VERMONT
GREEN MOUNTAIN CARE BOARD

Green Mountain Care Board

January 11, 2024

Agenda

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1. About GMCB
2. Status of our health care system – Key statistics and trends
3. Update on GMCB's work on Act 167

About Us

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- Established in 2011 (Act 48)
- 5 Board Members
- 6-Year Staggered Terms
- The GMCB is an independent Board that is part of state government
- Quasi-judicial

THE BOARD & EXECUTIVE DIRECTOR


Owen Foster, JD
GMCB Chair


Jessica Holmes, PhD
GMCB Member


Robin Lunge, JD, MHCDS
GMCB Member


David Murman, MD
GMCB Member


Thom Walsh,
PhD, MS, MSPT
GMCB Member


Susan Barrett, JD
GMCB Executive Director

About Us

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Mission Drive system-wide improvements in **access**, **affordability**, and **quality** of health care to improve the health of Vermonters.

Regulate major areas of Vermont's health care system in service to the public interest

Serve as an unbiased **source of information and analysis** on health system performance

Monitor and evaluate health care payment and delivery system reform to provide public transparency

Guiding Values

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Non-Partisan	Six-year terms which span gubernatorial election cycles
Transparent	Decisions and supporting analysis conducted in public
System-wide View	Integrated regulatory approach to account for cross-system impacts
Public-Interest	Informed by agency partners, a broad spectrum of stakeholders, and public
Accountable	Understand the impact of its decisions on Vermonters
Data-Driven	Timely, consistent, and actionable analyses; data stewardship

Transparency and Public Engagement

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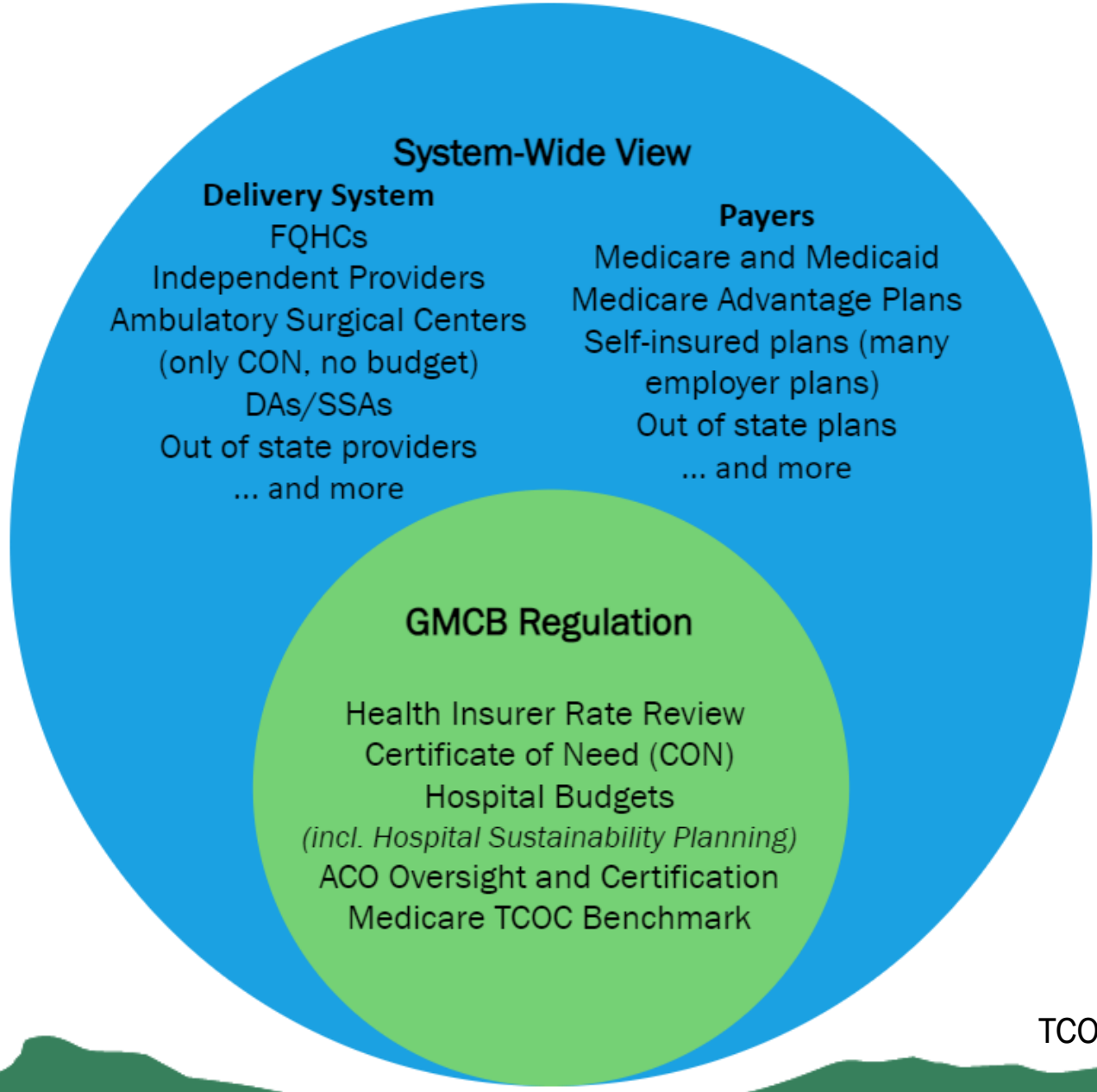
53 Public Meetings in 2023

Role of GMCB



TCOC: Total cost of care

Marketplace Premium Averages

Vermont is Higher than National Average

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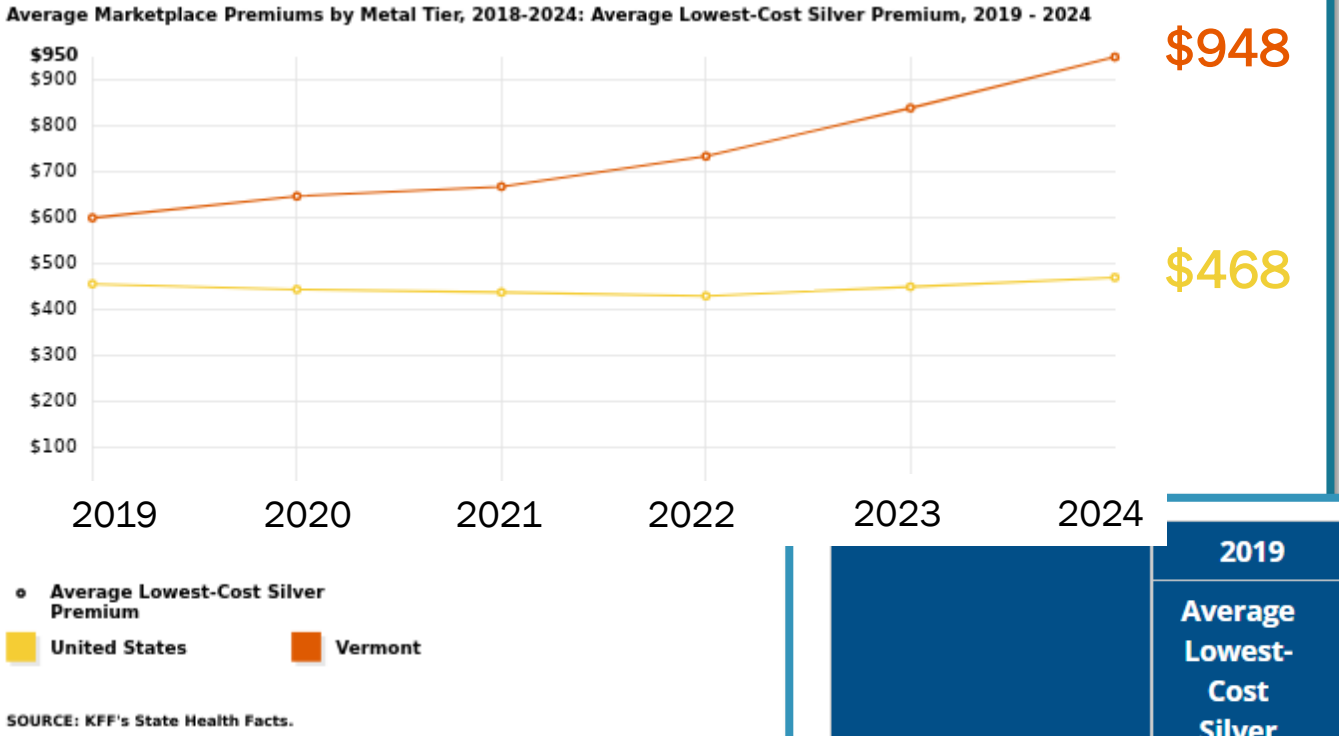

Location	2019 Average Lowest-Cost Silver Premium	2020 Average Lowest-Cost Silver Premium	2021 Average Lowest-Cost Silver Premium	2022 Average Lowest-Cost Silver Premium	2023 Average Lowest-Cost Silver Premium	2024 Average Lowest-Cost Silver Premium
United States	$454	$442	$436	$428	$448	$468
Vermont	$598	$645	$470	$732	$837	$948

Source: KFF Average Marketplace Premiums by Metal Tier, 2018-2024

Health Care Spending per Capita
Vermont Outpaces National Trends

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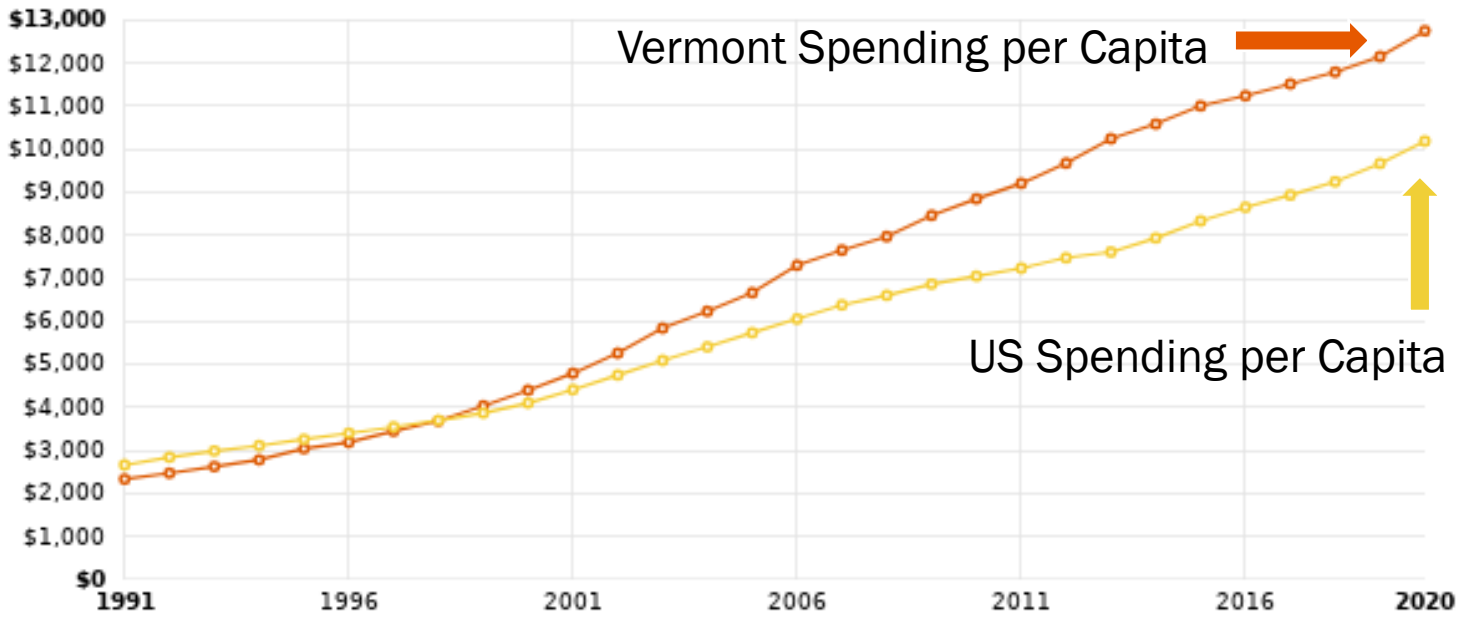

Source: KFF Health Care Expenditures per Capita by State of Residence

Notes

The Centers for Medicare and Medicaid Services (CMS) Office of the Actuary produces Health Expenditures by State of Residence and Health Expenditures by State of Provider every five years. The State Health Expenditure Accounts are a subcomponent of the National Health Expenditure Accounts (NHEA), the official government estimates of health spending in the United States. Additional information on data and methods is available here.

