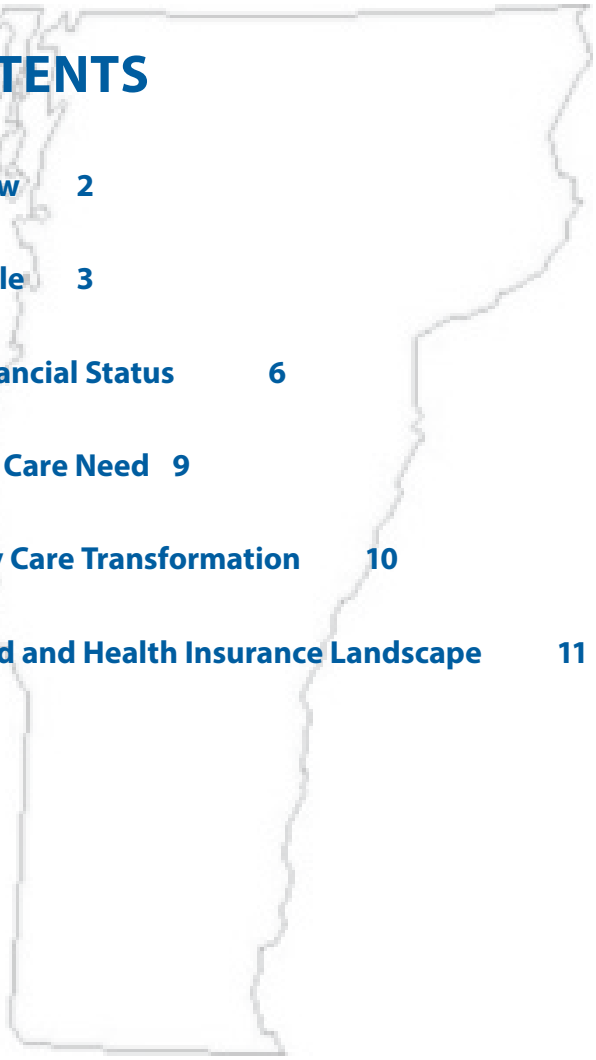
PRIMARY CARE DEVELOPMENT CORPORATION

COMMUNITY HEALTH CENTER GROWTH AND SUSTAINABILITY
STATE PROFILES

VERMONT



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Supported by the RCHN Community Health Foundation

OVERVIEW

Market Share & Growth

- As of 2014, there were 11 CHCs operating 65 service delivery sites throughout Vermont. The PCA in Vermont is the Bi-State Primary Care Association, which also represents New Hampshire. [1] [2]
- Vermont's CHCs provided 535,187 visits to 130,659 patients in 2012. [3]
- The number of people served by CHCs increased by an average of 7.6% annually from 2010 - 2012, compared to 4.1% average annual growth experienced by CHCs nationwide. [3]
- CHCs serve approximately 25.7% of Vermont's Medicaid population (US: 16%) and 21.2% of its overall population (US: 7%). CHCs in Vermont serve 46.1% of people with incomes <200% FPL, compared with 15.9% nationally. [3]
- Medicaid enrollment, currently at 139,000 is projected to grow by an additional 14,000 people by 2022 (10% growth); the uninsured rate is projected to decrease from 11% to 6%. [3] [4]

Policy & Reimbursement

- Vermont spends slightly less than $6,200 per Medicaid enrollee annually – the 19th highest in the nation. [5]
- Vermont has implemented a Medicaid expansion; Medicaid eligibility limits are set at 138% FPL for parents and childless adults, 213% FPL for pregnant women and family income of up to 318% FPL for children. [6]
- Vermont has set up its own health insurance exchange, which is run through Vermont Health Connect. [7] [8] Through the first enrollment period, individuals who have selected health plans through the exchange reached a total of 38,048, against a goal of 57,000. [9]
- Medicaid reimbursement is governed by an alternate payment methodology (APM), rather than the federal Prospective Payment System (PPS). [10]
- In 2011, the Vermont state government enacted a law functionally establishing the first state-level single-payer health care system in the United States. Green Mountain Care creates a system in the state designed to provide universal health care coverage. The legislation will not be fully implemented until 2017, and up to that point, Vermont will continue with provisions of the Affordable Care Act. [11]
- Vermont is one of six states selected in February 2013 by CMS to receive a State Innovation Model Testing Award. Vermont received $45 million to implement and test its State Health Care Innovation Plan, which will expand the Medicare Shared Savings ACO model to Medicaid and commercial payers, and pilot other models of payment reform. [12]

