



Vermont Healthcare Claims Uniform Reporting & Evaluation System



Vermont Department of Banking, Insurance, Securities and Health Care Administration

Executive Summary

Key Findings & Highlights from the Vermont Healthcare Utilization & Expenditure Report: 2007-2010

**Commercially Insured Population, Ages 0-64
VHCURES Data, CY 2007-2010**

ABOUT THIS REPORT

This report presents key findings from the Healthcare Utilization & Expenditure Report (HUER), which provides data on service utilization and payments for Vermont's commercially insured population, ages 0–64 years, for calendar years (CYs) 2007–2010.

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BACKGROUND & METHODS

Background

The Vermont Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) has a statutory mandate to collect eligibility and claims data from health insurers for Vermont residents through the Vermont Healthcare Claims Uniform Reporting & Evaluation System (VHCURES).¹ Data submissions began with the incurred date of January 1, 2007. In calendar year 2010, data were submitted for 292,000 Vermonters enrolled in comprehensive major medical plans — more than 80% of the commercially insured population enrolled with insurers meeting the minimum enrollment threshold of 200 Vermont members. Insurers with fewer than 200 Vermont members are not required to submit paid claims data.

The insurers required to submit data to the VHCURES database include the Blue Cross Blue Shield of Vermont companies (i.e., BCBS of Vermont, Vermont Health Plan, and CBA Blue), the MVP companies (i.e., MVP Health Insurance Company, MVP Health Plan, and MVP Select Care), CIGNA, and other insurers with lower enrollment of Vermont residents.

Methods

This report summarizes the key findings of Vermont's Healthcare Utilization & Expenditure Report (HUER) for 2007 through 2010. The HUER presents service utilization and payments by major categories for the commercial population, ages 0–64 years, in Vermont. Ages 65 years and older are not included because payments for some in the 65-and-older group also may be covered by Medicare as a secondary payer.

For each category of provider or service type, a range of key measures are presented, including the count of total visits, utilization rate, plan payments, member payments, and total payments.² Results are broken down by statewide total, hospital service area (HSA), and major insurer.

Major categories presented in the HUER are based on the model by the U.S. Centers for Medicare and Medicaid Services (CMS) for measuring national healthcare expenditures and are similar to those used in the annual [Vermont Health Care Expenditure Analysis & 3-Year Forecast](#) reports. In addition, services related to mental health and substance abuse are included in the HUER. These are based on National Committee for Quality Assurance (NCQA) Healthcare Effectiveness Data Information Set (HEDIS) reporting specifications.³

¹ Health insurers include carriers, third-party administrators (TPAs), pharmacy benefit managers (PBMs), any entity conducting administrative services for business, and any other similar entity with claims data, eligibility data, provider files, and other information relating to healthcare provided to Vermont residents.

² Member payments include deductible, coinsurance, and copayment as reported on the claims.

³ These include ICD-9 codes 290–316 and exclude codes for mental retardation (i.e., ICD-9 codes 317–319).

Guidance & Caveats

The VHCURES data set represents over 80% of total enrollment in comprehensive major medical health benefit plans. For those major insurers that submit data, claims amounts, service counts, and enrollment details represent a complete accounting for their population group. Statewide totals that sum the data from all VHCURES reporters, however, do not represent 100% of the entire commercially insured population of Vermont. Data may be unrepresented in VHCURES for multiple reasons, including:

- Some pharmacy claims from pharmacy benefit managers (PBMs) may be generated from carve-out benefits provided separately from medical benefits.
- There may be a small proportion of carve-out pharmacy claims attributed to individuals whose medical claims are not yet included in the VHCURES data set.
- Some insurers have not completed their data filings or are out of compliance with the state's reporting requirements.

Reporting will improve as more insurers comply with Vermont state requirements and submit data for Vermont members.

In the HUER, rates are not adjusted for age, gender, health status, and risk when reported by hospital service area and by major insurer. BISHCA also publishes a VHCURES Healthcare Report Card that includes adjusted rates on a population basis. The Report Card and the HUER reports for 2007–2010, along with technical documentation, can be found online [here](#).

If you have any questions about this report, other VHCURES reports, or the VHCURES program, please contact Dian Kahn, Director of Analysis and Data Management, Division of Health Care Administration, BISHCA, at dian.kahn@state.vt.us or 802-828-2906.

