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**Report to  
The Vermont Legislature**

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**Potential Effects on Job Dislocation  
As a Result of the Implementation of  
The Vermont Health Benefit Exchange and Green Mountain Care**

**In Accordance with Act 48 of 2011, Sec 13 (b)**

*An Act Relating to a Universal and Unified Health System*

**Submitted to:** House Committee on Health Care  
Senate Committee on Health and Welfare

**Submitted by:** Robin Lunge, Director of Health Care Reform  
The Vermont Agency of Administration

**Prepared by:** Greg Voorheis, Senior Grant Manager, VT Dept of Labor  
Steven Maier, Health Care Reform Manager, Dept of  
Vermont Access  
Allen (Chip) Evans, Senior Policy Advisor, VT Dept of  
Labor

**Report Date:** January 15, 2012

## **Potential Effects on Job Dislocation As a Result of the Implementation of the Vermont Health Benefit Exchange and Green Mountain Care**

**Introduction:** Act 48, that passed the 2011 legislative session, identified several topics that required further study. One of the areas in need of closer examination was the effect a single payer system might have on certain administrative, non-clinical health care-related professions including hospital and private practice billing processes and positions as well as those related positions in the insurance industry.<sup>1</sup>

Charge:

Section 13 (b) of Act 48 of 2011 requires that:

“The director of health care reform or designee, in collaboration with the department of labor, and the agency of human services, the prekindergarten-16 council established in 16 V.S.A. section 2905, the workforce development council, and other interested parties, shall create a plan to address the retraining needs of employees who may become dislocated due to a reduction in health care administrative functions when the Vermont health benefit exchange and Green Mountain Care are implemented. The plan shall include consideration of new training programs and scholarships or other financial assistance necessary to ensure adequate resources for training programs and to ensure that employees have access to these programs. The department and agency shall provide information to employers whose workforce may be reduced in order to ensure that the employees are informed of available training opportunities. The department shall provide the plan to the house committee on health care and the senate committee on health and welfare no later than January 15, 2012.”

The Director of Health Care Reform established the Act 48 Workforce Study Group to analyze the possible dislocation effects a single payer system might have on certain administrative positions that are anticipated to be reduced as a result of the efficiencies obtained in a single payer system and to create a plan to address the issues. The following report describes the work group’s activities to date and provides a workplan to address the dislocation of workers as part of a larger analysis of health care workforce needs.

### **Background:**

Act 48 establishes a single payer system, however prior to implementation, there are several milestones to be met. These milestones are outlined in 33 V.S.A. 1822 and include:

- The receipt of a waiver from the federal health insurance exchange provided for by Section 1332 of the federal Affordable Care Act.
- Establishing the financing mechanisms for Green Mountain Care.
- Approval by the Green Mountain Care board of the initial Green Mountain Care benefit package pursuant to 18 V.S.A. § 9375.

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<sup>1</sup> Both Act 48 and the Workforce Study Group acknowledge that Vermont health reform will also have positive job impacts, largely in clinical professions, and produce other workforce changes that will need to be addressed. A Workforce Strategic Plan addressing the full context of these issues is due January 15, 2013.

- Enactment of the appropriations for the initial Green Mountain Care benefit package proposed by the Green Mountain Care board pursuant to 18 V.S.A. § 9375
- A determination by the Green Mountain Care Board that each of the following conditions will be met:
  - Each Vermont resident covered by Green Mountain Care will receive benefits with an actuarial value of 80 percent or greater.
  - When implemented, Green Mountain Care will not have a negative aggregate impact on Vermont’s economy.
  - The financing for Green Mountain Care is sustainable.
  - Administrative expenses will be reduced.
  - Cost-containment efforts will result in a reduction in the rate of growth in Vermont’s per-capita health care spending.
  - Health care professionals will be reimbursed at levels sufficient to allow Vermont to recruit and retain high-quality health care professionals.

