



OLR RESEARCH REPORT

August 15, 2011

2011-R-0288

VERMONT'S SINGLE-PAYER HEALTH INSURANCE LEGISLATION

By: Nicole Dube, Associate Analyst

You asked for a summary of the legislation recently passed in Vermont establishing a publicly financed, universal health insurance system, "Green Mountain Care."

SUMMARY

In July 2011, Vermont Governor Shumlin signed [Public Act No. 48](#) into law expanding the state's health care reform efforts. The law creates a health insurance exchange, in compliance with the federal health care reform law, (i.e., the Patient Protection and Affordable Care Act (PPACA)) which will be used as the administrative structure for a universal, single-payer health insurance system, "Green Mountain Care." All state residents are eligible for coverage, regardless of income, and may maintain supplemental insurance if they choose. The system includes a global budget for health care expenditures and a single system of provider payments and administrative rules. A five-member board appointed by the governor will determine provider payment rates, benefits, and other system components.

Under the law, Green Mountain Care may only be implemented if certain conditions are met, including receipt of a federal waiver from PPACA's health insurance exchange requirement, which is available in 2017. Eventually, the system will replace the current fee-for-service payment system with one that pays providers a certain amount of money to care for a specific population, providing incentives for preventive care.

GREEN MOUNTAIN CARE

[Public Act No. 48](#) establishes “Green Mountain Care,” a publicly financed health care program designed to contain costs and provide comprehensive, affordable, high-quality health care coverage for all Vermont residents, regardless of income, health status, or other coverage. The act outlines 14 principles as a framework for reforming health care in Vermont and expands the list of Vermont’s ongoing health care reform efforts. It requires the creation of a health insurance exchange, a strategic plan for health care reform, a proposal on medical malpractice reform, a work plan for the newly created Green Mountain Care board, and several other reports and proposals to be submitted to the general assembly.

Legislative Intent

The act’s legislative intent is for all Green Mountain Care enrollees to have a primary care provider involved with the state’s “Blueprint for Health” program within five years of its implementation. (This statewide program provides patient-centered medical homes and community health teams supported by multi-insurer payment reforms.) It also requires the state to solicit bids from and award contracts to public or private entities to administer certain parts of the program, including claims administration and provider relations. The law does not require an individual with other health insurance coverage to terminate that coverage and it allows enrollees to maintain supplemental health insurance coverage.

Board of Directors

The act creates an independent, five-member Green Mountain Care board of directors charged with improving residents’ health, reducing health care costs, enhancing patient and health provider experience of care, recruiting and retaining high-quality health care providers, and achieving administrative simplification. Specifically, board duties include:

1. setting health care provider payment rates;
2. overseeing and evaluating the development and implementation of health care payment and delivery system reforms;
3. evaluating payment reform pilot projects developed and implemented by the Department Vermont Health Access (DVHA);

4. reviewing and approving recommendations from the commissioner of banking, insurance, securities, and health care administration (BISHCA) on health insurance rate increases, hospital budgets, and certificates of need;
5. reviewing and approving the benefit packages for qualified health plans to be offered in the state's health insurance exchange (required under the federal health care reform law);
6. defining the Green Mountain Care benefit package to be adopted by the Human Services agency by rule;
7. examining and reporting on the costs of covering and not covering undocumented immigrants through Green Mountain Care; and
8. annually recommending a three-year Green Mountain Care budget.

Board members serve six-year terms and are subject to conflict-of-interest provisions. The board chair receives a salary equal to that of a superior court judge, while remaining board members receive a salary equal to two-thirds of that of the chair.

A newly established nine-member board nominating committee must select the Green Mountain Care board members and chairperson. The nominating committee will select board candidates based on specified qualifications and submit its recommendations to the governor. The governor then appoints individual board members subject to Senate consent. The governor must appoint the first (1) board nominating committee members by June 1, 2011 and (2) board members to begin employment no earlier than October 1, 2011.

The law requires the state health care ombudsman to monitor the board's activities. It also subjects the board to the same prescribed product manufacturer gift ban and disclosure requirements that apply to health care professionals.

Implementation

Under the act, Green Mountain Care may only be implemented 90 days after the last of the following conditions is met: (1) the state receives a federal waiver from the PPACA's health insurance exchange requirement; (2) the general assembly enacts a law to finance the program; (3) the Green Mountain Care board approves the initial benefit package; (4) the general assembly passes the appropriations for the

initial benefit package; and (5) the Green Mountain Care board makes specific determinations about the program's impact.