CHC SCALE

Vermont CHCs Compared to CHCs Nationwide

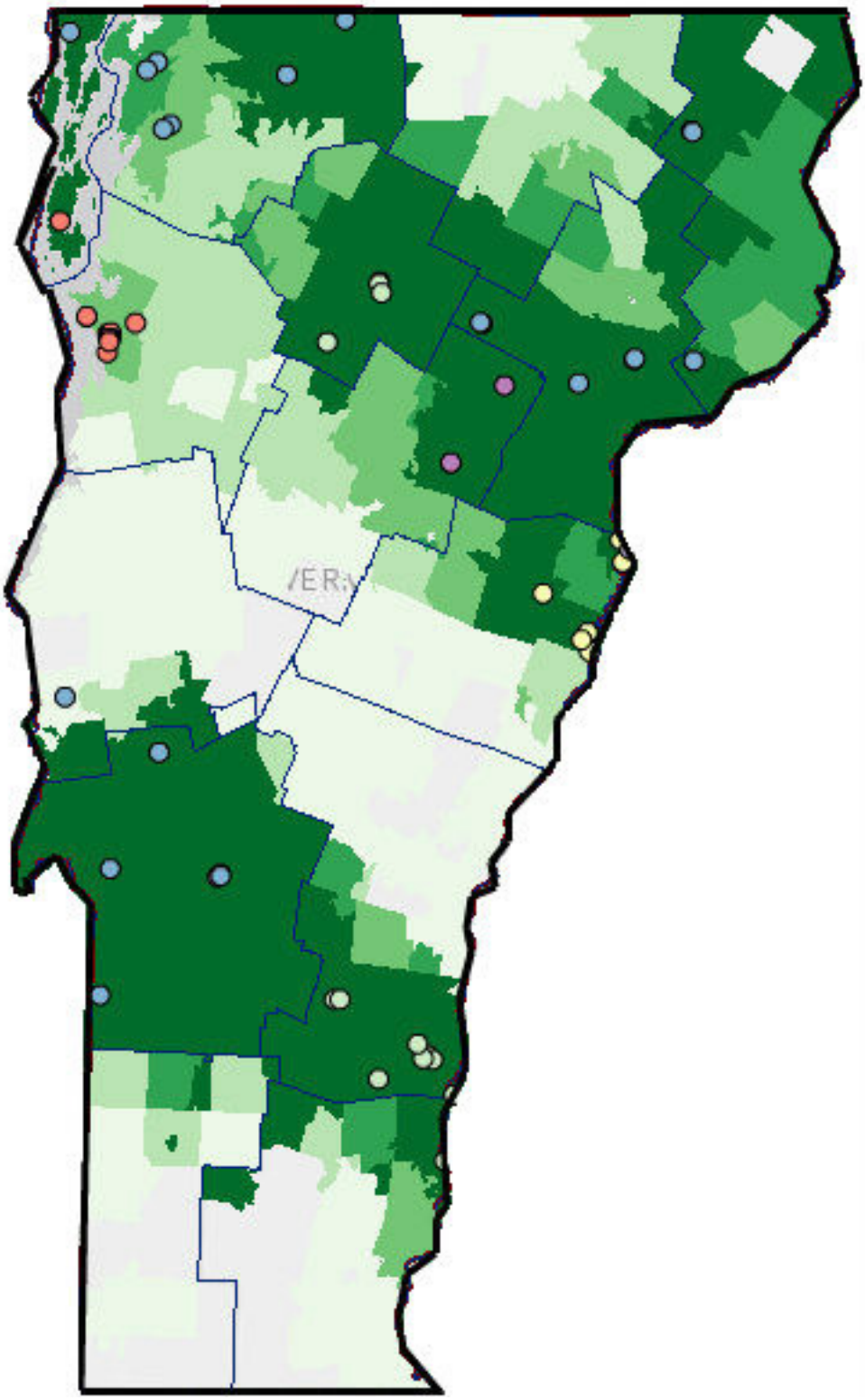
- More than triple the total population served
- Higher proportion of Medicaid enrollees served
- Visits per CHC comparable to the national average
- Nearly double the annual growth rate for visit volume
- More than triple the annual growth rate for mental health services