In addition, 33 V.S.A. 1803(c) establishes authority for the Vermont Health Benefit Exchange to create a single “pipe” system in order to simplify administration prior to the implementation of Green Mountain Care ( Sec. 4, Act 48 of 2011). This means that a single “pipe” could be established shortly after the Exchange is established in 2014 and prior to the availability of a waiver for the Exchange.

Both of these initiatives, as well as other health care reform initiatives, will have a significant impact on Vermont’s health care workforce needs. For example, Community Health Care Teams (CHTs), though relatively few in number now, are expected to substantially increase in number and become common place throughout the state. Although some work has begun to develop curriculum for panel management, it remains to be seen what the training needs of these teams may be and what the magnitude of need may be.

The Health Care Workforce Strategic Plan required by 18 V.S.A. chapter 222 and established in Act 48 of 2011 will address these issues in more depth. The Workforce Strategic Plan is required to be completed in January 2013. In addition, the newly reconstituted Blue Ribbon Commission on Nursing will also play a part in determining CHT staffing and training needs.

As discussed in the report’s latter half, the work group is working with Nic Rockler of Kavet, Rockler, and Associates, LLC to look at a variety of economic growth and provider mix assumptions. More information will be gathered as this further analysis continues after the due date of the work group’s initial report. The information will be provided to the house committee on health care and the senate committee on health and welfare, as well as other committees, as the analysis develops and, additionally, as requested by the committees.

**Members of the Study Group:**

|                         |                                  |
|-------------------------|----------------------------------|
| Steven Maier.....       | Department of VT Health Access   |
| Greg Voorheis.....      | VT Dept. of Labor                |
| Beth Kuhn.....          | VT Dept. of Labor                |
| Timothy Donovan.....    | PreK-16 Council and VSC          |
| Allen (Chip) Evans..... | Workforce Development<br>Council |
| Dawn Philibert.....     | VT Dept. of Health               |

Mathew Barewicz.....VT Dept. of Labor  
Merle Edwards-Orr.....VT Dept. of Disabilities,  
Aging and Independent  
Living (DAIL/AHS)

**Methodology:** The group reviewed and analyzed the following materials:

Act 48  
Dr. Hsiao's and Dr. Gruber's Health Reform  
Simulations and Expenditure Patterns  
Nic Rockler's and Steve Kappel's REMI Model  
Projections (macro-economic model...see  
Attachment A)  
Primary Care Workforce Development Strategic Plan  
(Steven Maier)  
Area Health Education Center's Primary Care Program  
Summary and Results and Area Health Center's  
Health Care Workforce Planning Grant  
(Elizabeth Cote)  
Current Occupational Trends in Health Care and  
Insurance including number of jobs and turn-over  
Rates (Mathew Barewicz)

The work group reviewed these studies to understand the information provided to the general assembly and the basic assumptions that were made in developing and drafting the legislation. In addition, the group wanted to understand the current level of employment and expected historical turn-over rates with selected occupations in health care, billing departments and the insurance industry. It looked at a wide array of occupations involved in health care then reduced the number to those occupations thought to be most likely to be affected by the health care exchange and Green Mountain Care (see Attachment B that illustrates the current concentration of employment by occupation potentially affected by a single payer system).

In addition, the workgroup looked at the context within which displacement of workers would happen by reviewing Act 48 and the plan to move toward a single payer system.

**Factors Influencing Vermont's Health Care Workforce:**

In establishing any change to the health care system, the work group relied on 3 premises:

- a) A high quality health care system depends on a highly skilled workforce.
- b) A highly productive workforce is the key to cost control and quality of service.
- c) Health care is an important economic engine for Vermont and needs to be valued for its economic importance as well as for its direct benefits to the quality of life. An education and training system needs to ensure that adequate numbers of Vermonters are prepared for these jobs.

In addition to the direct benefits the health care system provides to the social welfare of Vermonters, it is an important part of the Vermont economy because of its scale, its stability, its geographic diversity, and the quality of jobs it provides.