Employer-Based Insurance Premiums
Vermont is Higher Than National Average

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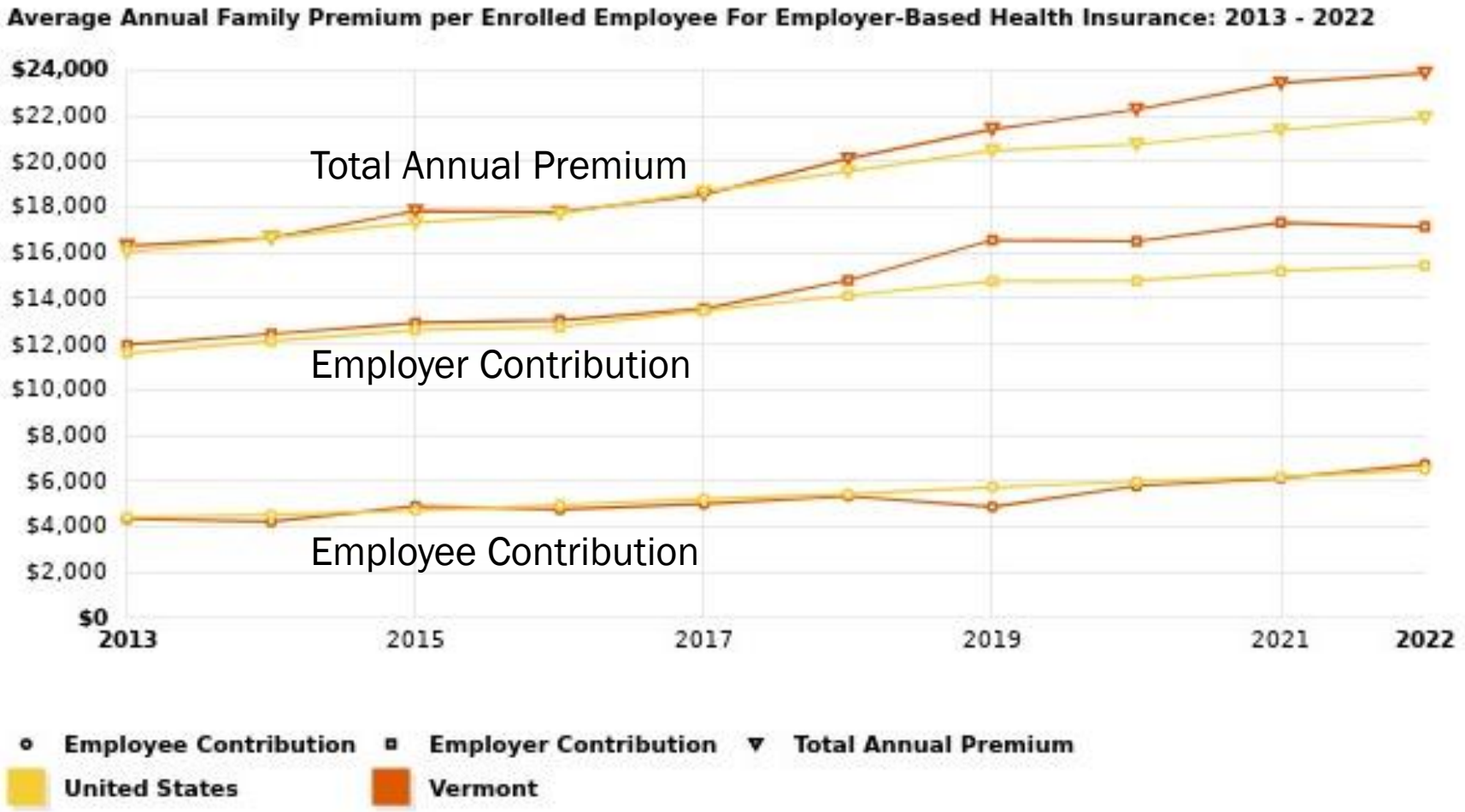

Employee contributions *are growing with the national average, but* ***Employer contributions*** *are growing faster than the national average.*

Source: https://www.kff.org/health-costs/state-indicator/

Rising Health Care Costs Are Impacting Property Taxes

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Key Considerations from the Administration's Point of View

For Vermonters and policymakers concerned about property taxes, housing affordability, or overall tax burden, this letter should sound a major alarm.

Even applying a projected $37 million surplus (including $13 million set aside from last year's surplus) to help offset rates this year in the Education Fund, **this forecast indicates average property tax bills will increase by approximately 18.5 percent for FY25.** Without the surplus, average property tax bills would be projected to increase by about 20 percent.

It is driven predominately by an estimated 12% increase in school spending. Information gathered by the Agency of Education in its survey of school districts indicates this estimated increase in school spending can primarily be attributed to:

1. The ending of one-time Federal ESSER funds – Many districts used those one-time funds to add new services and personnel to recover from the pandemic. A large portion of those districts believe these services continue to be necessary. That requires replacing those one-time federal dollars with state education funds.

2. A 16%+ increase in health care benefits – The vast majority of school employees receive health benefits. An increase of that magnitude in the cost of those benefits is approximately 3% in overall education spending for a district alone.

3. Overall inflation increasing the price of operating, living, and working in Vermont – fuel, electricity, buses, equipment, supplies, etc.

4. Debt service to new capital projects or renovations – Vermont's aging fleet of schools is becoming more expensive to maintain and repair as they continue to age.

Average property tax bills will increase by approximately 18.5% for FY25

Increase in school spending can be primarily attributed to

16%+ increase in health care benefits

Source: Dept. of Taxes Education Tax Rate Letter Nov. 30, 2023

Health Care Landscape Trends
Affordability in Vermont

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Low Uninsured Rate: 2.6% in Vermont compared to 8.6% nationally in 2020.[1]

Many remain underinsured and face high out-of-pocket costs that impede access to care.

40% insured Vermonters under 65 considered underinsured (medical expenses are more than their income can bear)[2]

1. Kaiser Family Foundation Health Insurance Coverage Data. 2020. Found here.
2. 2021 Vermont Household Health Insurance Survey.

Vermont Medicaid Spending per Beneficiary

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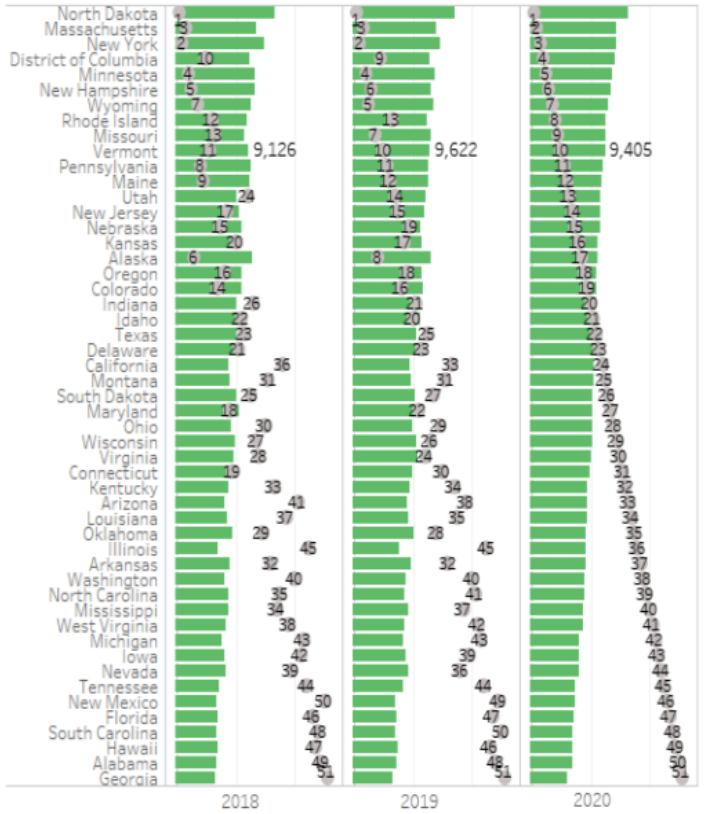

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
United States	5,669	5,698	5,807	6,080	6,277	6,219	6,602	6,729	6,803	6,777	6,646	6,682	6,867	6,694	6,777	6,853	6,977	7,245	7,649	7,727
Mideast	9,035	9,058	9,277	9,348	9,397	9,452	9,772	9,844	9,718	9,491	9,518	9,158	9,069	9,138	8,635	8,922	9,391	9,822	9,958	9,702
New England	9,021	9,043	9,634	10,273	10,632	10,297	10,653	10,292	10,616	9,888	9,146	9,183	9,156	8,611	8,886	8,868	8,824	9,197	9,309	9,390
Plains	6,267	6,709	6,825	7,280	7,630	7,761	8,147	8,419	8,515	8,301	8,079	8,337	8,489	8,276	7,889	7,665	7,960	8,546	9,148	8,930
Rocky Mountains	6,265	6,190	6,066	6,308	6,522	6,574	6,981	7,332	7,219	7,303	6,807	7,304	7,691	7,080	6,962	6,658	6,997	7,966	8,645	8,401
Far West	3,803	3,742	3,922	4,126	4,368	4,338	4,598	4,866	4,898	5,021	5,160	5,580	5,993	5,412	6,398	6,902	6,566	6,620	7,206	7,701
Southwest	4,850	4,816	4,713	4,935	5,344	5,451	5,805	6,051	6,259	6,443	6,315	5,954	6,195	6,629	6,678	6,625	6,531	6,948	7,363	7,503
Great Lakes	6,079	6,004	5,922	5,930	6,124	5,724	6,178	6,070	6,380	6,214	5,812	6,029	6,379	6,163	6,120	6,035	6,282	6,324	6,903	7,245
Southeast	4,676	4,757	4,908	5,367	5,388	5,323	5,824	5,939	5,922	6,010	5,806	5,778	5,833	5,837	5,576	5,415	5,672	5,915	6,227	6,130

CMS State Health Expenditures 'Personal Health Care' Medicaid: VT Residents

Vermont Medicare Spending per Beneficiary

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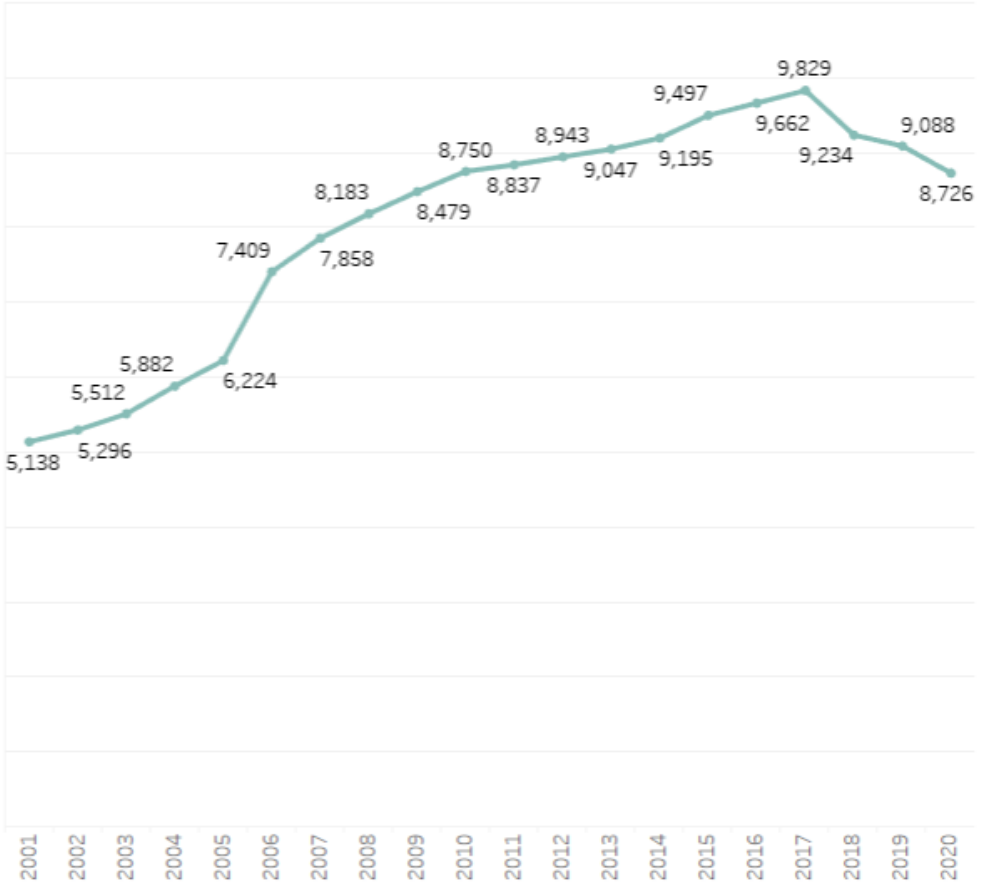