	VT	US
Population Served (2012)		
Total patients served by CHCs	130,659	21,102,391
% of population served by CHCs	21.2%	6.8%
% of under 200% FPL served by CHCs	46.1%	15.9%
% of Medicaid Enrollees Served	25.7%	16.4%
CHC Characteristics and Volume		
Number of CHCs (2014)	11	1284
Total CHC Service Delivery Sites (2014)	65	9509
Average Sites per CHC (2014)	5.9	7.4
Annual Visits (Total) (2012)	535,187	83,766,153
Annual Visits per CHC (2012)	66,898	69,922
Annual Visits Per Patient (2012)	4.10	3.97
Visit Mix (% of Annual Visits by Service Type) (2012)		
Medical	77.7%	73.6%
Dental	12.0%	12.8%
Mental Health	9.0%	7.5%
Case Management/Enabling	1.3%	6.2%
Compound Annual Growth Rate (2010-2012)		
Total Patients	7.6%	4.1%
Total Annual Visits	8.3%	4.3%
Medical	5.6%	3.5%
Dental	11.7%	7.6%
Mental Health	31.5%	9.6%
Case Management/Enabling	31.2%	1.6%

Note: All CHCs are Federally Qualifed Health Centers receiving Section 330 grants. Lookalikes not included.

Source: UDS Summary Data 2010-2012, 2014

Share of Population Served by Vermont CHCs [13]

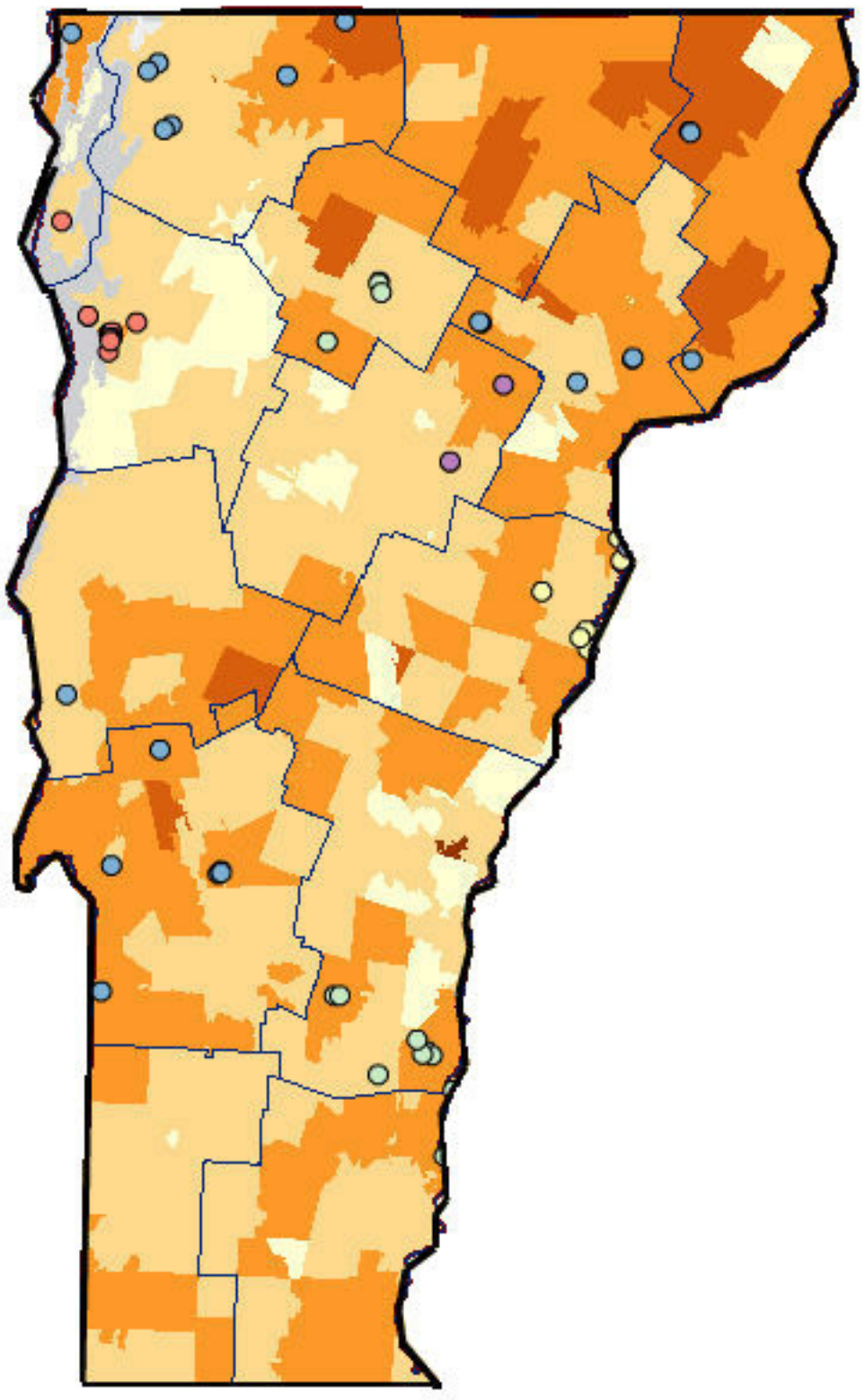


% of Total Population Served by CHCs

< 20%	60 - 80%
20 - 40%	> 80%
40 - 60%	

Colored circles represent CHC locations.
Unique color for each CHC network.