RESULTS

Enrollment

The VHCURES claims database accounts for approximately 292,000 Vermonters.⁴ [Table 1](#) shows the location of these individuals by Vermont Hospital Service Area (HSA). In 2010, the Burlington HSA had the highest population of average members — nearly one-third of the total (92,248 average members) — while the Randolph HSA had the lowest (6,507).

Between 2007 and 2010, enrollment in plans submitting data to VHCURES declined by 5% statewide. Decreases in enrollment occurred in all of the HSAs except Middlebury, which had a 5% increase. Bennington and St. Albans experienced the greatest decreases — approximately 10%. The economic recession during this time period may have been responsible for some of the reduction in commercial insurance.

Table 1. VHCURES Population by Hospital Service Area (VT Commercially Insured, Ages 0–64)

HOSPITAL SERVICE AREA (HSA)	AVERAGE MEMBERS 2007	AVERAGE MEMBERS 2010	% CHANGE IN MEMBERS 2007–2010
Barre	36,040	33,989	-6%
Bennington	18,252	16,417	-10%
Brattleboro	15,299	14,789	-3%
Burlington	96,604	92,248	-5%
Middlebury	13,489	14,160	+5%
Morrisville	11,142	10,738	-4%
Newport	10,062	9,714	-4%
Randolph	6,949	6,507	-6%
Rutland	30,328	28,207	-7%
Springfield	13,538	12,363	-9%
St. Albans	19,736	17,781	-10%
St. Johnsbury	11,545	11,177	-3%
White River Junction	24,989	23,925	-4%
TOTAL	307,975	292,014	-5%

[Table 2](#) presents the enrollment by major insurer and their plans, the trend in enrollment from 2007 to 2010, the percentage of the 2010 market share held by each insurer, and the total claims expenditures by insurer for 2010. [Figure 1](#) presents percent enrollment by insurer for 2007 and 2010.

- The Blue Cross Blue Shield companies had the greatest market share (41%), followed by CIGNA (28%), other insurers (19%), and MVP (13%).
- The 5% decrease in enrollment statewide from 2007–2010 was primarily due to decreased enrollment in the Other Insurers group (-25%) and in CIGNA (-7%) — drops partly offset by a significant increase in enrollment in MVP Health Insurance, Inc.

⁴ Commercial enrollment for ages 65 years and older is not included. The 65-and-over population includes 23,519 average members and represents \$102 million paid (\$362 per member per month [PMPM]). We have not included this population because the PMPM payments for this age group are lower than for the age 55–64 years population, indicating that payments for some members are covered by Medicare.

- Significant shifts occurred between plans within the Blue Cross Blue Shield companies and within the MVP companies.

Table 2. Enrollment by Insurer (VT Commercially Insured, Ages 0-64)

INSURER	AVERAGE MEMBERS 2007	AVERAGE MEMBERS 2010	CHANGE IN MEMBERS 2007-2010	% OF TOTAL MEMBERS 2010	TOTAL CLAIMS EXPENDITURES 2010
Blue Cross Blue Shield Total	119,602	118,712	-1%	41%	\$552,138,323
BCBS of Vermont	94,352	77,264	-18%	26%	\$370,768,127
Vermont Health Plan	25,250	30,302	+20%	10%	\$126,986,367
CBA Blue	--	11,146	--	4%	\$54,383,829
CIGNA	86,290	80,551	-7%	28%	\$327,973,994
MVP Total	29,540	38,092	+29%	13%	\$146,997,703
MVP Health Insurance Co.	3,634	28,619	+687%	10%	\$102,774,429
MVP Health Plan	20,271	6,376	-69%	2%	\$31,976,269
MVP Select Care	5,635	3,097	-45%	1%	\$12,247,005
Other Insurers	72,543	54,659	-25%	19%	\$295,944,711
TOTAL	307,975	292,014	-5%	100%	\$1,323,054,732

Figure 1. Percent Enrollment by Insurer (VT Commercially Insured, Ages 0-64)