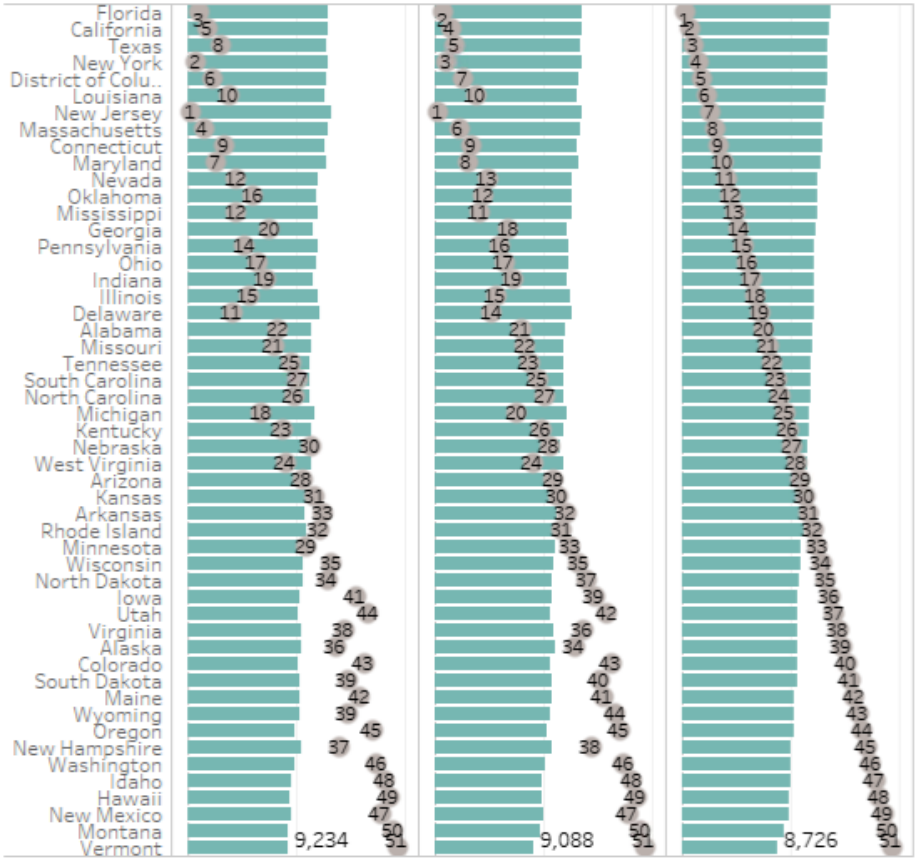

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
United States	6,110	6,481	6,823	7,358	7,855	9,026	9,448	9,959	10,339	10,493	10,721	10,741	10,796	10,965	11,168	11,279	11,529	11,871	12,372	12,271
Mideast	6,922	7,284	7,527	7,989	8,569	9,812	10,377	10,913	11,271	11,403	11,692	11,625	11,694	11,910	12,100	12,177	12,377	12,691	13,138	12,876
Southwest	6,036	6,496	6,959	7,617	8,179	9,416	9,839	10,267	10,681	10,872	11,047	11,030	11,025	11,188	11,388	11,492	11,762	12,146	12,711	12,716
Far West	6,122	6,537	6,827	7,210	7,669	8,761	9,072	9,792	10,197	10,338	10,595	10,701	10,828	10,948	11,272	11,457	11,648	12,000	12,532	12,536
Southeast	6,019	6,390	6,766	7,364	7,833	9,035	9,448	9,932	10,333	10,495	10,695	10,719	10,717	10,837	11,031	11,128	11,392	11,760	12,344	12,334
New England	6,340	6,647	6,997	7,568	7,959	9,154	9,628	10,048	10,439	10,558	10,779	10,799	10,884	11,167	11,398	11,521	11,699	11,991	12,419	12,011
Great Lakes	5,916	6,268	6,647	7,236	7,762	8,897	9,324	9,847	10,234	10,384	10,629	10,614	10,704	10,869	10,972	11,076	11,339	11,646	12,087	11,886
Plains	5,264	5,580	5,893	6,389	6,860	7,985	8,360	8,741	9,017	9,206	9,433	9,553	9,680	9,946	10,174	10,269	10,664	11,018	11,363	11,291
Rocky Mountains	4,949	5,264	5,604	6,107	6,489	7,402	7,672	7,960	8,272	8,432	8,589	8,697	8,709	8,991	9,179	9,315	9,693	9,992	10,412	10,330

Hospitals: one third of total health care spending in the US

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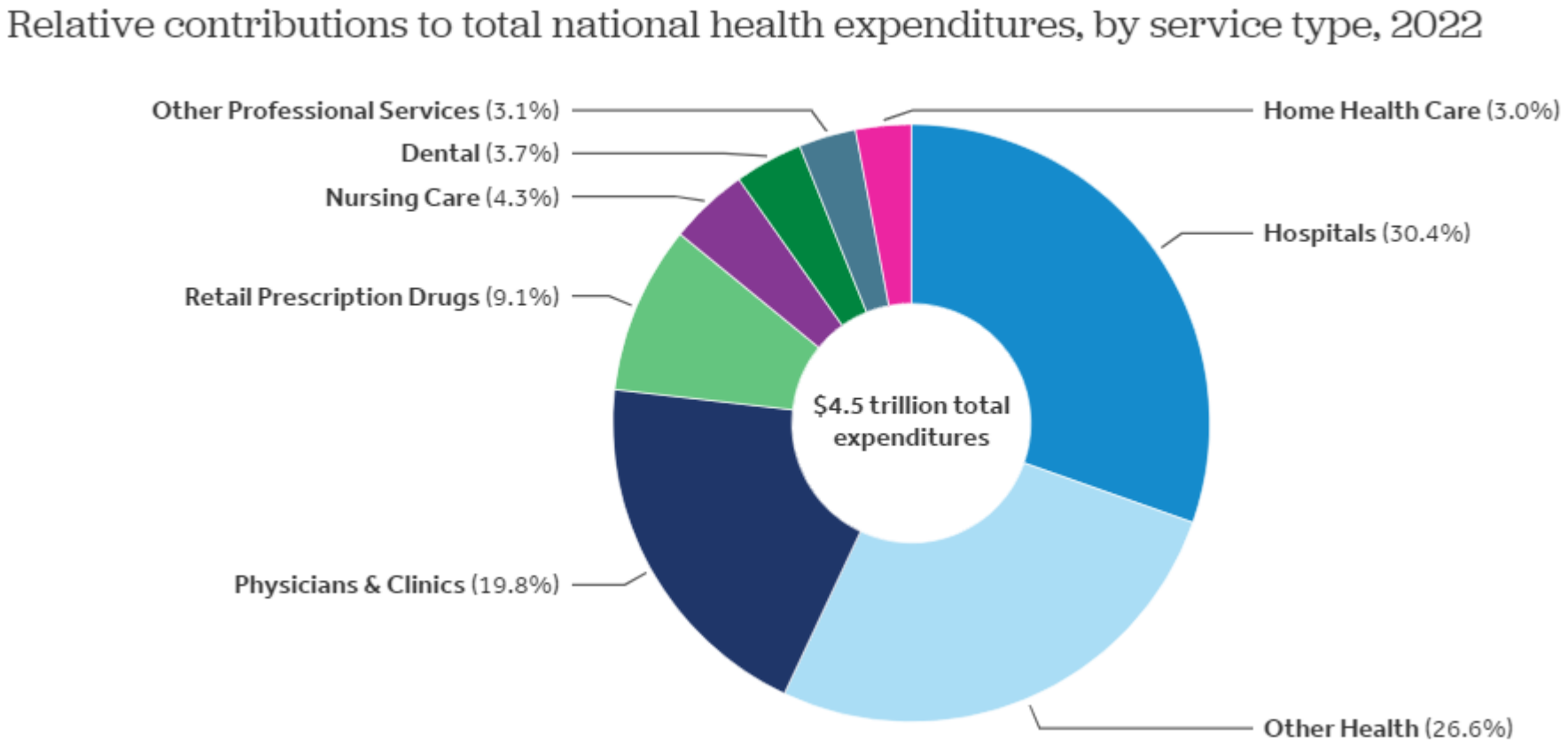

Source: https://www.healthsystemtracker.org/indicator/spending/drivers-health-spending-growth

Hospitals Make Up Almost Half of Health Care Dollars Spent in Vermont

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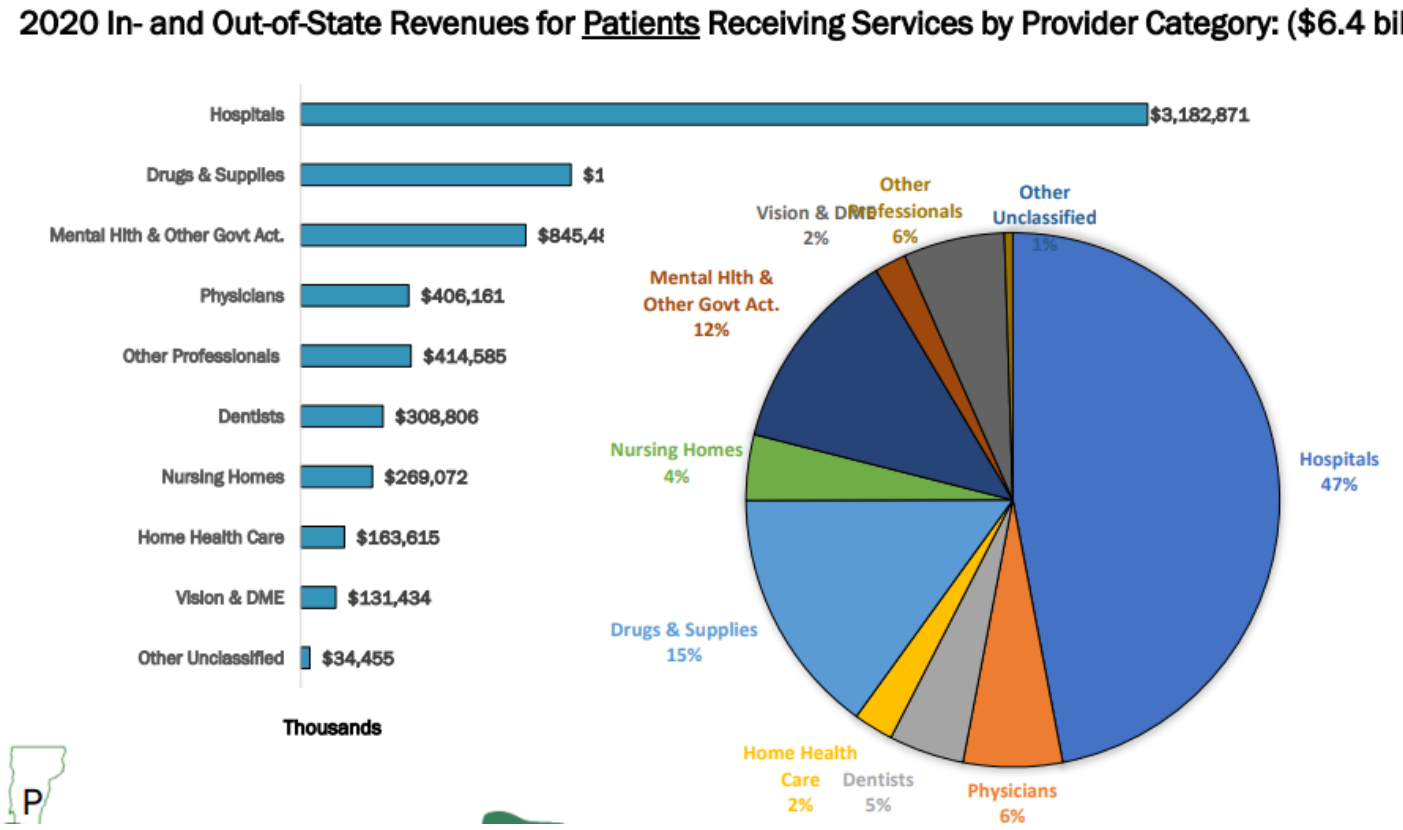