The future size and skill profile of the health care workforce is challenging to define because it is dependent on so many variables. From 2007 through 2010, in spite of the poor overall economy, health care was one of the few economic sectors to add jobs. It is difficult to determine if this growth will continue; however, even in a low or no-growth scenario, workforce education and training will be necessary. Health care employs over 35,000 Vermonters, more than 10% of the Vermont workforce, and impacts thousands more in the social services, education, construction, IT, and business services sectors. In addition, growth in the health care sector does not automatically result in higher health care costs. This is especially true if we focus on reducing the highest costs in the system (i.e., duals, frail at home, hospice, etc.). Workforce education and training/retraining will be necessary with or without growth as a result of turnover, promotions, reorganization and implementation of new technologies. And its emphasis should be on those who provide care rather than on those who manage it..

There are several factors which impact Vermont's health care workforce needs:

- 1) The health care workforce demographic is skewed toward older workers, and these skilled and experienced workers will be leaving the workforce, taking their skills with them. Many of these workers will need to be replaced.
- 2) The poor economy has caused health care workers to hold on to secure jobs, and has caused many to delay retirement. This has reduced turnover in recent years below what it might have been otherwise. However, as the economy recovers, many of these workers will reduce their hours or retire, and many of these workers will need to be replaced.
- 3) Normal annual turnover in the workforce, in addition to the causes above, is 10% ( a more exact percentage is under research) but it varies by position. Even without growth in the overall health care workforce, openings due to the above factors could result in over 3,000 new hires each year.
- 4) In addition, there are thousands more who will remain employed in health care who will need periodic education and training. This includes those who receive promotions, are transferred into new positions, and those who will need to master new technologies to remain current.
- 5) Anticipated reorganization of the health care delivery system will require increased worker flexibility, adaptability, and cross training. In particular, those who may lose their administrative jobs as a result of streamlined processes (for example, the implementation a single payer system) will need retraining to attain comparable employment.
- 6) Hospitals and health care providers will search for qualified workers, locally, regionally, nationally, and internationally as required; however, relocating workers is challenging and expensive. The Act 48 Workforce Study Committee's goal would be to develop an education and training system that prepares Vermonters for these highly desirable jobs.

In order to assess and create a training plan for the workforce, the following are cost factors that should be considered:

- 1) 10% of the workforce is newly hired each year. Of these, perhaps half are professionals with the necessary training and education for job entry, the other half would need additional training to become productive in entry-level or mid-level positions. For example:
  - Tuition for one year at CCV for 1 individual: \$ 6,420 ( assuming \$214/credit hour x 30 hours/year)
  - Tuition for two years at CCV for 1 individual: \$12,840 ( assuming \$214/credit hour x 60 credit hours)
- 2) 10% of the incumbent workforce transferring into new positions each year requiring cross-training.
- 3) 10% of the incumbent workforce (individuals in current positions) needing to master new technology each year.
- 4) Outreach to out-of-state workers to fill specialty positions and loan repayments to attract these workers
- 5) Ensuring a steady supply of skilled health care professionals over the long term, including building student awareness, and helping Vermonters of all ages plan for careers in health care. These efforts would include staff time to carry out this work as AHEC has done very effectively in the past.

### **What The Work Group Found:**

The workgroup determined that given the unpredictable pace of Medicare and Medicaid integration it is uncertain when and how broadly the full effects of implementing a single payer system might be felt. In addition, the workgroup determined that the potential dislocation effects of implementing a single payer system might be different from those experienced from implementing a single pipe established through the Vermont Health Benefit Exchange. A single pipe system might still have multiple payers even though the payment process might be simplified. Because of this, the workgroup determined that further analysis was needed in order to determine the impacts of each system on dislocation.

In addition, the workgroup determined that the dislocation of workers should be analyzed in the context of all health care workforce needs in order to determine where workforce shortages might occur and where there may be opportunities for cross-training or retraining in the same general field.

The workgroup determined that the short-term projections of the Rockler REMI Model might be more accurate than the longer-term projections due to the effects of unknown longterm productivity assumptions, variations in state and national economic growth rates, and variations in the mix of providers.