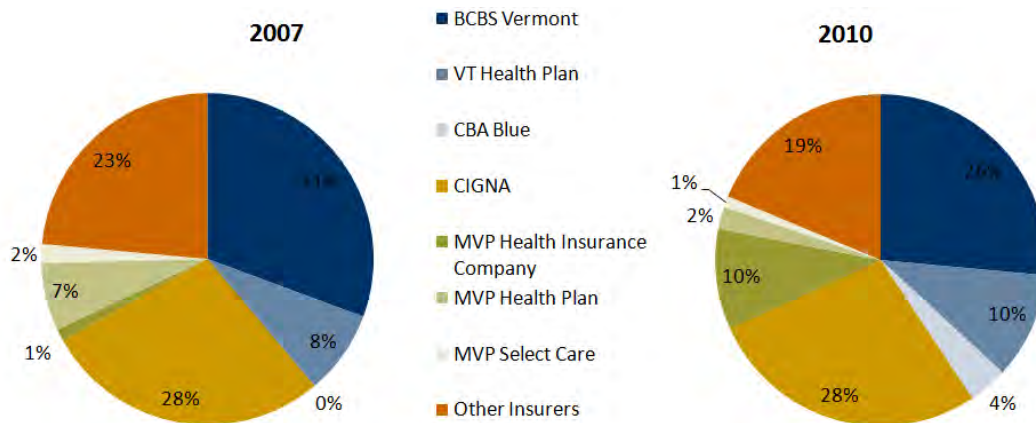


Figure 2 maps the proportion of membership insured by each of the primary insurance companies by HSA, and Table 3 shows this data in a table. There was significant variation in choice of insurer by HSA. Key findings include:

- **Blue Cross Blue Shield** — Middlebury and Rutland had the highest proportions insured by Blue Cross Blue Shield (57% and 53%, respectively). The lowest proportion was found in White River Junction, where only 28% were insured by Blue Cross Blue Shield.
- **CIGNA** — Barre had the highest proportion insured by CIGNA (39%), while the lowest proportions were found in Bennington, Middlebury, and White River Junction (20% each).

- **MVP** — Bennington and St. Albans had the highest proportions insured by MVP (19% each), while White River Junction and St. Johnsbury had the lowest proportions (8% and 9%, respectively).
- **Other Insurers** — White River Junction had the highest proportion by far of members insured by other insurers (43%). In contrast, Middlebury and Barre had the lowest proportion insured by other insurers (10% and 11%, respectively). WellPoint is a major insurer in New Hampshire and accounts for 72% of those insured by other insurers in White River Junction. In the White River Junction region, it appears that a significant percentage of residents travel across the border for jobs and get their insurance through WellPoint.

Figure 2. Insurer Proportion of Membership by Hospital Service Area (VT Commercially Insured, Ages 0-64)

