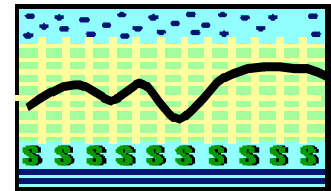


2002

VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

April 2004



Executive Summary

Health care growth in Vermont slowed in 2002, when compared to the previous two years. The moderation was attributed to slower growth in Medicaid and hospital spending. Nonetheless, health care spending continues to outpace the growth of the economy, and national health care projections predict that this trend will continue over the next 10 years.

Table of Contents

Executive Summary	1
Introduction & Key Concepts	3
Resident Analysis	4
Provider Analysis	9
2003-2007 Forecast	13
2001 & 2002 Data Matrices	17
Definitions and Data Sources	21

Highlights from the Resident Analysis:

- Health care spending on Vermont residents totaled \$2.8 billion in 2002, an increase of 10.2 percent over 2001. National health care costs increased 9.3 percent in 2002. Both in Vermont and nationally, overall economic growth continues to lag growth in health spending.
- Private insurance, which includes both self-insured and private health insurance expenditures, was the health care payer with the greatest annual growth in 2002, rising 12.3 percent, the fourth year of consecutive double-digit growth for Vermont residents. This represented 48.0 percent of the total increase in health care expenditures in Vermont in 2002.
- Medicaid was the health care payer with the second highest rate of expenditure growth on Vermont residents in 2002, increasing 12.0 percent. This was a moderation of growth from previous years. Between 1998 and 2002, Medicaid experienced the fastest average annual rate of growth of all Vermont payers, rising 13.9 percent. This compared to 10.8 percent for all payer sources between 1998 and 2002.

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Executive Summary (ctd)

Highlights from the Provider Analysis:

- Vermont health care providers reported \$2.7 billion in health care expenditures for residents and non-residents in 2002. Vermont provider health care expenditures increased 8.2 percent over 2001.
- The provider service category with the greatest change between 1998 and 2002 in Vermont was government health activities (primarily includes expenditures for direct care programs administered by the Vermont Agency of Human Services), increasing on average 17.6 percent annually. A large part of the increase was community mental health services principally funded by Medicaid. Government health activities represented 9.2 percent of total health care expenditures in 2002. All provider services increased on average 9.3 percent per year between 1998 and 2002.
- Hospitals are the single largest provider category in Vermont, representing almost 41 percent of the health care system. Although the increase in hospital expenditures slowed in 2002 compared to the previous three years, hospitals continue to represent the largest relative contribution to growth for Vermont providers with 36.6 percent in 2002.

Highlights from the 2003-2007 Forecast:

- Total health care costs are expected to reach over \$3.0 billion in Vermont for both the resident and provider analyses in 2004. By 2007, health care costs are projected to be close to \$4.0 billion.
- Between 2002 and 2007, health care costs are expected to grow at an annual average of 7.6 percent in the resident analysis and 7.5 percent in the provider analysis. This indicates a moderation in growth from the previous three years which show growth of 10.8 percent for the resident analysis and 9.3 percent for the provider analysis between 1999 and 2002.
- The provider service category with the greatest projected rate of growth between 2002 and 2007 is drugs and supplies, forecasted to increase on average 12.3 percent annually in Vermont. Drugs and supplies are expected to represent 22.9 percent of the total projected increase in health care expenditures between 2002 and 2007. By comparison, hospital growth is expected to account for 35.6 percent of the total projected increase between 2002 and 2007.

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Introduction & What's New in the 2002 Report?

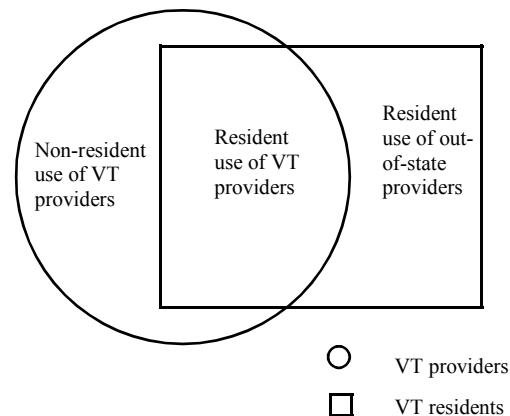
Every year, the Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) publishes the *Vermont Health Care Expenditure Analysis*. As specified in 18 V.S.A. §9406, the objective of this report is to provide basic information about where financing for Vermont's health care system comes from and what it purchases.

To make the data more timely, BISHCA is releasing initial estimates of Vermont health care expenditures for 2002 and the 2003 - 2007 forecast in this publication. **Inclusion of an "initial release" forecast is new to this report.** Selected 2002 expenditures may be revised if more current information becomes available and will be published in the final 2002 *Vermont Health Care Expenditure Analysis*. The final report will include comparative national analysis and will be released in the summer of 2004. The final 2003 - 2007 forecast will be published in fall of 2004. Please visit BISHCA's web site at www.bishca.state.vt.us to obtain the latest copies of reports.

Key Concepts

The *Vermont Health Care Expenditure Analysis* summarizes data in two forms: the **resident analysis**, which includes expenditures on behalf of Vermont residents, regardless of where the health care was rendered, and the **provider analysis**, which includes all revenue received by Vermont health care providers, regardless of where the patient lives. Because some Vermonters obtain health care in other states and some non-Vermonters come to Vermont for health care, both of these analytical constructs are necessary to fully understand Vermonters' health care and the State's health care system.

COMPONENTS OF VERMONT EXPENDITURE ANALYSIS



Variations between the resident and provider analyses reflect differences in reporting definitions, reporting periods, and population composition.

In order to differentiate between the two views, a symbol representing each view has been added to the bottom left hand corner of each page. The symbol ■ represents the resident analysis, and the ○ indicates the provider analysis. The 2003 - 2007 forecast is represented by the △ symbol.

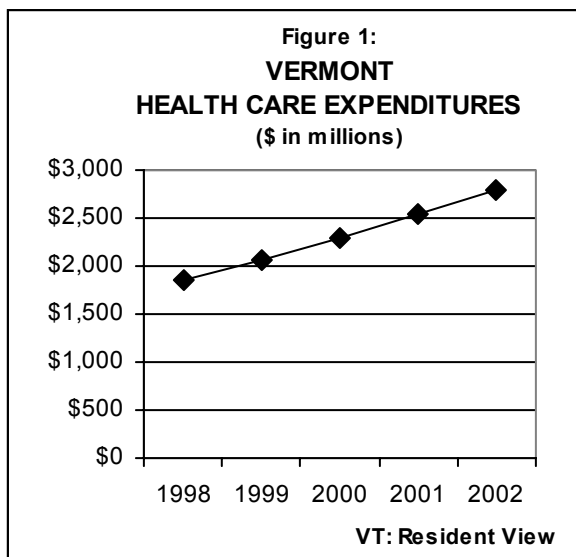
2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Resident Analysis

The resident analysis is based on reporting from the health care payers. It measures what is paid on behalf of Vermont residents, regardless of where they receive health care services.

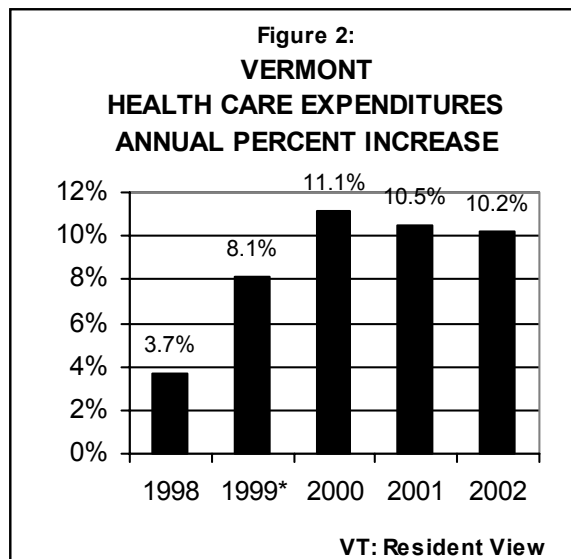
Major Findings from the Resident Analysis:

- Health care spending on Vermont residents totaled nearly \$2.8 billion in 2002, up 10.2 percent over 2001 levels (Figures 1 & 2).
- Private insurance spending grew 12.3 percent in 2002, representing 48.0 percent of the increase in total resident expenditures (Figures 5 & 6).
- Between 1998 and 2002, Medicaid experienced the fastest annual rate of growth, increasing on average 13.9 percent every year. However, the rate of growth in Medicaid in 2002 (12.0 percent) was lower when compared to previous years in part due to program changes in benefits, coverage, and cost sharing mechanisms (Figures 4 & 5).



How much does health care cost for Vermont residents?

Health care spending on Vermont residents totaled nearly \$2.8 billion in 2002 (Figure 1) and represents approximately one-eighth of the entire State economy. Health care spending increased 10.2 percent in 2002 (Figure 2). Although the rate of growth was still in the double-digits in 2002, the 10.2 percent was a moderation when compared to the previous two years. The Centers for Medicare and Medicaid Services (CMS) reported that U.S. health care spending reached \$1.6 trillion in 2002, growing 9.3 percent in 2002. This was the largest change in national health care expenditures recorded since 1991. Although the rates of health care growth for Vermont residents have exceeded the national growth rates in each of the last four years, health care costs on a per capita basis were still lower in Vermont (\$4,536) when compared to the U.S. (\$5,440) in 2002.

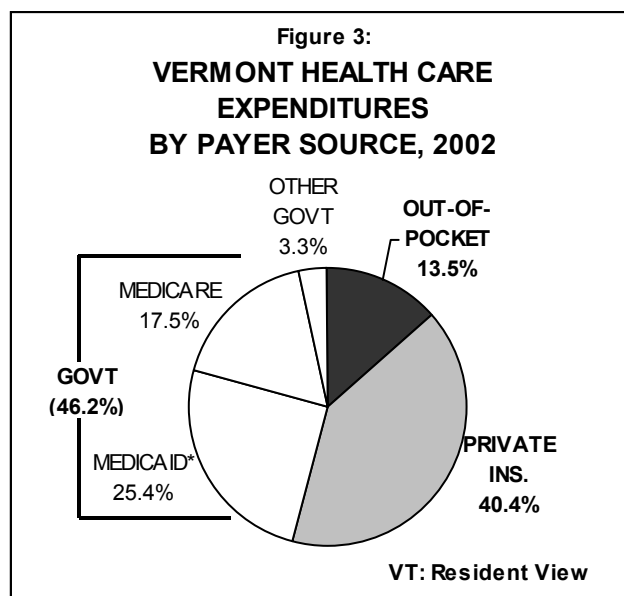


*Note: The 2000 Census revealed that there had been an underestimation of growth of the Vermont population since the 1990 Census. This means that expenditures for private health insurance had been understated in previous Expenditure Analysis reports. Private insurance expenditures prior to 1999 have not been updated.

