

Outline of Draft Bill  
March 23, 2005

**Specific System Objectives - (5 questions)**

**Legislative Findings & Goals (including Coalition 21 principles)**

**Governance: based on public service department & board model**

**Department of Health Care Administration** – consolidates purchasing and regulatory activities that are currently performed by several different agencies and departments of state government, in particular OVHA (Medicaid) and BISHCA.

- Stand alone department consisting of 3 divisions: (1) planning & analysis, (2) purchasing, & (3) financing
- Quality unit in commissioner's office – provides department wide quality policy advice & oversight
- Regional task force – comprised of representatives of the community health boards to advise on local & regional issues & needs

**Regulatory Board –**

- Approves financial arrangements between the state & health care providers, including hospital budgets
- Hears appeals from aggrieved parties (individuals, providers, insurers)
- Approves certificates of need

**Community Health Boards -**

- Coordinates delivery of care within its region
- Community needs assessments, including prioritization of needs
- Provides input to the Department on matters of concern to the region

**Benefits board** – provides evidence-based policy analysis of health services to be used in development of the benefits package & establishes regions for community health boards

**Universal Health Care Plan**

- **July 1, 2007 – Primary & Preventive Care**
- **October 1, 2007 – Hospital Services & associated professional services**

## **Process**

- Benefits Board identifies appropriate services & ranks services after consideration of public input, credible scientific research, health care ethics, cost-effectiveness, available revenues, the existing state health plan, & the health resource allocation plan.
- Board delivers the list of appropriate, ranked services to general assembly to approve or reject through a joint house and senate resolution.
- Upon acceptance of the list, the Department estimates the price of each service based on the average current reimbursement.
- Division of health care finance negotiates with providers and networks to establish a payment rate for services. Appropriate rate shall ensure reasonable access, provider solvency, & stabilization of provider availability.
- Department proposes the budget to the general assembly by January 15.

## **Administration**

- Option for RFP process or through the Department
- Should use the same simplified forms and simplified applications for Medicaid to ensure state maximizes federal match and to ensure that administration of Medicaid is as invisible as possible to providers and Vermonters.
- Should use same reimbursement rate for all (including Medicaid).

## **Immediate system changes:**

- Centralized information system – system design and budget by 2006; new statewide IT system functional by 2010
- Strengthen primary care system by expanding FQHC's and look-alikes to Lamoille, Orange, Rutland & Washington Counties by 2006; every county by 2008

## **Financing**

- Establish funding system with 2/3 payroll tax and 1/3 income tax in 2005
  - Provides Medicaid-bridge until system-wide reform
  - Funds implementation of the plan

- Includes a mechanism to assist employers providing insurance to employees after payroll tax becomes effective

### **Studies**

- **Tax Financing**
- **Statewide Macroeconomic Impact of a Universal Health Care Plan**
- **Administrative Savings**
- **“Fixed costs” of System**

**Miscellaneous provisions for housekeeping, statutory revision, effective dates.**

### **Appropriation**