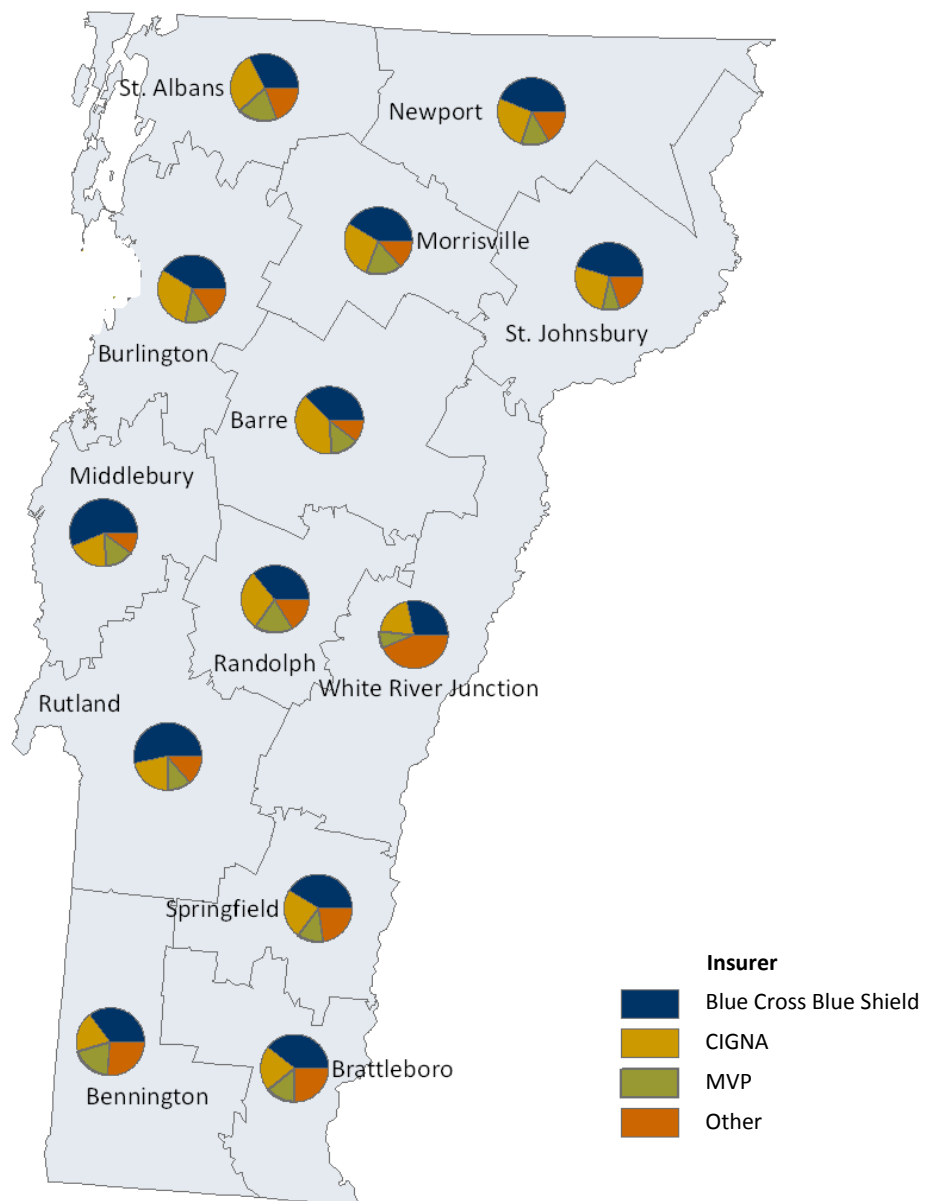


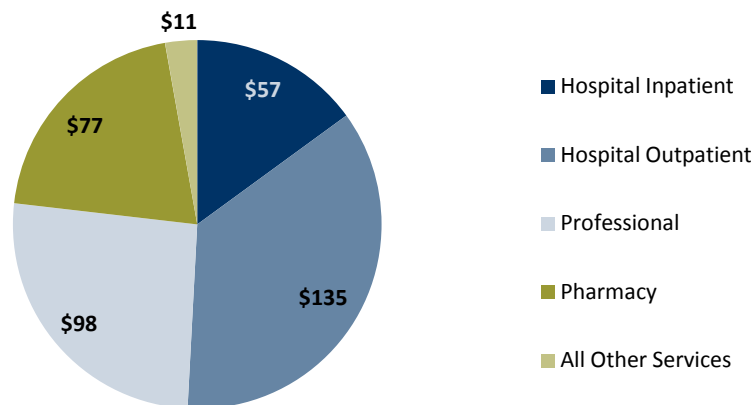
Table 3. Insurer Proportion of Membership by Hospital Service Area (VT Commercially Insured, Ages 0–64)

HSA	BLUE CROSS BLUE SHIELD	CIGNA	MVP	OTHER INSURERS
Barre	38%	39%	13%	11%
Bennington	35%	20%	19%	26%
Brattleboro	39%	22%	14%	25%
Burlington	41%	31%	12%	16%
Middlebury	57%	20%	13%	10%
Morrisville	42%	28%	17%	14%
Newport	44%	26%	13%	16%
Randolph	36%	29%	18%	17%
Rutland	53%	22%	11%	14%
Springfield	41%	24%	13%	22%
St. Albans	32%	30%	19%	19%
St. Johnsbury	45%	27%	9%	20%
White River Junction	28%	20%	8%	43%
TOTAL	41%	28%	13%	19%

Payments

Total claims expenditures were \$1.3 billion in 2010, or \$378 per member per month (PMPM). Payments were tallied by provider type, as shown in [Figure 3](#). The largest component of payments went to hospital outpatient services (\$135 PMPM), followed by professional services (\$98 PMPM), pharmacy payments (\$77 PMPM), and hospital inpatient payments (\$57 PMPM).