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Who is paying the health care bill of Vermont residents?

Government (Medicare, Medicaid and Other Government) was the largest payer of health care services for Vermont residents in 2002, accounting for 46.2 percent of total expenditures (Figure 3). Vermont's Medicaid program, the largest component of government health programs, is more comprehensive in terms of its eligibility and benefits when compared to other state Medicaid programs.¹



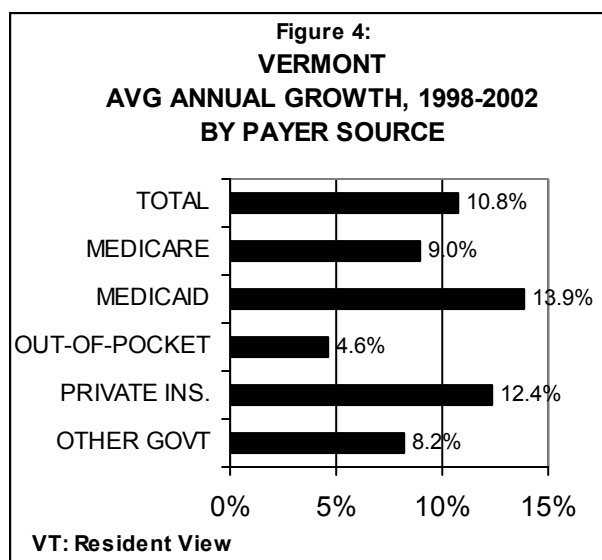
**Note: In comparison to other payers, a large portion of Medicaid expenditures (about 50 percent) covers long term care services, including nursing home care, home health services, and community mental health services.*

Private payers (which include self-insured and private commercial plans) financed 40.4 percent of total health care expenditures in 2002, while out-of-pocket expenditures accounted for 13.5 percent of health care spending on Vermont residents. Out-of-pocket includes deductibles, copayments, payments for services not covered by insurance, and payments made by uninsured persons. Health insurance premium expenditures are captured in the category of private insurance.

What are the health care payer trends?

Health care spending for Vermont residents increased on average 10.8 percent annually between 1998 and 2002 (Figure 4). The average annual rate of increase for the U.S. during the same time period was 7.8 percent.

The Vermont Medicaid program reported the largest annual average rate of growth between 1998 and 2002 (Figure 4), in part due to expanded coverage to children and increased eligibility for prescription drugs.² Enrollment in comprehensive major medical Medicaid programs increased approximately 17 percent between 1998 and 2002. Benefit design and reimbursement changes also contributed to the increase in Medicaid expenditures. Vermont ranked 10th among all 50 states in state Medicaid spending per resident in 2000.³

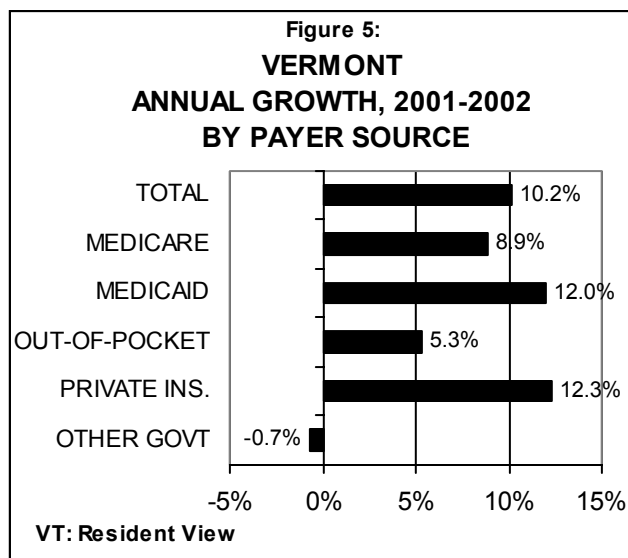


In comparison to previous years, a moderation in Vermont Medicaid growth (12.0 percent) was reported in 2002 (Figure 5). This was in part due to the implementation of a Preferred Drug List for pharmaceuticals, the elimination of some previously covered benefits (such as eyeglasses and lenses for adults) and greater use of cost sharing mechanisms for Medicaid

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

recipients.⁴ Nationally, Medicaid expenditures rose 11.7 percent in 2002.

Double-digit growth in private health insurance expenditures continued for the fourth year in a row for Vermont residents (up 12.3 percent in 2002). National health care researchers sug-



gest that this trend is characteristic of a continuing “hard” phase of the health insurance underwriting cycle, where premiums charged by insurers exceed underlying costs in order to solidify profitability and perhaps even make up for previous financial losses.⁵

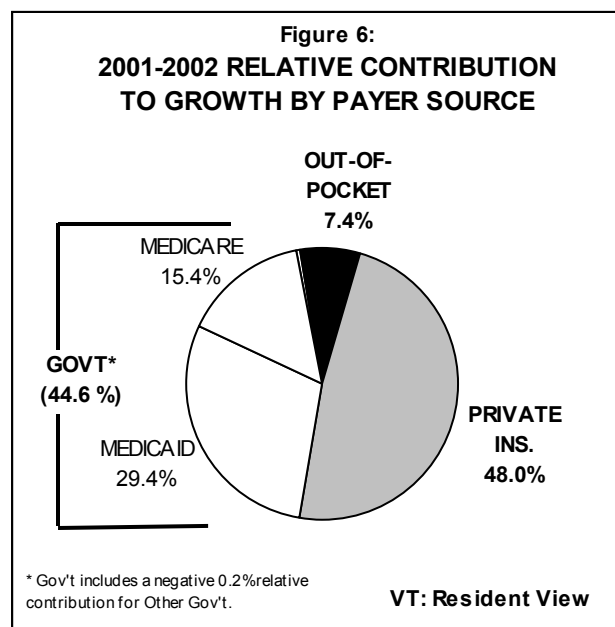
Medicare spending increased 8.9 percent in Vermont in 2002, slowing from its 10.9 percent increase in 2001. Nationally, Medicare grew 8.4 percent in 2002.

Other government experienced a decline of 0.7 percent in 2002, largely due to a change in reporting.

What payers account for most of the relative growth in health care spending on Vermont residents?

Private health insurance expenditures accounted for 48.0 percent of the health care growth in 2002 (Figure 6). For this payer category, hospitals and pharmaceuticals were the primary drivers, increasing 14.6 percent and 24.0 percent respectively. In 2001, the relative growth of private insurance was 40.4 percent.

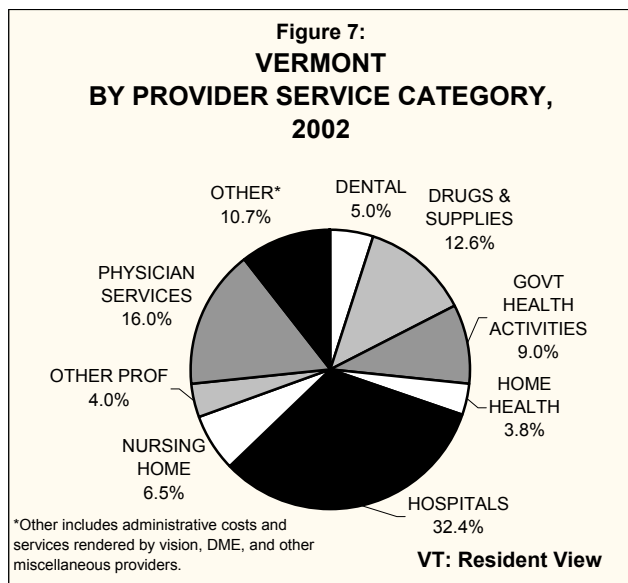
The relative increase in government financing of health care slowed in 2002. Of the \$258 million increase in health care expenditures for Vermont residents in 2002, government expenditures accounted for \$115 million (44.6 percent) of the increase. The relative share of growth from government payers was 49.9 percent in 2001.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

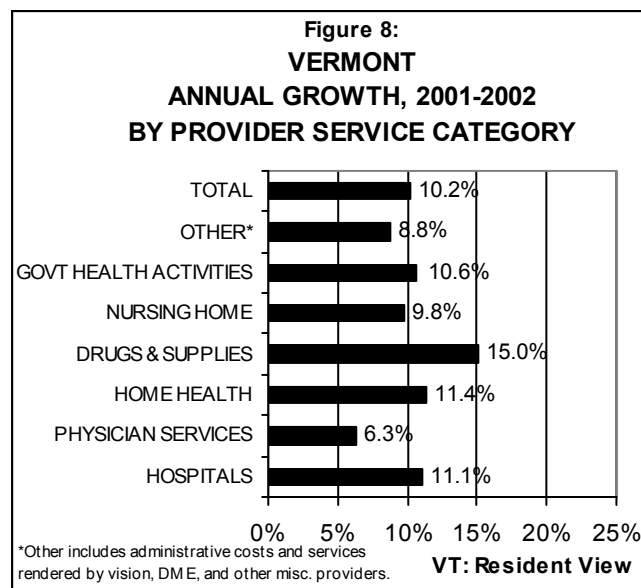
What health care services are Vermont residents purchasing?

The largest provider of health care services for Vermont residents in 2002 was hospitals with \$906 million in expenditures (32.4 percent of the total), followed by physician services with \$448 million (16.0 percent) (Figure 7). The third largest category was drugs and supplies with \$352 million. Drugs and supplies have been accounting for a larger proportion of overall health care spending. In Vermont, drugs and supplies represented 10.1 percent of total expenditures in 1998; by 2002, this category accounted for 12.6 percent. Non-prescription medications are not included in the Vermont expenditure model.