Vermont Low Income Population



% of Low-income (Pop below 200% FPL)

- < 15%
- 15 - 30%
- 30 - 45%
- 45 - 60%
- > 60%

Colored circles represent CHC locations.
Unique color for each CHC network.

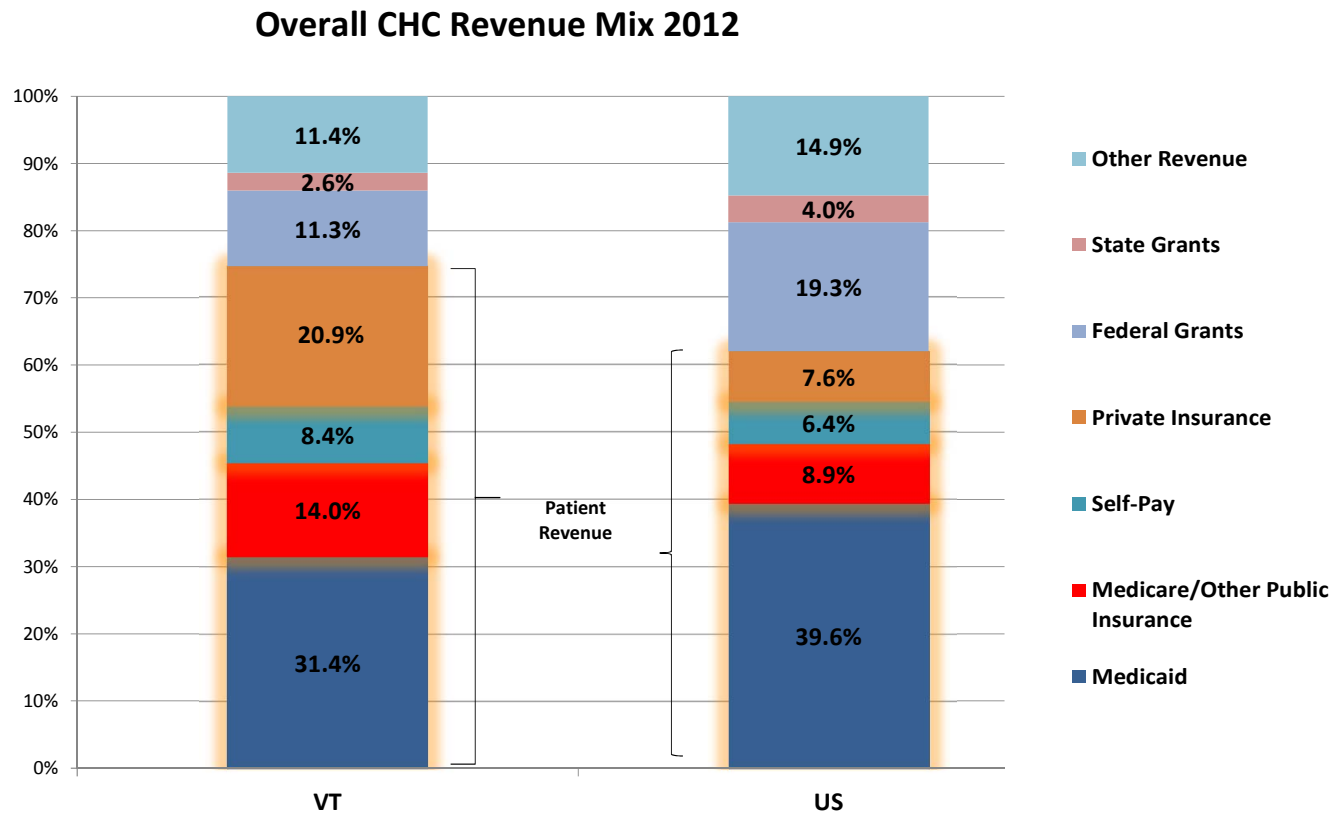
Vermont CHCs Compared to CHCs Nationwide, 2012

- Proportion of revenue from patient services above national average
- Revenue mix is typical of predominantly rural CHCs with below national average in patient revenues from Medicaid and significantly higher proportion of revenues from private insurance and Medicare
- Less reliance on federal grants

	VT	US
CHC Revenue Mix		
Patient Revenue	74.7%	62.9%
Medicaid	31.4%	39.6%
Medicare/Other Public Insurance	14.0%	8.9%
Self-Pay	8.4%	6.4%
Private Insurance	20.9%	7.6%
Federal Grants	11.3%	19.3%
State Grants	2.6%	4.0%
Other Revenue	11.4%	14.9%

Note: All CHCs are Federally Qualifed Health Centers receiving Section 330 grants. Lookalikes not included.