Figure 3. Payments (PMPM) by Provider Type (VT Commercially Insured, Ages 0–64)



Of the total expenditures, 14% were paid by the member and 86% were paid by the plan. [Figure 4](#) shows the breakdown of plan and member payments PMPM by provider type. Member payments comprised \$17 PMPM for pharmacy payments (22% of payments), \$17 PMPM for professional payments (17% of payments), \$15 of hospital outpatient payments (11% of payments). In comparison, the average member

share of hospital inpatient payments was much lower \$2 PMPM (3%). The average member share of payments was about the same in 2010 (14%) as in 2007 (15%).

As in other areas of the country, commercial payments in Vermont have been rising steadily. Between 2007 and 2010, payments PMPM increased by 21% for the VHCURES population — from \$312 in 2007 to \$378 in 2010, an increase of \$66.

The rise in the hospital component of payments was the main driver of this rise in payments, as shown in Figure 5. Since 2007, hospital outpatient payments have increased by \$30 PMPM (28%) and inpatient hospital payments have increased by \$15 PMPM (36%). The increase in payments to pharmacy also played a significant role, accounting for a \$12 PMPM increase (18%). Professional payments increased by \$9 PMPM (10%). In total, the payments for hospital outpatient increased by \$83.9 million, payments for hospital inpatient increased by \$43.9 million, payments to pharmacy increased by \$29.0 million, and payments for professionals increased by \$13.4 million.

Figure 4. Member and Plan Paid of Claims Expenditures (PMPM) (VT Commercially Insured, Ages 0–64)

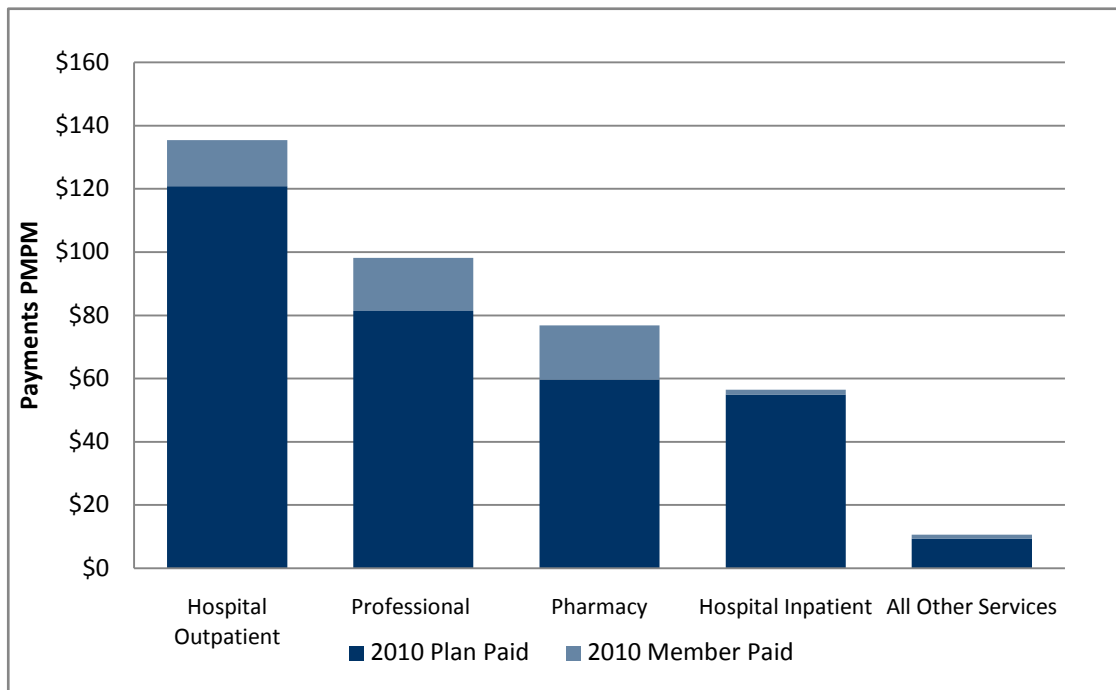
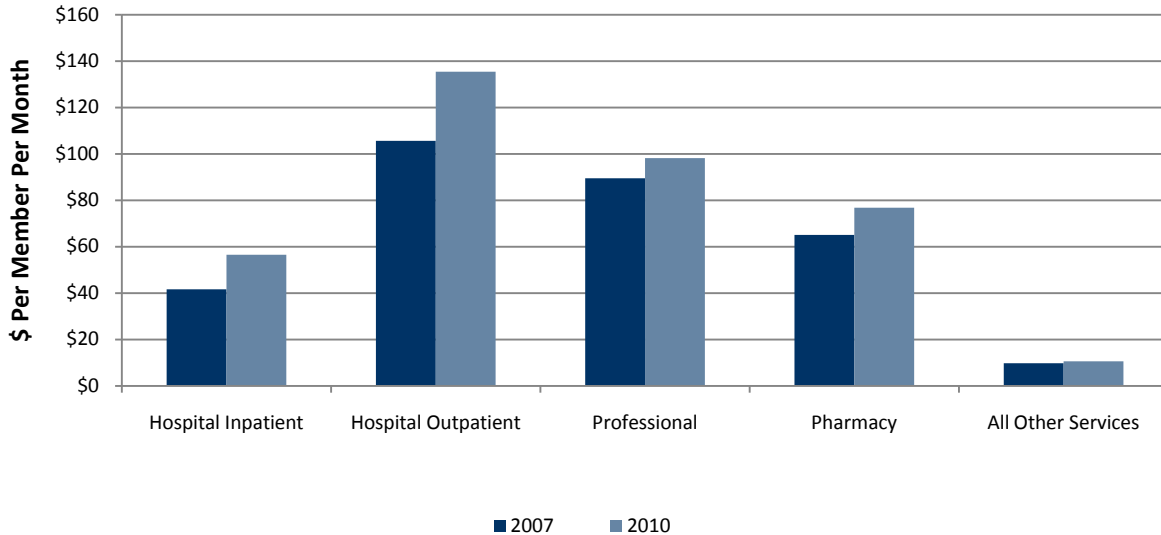