What service categories are growing the fastest for Vermont residents?

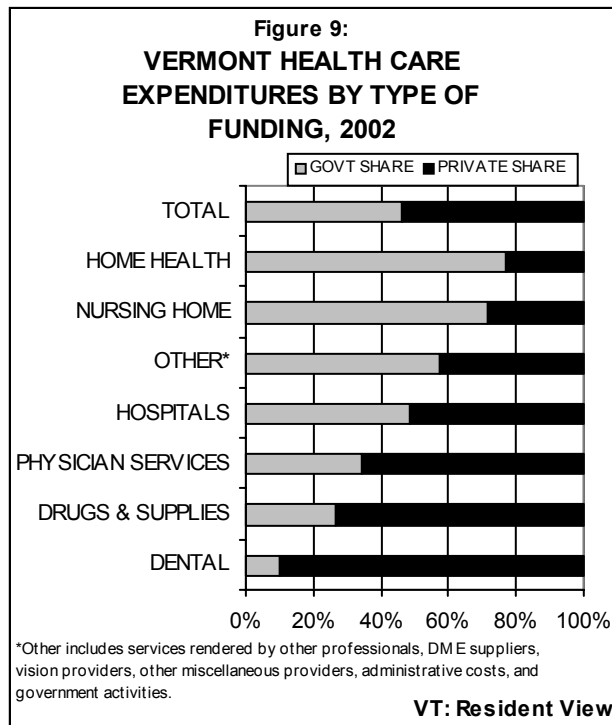
All major health care sectors experienced growth in 2002, with most of the increases relatively close to the total resident growth rate of 10.2 percent (Figure 8). Drugs and supplies experienced the highest annual rate of increase in 2002, rising 15.0 percent. The relative contribution of drugs and supplies to the growth in expenditures by Vermont residents was 18 percent in 2002 and 11 percent in 2001.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

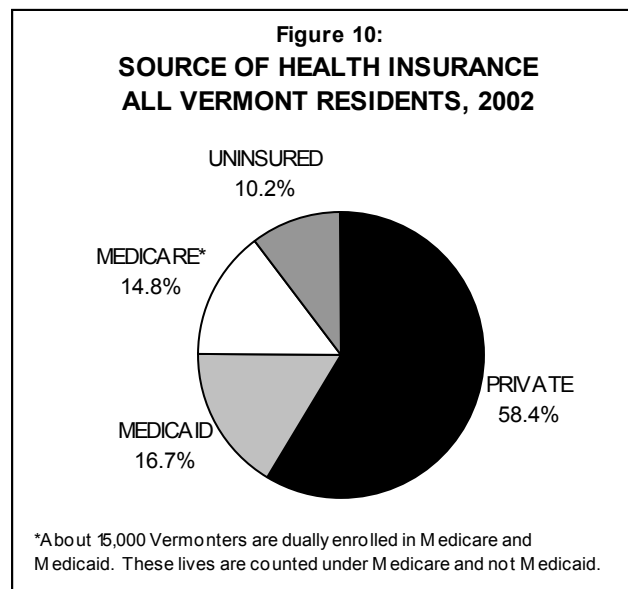
Government vs. Private Share of Funding

Total health care expenditures for Vermont residents was financed 54 percent by private payers (private insurance and out-of-pocket) and 46 percent by government payers in 2002 (Figure 9). The percent of care financed by the government or private payers varies considerably at the provider service level. For example, in 2002, home health and nursing home services received about 70 percent of their funding from government sources. In contrast, the government financed about 30 percent each for physician services and drugs. Hospitals were funded almost equally from public and private sources. These public-private distributions have been relatively consistent over time.



What types of health coverage do Vermont residents have?

Approximately 58.4 percent of Vermont residents were covered by private comprehensive major medical coverage through groups or on their own in the individual market (Figure 10). 16.7 percent were enrolled in Medicaid, and 14.8 were enrolled in Medicare. Out of a total population of 616,592, about 62,900 individuals, or 10.2 percent of Vermonters, were without health insurance in 2002. According to the U.S. Census Bureau, the national uninsured rate was 15.2 percent in 2002.⁶ Vermont continues to have a lower rate of uninsured compared to the nation. A larger proportion of Vermont's population has financial access to medical care through public and private health insurance coverage than the nation as a whole.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Provider Analysis

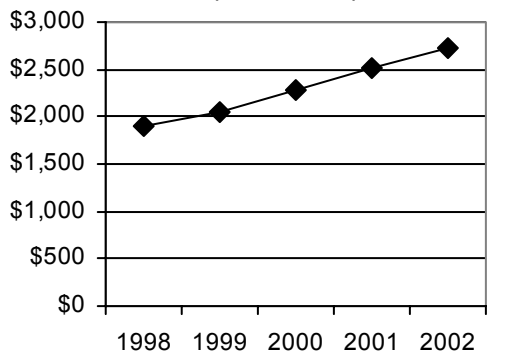
The provider analysis includes reporting by entities providing care and services in Vermont. This includes expenditures pertaining to Vermont residents and out-of-state residents served

by Vermont providers.

Major Findings from the Provider Analysis:

- Vermont providers reported \$2.7 billion in health care expenditures for residents and non-residents, an increase of 8.2 percent in 2002 (Figures 11 & 12).
- Hospitals were the largest provider service category in Vermont, accounting for 40.7 percent of total expenditures in 2002 (Figure 13).
- The provider service category with the greatest change between 1998 and 2002 was government health activities, which increased on average 17.6 percent annually (Figure 14).

Figure 11:
VERMONT
HEALTH CARE EXPENDITURES
(\$ in millions)

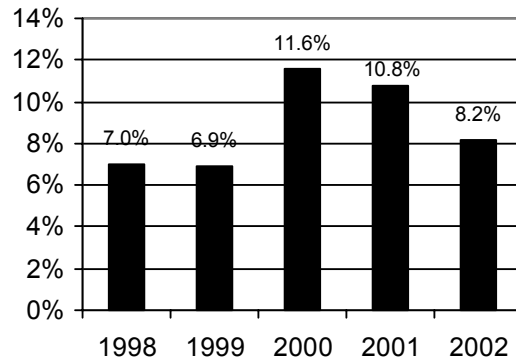


VT: Provider View

How much does health care cost in Vermont?

According to expenditure data reported by Vermont health care providers, health care spending on residents and non-residents totaled \$2.7 billion in 2002 (Figure 11), which represented an increase of 8.2 percent in 2002 (Figure 12). This was a moderation in health care spending growth when compared to double-digit increases of the previous two years. Nationally, CMS reported a 9.3 percent rise in total health care expenditures in 2002.

Figure 12:
VERMONT
HEALTH CARE EXPENDITURES
ANNUAL PERCENT INCREASE

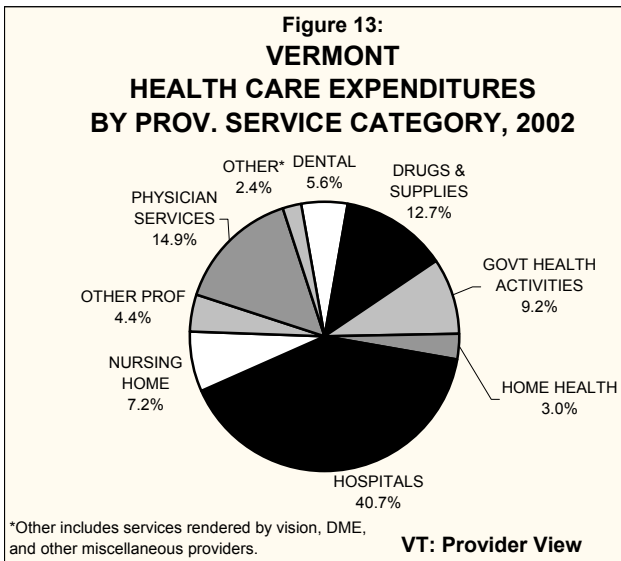


VT: Provider View

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

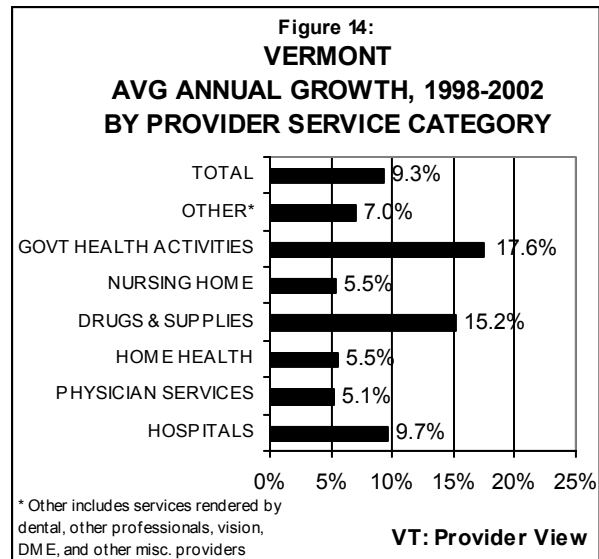
What is the distribution of the health care dollar by provider service category in Vermont?

Hospitals, which include acute care, Veterans Administration, state psychiatric and private psychiatric hospitals, were the largest provider service category (\$1.1 billion) in 2002 in Vermont, accounting for 40.7 percent of total health care expenditures (Figure 13). This compared to 40.2 percent in 1998. (Hospital expenditures in the provider view also include expenditures for hospital-owned physician practices. Hospital-owned physician practices are categorized as physician expenditures in the resident view, as payers cannot specifically identify expenditures associated with hospital-owned physician practices.) The next largest provider service category was physician services (\$405.0 million), followed by drugs and supplies (\$347.3 million). This distribution has been relatively consistent over time.



Which provider service categories are increasing the fastest in Vermont?

Total expenditures of Vermont health care providers increased on average 9.3 percent every year between 1998 and 2002 (Figure 14). The category with the greatest rate of growth between 1998 and 2002 was government health activities (which primarily includes expenditures for direct care programs administered by the Vermont Agency of Human Services (AHS)). Government health activities rose on average 17.6 percent annually between 1998 and 2002. Expenditures in this category have increased due to an expansion of programs funded by AHS, such as school-based programs and community mental health initiatives.