47%

of health care dollars spend in Vermont go to hospitals

Note: categorical definitions here are not equivalent to those on the previous slides and cannot currently be directly compared

Source: 2020 Vermont Health Care Expenditure Analysis
https://gmcboard.vermont.gov/sites/gmcb/files/documents/2020_VT_Health_Care_Expenditure_Analysis_Final_May_9_2022.pdf

Hospital Admissions Per 1,000 Residents by State

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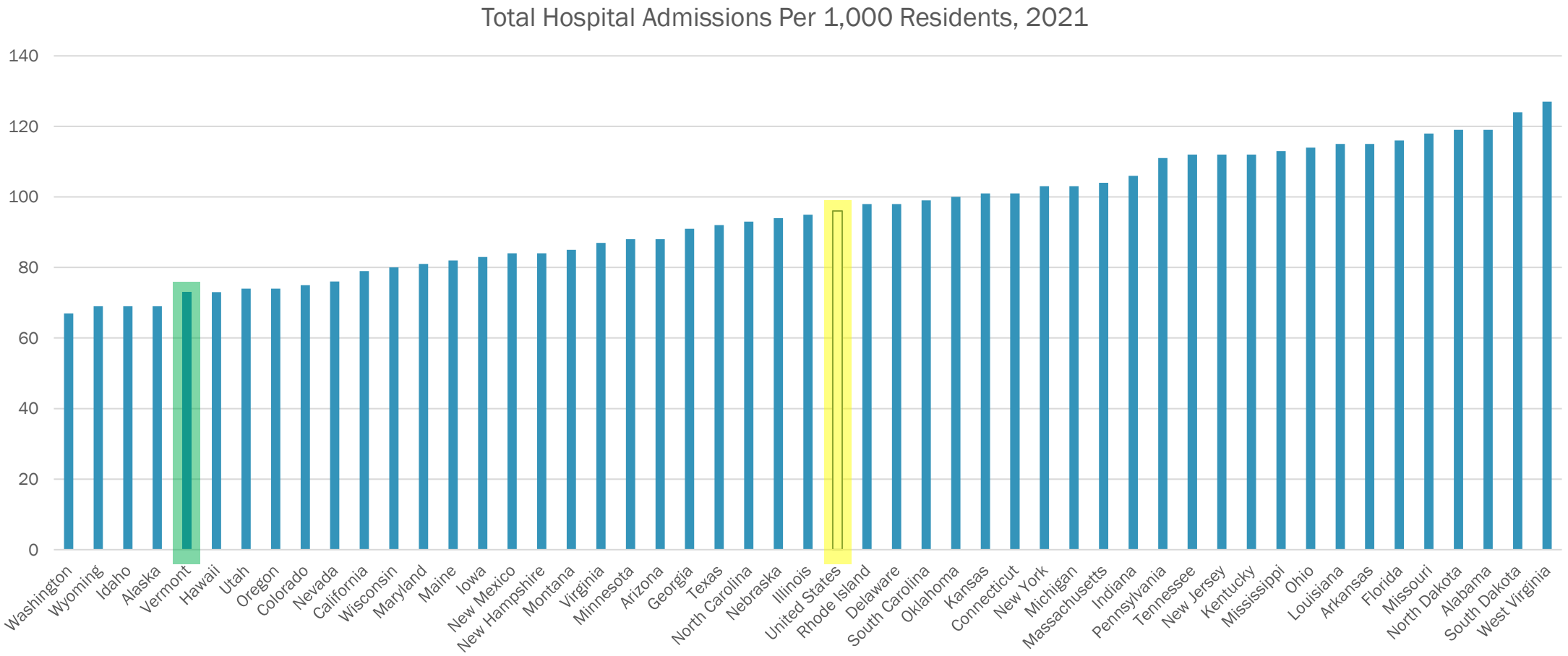

Source: KFF Hospital Admissions per 1,000 Population by Ownership Type

Vermont hospitals have a higher breakeven than peers nationally

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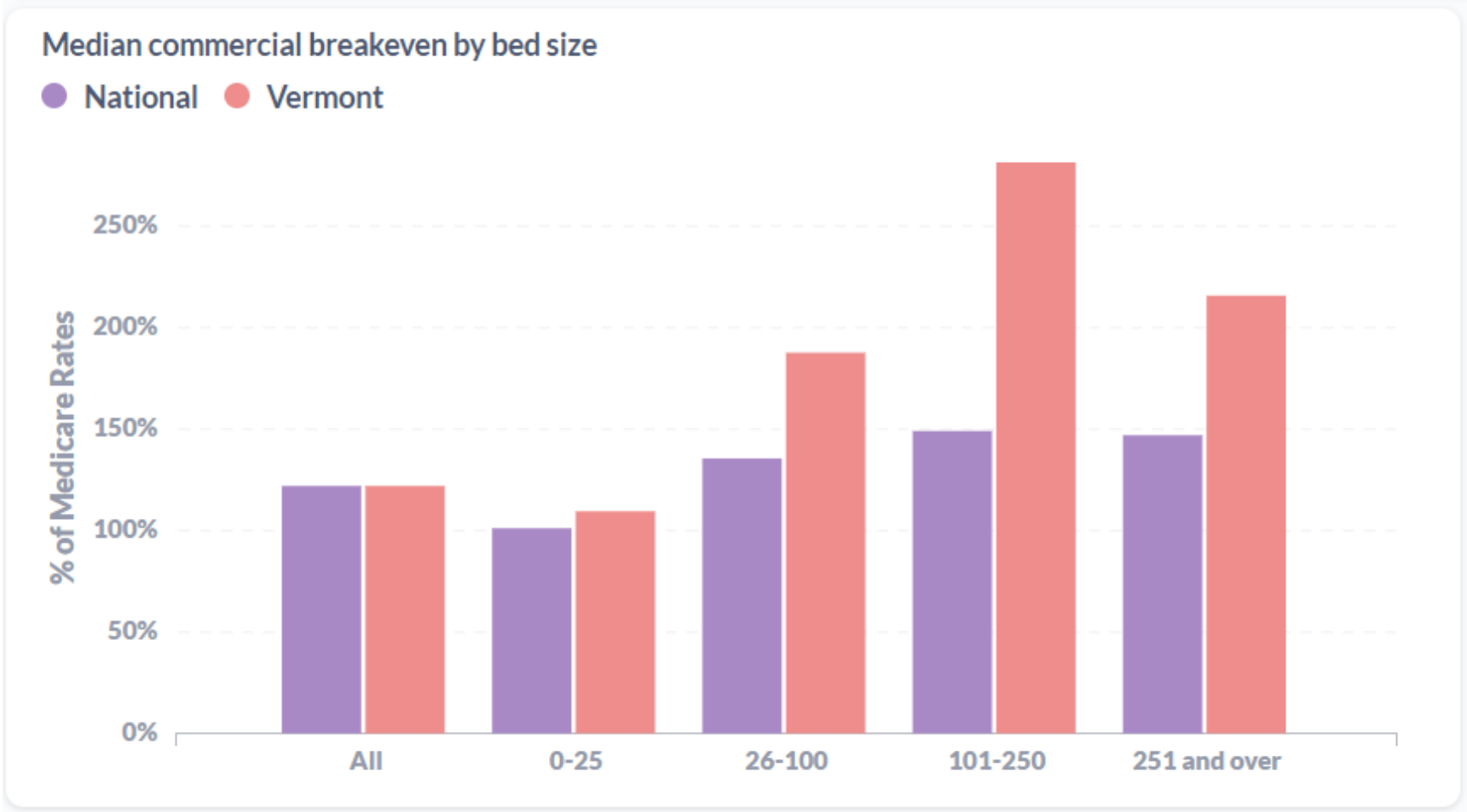

Source: https://tool.nashp.org/

Hospital Adjusted Expenses per Inpatient Day

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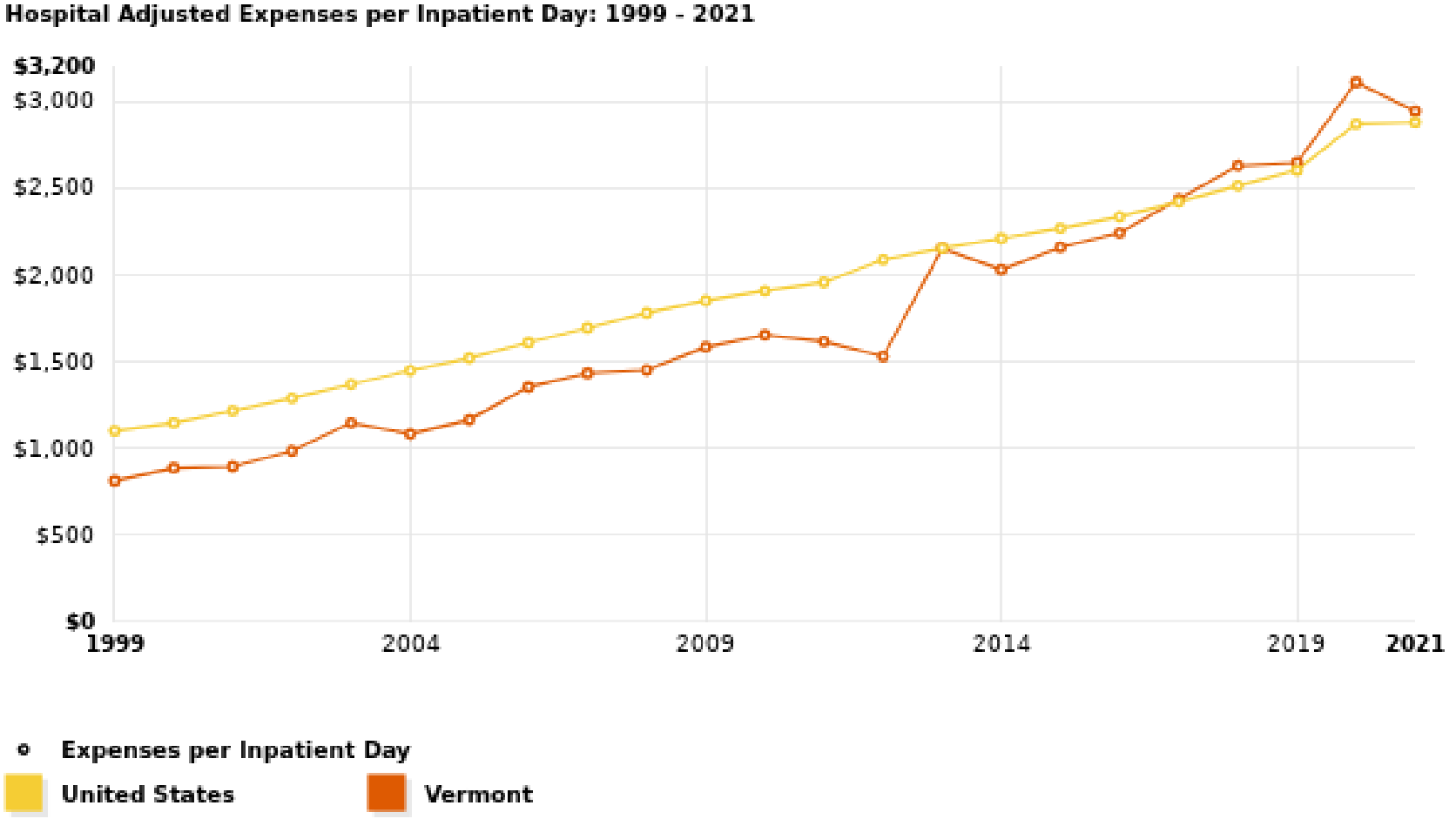

Vermont's hospital adjusted expenses per inpatient day is growing faster than the national average.