The Act 128 of 2010 report commissioned by the general assembly from Dr. Hsiao included an analysis of how a single-payer system would impact on the health care workforce and on the Vermont economy. Dr. Hsiao subcontracted with Kavet, Rockler, and Associates, LLC for this analysis and relied on the Rockler REMI Model to create projections of how this change would

impact employment in Vermont. The Rockler REMI Model converted Dr. Hsiao's and Dr. Gruber's expenditure changes into employment effects (projections).

After analyzing the methodology used by Dr. Hsiao, the work group concluded that additional sensitivity analyses, in conjunction with the Joint Fiscal Office, are needed. These analyses will look at different economic growth assumptions and various mixes of providers. They will also look at the magnitude of effect different variables have on the outputs.

### **Plan for Addressing Workforce Dislocation:**

As previously discussed, workforce dislocation is most appropriately analyzed in the context of workforce needs as a whole in this sector. Many administrative workers who may be displaced by these changes will find employment in other sectors. Fortunately, the economy seems to be recovering making this transition easier. Even so, finding a new position with equivalent pay and benefits will probably require retraining. It is in the state's interest to support this retraining as the cost of any unemployment insurance paid to these individuals will be paid by their former employers and will add to the state's unemployment trust fund debt. At the same time, there will be an on-going need for administrative workers. Those currently employed in the industry who are known to their employers, knowledgeable about medical terminology and practices would be good candidates but they may need some retraining to adapt to new systems. Many of those displaced will prefer to remain employed in health care and it seems likely that at least some of them will have the opportunity to do so, particularly if the costs of retraining can be covered. This is a transitional issue that would play out over time as new systems are implemented. Because of its transitional nature and because it would include training for non-health care-related jobs, it is a different challenge from the on-going health care education and training needs described previously.

### **1. Refine workforce impact analysis from Act 128 study; Dec 2011 – July 2012**

The workgroup, in collaboration with the Joint Fiscal Office, has engaged the services of Nic Rockler to perform further analysis that 1) alters productivity assumptions; 2) alters the mix of providers; 3) alters state and national economic growth assumptions; 4) alters assumptions about how employers might use the money not spent on health care insurance premiums for their employees; and, 5) examines the effects each of these variables has on the outcomes and determines the level of effect of each. This work began at the end of December 2011, and will continue into 2012.

### **2. Estimate Health Care Workforce Development Needs; Jan 2012 – Jan 2013**

The work group believes that regardless of the short and long-term effects of the health care exchange and Green Mountain Care there is a critical need to design an on-going system that addresses the workforce development needs of occupations associated with health care. This includes analyzing the skill sets of individuals displaced due to the implementation of a single payer system and considering the transferability of those skills to other occupations that are available. It also includes training needs associated with implementing health care delivery reform. This will be done in the context of the Workforce Strategic Plan due January 2013.

### **3. Create Workforce Strategic Plan; July 2012-Jan 2013**

This document will outline the workforce development needs, estimate the possible displacement due to health care reform activities, and recommend resources needed for education, training, cross-training and retraining to address these needs.

#### **4. Collaborate with the general assembly on addressing workforce issues. Jan 2013- May 2014**

**Conclusion:** To date, the Act 48 Workforce Study Group has reviewed the macro-economic models, their assumptions and conclusions that served as the foundation for Act 48. It has concluded that further analyses are necessary so it has engaged the services of Nic Rockler. Dr. Rockler will be working closely with Mathew Barewicz, Economic and Labor Market Information Chief at the Vermont Department of Labor.

A plan to support and respond to health care training and retraining needs is imperative if Vermont wants to create and maintain a health care system that adequately responds to the health care needs of Vermonters today and in the future.

#### Attachments

A-Macro-Economic Projections

B-Current Jobs in VT's Health Care and Insurance Industries

Most Vulnerable as a Result of Implementation of a Single Payer System