Source: UDS Summary Data 2010-2012, 2014



Source: UDS Summary Data 2012

CHC FINANCIAL STATUS

Vermont CHCs as a Group, 2009-2011

- Median Total Assets increased by 20%
- Unrestricted Net Assets rose 20%
- Median Days Cash on Hand increased slightly from 32 to 33 days, remaining above the 30-day benchmark

VT Financial Performance 2009- 2011					
	Statewide CHC Medians			% Change	Benchmark
	2009	2010	2011		
Growth					
Total Assets ($)	$6,113,343	$6,846,442	$7,354,368	20%	N/A
Total Revenues ($)	$6,108,942	$10,698,129	$11,023,138	80%	N/A
Profitability					
Total Margin (%)	4.2%	5.8%	8.0%	89%	N/A
Unrestricted Net Assets ($)	$3,999,035	$4,567,659	$4,807,869	20%	N/A
Liquidity					
Days Cash on Hand	32	30	33	3%	>30 Days
Days in Accounts Receivable	45	34	31	-31%	<60 Days

Note: CHC 990s have limitations, and certain indicators could not be accurately analyzed as a result. For a more complete picture of CHC financials, audited financial statements should be consulted.

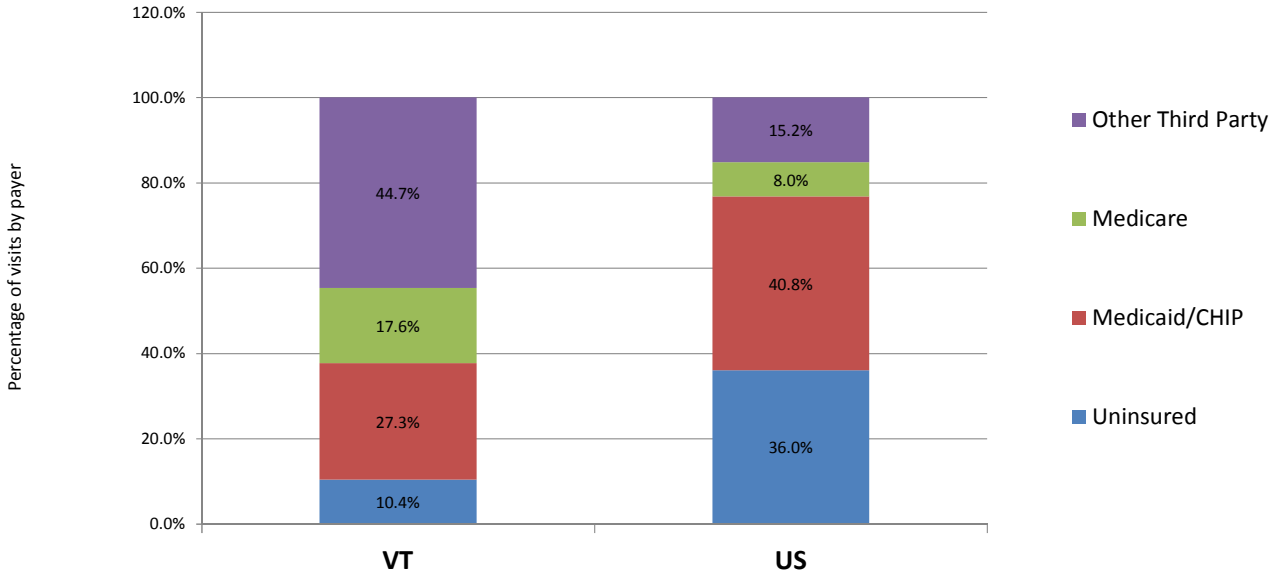
Vermont CHCs Visit Mix Compared to CHCs Nationwide [14]

- Much lower proportion of patients living at or near poverty level
- Much lower percentage of uninsured patients
- Significantly higher proportion of patient visits covered under a third party carrier