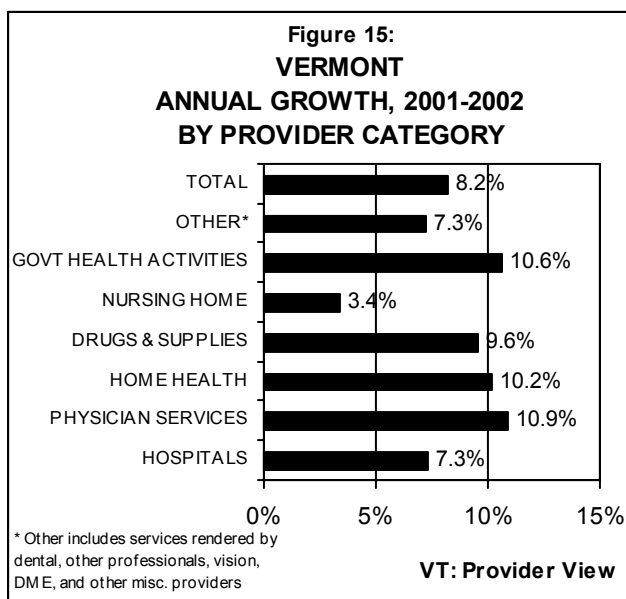


Drugs and supplies in Vermont have also shown higher than average growth. Between 1998 and 2002, drugs had an annual growth rate of 15.2 percent (Figure 14). The pace of drug spending in Vermont has eased in the last year to 9.6 percent in 2002, down from 10.8 percent in 2001 and 25.1 percent in 2000. The moderation in prescription spending growth may be attributed to a decline in bringing new

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

drug products to market and increased patient cost-sharing.⁷ CMS reported that prescription drug expenditures in the U.S. increased 15.3 percent in 2002.

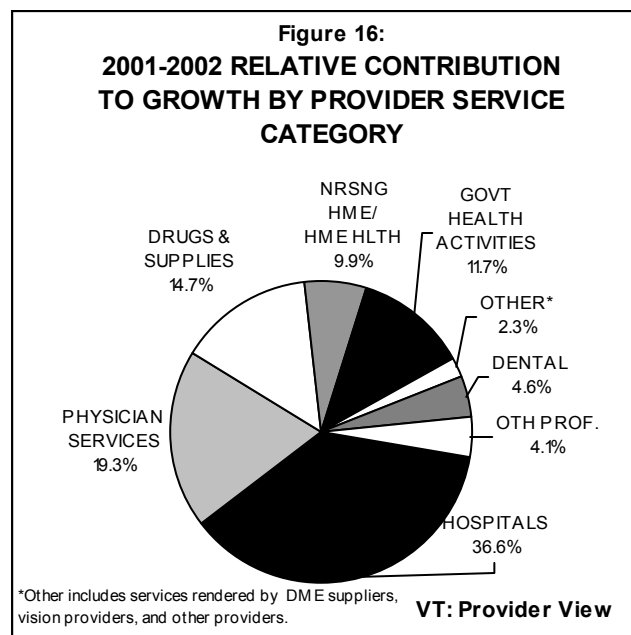
The relatively modest increase in physician services (Figure 14) between 1998 and 2002 reflected a change in reporting as more hospitals purchased physician practices.



What services account for most of the relative growth in health care spending in Vermont?

Of the \$206 million increase in health care expenditures in Vermont, hospitals accounted for \$75 million of the increase — 36.6 percent (Figure 16). This compared to 32 percent at the national level. Vermont hospitals experienced a decrease in inpatient utilization and an increase in outpatient utilization in 2002. Utilization and the cost of new technologies continues to drive increases in hospital expenditures.

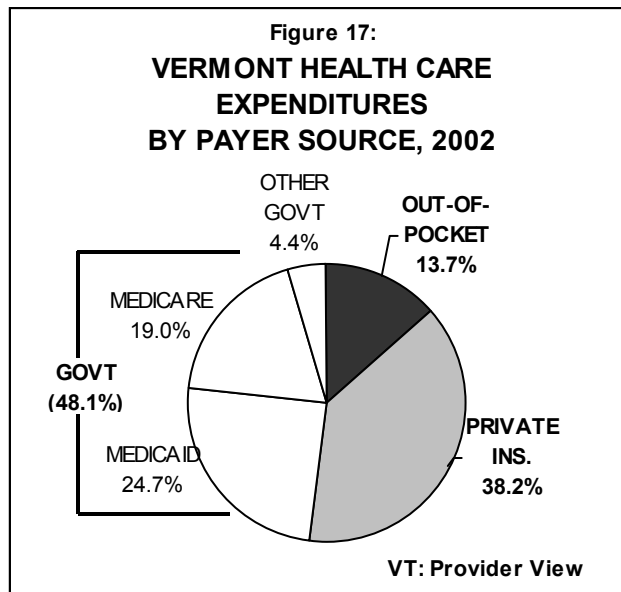
Physician services accounted for 19.3 percent of the total increase in health care expenditures (\$39.8 million) in Vermont compared to 18.4 percent nationally.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

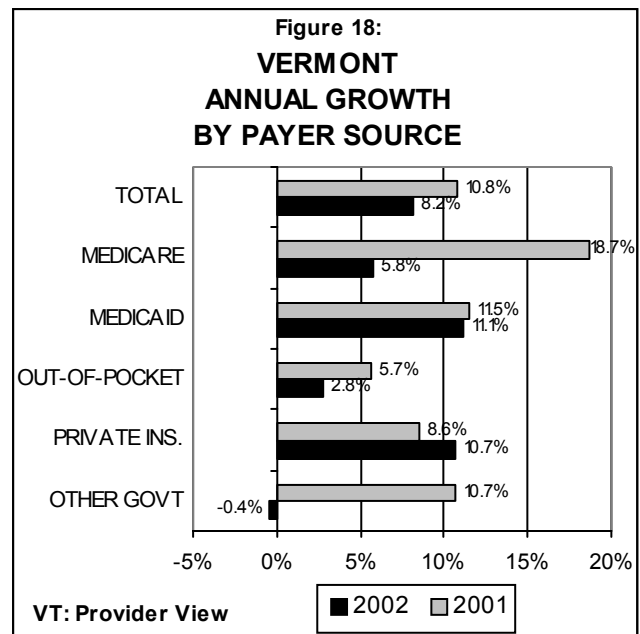
What is the distribution of major payers according to Vermont providers?

Vermont providers reported that Medicare, Medicaid, and other government programs paid for 48.1 percent of health care services (Figure 17). Private payers accounted for 38.2 percent, while consumers paid 13.7 percent in out-of-pocket costs in 2002. The distribution by payer source was similar between the resident and provider analyses.



How fast are the payer categories growing according to Vermont providers?

The rate of health care spending growth by the private payers exceeded the government payers in 2002 (Figure 18), largely due to growth in private insurance which represented almost half of the relative increase. Private insurance was the only payer category that grew at a higher rate in 2002 (10.7 percent) than in 2001 (8.6 percent). The growth in Medicare expenditures slowed from 18.7 percent in 2001 to 5.8 percent in 2002, primarily due to reduced hospital expenditures.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

This section of the report highlights some of the major findings from the preliminary 2003-2007 forecast of Vermont health care expenditures. This is a new section in this report.

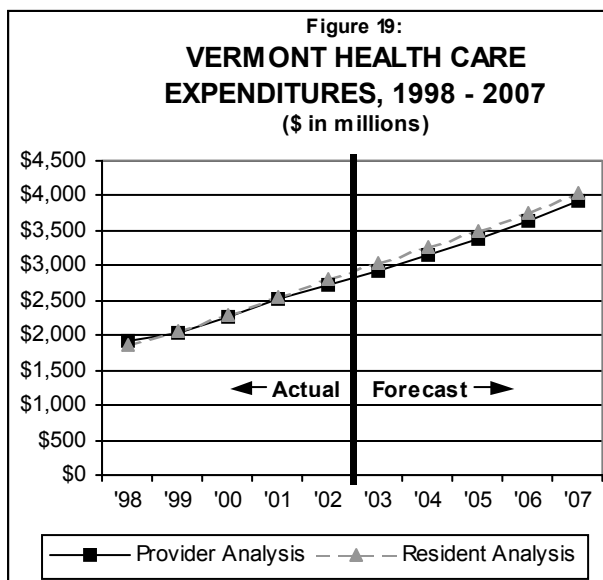
2003-2007 FORECAST

Major Findings from 2003-2007 Forecast:

- Total health care costs are expected to reach over \$3.0 billion for both the resident and provider analyses in 2004. (Figure 19).
- Between 2002 and 2007, health care expenditures are projected to grow on average 7.6 percent in the resident analysis and 7.5 percent in the provider analysis (Figure 21).
- The provider service category with the greatest projected rate of growth between 2002 and 2007 is drugs and supplies, forecasted to increase on average 12.3 percent per year (Figure 22).

How much will health care cost in Vermont?

Total health care expenditures are expected to reach over \$3.0 billion in Vermont by 2004 and approach \$4.0 billion by 2007 (Figure 19). The recently passed Medicare drug benefit legislation is not included in these projections and the forecast assumes no significant program policy changes in Medicare or Medicaid.