Source: https://www.kff.org/health-costs/state-indicator/

Forbes Study Ranks Vermont 5th Best State for Healthcare

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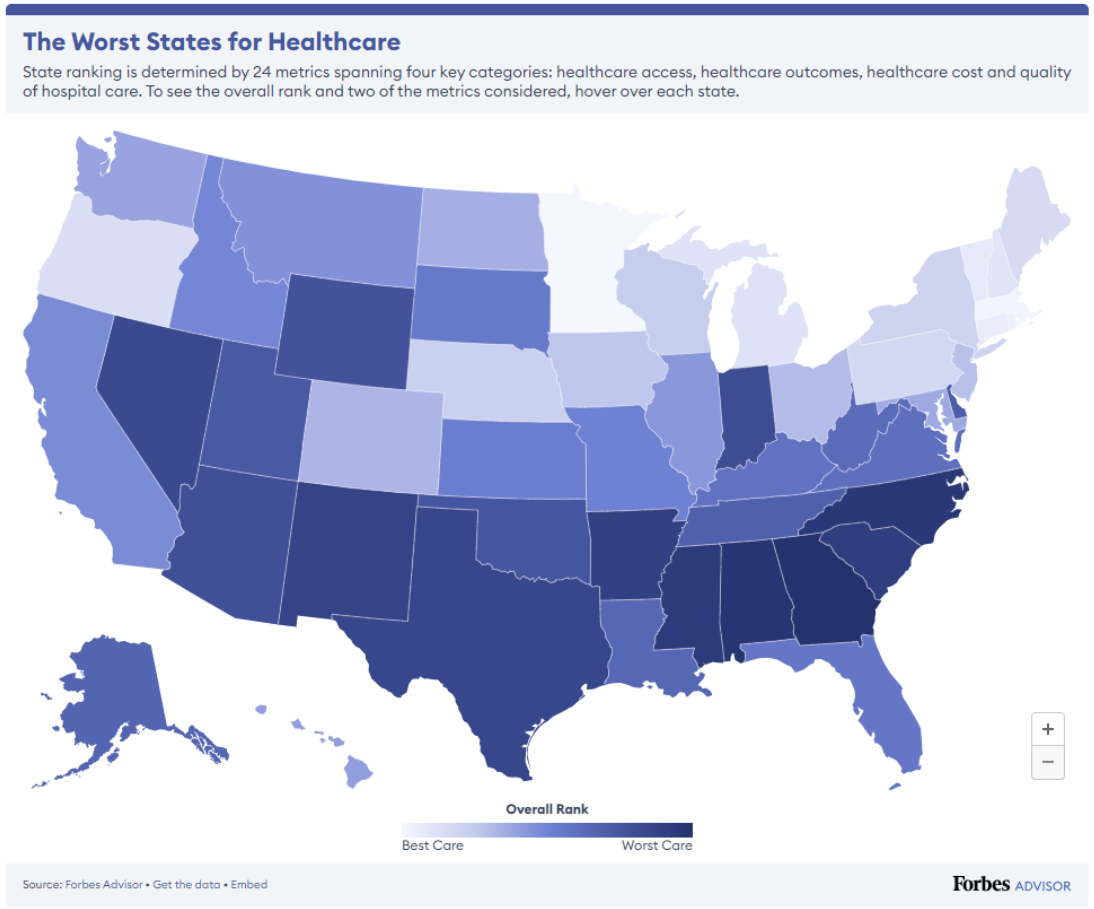
- **Vermont has low mortality rates:**
  - Ranked lowest for infant mortality rate, influenza and pneumonia mortality rate, and kidney disease mortality rate.
  - Ranked fourth lowest diabetes mortality rate and sixth lowest stroke mortality rate
- **Access:** Vermont was sixth best in the category assessing healthcare access, as measured by **insurance coverage** and the **number of clinical staff per 100k residents**.



Source: Forbes The Worst (And Best) States For Healthcare, Ranked

Access to Vermont Hospitals: Median Wait Times

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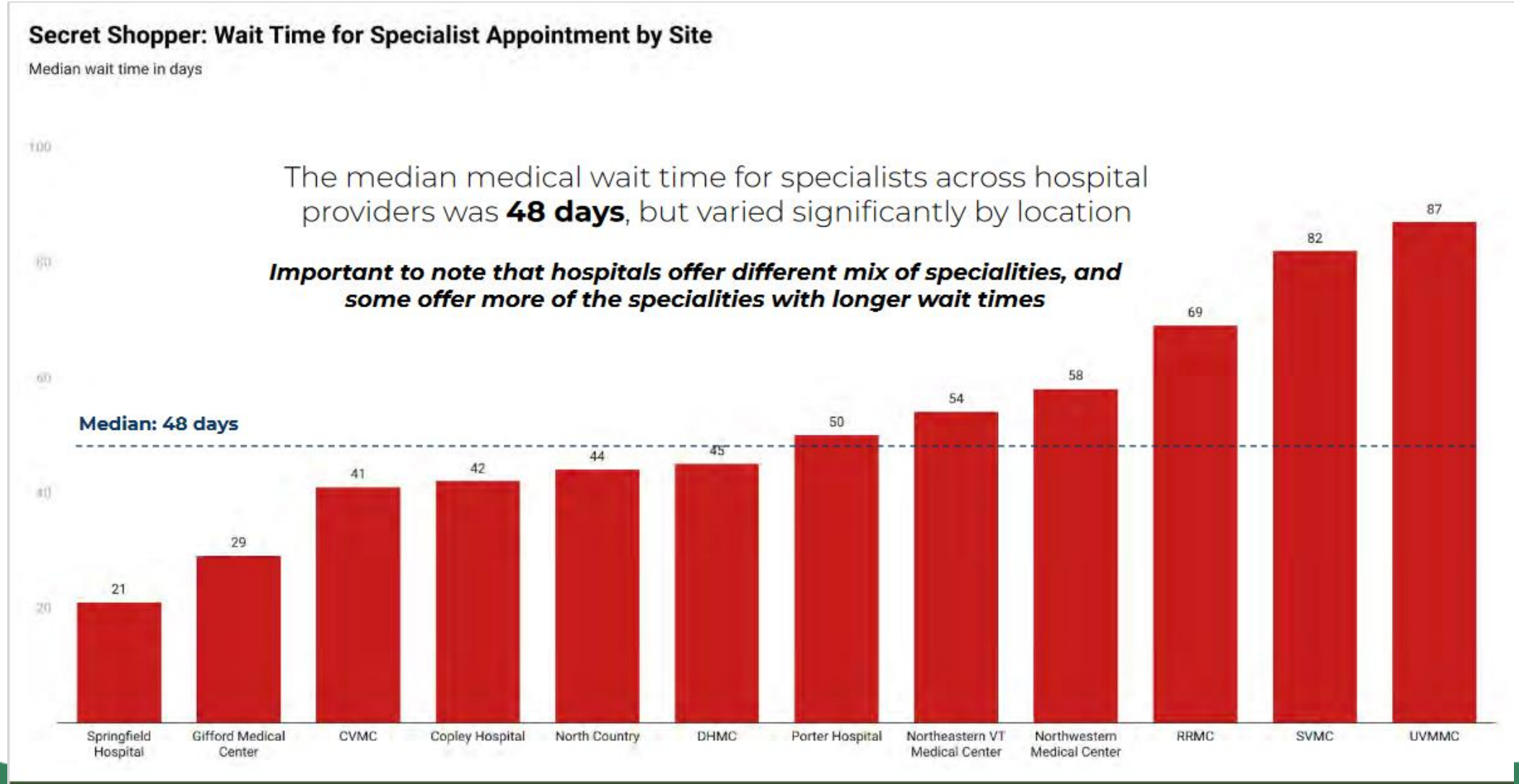
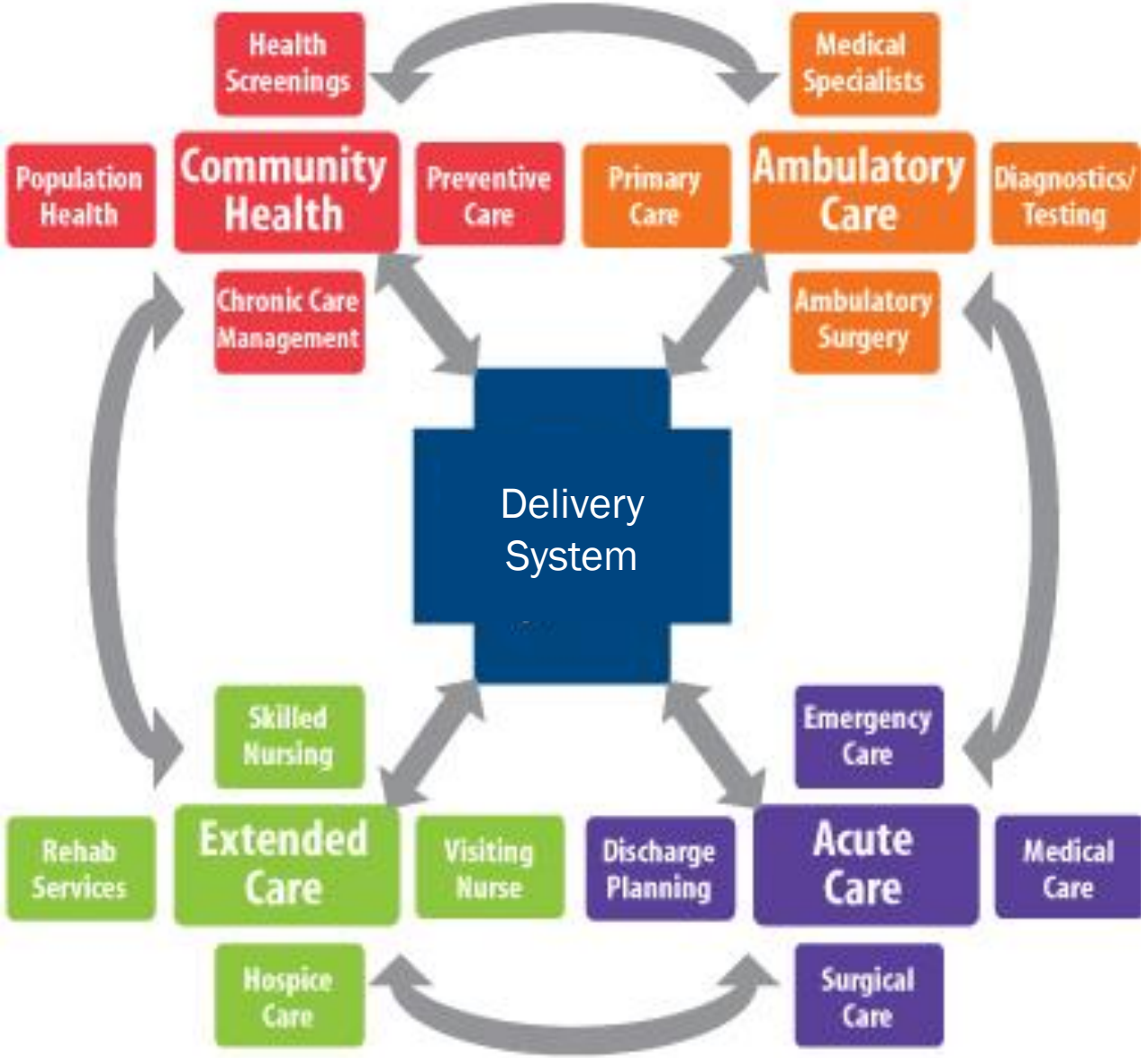