Figure 5. Payments (PMPM) by Provider Type in 2007 and 2010 (VT Commercially Insured, Ages 0-64)

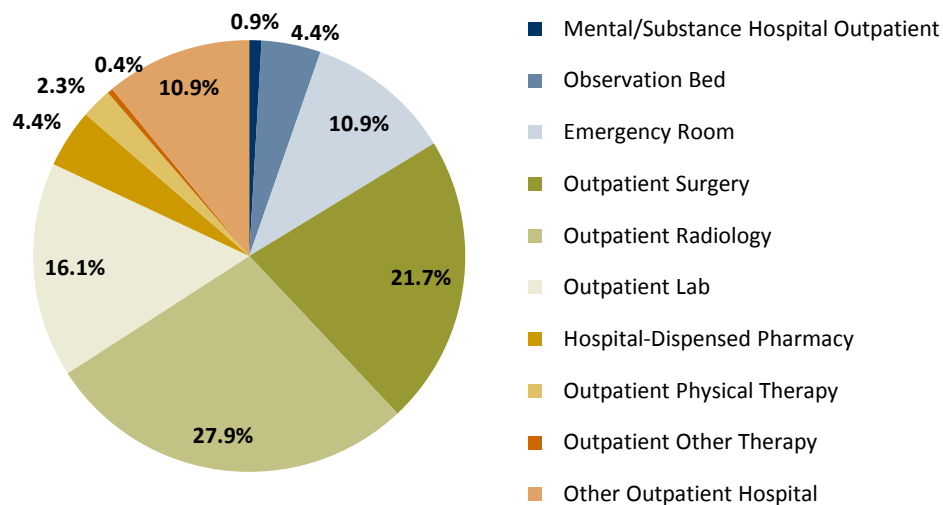


Hospital Outpatient Expenditures

Hospital outpatient expenditures accounted for \$475 million and were the largest share (36%) of total paid claims expenditures in 2010. Hospital outpatient expenditures made up a substantial component of the increase in payments between 2007 and 2010.

Figure 6 shows that within the Hospital Outpatient category, the greatest expenditures were for outpatient radiology (27.9% of expenditures) and outpatient surgery (21.7%), followed by outpatient laboratory (16.1%), and emergency room and other outpatient hospital (10.9% each).