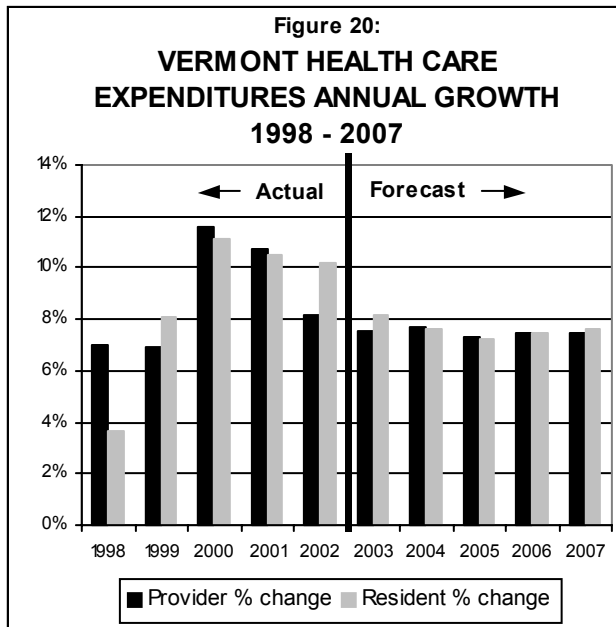
KEY ASSUMPTIONS ABOUT THE VERMONT FORECAST MODEL

- The Forecast uses as its base the levels reported in the 2002 Vermont Health Care Expenditure Analysis: Initial Release.
- The Forecast is based upon provider service projections reported by the U.S. Centers for Medicare and Medicaid Services (CMS) National Health Expenditure (NHE) model. However, hospital projections for 2003 and 2004 are based upon data submitted to BISHCA during the hospital budget review process.
- The Forecast allocates the source of payment funds (e.g., Medicaid, Medicare) based upon the 2002 Vermont Health Care Expenditure Analysis: Initial Release distributions.
- The Forecast assumes no significant enrollment changes across payers.
- The Forecast assumes no significant program policy changes in Medicare or Medicaid.

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

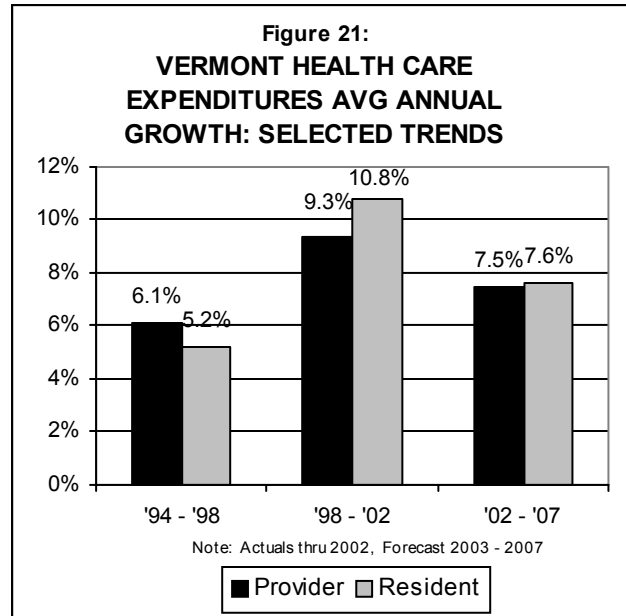
How fast are health care expenditures expected to increase in Vermont?

After double-digit increases in health care spending in 2000 and 2001 in Vermont, and with a 10.2 percent and 8.2 percent increase in 2002 for the resident and provider analyses respectively, spending is expected to slow in 2003 to 8.2 percent in the resident analysis and 7.5 percent in the provider analysis. Subsequent years are anticipated to level off to increases of between 7 and 8 percent for both analyses (Figures 20, 21).



CMS attributes the moderation in health care growth to slower spending for both public and private sectors.⁸

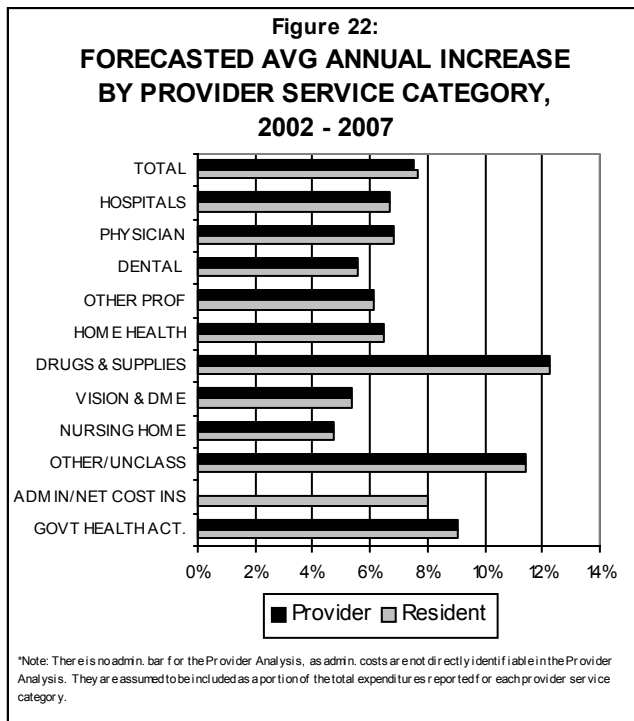
Despite the projected slowing of the rate of growth, health care growth is predicted to continue to outpace the rate of overall economic growth. According to CMS, health care's share of the gross domestic product will increase from 14.9 percent in 2002 to 16.4 percent in 2007.



2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Which provider service categories are expected to increase the fastest in Vermont?

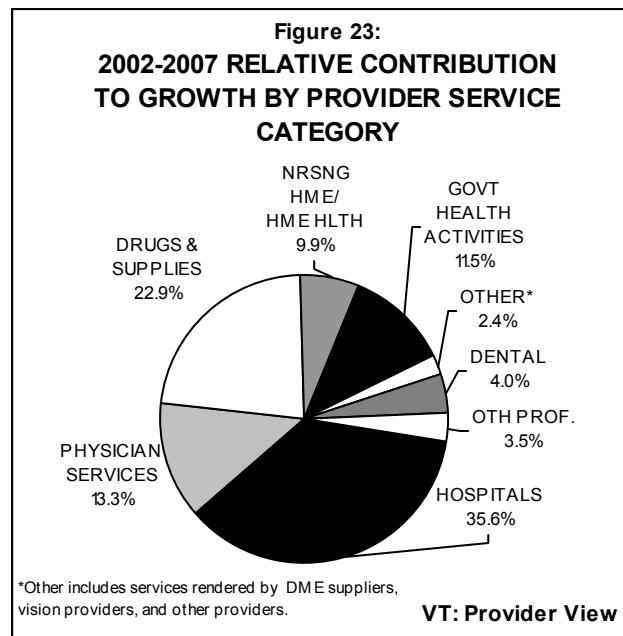
Between 2002 and 2007, spending on drugs and supplies is expected to continue to grow in the double-digits (12.3 percent) each year (Figure 22). By 2007, this category is anticipated to account for 15.8 percent of the total health care dollar in Vermont (provider analysis) compared to 12.7 percent in 2002. Drugs and supplies are expected to account for 22.9 percent of the relative increase in total health care expenditures between 2002 and 2007 (Figure 23).



Hospital spending growth will remain the most important driver of total health care expenditure growth since hospital expenditures account for about 41 percent of the total health care dollar. Hospital spending is expected to increase 6.7 percent annually between 2002 and 2007 in both the resident and provider

analyses, and is expected to account for 35.6 percent of the relative increase in total health care expenditures between 2002 and 2007.

Other categories forecasted with growth greater than the average for all categories include government health activities, rising on average 9.0 percent per year between 2002 and 2007, and other/unclassified which is projected to rise 11.4 percent annually between 2002 and 2007 (Figure 22).



Growth in payer source categories are not reported here, since the Vermont forecast is built upon growth reported in the provider service categories by CMS. Payer categories are forecasted based on no changes in enrollment.

2002 VERMONT HEALTH CARE EXPENDITURE ANALYSIS & FORECAST: INITIAL RELEASE

Conclusion

Health care spending continued to rise in 2002. In the U.S., the rate of health care growth rose to a decade high of 9.3 percent in 2002. In Vermont, the resident and provider views reported increases of 10.2 percent and 8.2 percent respectively, following double-digit rates of growth in 2000 and 2001. The forecast suggests a moderation in overall health care spending in Vermont, averaging between 7 and 8 percent annually between 2003 and 2007.

Resident Analysis: According to data from Vermont payers, private insurance spending was the major contributor to growth, accounting for 48.0 percent of the total increase. This category grew at an average annual rate of 12.4 percent between 1998 and 2002. Medicaid was another driver of health care spending, accounting for 29.4 percent of the total increase. Medicaid, which has increased its program enrollment and level of benefits, experienced expenditure increases on average of 13.9 percent annually between 1998 and 2002. Medicare expenditures grew at a slower rate than in 2001, increasing 8.9 percent in 2002.

Provider Analysis: According to data from Vermont providers, the main contributors to health care growth in 2002 included hospital and physician services, prescription drugs, and government health activities. The increase in hospital expenditures, which represent over 40 percent of the Vermont health care dollar, slowed in 2002 with a 7.3 percent increase, lower than in the previous three years. Drugs and supplies increased 9.6 percent in 2002, and averaged a 15.2 percent annual growth between 1998 and 2002. Government health activities spending grew the fastest between 1998 and 2002 with a 17.6 percent average annual increase.

Forecast: Total health care expenditures in Vermont are expected to reach over \$3.0 billion in 2004, in large part due to increases in hospital services and drugs and supplies. Average annual growth is projected to moderate.

Acknowledgements

This report would not have been possible without the support of many individuals in government and private industry. The Vermont Division of Health Care Administration would like to thank all participants who provided data in a timely manner and answered numerous questions.

Contact Information

For more information about the *Vermont Health Care Expenditure Analysis*, please visit www.bishca.state.vt.us or contact the Vermont Division of Health Care Administration at 802-828-2900.

Notes

1 Kaiser Family Foundation, State Health Facts Online, <http://statehealthfacts.kff.org/cgi-bin/healthfacts.cgi?>

2 Office of Vermont Health Access, "Vermont Medicaid/Dr. Dynasaur/Pharmacy Eligibility Expansions since 1986." <http://www.dsw.state.vt.us/districts/ovha/expansionssince86.pdf>.

3 Vermont Joint Fiscal Office. "Comparison of State Medicaid Program Costs, 2000," November 2002. <http://www.leg.state.vt.us/jfo/Medicaid%20Program%20Costs.pdf>.

4 Office of Vermont Health Access, "Annual Report," December 2002.

5 Strunk et al., "Tracking Health Care Costs: Trends Stabilize But Remain High in 2002," *Health Affairs* Web Exclusive, June 11, 2003.

6 Mills, Robert. "Health Insurance Coverage in the United States: 2002." U.S. Census Bureau, September 2003. <http://www.census.gov/prod/2003pubs/p60-223.pdf>.