Hospitals are one component of an interdependent delivery system…



Adapted from: https://www.veralon.com/articles/systemness-the-next-frontier-for-integrated-health-delivery/

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Vermont Primary Care Spend

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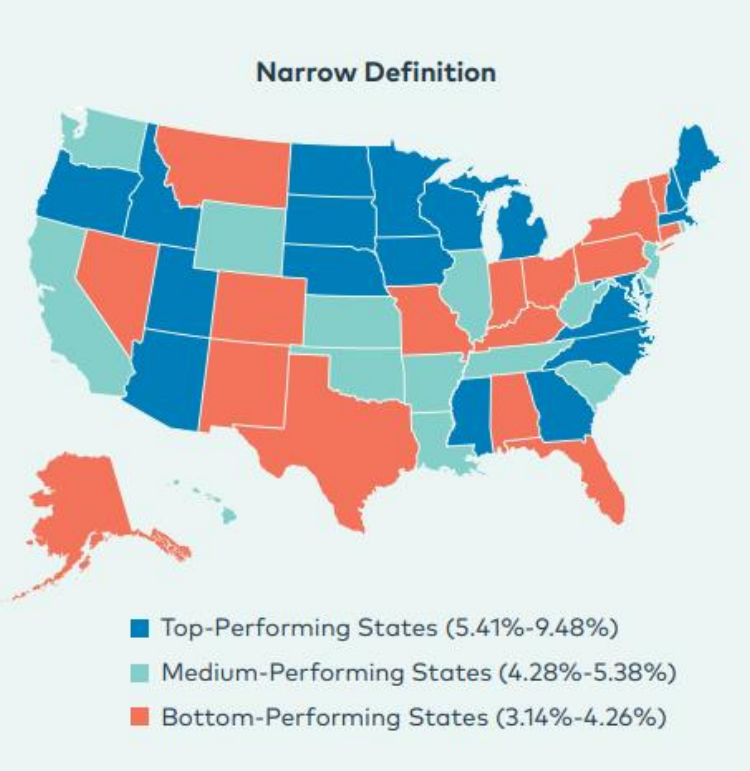
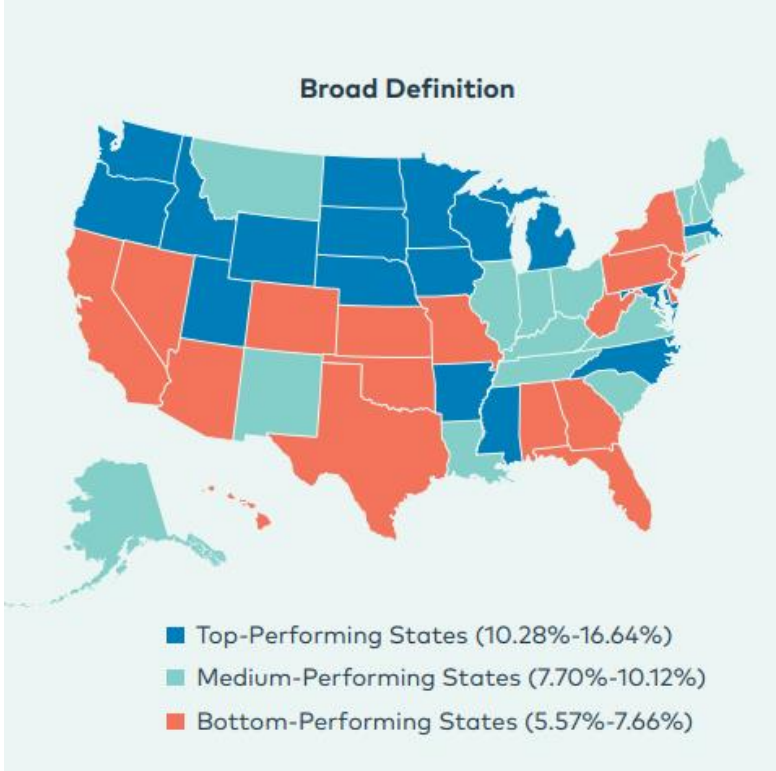


Vermont (Narrow Definition): **3.82%**



Vermont (Broad Definition): **7.99%**

In 2019, Vermont ranked the 7th lowest for primary care spend using the narrow definition, when using the broader definition, Vermont was still in the bottom half of states, ranking 31 out of 50.

The Act 17 of 2019 report on primary care spend uses a Vermont-specific definition, calculating primary care spend at ***10.2% in 2018.***

Source: https://thepcc.org/sites/default/files/resources/PCC_Primary_Care_Spending_2020.pdf
Vermont Definition: New England States' All-Payer Report on Primary Care Payments and Act 17: An act relating to determining the proportion of health care spending allocated to primary care

Admissions decreasing but average length of stay increasing

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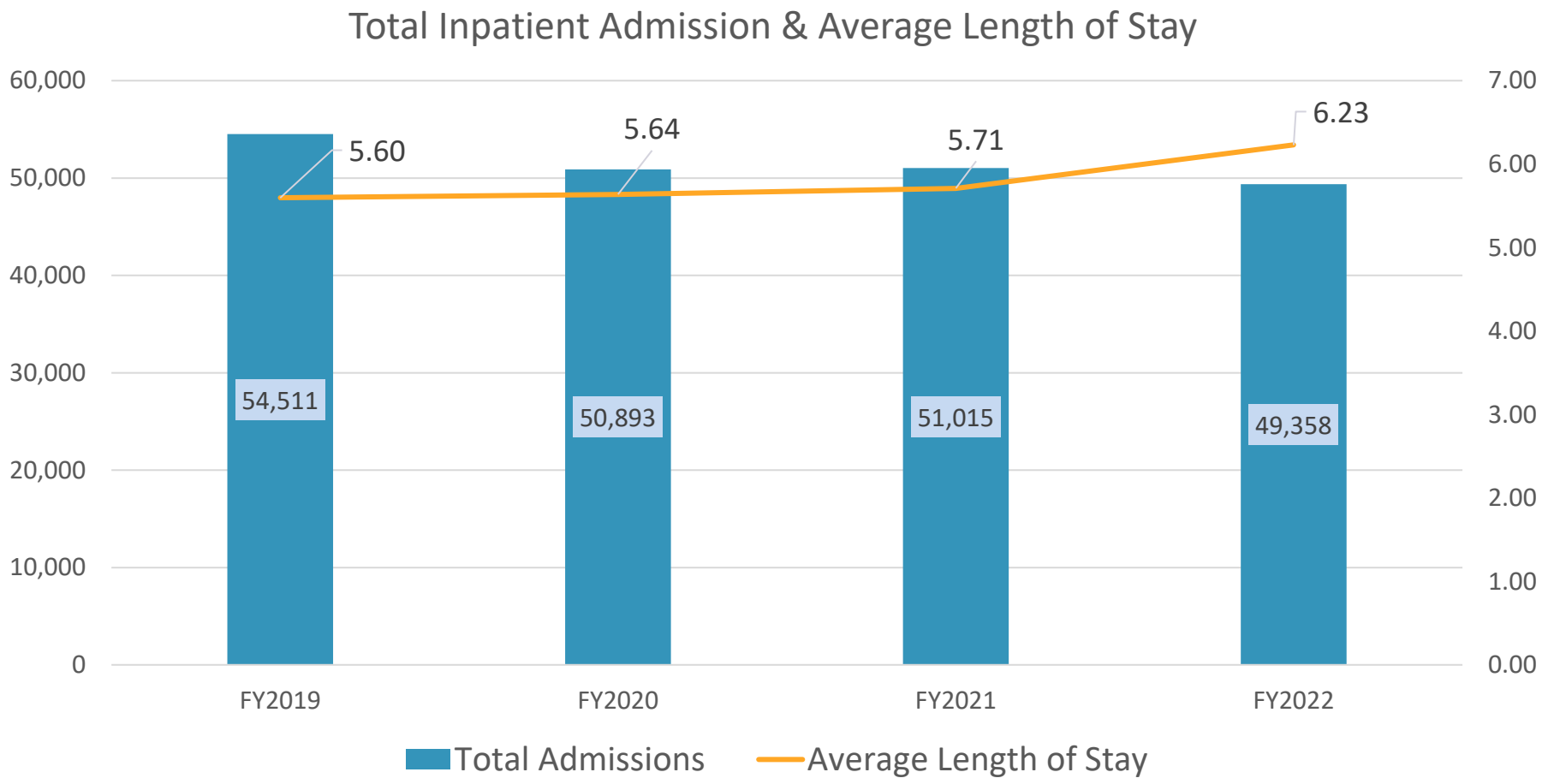

Hospitals often challenged to discharge/ transition patients for a variety of reasons (e.g. housing, mental health, lack of SNFs).

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UPDATE ON HOSPITAL BUDGETS & FINANCIAL HEALTH

National Context

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2022 Worst Financial Year for Hospitals and Health Systems Since start of Pandemic

Despite modest improvements for hospital bottom lines—and increased provider productivity towards the end of the year—2022 defined by financial pressures

CHICAGO – January 30TH, 2023 – Last year was the worst financial year for hospitals and health systems since the start of the COVID-19 pandemic, according to the latest data from Kaufman Hall. Negative margins persisted for most of the year as the healthcare sector faced rapidly increasing labor expenses, the analysis shows.

The new data show modest margin improvements for hospitals at the end of 2022 and increased provider productivity within physician groups due to increased patient volumes.

Source: https://www.kaufmanhall.com/news/2022-worst-financial-year-hospitals-and-health-systems-start-pandemic

National Context: Hospital Margins Rebound in 2023

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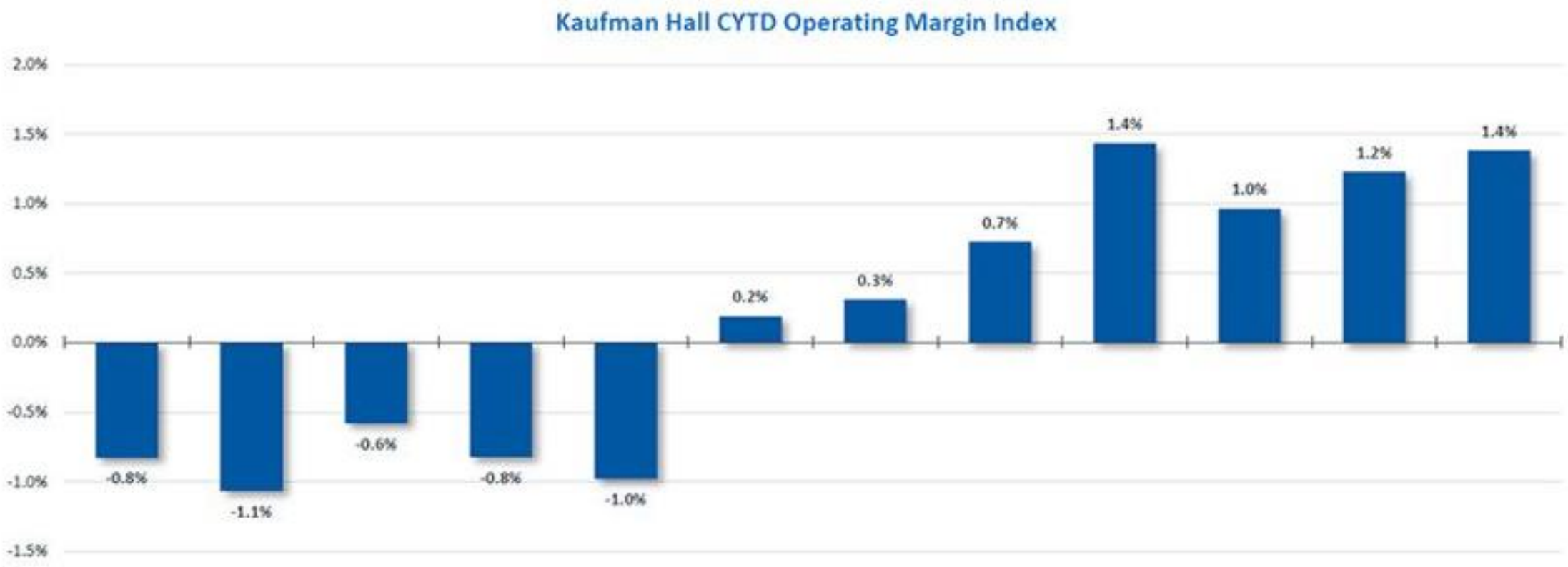