	VT	US
CHC Visit Mix - 2012		
Income Status		
Patients at or below 200% poverty level	68.4%	92.6%
Patients at or below 100% poverty level	36.1%	71.9%
Coverage Status		
Uninsured	10.4%	36.0%
Medicaid/CHIP	27.3%	40.8%
Medicare	17.6%	8.0%
Other Third Party	44.7%	15.2%

Source: UDS Summary Data 2012

Visit Mix by Payer - 2012



Source: UDS Summary Data 2012

PRIMARY CARE NEED

Statewide Primary Care & Prevention Clinical Indicators

- Better than national average on most primary care & prevention indicators
- Significantly better than national average in prevalence of diabetes and proportion of woman with late/no prenatal care
- Ranked #2 in America's Health Rankings®

Statewide Primary Care Shortage & Workforce Indicators

- Very low proportion of population is underserved for primary care
- Population of underserved areas for dental is also very low

	VT	US
Primary Care & Prevention Clinical Indicators		
% births to women with late/no prenatal care	2.2%	5.3%
% low birthweights	6.1%	8.1%
% adults diagnosed with diabetes	6.4%	9.3%
Adult diabetes deaths per 100,000	20.7	20.8
Adult heart disease deaths per 100,000	153.6	179.1
Avoidable Hospitalizations per 1,000	50.6	66.6
America's Health Ranking (United Health Foundation)	2	NA
Primary Care Shortage and Workforce Indicators		
Estimated underserved population for primary care	3,097	35,057,608
% of total population	0.5%	11.3%
Estimated PCPs needed to achieve target PCP:Population	1	7067
Estimated underserved population for dental	3,301	31,707,007
% of total population	0.5%	10.2%
Estimated dental providers needed to achieve target Practitioner:Population ratio	0	6531

Source: Kaiser State Health Facts 2012

PRIMARY CARE TRANSFORMATION

Patient Centered Medical Home [3] [15]

- 100% of Vermont CHCs have achieved PCMH recognition or certification as of 12/31/13, as compared to 44% nationally.
- Vermont's approach for medical homes began with a pilot in 2008. Three communities were selected to pilot an integrated care model, centered on providing patient-centered medical homes supported by community health teams.
- The pilot communities were part of Vermont's "Blueprint for Health," the state's chronic care prevention and management plan.
- The state has succeeded in spreading its program statewide: as of December 2011, Blueprint practices and community health teams were active in all of the state's services areas, serving more than 350,000 patients.
- Vermont is one of six states selected in February 2013 by CMS to receive a State Innovation Model Testing Award. Vermont received $45 million to implement and test its State Health Care Innovation Plan, which will expand the Medicare Shared Savings ACO model to Medicaid and commercial payers and pilot other models of payment reform.

Electronic Health Record Adoption [16]

- Vermont is ahead of the national average EHR availability at state CHC sites (88% in Vermont compared to 79% in the U.S.)
- Vermont performs better than national average in 11 of the 12 EHR functionality categories

Medicaid Policies – Highlights

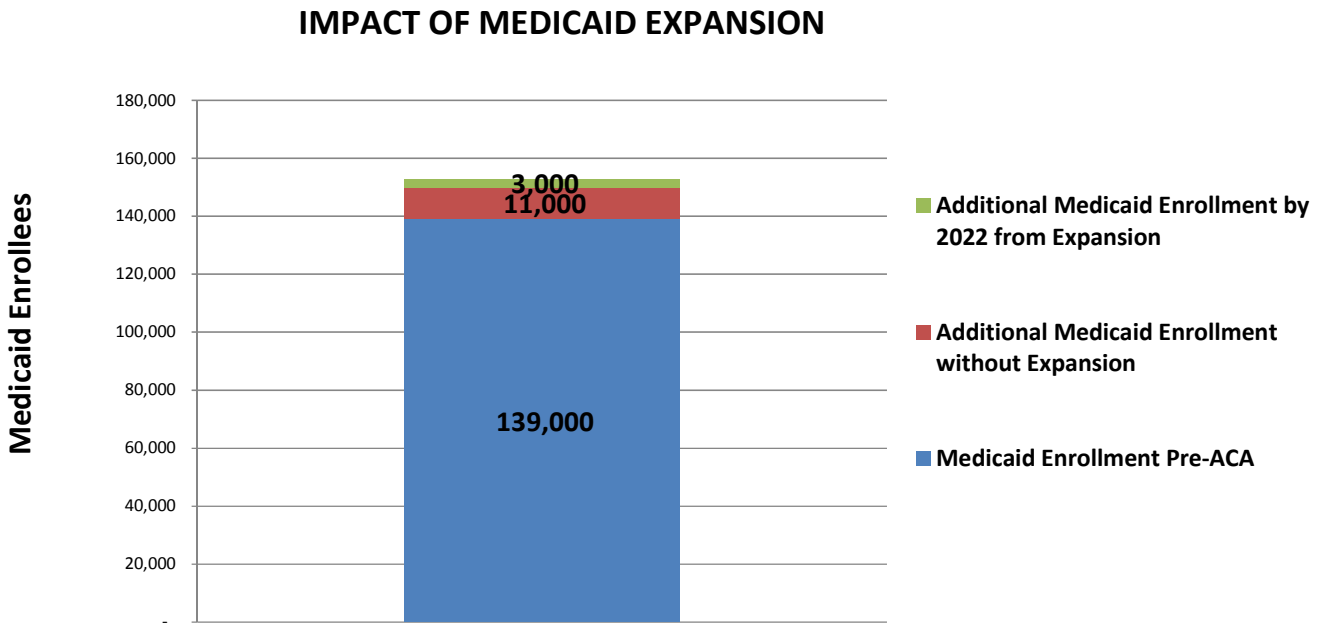
- Above national average in per-enrollee Medicaid spending.