7 Levit et al., "Health Spending Rebound Continues in 2002," *Health Affairs*, Volume 23, Number 1: 147-159.

8 Heffler et al., "Health Spending Projections Through 2013," *Health Affairs*, Web Exclusive, February 11, 2004.

2001 Vermont Expenditure Analysis, Resident Analysis (All amounts in thousands)

	Percent of Total	Total	Various insurance plans							State & Local	
			Out-of-Pocket	Self-insure	BCBSVT	MVP	Other Private	Medicare	Medicaid		Other Federal
Hospitals	32.1%	\$815,552	\$22,933	\$168,194	\$109,166	\$49,150	\$60,100	\$254,999	\$102,070	\$44,506	\$4,434
Community Hospitals*	29.7%	\$753,303	\$21,483	\$164,850	\$108,077	\$47,005	\$58,992	\$253,014	\$99,883	\$0	\$0
Veterans Hospital	2.0%	\$50,267	\$1,086	\$136	\$139	\$0	\$38	\$0	\$0	\$44,506	\$4,362
Psychiatric Hosp: State	0.1%	\$2,154	\$72	\$179	\$0	\$0	\$232	\$584	\$1,015	\$0	\$72
Psychiatric Hosp: Private	0.4%	\$9,827	\$292	\$3,029	\$950	\$2,145	\$838	\$1,401	\$1,172	\$0	\$0
Physician Services*	16.6%	\$421,616	\$50,618	\$99,123	\$59,589	\$31,757	\$37,375	\$85,378	\$52,589	\$5,188	\$0
Dental Services	5.4%	\$138,291	\$60,535	\$42,728	\$750	\$1,010	\$19,016	\$0	\$14,008	\$0	\$243
Other Professional Services	4.0%	\$100,758	\$28,800	\$25,630	\$12,591	\$11,957	\$8,736	\$7,194	\$5,849	\$0	\$0
Chiropractor Services	0.4%	\$9,216	\$1,973	\$2,510	\$2,029	\$304	\$926	\$1,164	\$310	\$0	\$0
Physical Therapy Services	0.6%	\$15,873	\$4,406	\$4,147	\$1,837	\$2,100	\$1,447	\$1,741	\$194	\$0	\$0
Psychological Services	1.2%	\$31,058	\$8,527	\$7,990	\$4,962	\$2,808	\$2,606	\$748	\$3,417	\$0	\$0
Podiatrist Services	0.1%	\$3,448	\$1,144	\$565	\$509	\$0	\$225	\$880	\$124	\$0	\$0
Other	1.6%	\$41,163	\$12,749	\$10,419	\$3,253	\$6,745	\$3,532	\$2,660	\$1,803	\$0	\$0
Home Health Care	3.7%	\$94,279	\$18,542	\$2,554	\$1,066	\$1,507	\$744	\$37,634	\$28,135	\$0	\$4,098
Drugs & Supplies	12.1%	\$306,292	\$99,835	\$52,523	\$39,759	\$10,298	\$18,149	\$3	\$85,725	\$0	\$0
Vision Products & DME	1.9%	\$48,870	\$22,929	\$4,418	\$2,303	\$2,179	\$1,256	\$11,741	\$4,045	\$0	\$0
Nursing Home Care	6.6%	\$166,780	\$45,562	\$2,227	\$2,276	\$0	\$616	\$31,252	\$83,327	\$0	\$1,520
Other/Unclassified Health Services	1.8%	\$44,913	\$7,926	\$6,075	\$6,075	\$133	\$1,681	\$6,838	\$9,734	\$0	\$6,450
Admin/Net Cost of Health Insurance	6.8%	\$173,394	N/A	\$23,106	\$34,129	\$15,680	\$40,314	\$13,659	\$46,506	\$0	\$0
Change in Surplus	N/A	n.a.	N/A	\$0	\$3,443	\$2,990	n.a.	\$0	\$8	\$0	\$0
Administration	N/A	n.a.	N/A	\$23,106	\$30,686	\$12,690	\$40,314	\$13,659	\$46,497	\$0	\$0
Government Health Activities	9.0%	\$227,646	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$201,971	\$8,758	\$16,917
AHS - Aging & Disabilities	0.2%	\$3,882	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$614	\$3,269
AHS - Health	0.6%	\$15,993	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$5,711	\$3,401
AHS - Mental Health/Retardation	5.7%	\$143,859	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$139,887	\$1,877	\$2,095
AHS - PATH	0.2%	\$5,156	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,517	\$0	\$639
AHS - Other	0.9%	\$22,976	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$17,940	\$0	\$5,036
Dept of Education	1.3%	\$33,303	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$33,303	\$0	\$0
Administrative Allocation	0.0%	\$0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$0	\$0	\$0
Health Care Administration	0.1%	\$2,477	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$0	\$0	\$2,477
TOTAL VERMONT EXPENDITURES	100.0%	\$2,538,389	\$357,680	\$426,578	\$267,703	\$123,670	\$187,986	\$448,697	\$633,960	\$58,452	\$33,663
Percent of Total	0.0%	100.0%	14.1%	16.8%	10.5%	4.9%	7.4%	17.7%	25.0%	2.3%	1.3%

*Hospital-owned physician practices are included in Physician Services category in the resident matrix.

Payer reported data
Allocations estimated from VT data
Amounts imputed from NHE or other indirect source
N/A
n.a.
Not Applicable
Not Available

The 2001 health care expenditures reported here are included for informational purposes. The data released in the final 2001 Vermont Health Care Expenditure Analysis have not been revised.

2001 Vermont Expenditure Analysis, Provider Analysis

(All amounts in thousands)

	Percent of Total	Total	Out-of-Pocket	Various insurance plans						Other Federal	State & Local		
				Self-insure	BCBSVT	MVP	Other Private	Medicare	Medicaid				
Hospitals													
Community Hospitals*	41.0%	\$1,033,254	\$42,774	\$206,118	\$132,221	\$61,269	\$74,174	\$323,913	\$118,822	\$69,510	\$4,453		
Veterans Hospital	37.0%	\$932,403	\$40,507	\$201,965	\$130,379	\$58,902	\$72,990	\$317,476	\$108,232	\$1,952	\$0		
Psychiatric Hosp: State	3.0%	\$75,018	\$1,417	\$777	\$794	\$0	\$215	\$0	\$0	\$67,454	\$4,362		
Psychiatric Hosp: Private	0.3%	\$6,848	\$65	\$34	\$0	\$0	\$44	\$617	\$5,931	\$84	\$72		
	0.8%	\$18,985	\$785	\$3,343	\$1,048	\$2,368	\$925	\$5,819	\$4,659	\$19	\$19		
Physician Services*	14.5%	\$365,148	\$43,838	\$85,847	\$51,608	\$27,503	\$32,369	\$73,943	\$45,546	\$4,493	\$0		
Dental Services	5.6%	\$141,898	\$62,114	\$43,843	\$769	\$1,036	\$19,512	\$0	\$14,374	\$0	\$250		
Other Professional Services	4.4%	\$110,424	\$31,064	\$28,227	\$14,554	\$12,446	\$9,655	\$7,918	\$6,562	\$0	\$0		
Chiropractor Services	0.7%	\$17,099	\$3,661	\$4,656	\$3,765	\$564	\$1,717	\$2,160	\$576	\$0	\$0		
Physical Therapy Services	0.4%	\$11,299	\$3,137	\$2,952	\$1,308	\$1,495	\$1,030	\$1,240	\$138	\$0	\$0		
Psychological Services	1.4%	\$34,415	\$9,448	\$8,853	\$5,498	\$3,111	\$2,888	\$829	\$3,787	\$0	\$0		
Podiatrist Services	0.1%	\$3,209	\$1,065	\$526	\$473	\$0	\$210	\$819	\$116	\$0	\$0		
Other	1.8%	\$44,403	\$13,753	\$11,240	\$3,510	\$7,276	\$3,810	\$2,869	\$1,945	\$0	\$0		
Home Health Care	2.9%	\$73,830	\$7,785	\$1,401	\$585	\$827	\$408	\$35,673	\$22,181	\$586	\$4,385		
Drugs & Supplies	12.6%	\$317,024	\$103,333	\$54,363	\$41,153	\$10,659	\$18,784	\$3	\$88,728	\$0	\$0		
Vision Products & DME	1.6%	\$40,328	\$18,921	\$3,646	\$1,900	\$1,798	\$1,036	\$9,688	\$3,338	\$0	\$0		
Nursing Home Care	7.6%	\$191,180	\$42,645	\$1,688	\$1,725	\$0	\$467	\$39,312	\$101,523	\$2,298	\$1,520		
Other/Unclassified Health Services	0.8%	\$19,096	\$9,882	\$0	\$0	\$0	\$0	\$0	\$2,764	\$0	\$6,450		
Admin/Net Cost of Health Insurance	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Change in Surplus	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Administration	N/A	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Government Health Activities	9.0%	\$227,646	\$0	\$0	\$0	\$0	\$0	\$0	\$201,971	\$8,758	\$16,917		
AHS - Aging & Disabilities	0.2%	\$3,882	\$0	\$0	\$0	\$0	\$0	\$0	\$614	\$0	\$3,269		
AHS - Health	0.6%	\$15,993	\$0	\$0	\$0	\$0	\$0	\$0	\$5,711	\$6,881	\$3,401		
AHS - Mental Health/Retardation	5.7%	\$143,859	\$0	\$0	\$0	\$0	\$0	\$0	\$139,887	\$1,877	\$2,095		
AHS - PATH	0.2%	\$5,156	\$0	\$0	\$0	\$0	\$0	\$0	\$4,517	\$0	\$639		
AHS - Other	0.9%	\$22,976	\$0	\$0	\$0	\$0	\$0	\$0	\$17,940	\$0	\$5,036		
Dept of Education	1.3%	\$33,303	\$0	\$0	\$0	\$0	\$0	\$0	\$33,303	\$0	\$0		
Administrative Allocation	0.0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Health Care Administration	0.1%	\$2,477	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
TOTAL VERMONT EXPENDITURES	100.0%	\$2,519,828	\$362,357	\$425,133	\$244,516	\$115,539	\$156,406	\$490,450	\$605,808	\$85,645	\$33,975		
Percent of Total		100.0%	14.4%	16.9%	9.7%	4.6%	6.2%	19.5%	24.0%	3.4%	1.3%		

*Hospital-owned physician practices are included in Community Hospital category in the provider matrix.