Operating Margin % = (Operating Revenues – Operating Expenses)/Operating Revenues

Vermont Hospital System FY2023

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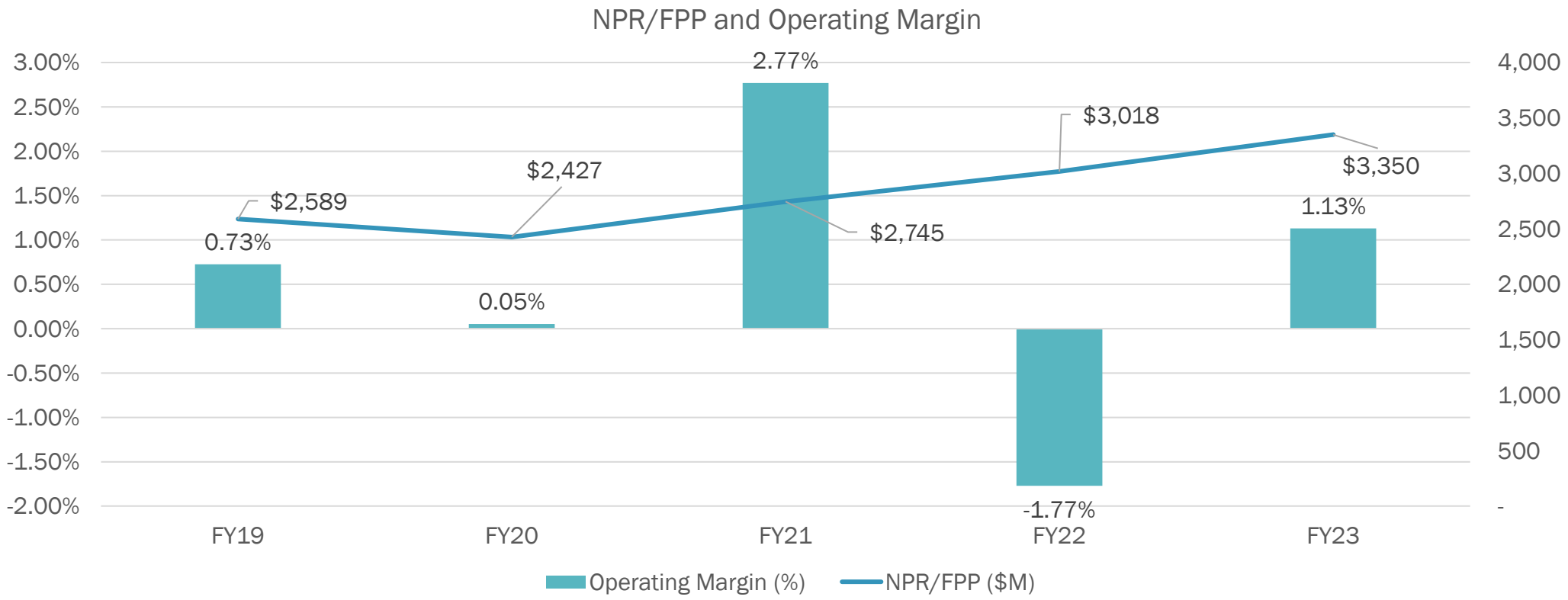

Note: NPR/FPP (NPR=Net Patient Revenue; and FPP= Fixed Prospective Payments) represent all revenues for patient services

Preliminary Operating Margin by Hospital

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Hospital	FY19	FY20	FY21	FY22	FY23
Brattleboro Memorial Hospital	0.76%	0.55%	-1.71%	-3.81%	0.09%
Central Vermont Medical Center	-2.09%	-0.56%	-1.02%	-6.51%	-6.22%
Copley Hospital	-3.17%	-3.88%	5.08%	-0.71%	-1.76%
Gifford Medical Center	-0.80%	2.53%	8.78%	6.97%	-7.58%
Grace Cottage Hospital	-6.70%	1.07%	8.02%	-6.83%	-8.44%
Mt. Ascutney Hospital & Health Ctr	0.22%	0.72%	9.14%	1.69%	2.80%
North Country Hospital	1.91%	3.74%	4.60%	-10.31%	-3.42%
Northeastern VT Regional Hospital	1.83%	1.29%	2.88%	0.23%	1.49%
Northwestern Medical Center	-8.04%	-0.93%	4.73%	-4.26%	-5.06%
Porter Medical Center	5.14%	4.00%	7.73%	3.07%	7.95%
Rutland Regional Medical Center	0.43%	0.19%	2.24%	-3.76%	2.33%
Southwestern VT Medical Center	3.26%	2.76%	4.50%	-0.17%	-3.77%
Springfield Hospital	-18.39%	-11.24%	1.17%	5.39%	-1.25%
The University of Vermont Medical Center	2.19%	-0.27%	2.27%	-1.24%	3.12%
All Vermont Community Hospitals	**0.73%**	**0.05%**	**2.77%**	**-1.77%**	**1.13%**

Note: FY23 figures are accurate as of 1/10/24 but subject to change as hospitals submit their final end-of-year actuals.

FY24 Hospital Budget Requests

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Hospital	NPR + FPP FY24B to FY22A (2 year rate)	Commercial Price FY24B to FY23P (1 year rate)	Operating Expense FY24B to FY23P (1 year rate)
Brattleboro Memorial Hospital	19.90%	1.10%	1.70%
Central Vermont Medical Center	21.40%	11.00%	7.09%
Copley Hospital	21.60%	11.30%	8.52%
Gifford Medical Center	7.20%	8.60%	0.71%
Grace Cottage Hospital	16.40%	2.00%	6.21%
Mt. Ascutney Hospital & Health Ctr	12.40%	3.40%	7.19%
North Country Hospital	21.20%	4.30%	1.20%
Northeastern VT Regional Hospital	9.00%	12.80%	8.12%
Northwestern Medical Center	10.30%	4.50%	0.35%
Porter Medical Center	28.40%	6.90%	8.81%
Rutland Regional Medical Center	7.70%	1.50%	-0.65%
Southwestern VT Medical Center	9.00%	3.90%	3.23%
Springfield Hospital	15.60%	3.40%	5.24%
The University of Vermont Medical Center	23.80%	13.50%	7.33%
SYSTEM	**19.3%**	**9.84%**	**5.71%**

Labor expenses
- Gifford recently implemented a wage analysis. They continue to review and adjust compensation based on market conditions and recently implemented a position control mechanism to optimize appropriate staffing levels.
- Rutland reduced positions and benchmarks compensation to the median of similar hospitals. They are conducting a market analysis and recently implemented processes to evaluate and establish the CEO's salary.

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Year	Median Household Income (VT)	Medicare Market Basket: Inpatient Hospital	Inflation (Hospital PPI*)	System-Wide Hospital Rate Requests**
2021	3.2%	4.9%	4.6%	6.8%
2022	5.5%	5.7%	2.1%	6.0%†
2023	4.7%***	3.4%***	3.2%	10.6%
2024	3.9%***	3.0%***	n/a	10.6%

† Initial change in charge requests. Three hospitals (Rutland, UVMMC, and CVMC) submitted mid-year requests. Factoring in those requests, the overall requests for 2022 were 12.2% for system-wide and 16.1% for UVMMC.

*US Bureau of Labor Statistics, Series PCU622110622110. Provider Price Index industry data for General medical and surgical hospitals, not seasonally adjusted
** Change in Charge Requests
*** Forecasted Values.
Sources: Median Household Income for 2021-2022 is from the U.S. Census Bureau and 2023-2029 forecasted by Moody's Analytics. Medicare Market Basket Data is sourced from the IHS Global Inc. (IGI) 2023Q1 Forecast released by CMS, OACT, National Health Statistics Group.

Cumulative Average Change to QHP Rates

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Cumulative Average Change to Rate (2018 base year)				
	MVP - I	MVP - SG	BCBS - I	BCBS - SG
2019	6.6%		5.8%	
2020	17.4%		18.9%	
2021	20.5%		23.9%	
2022	35.8%	21.5%	29.7%	15.6%
2023	61.9%	60.6%	44.5%	29.1%
2024	80.4%	60.2%	64.6%	46.2%

QHP = Qualified Health Plan
I = Individual
SG = Small Group

Requested and Approved QHP Rates

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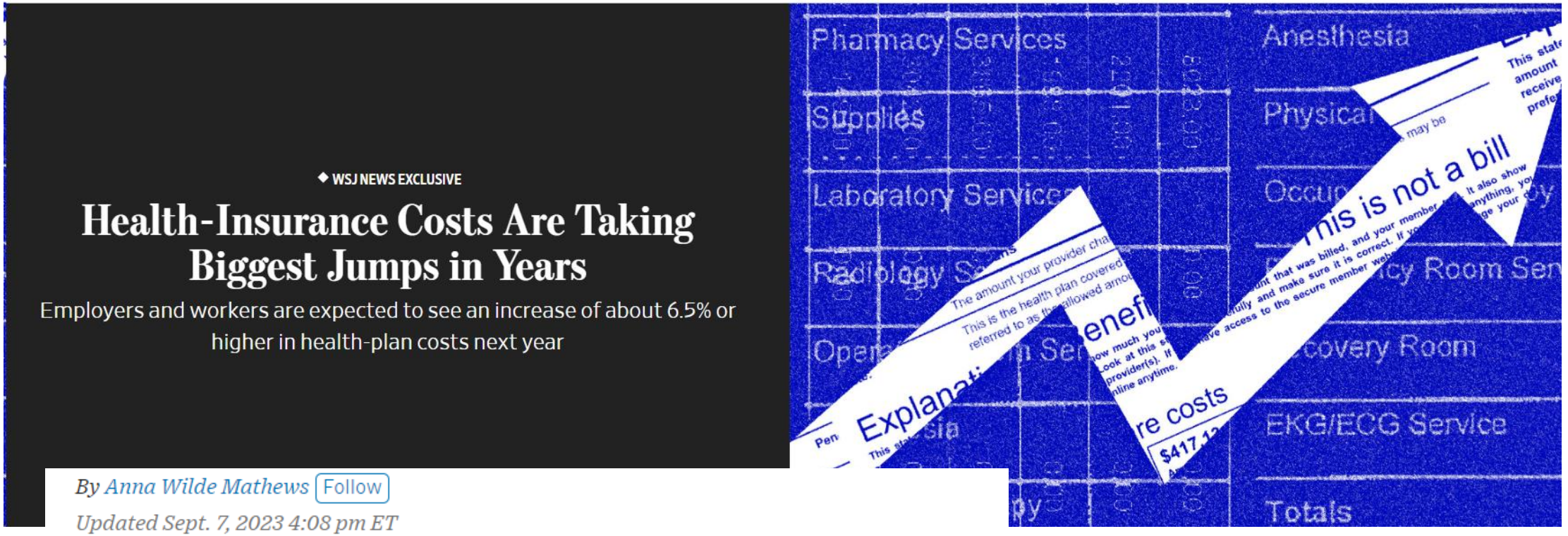
Requested Change to Written Premium	MVP	BCBSVT	VISG Total
2019	$ 15,734,195	$ 26,021,143	$ 41,755,338
2020	$ 19,024,976	$ 47,134,181	$ 66,159,157
2021	$ 18,270,092	$ 18,557,919	$ 36,828,011
2022	$ 25,959,935	$ (1,555,793)	$ 24,404,142
2023	$ 63,522,070	$ 46,571,562	$ 110,093,632
2024	$ 30,667,082	$ 56,258,681	$ 86,925,763
Total	$ 173,178,350	$ 192,987,693	$ 366,166,043

Approved Change to Written Premium	MVP	BCBSVT	VISG Total
2019	$ 9,590,309	$ 20,082,027	$ 29,672,336
2020	$ 17,700,895	$ 37,571,380	$ 55,272,275
2021	$ 6,745,291	$ 12,170,952	$ 18,916,243
2022	$ 14,955,765	$ (3,948,557)	$ 11,007,208
2023	$ 49,815,415	$ 35,427,192	$ 85,242,607
2024	$ 28,674,243	$ 51,330,177	$ 80,004,420
Total	$ 127,481,918	$ 152,633,171	$ 280,115,089

The cumulative difference between the Requested and Approved Premium Rates over this period of time is 23.5%.