The state must seek a federal waiver allowing it to suspend its health insurance exchange's operation and receive federal funding in lieu of the federal premium tax credits, cost-sharing subsidies, and small business tax credits provided under the PPACA. This waiver is available in 2017.

Program Eligibility

All Vermont residents are eligible for Green Mountain Care, which will assume responsibility for the benefits and services previously paid for by Medicare, Medicaid, and the health insurance exchange. Benefits include primary, preventive, chronic, acute, and hospital services which must be the same as those available under the lowest cost Catamount Health plan offered on January 1, 2011. (Catamount Health is an insurance plan currently offered as part of a group of low-cost and free health insurance plans for uninsured residents.)

Program Funding

The act includes a global budget for health care expenditures and a single system of provider payments and administrative rules. It establishes a Green Mountain Care fund within the state treasury to serve as the program's single funding source. The fund will contain (1) state funds authorized by the general assembly; (2) federal waiver funds received for Medicare, Medicaid, and the health insurance exchange; and (3) grants, donations, and other revenue sources.

Reporting Requirements

Program Implementation. The act requires the Vermont Agency of Administration (AOA) secretary to make recommendations by January 15, 2012 on several issues related to the implementation of Green Mountain Care, including (1) the potential for bulk purchasing of prescription drugs; (2) whether and how to allow for supplemental health insurance coverage once the program is implemented; and (3) how to align existing programs to achieve administrative simplification. The act directs the labor commissioner to lead an evaluation of the feasibility of integrating or aligning Vermont's workers' compensation system with Green Mountain Care and to report on the results and recommendations by January 15, 2012.

Program Financing. The act also requires the AOA secretary to recommend a Green Mountain Care financing plan to the legislature by

January 15, 2013. The plan must include the amounts and mechanisms necessary to implement the program and address coverage issues related to individuals who live or work in neighboring states. It must also address potential financing sources, funding needs, and financing mechanisms. The secretary must solicit public input when designing the plan and provide opportunities for public engagement. It also directs the secretary to consider strategies to address individuals who currently receive health coverage through federal governmental or foreign sources.

The act also requires the Green Mountain Care board to consult with the BISHCA commissioner and recommend to the legislature by March 15, 2012, any needed changes to align regulatory processes with the payment reform strategic plan.

Program Costs. The act directs the legislative joint fiscal office and BISHCA to provide to the legislature by April 21, 2011 an initial draft estimate of the costs of Vermont's current health care system compared to the costs of the system after implementing Green Mountain Care and other health care reforms. A final estimate is due by November 1, 2011. In addition, the act allows the legislature's standing committees of jurisdiction to meet when the legislature is not in session to receive updates on progress of the implementation of Green Mountain Care and other health care reform efforts.

Health Information Technology. The act requires the AOA secretary to consult with the Green Mountain Care board and the DVHA commissioner to review Vermont's health information technology plan to ensure that it reflects the creation of the federal health insurance exchange and Green Mountain Care and furthers their implementation. The secretary must report to the legislature by January 15, 2012 on how to unify Vermont's current efforts around health system planning, regulation, and public health.

Health Care Workforce Development. The act requires the DVHA health care reform director to develop and maintain a health care workforce development strategic plan to ensure that Vermont has the necessary health care workforce to provide healthcare to all residents. The plan, which must be presented to the legislature by January 15, 2012, must address the retraining needs of employees displaced by the implementation of Green Mountain Care and the federal health insurance exchange. The act also directs the nursing and medical practice boards and office of professional regulation to review licensure issues and make joint recommendations to the legislature by January 15, 2012 on ways to improve the primary care workforce.

SOURCES

2011 Summary of the Acts and Resolves of the Vermont General Assembly. <http://www.leg.state.vt.us/REPORTS/2011LegislativeReports/2011%20Act%20Summary.pdf>, last visited on August 15, 2011.

Vermont Public Act No. 48, An Act Relating to a Universal and Unified Health System. <http://www.leg.state.vt.us/docs/2012/Acts/ACT048.pdf> last visited on August 15, 2011.

Wallack, Anya Rader. "Single Payer Ahead – Cost Control and the Evolving Vermont Mode," published on July 20, 2011 on the New England Journal of Medicine website (www.nejm.org).