Provider reported data
 Allocations estimated from VT data
 Amounts imputed from NHE or other indirect source
 Not Applicable
 Not Available

The 2001 health care expenditures reported here are included for informational purposes. The data released in the final 2001 Vermont Health Care Expenditure Analysis have not been revised.

2002 Vermont Expenditure Analysis, Resident Analysis (All amounts in thousands)

	Percent of Total	Various insurance plans										State & Local
		Total	Out-of-Pocket	Self-insure	BCBSVT	MVP	Other Private	Medicare	Medicaid	Other Federal		
Hospitals	32.4%	\$905,681	\$25,984	\$203,360	\$125,629	\$40,419	\$73,491	\$271,708	\$110,235	\$51,839	\$3,015	
Community Hospitals*	29.8%	\$832,640	\$24,086	\$197,645	\$124,326	\$37,517	\$70,964	\$269,670	\$108,432	\$0	\$0	
Veterans Hospital	2.0%	\$56,781	\$1,474	\$254	\$227	\$0	\$72	\$0	\$0	\$51,839	\$2,916	
Psychiatric Hosp.: State	0.1%	\$3,485	\$51	\$1,006	\$0	\$0	\$1,185	\$578	\$565	\$0	\$100	
Psychiatric Hosp.: Private	0.5%	\$12,776	\$373	\$4,456	\$1,077	\$2,901	\$1,270	\$1,460	\$1,238	\$0	\$0	
Physician Services*	16.0%	\$448,016	\$48,715	\$112,698	\$89,065	\$22,977	\$40,705	\$94,237	\$56,547	\$3,071	\$0	
Dental Services	5.0%	\$140,406	\$61,632	\$42,937	\$1,053	\$583	\$20,370	\$0	\$13,831	\$0	\$0	
Other Professional Services	4.0%	\$111,616	\$31,209	\$29,195	\$15,106	\$6,240	\$13,042	\$8,149	\$8,674	\$0	\$0	
Chiropractor Services	0.5%	\$13,460	\$3,273	\$3,911	\$2,821	\$282	\$1,504	\$1,348	\$321	\$0	\$0	
Physical Therapy Services	0.7%	\$19,094	\$5,149	\$5,136	\$2,756	\$1,481	\$1,813	\$2,292	\$466	\$0	\$0	
Psychological Services	1.4%	\$38,904	\$9,968	\$10,362	\$5,234	\$2,544	\$4,427	\$827	\$5,543	\$0	\$0	
Podiatrist Services	0.1%	\$3,638	\$1,063	\$672	\$547	\$0	\$245	\$989	\$123	\$0	\$0	
Other	1.3%	\$36,520	\$11,756	\$9,113	\$3,749	\$1,933	\$5,054	\$2,694	\$2,221	\$0	\$0	
Home Health Care	3.8%	\$105,032	\$18,423	\$2,547	\$1,430	\$833	\$737	\$41,412	\$37,092	\$0	\$2,557	
Drugs & Supplies	12.6%	\$352,341	\$109,888	\$68,724	\$48,689	\$8,568	\$23,692	\$2	\$92,778	\$0	\$0	
Vision Products & DME	1.9%	\$51,785	\$23,751	\$5,096	\$2,712	\$1,587	\$1,703	\$12,694	\$4,242	\$0	\$0	
Nursing Home Care	6.5%	\$183,147	\$46,474	\$2,456	\$2,193	\$0	\$700	\$38,461	\$91,029	\$0	\$1,835	
Other/Unclassified Health Services	1.5%	\$41,409	\$10,719	\$2,673	\$2,386	\$0	\$762	\$7,535	\$10,387	\$0	\$6,947	
Admin/Net Cost of Health Insurance	7.3%	\$205,335	N/A	\$29,653	\$43,428	\$19,988	\$42,498	\$14,295	\$55,472	\$0	\$0	
Change in Surplus	N/A	n.a.	N/A	n.a.	\$7,239	\$7,546	n.a.	n.a.	\$0	\$0	\$0	
Administration	N/A	n.a.	N/A	\$29,653	\$36,189	\$12,442	n.a.	n.a.	\$55,472	\$0	\$0	
Government Health Activities	9.0%	\$251,801	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$229,569	\$9,899	\$12,334	
AHS - Aging & Disabilities	0.0%	\$1,377	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,377	\$0	\$0	
AHS - Health	0.7%	\$19,082	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$8,578	\$8,407	\$2,097	
AHS - Mental Health/Retardation	5.6%	\$156,966	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$153,067	\$1,484	\$2,415	
AHS - PATH	0.2%	\$6,137	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$6,120	\$8	\$8	
AHS - Other	0.9%	\$25,814	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$20,526	\$0	\$5,288	
Dept of Education	1.4%	\$39,900	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$39,900	\$0	\$0	
Administrative Allocation	0.0%	\$0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$0	\$0	\$0	
Health Care Administration	0.1%	\$2,526	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$0	\$0	\$2,526	
TOTAL VERMONT EXPENDITURES	100.0%	\$2,796,569	\$376,796	\$499,338	\$311,692	\$101,195	\$217,701	\$488,493	\$709,857	\$64,809	\$26,688	
Percent of Total	0.0%	100.0%	13.5%	17.9%	11.1%	3.6%	7.8%	17.5%	25.4%	2.3%	1.0%	

*Hospital-owned physician practices are included in Physician Services category in the resident matrix.

	Payer reported data
	Allocations estimated from VT data
	Amounts imputed from NHE or other indirect source
N/A	Not Applicable
n.a.	Not Available

2002 Vermont Expenditure Analysis, Provider Analysis (All amounts in thousands)

	Percent of Total	Various insurance plans										Medicaid	Other Federal	State & Local
		Total	Out-of-Pocket	Self-insure	BCBSVT	MVP	Other Private	Medicare	Medicaid	Other Federal	State & Local			
Hospitals	40.7%	\$1,108,698	\$44,832	\$238,882	\$148,539	\$47,323	\$85,519	\$332,373	\$133,005	\$75,225	\$3,001			
Community Hospitals*	36.7%	\$1,000,992	\$40,963	\$234,171	\$146,653	\$45,014	\$84,165	\$326,862	\$122,074	\$1,091	\$0			
Veterans Hospital	3.0%	\$82,314	\$2,836	\$1,151	\$1,028	\$0	\$328	\$0	\$0	\$74,055	\$2,916			
Psychiatric Hosp: State	0.3%	\$7,208	\$77	\$13	\$0	\$0	\$16	\$621	\$6,288	\$93	\$100			
Psychiatric Hosp: Private	0.7%	\$18,185	\$957	\$3,546	\$857	\$2,309	\$1,011	\$4,889	\$4,644	-\$14	\$0			
Physician Services*	14.9%	\$404,996	\$44,037	\$101,876	\$62,433	\$20,771	\$36,796	\$85,188	\$51,117	\$2,776	\$0			
Dental Services	5.6%	\$151,336	\$66,430	\$46,280	\$1,135	\$628	\$21,955	\$0	\$14,908	\$0	\$0			
Other Professional Services	4.4%	\$118,817	\$33,630	\$31,040	\$16,016	\$6,279	\$14,268	\$8,551	\$9,035	\$0	\$0			
Chiropractor Services	0.7%	\$18,399	\$4,474	\$5,346	\$3,855	\$386	\$2,056	\$1,842	\$439	\$0	\$0			
Physical Therapy Services	0.4%	\$12,158	\$3,279	\$3,271	\$1,755	\$943	\$1,155	\$1,459	\$297	\$0	\$0			
Psychological Services	1.4%	\$37,031	\$9,488	\$9,862	\$4,982	\$2,421	\$4,213	\$787	\$5,276	\$0	\$0			
Podiatrist Services	0.1%	\$3,453	\$1,009	\$638	\$519	\$0	\$232	\$938	\$116	\$0	\$0			
Other	1.8%	\$47,778	\$15,381	\$11,923	\$4,904	\$2,528	\$6,611	\$3,524	\$2,906	\$0	\$0			
Home Health Care	3.0%	\$81,367	\$7,237	\$1,000	\$562	\$327	\$290	\$40,848	\$26,152	\$2,275	\$2,676			
Drugs & Supplies	12.7%	\$347,309	\$108,319	\$67,742	\$8,446	\$23,354	\$23,354	\$2	\$91,453	\$0	\$0			
Vision Products & DME	1.6%	\$42,348	\$19,422	\$4,167	\$2,218	\$1,298	\$1,393	\$10,380	\$3,469	\$0	\$0			
Nursing Home Care	7.2%	\$197,634	\$36,681	\$1,813	\$1,619	\$0	\$517	\$41,629	\$111,368	\$2,173	\$1,835			
Other/Unclassified Health Services	0.8%	\$21,850	\$11,926	\$0	\$0	\$0	\$0	\$0	\$2,977	\$0	\$6,947			
Admin/Net Cost of Health Insurance	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Change in Surplus	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Administration	N/A	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Government Health Activities	9.2%	\$251,801	\$0	\$0	\$0	\$0	\$0	\$0	\$229,569	\$9,899	\$12,334			
AHS - Aging & Disabilities	0.1%	\$1,377	\$0	\$0	\$0	\$0	\$0	\$0	\$1,377	\$0	\$0			
AHS - Health	0.7%	\$19,082	\$0	\$0	\$0	\$0	\$0	\$0	\$8,578	\$8,407	\$2,097			
AHS - Mental Health/Retardation	5.8%	\$156,966	\$0	\$0	\$0	\$0	\$0	\$0	\$153,067	\$1,484	\$2,415			
AHS - PATH	0.2%	\$6,137	\$0	\$0	\$0	\$0	\$0	\$0	\$6,120	\$8	\$8			
AHS - Other	0.9%	\$25,814	\$0	\$0	\$0	\$0	\$0	\$0	\$20,526	\$0	\$5,288			
Dept of Education	1.5%	\$39,900	\$0	\$0	\$0	\$0	\$0	\$0	\$39,900	\$0	\$0			
Administrative Allocation	0.0%	n.a.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Health Care Administration	0.1%	\$2,526	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
TOTAL VERMONT EXPENDITURES	100.0%	\$2,726,157	\$372,515	\$492,800	\$280,514	\$85,072	\$184,092	\$518,970	\$673,053	\$92,349	\$26,793			
Percent of Total		100.0%	13.7%	18.1%	10.3%	3.1%	6.8%	19.0%	24.7%	3.4%	1.0%			

*Hospital-owned physician practices are included in Community Hospital category in the provider matrix.