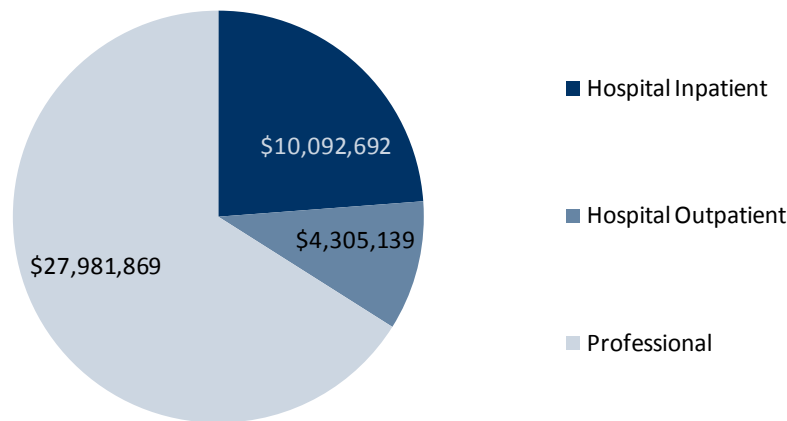
Figure 6. Payments (PMPM) by Provider Type in 2007 and 2010 (VT Commercially Insured, Ages 0-64)



Mental Health

The HUER contains a large amount of information on mental health service utilization. As shown in [Figure 7](#), payments to mental health professionals (non-hospital) in 2010 accounted for two-thirds of the total mental health expenditures — \$8 PMPM, or nearly \$28 million. Hospital inpatient payments for mental health services accounted for \$3 PMPM, or more than \$10 million. Hospital outpatient payments accounted for \$1 PMPM, or \$4.3 million.

Figure 7. Mental Health Expenditures by Provider Type in 2010 (VT Commercially Insured, Ages 0–64)



[Table 4](#) shows mental health utilization and expenditures by service type. It includes the percent of payments paid by the member, as well as trends in utilization and payments between 2007 and 2010. The member share of payments was 30% for mental health clinics, 25% for professional services, 16% for hospital outpatient, and 5% for hospital inpatient.

Payments increased dramatically between 2007 and 2010 for hospital outpatient services (+33%) and professional services (+25%). For both of these service types, there was a corresponding increase in the utilization rate (+7% for hospital outpatient; +18% for professional services).

Table 4. Mental Health/Substance Abuse Utilization and Expenditures (VT Commercially Insured, Ages 0–64)

SERVICE	EXPENDITURES 2010	TOTAL SERVICES	% PAID BY MEMBER	% CHANGE IN PAYMENTS PMPM 2007-2010	% CHANGE IN SERVICES PER 1,000 2007-2010
Hospital Inpatient	\$10,092,692	1,285	+5%	+11%	-6%
Mental/Substance Inpatient	\$7,712,132	1,045	+5%	+11%	-5%
Private Psychiatric Hospital	\$2,380,560	240	+5%	+12%	-12%
Hospital Outpatient	\$4,305,139	8,254	+16%	+33%	+7%
Professional (Non-Hospital)	\$27,981,869	229,601	+25%	+25%	+18%
Psychiatrists	\$4,105,351	30,830	+22%	+18%	+10%
Psychologists	\$7,479,655	59,829	+26%	+13%	+12%
Social Workers	\$4,660,686	44,009	+29%	+22%	+22%
Other	\$11,736,176	94,933	+24%	+39%	+23%
Mental Health Clinic	\$85,766	446	+30%	0%	0%

Drivers of Trends

The increase in payments was driven by increased utilization (i.e., more services being performed) and by increases in the average payments per service. National and state trends are supported by these findings, suggesting that unit cost is more of a driver than utilization. [Table 5](#) presents payments, utilization, and average payments per service for 2010, along with the percent change in payments, utilization, and average payment per service between 2007 and 2010. These data help inform whether payment increases were due to increased utilization or increased cost per service. Further details by service type follow:

- **Hospital Outpatient** — As described in earlier in the report, payments for hospital outpatient services accounted for the largest share of expenditures — and were a substantial component of the increase between 2007 and 2010. The increase in total hospital outpatient payments appears to have been driven by increases in expenditures for outpatient surgery, radiology, emergency department, and laboratory. For outpatient surgery, a 26% increase in utilization appears to have been primarily responsible for the change in payments. For radiology, emergency department, and laboratory, rising prices per service were responsible for payment increases. For each of these, utilization increased by 4% but the average price per service rose between 18% and 37% since 2007, driving the increases.
- **Hospital Inpatient** — Overall, hospital inpatient payments increased by 35%. Most of this change was due to increases in the average payment per service (+33%).
- **Professional** — The rise in professional payments was more moderate but still significant (+10%). This increase was due to a 6% rise in the average payment per service and a 4% increase in utilization. Contributing disproportionately to this increase was a 25% jump in payments for mental health professional services increased by 25%, largely due to an 18% increase in utilization.
- **Pharmacy** — Payments for pharmacy increased by 18%, largely due to a 16% increase in average payment per service.

