

**Payment Reform Advisory Group**  
**Thursday, January 13, 2011**  
**3 – 4:30 p.m.**

**Minutes**

**Attendees:** Richard Slusky, Christina Colombe, Cheri L'Esperance, Michael Del Trecco, Anthony Otis, Bill Lambrukos, Peter Cobb, Michael Davis, Lou DiNicola, Joe Zimmerman, Denis Barton, , Andy Majka, Diane Tetrault, Gerhild Bjornson, Susan Elliot, Don George, Gretchen Begnosh, Laura Pelosi, Lynn Nonnemaker, Barb Drapola

1. Welcome & Introductions
2. Review and Approval of 12/16 Minutes - Approved
3. Discussed Questions– See attached document with question feedback from meeting
4. Update on Status of Legislative Reports:
  - Dr. Hsaio's Report - Draft Report submitted on 1/19, final report will be submitted by mid February. Here is a link to the draft report
  - <http://www.leg.state.vt.us/jfo/healthcare/FINAL%20VT%20Draft%20Hsiao%20Report.pdf>
  - Richard Slusky's Payment Reform Report – Due February 1st
5. Next Meeting –Scheduled for Thursday, January 27th from 3 – 4:30 at DVHA in Williston

**Question #1 From your perspective, and/or the group(s) you represent, what are your greatest hopes and/or concerns about payment reform?**

Hopes

1. Results in reasonable payments-- Pays the Bills
2. Simplifies the payment system, reduces overhead and results in one uniform billing process
3. Payment reform coupled with higher quality and better outcomes will result in reduced cost in the system overall
4. Emphasis on the importance of primary care providers in the success of health care reform in Vermont. Increased payments for PCPs and practice support
5. Focus more on clinical outcomes for patient populations

Concerns

1. Nothing will happen
2. Payment Reform will be another euphemism for cutting services and payments to providers
3. Providers will leave the state rather than deal with more changes to their payments and practices
4. ACOs will create a new bureaucracy with more administrative overhead---just a new version of HMOs
5. With an aging population, will there be appropriate access to providers, PCP's in particular
6. Are providers prepared to accept some shared financial risk? How will they be protected against high cost patients? Will the risk be fairly shared among providers and payers?
7. No finite end to demand for services
8. Will the government mandate benefits that have not been considered in the capitation payments

### **Questions 2 and 3:**

**2. a. When people talk about capitation or global budgets, there is usually concern about consumers not getting the care or treatment that they need (under use of the system). How do you think those concerns can be addressed as we develop new payment models?**

**2. b. How do physicians feel about being paid under capitation? How much financial risk are they willing to accept? What are the best measures to evaluate physician performance?**

### **3. How should specialists be paid under a new reimbursement system?**

It was noted that the Vermont Health partnership which covers about 10,000 teachers in the state is a capitated insurance product that has worked well for a number of years. This program is not well known, but should be taken into consideration as we explore new patient methodologies and build on what works. We need to make sure we understand and are aware of what programs are in place in the state today, and whether they are working or not.

### **Responses:**

#### **Consumer concerns:**

- Need to be in front of consumer concerns
- Educate consumers in advance
- How will we address those who have no insurance or are underinsured
- Need to rely on evidence based care in evaluating provider performance
- Providers have incentives to deny care under capitation---we need to build measures to protect patients against underuse or denial of care
- Need to develop rapport and trust between doctors and patients

#### **Provider Concerns:**

- Capitation/global budgets may result in reduced payments to the providers
- Clinical guidelines and protocols are changing all the time---how will provider performance be measured Example: Guidelines for treatment of ear infections was recently changed; will providers be penalized for following old treatment protocols
- Physicians need to be Educated about what these changes may mean in their practices, and be given some time to adapt
- Go after low hanging fruit—there are some system changes that can be easily and quickly---identify those and make the changes
- Physicians need to learn how to say no to patients who demand treatments, procedures, medicines that have no proven value. How do physicians deny these requests without suffering consequences resulting from lower patient satisfaction scores

- Physicians need to re-learn how to do a good history and physical exam and not rely so much on expensive diagnostic tests that add little value to the diagnosis
- Capitation still has bad connotations from the 90's—physicians don't want to relive that experience again, Fee for Service may have its faults, but it does produce a dependable payment stream---see more people, make more money
- Home health capitation could work if the payment were sufficient, and had the right incentives for managing people at home
- Will there be more or less record keeping resulting from a capitated system
- Will financial risk corridors be established to protect providers from financial ruin

**Question 4 – Do you find it easy or hard to decide on the best health insurance option for you? How could your choice of health insurance coverage be made easier?**

Responses:

- Reduce the number of plan options and provide information so consumers can compare plans more easily and make rational choices about plan selection
- Since most insurance coverage is employer based, employers should be asked how they make their plan choices: are their choices based primarily on cost
- This market has evolved into a business to business market with consumers having rather limited choice in insurance products. Businesses are deciding in conjunction with insurance brokers what plan types should be offered to employees
- People need to be better consumers, of insurance products, but they need information that is easier to understand in order to make better decisions
- Incentives for consumers should be built into insurance products

**Question 6 -- Do you believe that competition among providers and insurance companies will help control costs and simplify the system or do you think health care should be more regulated, similar to utilities? Discuss the pros and cons of each approach.**

- Has competition worked so far?
- Competition makes it difficult for high cost patients to get services
- Do we in Vermont have adequate supply/demand for competition
- Need more transparency
- Consumers would be at risk for first/last dollar cost
- Why do we advertise?
- Increase cost
- Competition in some areas makes sense

**Question 7 – End of Life Care**

- Enormous amount of money spent on last six months of life
- Make dying as acceptable outcome
- Must have living will to get insurance
- Need a civil political discussion
- Emotionally charged issue in the US – look at other countries
- How do other countries deal with death