	VT	US
Medicaid Policies		
Medicaid Payments Per Enrollee	$6,158	$5,563
Federal Medical Assistance Percentage (FMAP)	56.0%	50.0%
Health Insurance & Medicaid Expansion		
Implementing Medicaid Expansion	Implementing	
Health Insurance Exchange	State	
Total Uninsured	61,000	53,277,000
% of Uninsured Individuals (all ages)	9.9%	17.2%
Medicaid Enrollment Pre-ACA	139,000	52,410,000
% of Total Population	22.6%	16.9%
Additional Enrollment with ACA but no Medicaid Expansion	11,000	5,659,000
Additional Enrollment with ACA and Medicaid Expansion	14,000	21,280,000
% Growth in Medicaid Enrollment from ACA + Expansion	10.1%	40.6%
Estimated Number Remaining Uninsured After ACA	39,000	27,930,000
Estimated % Uninsured After ACA (2020)	5.6%	8.7%

Source: Kaiser State Health Facts 2012, Urban Institute HIPSM 2012

Health Insurance & Medicaid Expansion – Highlights

- Vermont is implementing Medicaid expansion and has set up its own state-run health insurance exchange known as Vermont Health Connect
- Vermont is shifting to the state run-exchange people who, prior to the ACA were enrolled in a state-funded program that provided coverage for people up to 191% of FPL.
- The proportion of uninsured in Vermont is significantly lower than the national average
- Growth in Medicaid Enrollment expected to be only 10% over the next 10 years
- The proportion of residents who are uninsured is expected to decline from 11% to 6% over the next decade
- The universal coverage experiment (i.e. "single payer"), which was passed into law in 2011, is scheduled to be fully implemented in 2017.



Source: Kaiser State Health Facts 2012

Vermont Medicaid Spending

Vermont spends about $6,158 per Medicaid enrollee annually – the 19th highest in the nation for all health care services provided. [5]

Medicaid Coverage & Administration

Vermont has adopted the new Medicaid eligibility limits under the ACA. It should be noted, however, that Vermont is expanding its Medicaid coverage only for children and for pregnant women. Vermont is cutting Medicaid coverage for approximately 19,000 adults. The reason for this is that under the ACA, these 19,000 adults are eligible for federal subsidies through the state health insurance exchange, called Vermont Health Connect. [17]

While Vermont does not make special payments for indigent care, [18] its Medicaid program continues to support expanded coverage beyond federal requirements:

- Adult Coverage: Prior to the passage of the ACA, Vermont went far above its federal minimum requirement. The state provided coverage to jobless parents with incomes up to 185% FPL and working parents with incomes up to 191% FPL. Additionally, although pre-ACA there was no requirement to provide coverage to childless adults, Vermont Medicaid covered childless adults with incomes between 150-160% FPL (depending on their work status). Post-ACA, Vermont decreased its eligibility limit to 138% for all non-pregnant adults. The state expects that all individuals who are cut due to this change will be eligible for federal subsidies through Vermont Health Connect. [19]
- Coverage of Children and Pregnant Women: Pre-ACA, Vermont Medicaid covered children of families with incomes of up to 225% FPL. Post-ACA, this was expanded to include children of families with incomes up to 318% FPL. Eligibility limits for pregnant women increased slightly as well, from 200% FPL to 213% FPL. [20] [21]

