

For Immediate Release

November 14, 2013

### **Study Examines Key Assumptions in Cost Estimates for 2017 Green Mountain Care Plan**

Montpelier, Vt. (Nov. 14, 2013) – A coalition of Vermont organizations committed to health care reform in Vermont has commissioned a study examining key assumptions used in estimating the cost of providing all Vermonters with health care coverage.

The study was conducted by Avalere Health, LLC, a Washington-based analytical group, for Vermont Partners for Health Care Reform (VPHCR), a coalition that includes Fletcher Allen Health Care, the Vermont Association of Hospitals and Health Systems, the Vermont Medical Society, the Vermont Business Roundtable, the Vermont Chamber of Commerce, the Vermont Assembly of Home Health and Hospice Agencies, and Blue Cross and Blue Shield of Vermont (BCBSVT).

The Avalere study focused primarily on a report issued to the Legislature earlier this year in compliance with Act 48, the state's over-arching health care reform law. That report, prepared by the University of Massachusetts and called the "Financing Plan," provided lawmakers with their first estimates of the amounts necessary to finance Green Mountain Care, the proposed single-payer system that would provide all Vermonters with health care coverage in 2017.

"Our group formed earlier this year to bring additional perspective and analysis to Vermont's pioneering health care reform initiatives," explained Lisa Ventriss, President of the Vermont Business Roundtable.

"We believe this study provides valuable context to this ongoing work. Regardless of how Vermont's health care system ultimately is financed, understanding the drivers of health care spending remains an essential component of our reform efforts."

"Consistent with Act 48, whatever reform path we jointly construct, we have a responsibility to ensure that our efforts lead to an affordable, high-quality health care system for all Vermonters," agreed Bea Grause, president and CEO of the Vermont Association of Hospitals and Health Systems.

The study was provided today to the Legislature's Health Care Oversight Committee, for use by policy makers as they continue to advance health care reforms in Vermont.

Key findings of the Avalere study include:

- The state's initial \$1.6 billion revenue estimate to publicly fund Vermont's health care system is probably too low.
- The Financing Plan proposes to generate revenue by cutting provider payments by nearly one dollar in six. This proposal would likely create a disincentive for health care practitioners to work in Vermont and could lead to less access to health care services.

- Vermont's largest private payer, Blue Cross and Blue Shield of Vermont, has already achieved administrative expense levels in the 6.7 percent range, below the benchmark of 7 percent established for Green Mountain Care, and well below the Financing Plan's assumption that administrative expenses would comprise 12 percent of health care costs in 2017.

In conducting its analysis, the Avalere group interviewed the Financing Plan's authors and state officials, and noted that both the analysts who modeled the plan and the State officials who commissioned the analysis said that all figures used in the Financing Plan are planning assumptions, not definitive policy.

"Our goal was to advance this work by having a qualified third party make an independent assessment of the State's health care reform financing plan's cost estimate and key assumptions, and report on their findings," explained Paul Harrington, executive vice president of the Vermont Medical Society. "We look forward to participating in a robust, data-driven process on this critically important issue."

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**Vermont Partners for Health Care Reform** is a group made up of health care providers, employers, and a health plan provider interested in providing essential information based on factual data and research-based analyses to shape the smart and effective reform of Vermont's health care system.

Each of the organizations shares a commitment to the goals of universal access and coverage; to providing the highest-quality care; and to delivering this with the greatest cost efficiency in a way that is financially sustainable for the state and its citizens. They believe these health care reform goals can only be achieved through a collaborative, transparent, and meaningful public-private relationship that builds on our existing strengths and assets and achieves mutual accountability for their outcomes.

The Avalere study can be found at: <http://vphcr.org>

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