Objective

The project's long-term objective is to have a universal and unified health care payer supporting population-based payments for Vermont health care providers. This project intends to bridge the gap between the current health care system and this objective through implementing and evaluating diverse payment system reforms across the state. The payment system reforms will move away from the current fee-for-service (FFS) payments toward value-based payments that control costs and improve the quality of care and population health.

Approach

The RWJF and SIM projects have developed a collaborative organizational structure that has engaged hundreds of health professionals and state residents in several work groups to advance health system reform, among them the Payment Models Work Group.

Payment reform. The Payment Models Work Group has designed and implemented a shared savings program, while episodes of care, pay for performance, and global budget models are under development. Several local pilots were launched in 2012.

Delivery system reform. Vermont is moving toward statewide, population-based health management through three inter-related system reforms: the Blueprint for Health primary care demonstration program meeting medical home standards; three accountable care organizations; and the development of a statewide clinical information system.

Tracking measures. Two work groups are developing measures for implementing and evaluating payment and other system reforms across multiple payers.

Project Progress

The GMB and diverse state agencies, interest groups and citizens are engaged extensively and are making steady progress in designing the payment models and delivery system reforms of the universal and unified health care system. Preliminary, favorable results exist for the CHF bundled payment pilot.

Facilitators and Barriers

Facilitators

- Act 48 and a history of state government regulation in Vermont that aligns with the federal ACA.
- With passage of Act 48, belief that state government is serious and system reform is inevitable; belief that Vermont cannot go back to FFS payment; a collective push to reach sustainability.
- Funding for health care system transformation from multiple sources in a resource-scarce state.
- Small geographic, rural state with little market competition that promotes communication and allows everyone to “be at the table.”
- Vermont’s humanitarian culture and collaboration among interest group members.
- Consistent and committed leadership from diverse sectors.
- Guidance from consultants on payment reform and system transformation.
- History of infrastructure development through Blueprint and health information technology.
- The RWJF grant provided key support for payment reform and for writing the SIM grant.

Barriers

- Sheer inertia of large systems; fatigue from the pace and scope of reform.
- Collaboration barriers, including instances of lack of trust.
- Engaging large numbers in system reform slows decision making; timelines may be unrealistic.
- Uncertainty about federal waivers, final payment model, and public costs of reforms.
- Medicare not at the table participating in system redesign.
- Confusion about the ultimate goal of health system reform that arises from the Governor’s vision of a single payer system versus the Act 48 vision of a universal and unified system.
- Health care organizations and providers have little experience bearing financial risk and viewing a service as an expense (in population-based payment) rather than revenue (in FFS).
- Difficulty of reaching consensus on how to measure quality of care statewide.
- Challenges in aggregating and accessing data for a statewide information system; an antiquated Medicaid information system hinders planning reforms.
- The challenge in clinical care of moving from traditional medicine toward team medicine.
- Challenges of building a new system when medicine itself lacks ‘systemness’ and remains largely fragmented by specialty and profession

Evaluation and Sustainability

Evaluation. Act 48 mandates evaluation of the universal and unified health care system, if implemented. The Research Triangle Institute and GMB are evaluating independently the SIM grant, which has payment reforms that overlap closely with the RWJF grant. Evaluations of the payment pilots are planned.

Sustainability. Implementation of a universal and unified health system in Vermont beyond 2016 will depend partly on three factors: whether the GMCB and the State Legislature approve the benefits package and financial plan for GMC; whether federal waivers to Medicaid and Medicare regulations are granted to the State of Vermont; and whether the new system will work as intended.