  Summary of Benefits:

  - The Dr. Dynasaur Medicaid Plan (which covers children and pregnant women) covers a comprehensive list of services. [22] However, Medicaid for non-pregnant adults does not cover some services, including eyeglasses, dentures and orthodontics. [23]
  - Copayments are never required for individuals in a long-term care facility, individuals under age 21, or individuals who are pregnant or within 60 days post-pregnancy. For other individuals covered by Green Mountain Care, co-pays are only required for prescriptions (maximum co-pay is $3), dental visits ($3/visit), and outpatient visits ($3/day/hospital). [22]

Medicaid and CHIP Income Eligibility Limits as % of FPL

	Children Ages 0-19	Pregnant Woman	Parents of Dependent Children	Non-Disabled Adults
2013	133%	200%	185%	150%
2014	317%	213%	138%	138%

*There is some variability in eligibility limits for children in 2013 under Medicaid based on age; however, the eligibility level chosen reflects the year's CHIP eligibility and/or highest eligibility level under Medicaid.

Source: Kaiser State Health Facts 2012

CHC Medicaid Reimbursement Policies

Medicaid reimbursement is governed by an alternate payment methodology (APM), rather than the more standard federal Prospective Payment System (PPS) requirements.

CHCs receive an encounter rate from Medicaid for medical and dental services. The Vermont Medicaid program allows for up to five CHC physician encounters per month. Multiple encounters on the same day may occur if the patient has different symptoms. Vermont does not have Medicaid Managed care, and thus has no capitation payments or wrap-around process. [10]

Vermont Medicaid allows encounter reimbursement for the following categories of providers: MD, DMD, NP, PA, LSCW, psychologists and certified nurse midwives.

Compared to those of other states, Vermont's state statutes are comprehensive and generous in reimbursement for telemedicine. Vermont's Medicaid program will reimburse for CHC live video telemedicine charges related to diagnosis, consultation or treatment, with certain limitations. [24] Vermont also provides enhanced per-member per-month payments ranging from $1.20-$2.39 based on NCQA PCHM recognition scores. [15]

Vermont does not adjust reimbursement rates based on the Medicare Economic Index (MEI). Instead, it caps the rate at 130% of the Medicare rate and the reimbursement rate increases annually only if the Medicare rate increases. Dental services use the same methodology as medical services, but are not subject to a cap (though Medicaid dental benefits for adults are capped). [10]

The state lacks a standardized rate increase process. However, Vermont CHCs can fill out a form for a change in scope of service. While many CHCs express appreciation for the comprehensive and inflation-linked characteristics of the APM, some assert the cap is not high enough for CHCs. [10]

Primary Providers Eligible for Reimbursement

State	MD	DMD	NP	Psychologist	Other
VT	Yes	Yes	Yes	Yes	Pas, CNM

Secondary Providers Eligible for Reimbursement

State	RN	LCSW	Physical Therapist	Dental Hygienist	Nutritionist
VT	No	Yes	No	No	No

Source: Kaiser State Health Facts 2012

Collaboration with CMS [25]

Vermont is collaborating with the Centers for Medicare and Medicaid Services (CMS) Innovation Center on a number of programs intended to develop and test service delivery models. The models typically provide incentive payments to participating providers, and include:

- **Multi-Payer Advanced Primary Care Practice Initiative (MAPCP)** – a Medicare program promoting Advanced Primary Care (APC) practices.
- **State Innovation Model** – Vermont was one of 16 states to receive Model Design funding to produce a State Health Care Innovation Plan. Having successfully produced an Innovation Plan, they are a recipient of the "Model Testing Award" to implement their State Health Care Innovation Plan.

The Vermont model aims to increase both organization coordination and financial alignment between clinical specialists and advanced primary care practices; implement and evaluate value-based payment methodologies; coordinate with other payment reforms on developing a financing and delivery model for enhanced care management and new service options for Vermonters eligible for Medicare and Medicaid; and accelerate the development of a learning health system infrastructure that will support delivery system redesign and state evaluation activities.

Future Plans – Single Payer

In 2011, Vermont enacted a bill that started the process toward a single-payer health system. The new system would be a state-funded-and-managed insurance pool that would provide near-universal coverage to residents. [26] Similar to a modified Medicare-for-all plan, this would be the first universal, publicly financed health care system in the United States. Paid for in part by a large business payroll tax, the new system is expected to launch in 2017. Estimates for the cost of the new program born by the state range from $1.6 – $2.2 billion. The single-payer system is intended to cut healthcare costs, keep small business in the state and help the middle class. [27]

Notes

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