Provider reported data
Allocations estimated from VT data
Amounts imputed from NHE or other indirect source
N/A
Not Applicable
n.a.
Not Available

DEFINITIONS AND DATA SOURCES: RESIDENT (PAYER) MATRIX

Expenditure Categories	Definition	Data Source for Payer Matrix	Allocation to Provider Services
<u>Out-of-Pocket</u>	Includes expenditures made directly by consumers to purchase health care services and supplies; includes deductibles and coinsurance. Excludes payments for insurance premiums that are included in the private insurance expenditure category.	2002 was calculated using regression analysis.	Allocation based on 2002 NHE distribution.
<u>Insurance</u> Private	Includes expenditures made by BCBSVT, MVP, CIGNA and other private commercial payers that sell benefit plans regulated by BISHCA. Includes comprehensive major medical insurance, Medicare supplement insurance, long term care, other medical, specific disease, student policies, and dental insurance. Excludes accident only and disability insurance.	BCBSVT, CIGNA, and MVP reported 2002 data by provider service category. Total other private commercial insurance expenditures were calculated from the 2002 Annual Statement Supplement filed with BISHCA.	Allocated as reported by BCBSVT, CIGNA, and MVP. Allocation based on BCBSVT, CIGNA, and MVP distribution.
Self-Insured	Includes expenditures by companies that assume financial risk and directly pay for health services for their employees. These plans are exempt from state regulation under ERISA.	The estimate of self-insured lives was a residual based on subtracting figures for lives enrolled in fully insured plans, Medicare, Medicaid, and the uninsured from the total population. Total lives were multiplied by an annual single and family premium rates reported for the Northeast in the Kaiser Family Foundation's <i>2002 Employer Health Benefits Survey</i> .	Allocation based on BCBSVT, CIGNA, and MVP distribution.
<u>Medicare</u>	Includes expenditures made by the federal government on behalf of beneficiaries of the Medicare program, the disabled, and the elderly.	2001 claims data for all Medicare beneficiaries who are VT residents, regardless of location of covered services. Inflated to 2002 based on regression analysis.	Allocation from 2001 claims data.
<u>Medicaid</u>	Includes health expenditures for beneficiaries of VT's medical assistance program, a federal-state health insurance program for certain low-income and medically needy people and aged, blind, and disabled residents. The program provides medical and prescription drug coverage.	2002 CMS-64 report prepared by AHS. Expenditure data also added for SCHIP and VSCRIPT programs.	Allocation based on input from AHS.
<u>Other Federal</u>	Includes federal expenditures to operate the V.A. Hospital and grants administered by AHS for health care services not covered through the Medicare or Medicaid program.	2002 data from V.A. Hospital, AHS, and U.S. Department of Health and Human Services.	Allocation based on input from AHS, V.A. Hospital, and U.S. Department of Health and Human Services.
<u>State & Local</u>	Includes health activities and payments made by the state government for health care services that are not covered through the Medicare or Medicaid program.	2002 data from AHS and VT State Hospital.	Allocation based on input from AHS and V.A. Hospital.

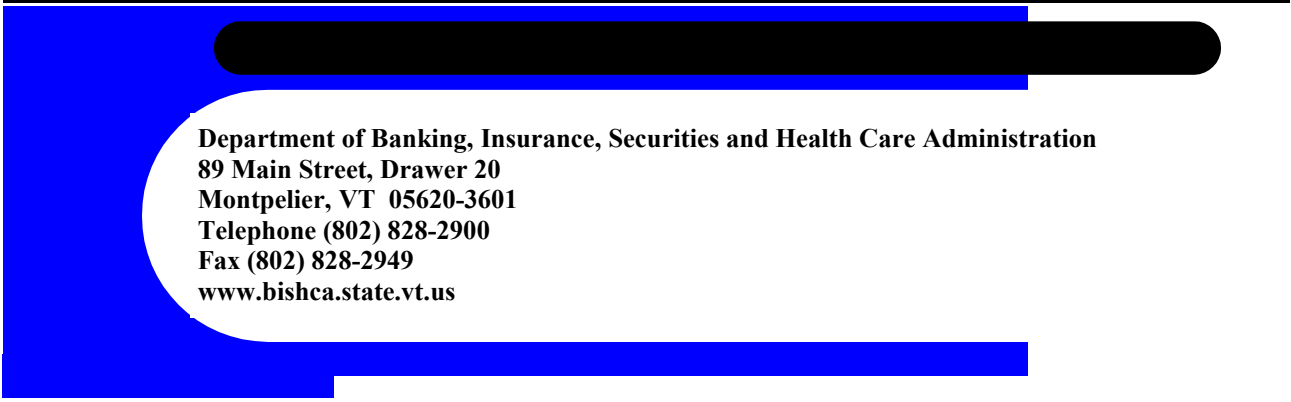
NOTE: The data matrices (p. 17-20) have been color coded according to data quality. White areas are relatively well documented and refer to Vermont specific sources. Yellow areas have Vermont based information from which reasonable estimates can be calculated. Green areas are based on estimates where there is no reliable Vermont specific information. Generally, national sources are used to make estimates in these areas.

Acronyms:	AHS	Agency of Human Services	DME	Durable medical equipment
	AMA	American Medical Association	ERISA	Employment Retirement Income Security Act of 1974
	BCBSVT	Blue Cross Blue Shield of Vermont	FFY	Federal Fiscal Year
	BISHCA	Department of Banking, Insurance, Securities and Health Care Administration	ICF	Intermediate Care Facility
	CIGNA	Connecticut General Life Ins Co of America	NHE	National Health Expenditures www.hcfa.gov/stats/NHE-Oact/
	CMS	Centers for Medicare and Medicaid Services (formerly HCFA)	SNF	Skilled Nursing Facility
	CPI	Consumer Price Index, United States Bureau of Labor Statistics www.bls.gov/cpi/home.htm	U.S. Census	United States Bureau of Census www.census.gov
	DHCA	Division of Health Care Administration	V.A.	Veterans' Administration
			VPQHC	Vermont Program for Quality in Health Care

DEFINITIONS AND DATA SOURCES: PROVIDER MATRIX

Expenditure Categories	Definition	Data Source for Provider Matrix	Allocation to Payers of Services
<u>Hospitals</u>	Includes net revenues from all inpatient and outpatient acute care services and paid physicians' salaries and expenses at community hospitals, Brattleboro Retreat, VT State Hospital, and V.A. Hospital.	2002 data from all VT non-profit community hospitals, VT State Hospital, V.A. Hospital, and Brattleboro Retreat.	Government expenditures allocated as reported by hospitals. Private expenditures allocated based on resident matrix.
<u>Physician Services</u>	Includes revenue for all physicians, including osteopathic physicians, rural health clinics, federally qualified health centers, nurse practitioners, and physician assistants. Salaries and expenses for hospital-owned physician practices are excluded (see Hospital).	1997 U.S. Economic Census. Inflated to 2001 based on increases in NHE. Inflated to 2002 based on NHE projections.	Allocation based on resident matrix. Represents total net practice revenue, not physician net income.
<u>Dental Services</u>	Includes revenue for dental and oral surgery services.	1997 U.S. Economic Census. Inflated to 2001 based on increases in NHE. Inflated to 2002 based on NHE projections.	Allocation based on resident matrix.
<u>Other Professional Services</u>	Includes all revenue for services provided by licensed health care professionals who are not physicians or dentists and who directly bill for their services. Includes: chiropractic services, physical therapy services, podiatrist services, psychological services, and all other expenditures for services provided by health professionals that are not specifically identified.	Chiropractic, physical therapy, and podiatrist services data from 1997 U.S. Census inflated to 2001 based on increases in NHE. Inflated to 2002 based on NHE projections. Other services from NHE total (less optometrist and other prof. services listed above) allocated between psychological services and all other expenditures.	Allocation based on resident matrix.
<u>Home Health Care</u>	Includes revenue from all services provided by home health agencies.	2002 data submitted by VT Assembly of Home Health Agencies (non-profit agencies), Assoc. in Physical and Occupational Therapy and Professional Nurses Service.	Government expenditures allocated as reported by VT Assembly of Home Health Agencies and Assoc. in Physical and Occupational Therapy. Private expenditures distributed based on resident matrix.
<u>Drugs and Supplies</u>	Includes all revenue for prescription drugs and non-durable supplies that are purchased by prescription. Non-prescription drugs are <u>not</u> included.	2002 Scott Levin's Source Prescription Audit (posted by Henry J. Kaiser Family Foundation, State Health Facts Online at http://statehealthfacts.kff.org/).	Allocation based on resident matrix.
<u>Vision Products & DME</u>	Includes all revenue for products that aid sight and for all services provided by optometrists and opticians. Also includes expenditures for durable medical equipment.	Data from 1997 U.S. Census inflated to 2001 based on increases in NHE. Inflated to 2002 based on NHE projections.	Allocation based on resident matrix.
<u>Nursing Home Care</u>	Includes all revenues received by nursing homes, including intermediate care facilities (ICFs) and skilled nursing facilities (SNFs).	Expenditure data reported to AHS Division of Rate Setting for 2002. Estimates added for Mertens House and Arbors Nursing Home (non-Medicaid homes).	Government expenditures allocated as reported by nursing homes to AHS. Private expenditures distributed based on resident matrix.
<u>Other/Unclassified Health Services</u>	Includes all services not specified elsewhere (e.g., those provided to prisoners or students).	University of Vermont, Vermont Department of Corrections, others.	Allocation based on resident matrix.
<u>Government Health Activities</u>	Includes all expenditures for health activities through AHS, public mental health funding, and case management services. Federal grants and DHCA expenditures are also included.	AHS and DHCA.	Allocated as reported by AHS. AHS does not include employee or operating costs, only grant programs. DHCA includes employee and operating costs and contract with VPQHC.

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