Table 5. Drivers of Trend: Percent Change, 2007-2010 for Payments, Services, and Average Payment per Service (VT Commercially Insured, Ages 0-64)

TYPE OF SERVICE	PAYMENTS PMPM 2010	VISITS PER 1,000 2010	AVG. PAYMENTS PER SERVICE 2010	% CHANGE IN TOTAL PAYMENTS 2007-2010	% CHANGE IN VISITS PER 1,000 2007-2010	% CHANGE IN AVG. PAYMENT PER SERVICE 2007-2010
Hospital Inpatient	\$57	50	\$13,630	+35%	+2%	+33%
Hospital Outpatient	\$135	2,071	\$784	+28%	+4%	+23%
Radiology	\$38	300	\$1,513	+27%	+2%	+24%
Surgery	\$29	86	\$4,100	+32%	+26%	+4%
Emergency Room	\$15	172	\$1,032	+38%	0%	+37%
Laboratory	\$22	978	\$268	+22%	+4%	+18%
Professional	\$98	6,928	\$170	+10%	+4%	+6%
Physician Services	\$72	4,338	\$199	+7%	0%	+7%
Other Professional	\$18	1,803	\$122	+14%	+8%	+5%
Non-Hospital Mental Health Professional	\$8	786	\$122	+25%	+18%	+6%
Pharmacy	\$77	7,649	\$121	+18%	+2%	+16%

Medical Payments PMPM by Major Insurer

Medical payments PMPM were compared by major insurer. The VHCURES database includes pharmacy claims from pharmacy benefit managers (PBMs). Some of these PBMs provide pharmacy data as carve-outs (i.e., prescription drug benefit plans administered by a third party). The denominator for PMPM calculations was based on eligibility records submitted by the major medical plans and may not match up with pharmacy data. To address this issue and to make PMPM expenditures comparable by insurer, pharmacy claims were not included in this comparison. Only non-pharmacy, medical expenditures were compared by insurer (see [Table 6](#)).

As with all of the data in this report, payments were not adjusted to account for age, gender, and health differences of the populations insured by different plans. Such differences could account for differences in payments by plan.

MVP Health Plan members had the highest total medical payments (\$350 PMPM), followed closely by CBA Blue members (\$343 PMPM). MVP Health Insurance Company members had the lowest total medical payments (\$244 PMPM).

Table 6. Medical Payments PMPM by Insurer (VT Commercially Insured, Ages 0–64) †

INSURER	HOSPITAL OUTPATIENT	PROFESSIONAL	HOSPITAL INPATIENT	ALL OTHER SERVICES *	TOTAL MEDICAL †
Blue Cross Blue Shield Total	\$140	\$107	\$61	\$10	\$318
BCBS of Vermont	\$145	\$111	\$64	\$12	\$331
Vermont Health Plan	\$125	\$92	\$51	\$8	\$275
CBA Blue	\$149	\$118	\$67	\$10	\$343
CIGNA	\$136	\$101	\$52	\$9	\$298
MVP Total	\$124	\$78	\$55	\$7	\$264
MVP Health Insurance Co.	\$117	\$70	\$50	\$6	\$244
MVP Health Plan	\$151	\$108	\$80	\$10	\$350
MVP Select Care	\$135	\$93	\$42	\$7	\$278
Other Insurers	\$132	\$90	\$55	\$16	\$292
TOTAL	\$135	\$98	\$57	\$11	\$301

* “All Other Services” category includes free-standing ambulatory surgery centers, free-standing laboratories, independent radiology services, nursing homes, home-based care, durable medical equipment, mental health clinics, and other services.

† The “Total Medical” category does not include pharmacy payments.