QHP = Qualified Health Plan
VISG = Vermont Individual and Small Group

THE WALL STREET JOURNAL.



◆ WSJ NEWS EXCLUSIVE

Health-Insurance Costs Are Taking Biggest Jumps in Years

Employers and workers are expected to see an increase of about 6.5% or higher in health-plan costs next year

By *Anna Wilde Mathews* Follow

Updated Sept. 7, 2023 4:08 pm ET

Save 920 Listen (7 min)

Health-insurance costs are climbing at the steepest rate in years, with some projecting the biggest increase in more than a decade will wallop businesses and their workers in 2024.

Costs for employer coverage are expected to surge around 6.5% for 2024,

Health Care Landscape Trends
Affordability

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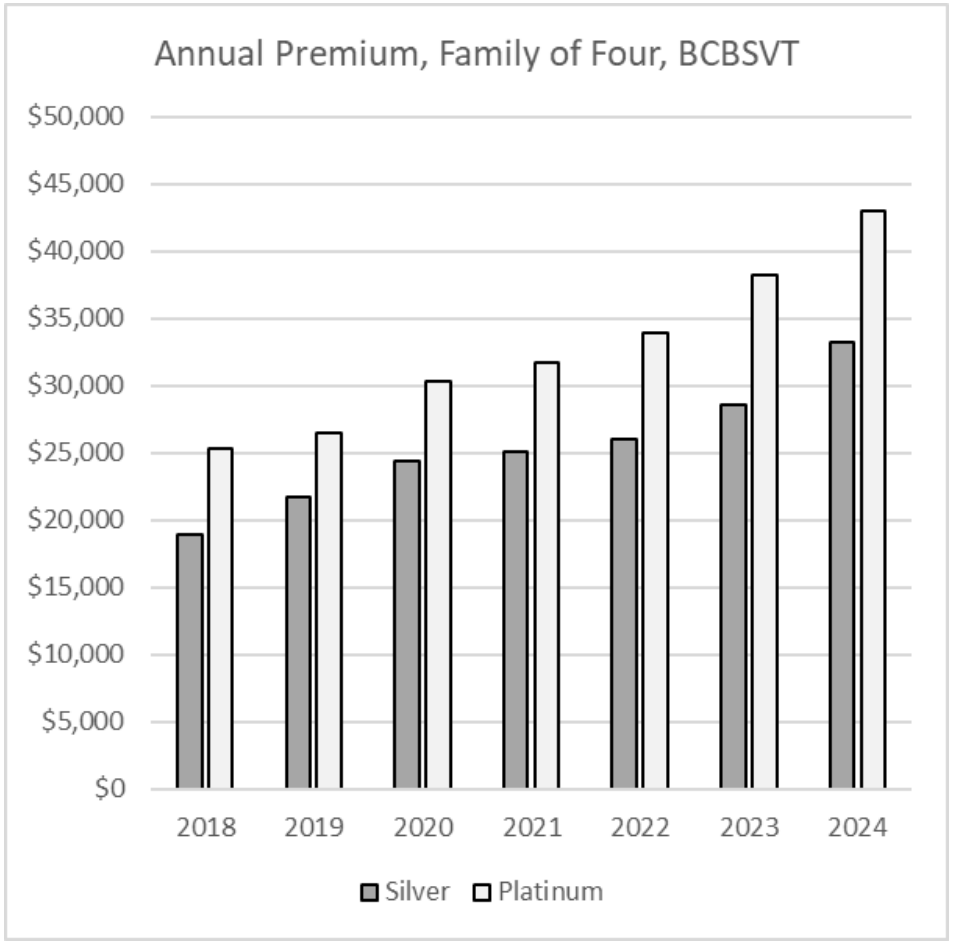

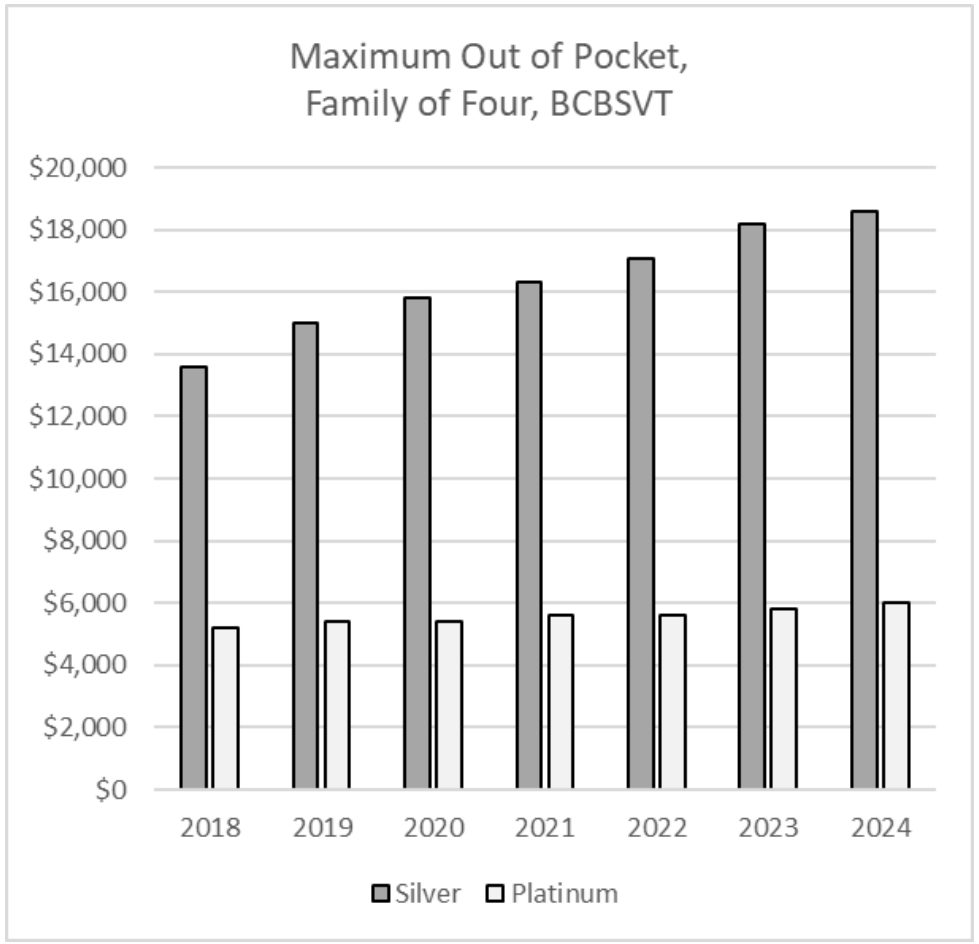

Note. Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies. Enhanced subsidies from APRA will continue through 2025.

FY2024 Hospital Budget Decisions

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Charge Increases					
Hospital	**FY23 Approved**	**FY24 Submitted**	**FY24 Approved**	**2-Year Submitted**	**2-Year Approved**
System-Wide	10.5%	10.6%	4.1%	21.1%*	14.6%*
Brattleboro Memorial Hospital	14.6%	1.5%	1.5%	16.1%	16.1%
Central Vermont Medical Center (CVMC)**	10.0%	10.0%	5.0%	20.0%	15.0%

Charge Increases (continued)					
Hospital	**FY23 Approved**	**FY24 Submitted**	**FY24 Approved**	**2-Year Submitted**	**2-Year Approved**
Copley Hospital	12.0%	15.0%	8.0%	27.0%	20.0%
Gifford Medical Center	3.7%	3.6%	3.6%	7.3%	7.3%
Grace Cottage Hospital	5.0%	4.0%	4.0%	9.0%	9.0%
Mt Ascutney Hospital and Health Center	4.7%	5.1%	5.1%	9.8%	9.8%
North Country Hospital	12.2%	4.5%	4.0%	16.7%	16.2%
Northeastern Vermont Regional Hospital (NVRH)	10.8%	15.0%	8.0%	25.8%	18.8%
Northwestern Medical Center	9.0%	6.0%	6.0%	15.0%	15.0%
Porter Hospital**	3.5%	5.0%	3.1%	8.5%	6.6%
Rutland Regional Medical Center	17.4%	5.6%	5.6%	23.0%	23.0%
Southwestern Vermont Medical Center	9.5%	6.6%	6.6%	16.1%	16.1%
Springfield Hospital	10.0%	7.0%	6.0%	17.0%	16.0%
University of Vermont Medical Center (UVMMC)**	10.1%	10.0%	3.1%	20.1%	13.2%

*The 2-year Medicare inpatient market basket growth is 7.0% from FY22-FY24. The 2-year median wage growth in Vermont is 8.6% from CY22-CY24. The weighted system-wide 2-year GMCB-approved charge increases from FY13-FY22 (including mid-year) is 8.8%.
** For FY23, the UVMHN hospitals used commercial effective rates as their approved rate increases, which were: 12.50% for CVMC, 11.50% for Porter Hospital, and 14.77% for UVMMC.

GMCB made adjustments to seven hospitals' budgets to limit the rate increases that impact commercially insured patients, representing a 7.8% reduction (**$145 million**) from submitted budgets.

Source: Press Release GMCB ESTABLISHES FY24 HOSPITAL BUDGETS BALANCING AFFORDABILITY AND SUSTAINABILITY

NPR + FPP Approved vs. Submitted

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Hospitals	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Brattleboro Memorial Hospital	-	(164,000)	-	(97,012)	(18)	(1,323,196)	(1,283,242)	(1,820,443)	-	(2,469,448)	-	-
Central Vermont Medical Center	-	(809,000)	-	-	(1,389,660)	(31,044)	-	-	(932,382)	(1,917,742)	-	(16,919,056)
Copley Hospital	(384,572)	-	-	(482,052)	-	(1,638,974)	(1,836,660)	-	(368,445)	(734,249)	-	-
Gifford Medical Center	-	-	-	-	-	16,619	-	-	-	-	-	-
Grace Cottage Hospital	-	-	-	-	-	-	-	(998,848)	(362,846)	(281,500)	-	-
Mt. Ascutney Hospital & Health Ctr	-	-	-	-	-	287,028	-	(1,251,758)	-	-	-	-
North Country Hospital	-	-	-	-	-	(596,182)	-	-	-	(895,024)	-	(496,000)
Northeastern VT Regional Hospital	-	(344,315)	-	(392,000)	-	(190,101)	(411,692)	(186,650)	-	-	-	(8,381,484)
Northwestern Medical Center	-	-	-	(475,500)	(931,081)	(1,375,708)	-	-	(4,677,512)	-	-	-
Porter Medical Center	(465,931)	-	-	-	1	463,665	-	-	-	-	-	-
Rutland Regional Medical Center	-	-	-	-	-	(583,948)	-	-	-	-	-	-
Southwestern VT Medical Center	-	-	-	-	(429,951)	-	-	-	-	-	-	-
Springfield Hospital	-	-	(292,000)	-	-	-	-	10,000	(918,621)	(2,990,690)	-	(516,000)
The University of Vermont Medical Center	-	(3,772,014)	-	-	(2,451,429)	(1,255,121)	-	(3,076,000)	(9,317,899)	-	-	-
Total Submitted	2,123,718,898	2,186,359,996	2,229,352,637	2,308,927,609	2,421,244,641	2,502,528,545	2,611,028,468	2,724,666,167	2,807,046,674	2,968,094,825	3,274,821,586	3,604,812,678
Total Approved	2,122,868,395	2,181,270,667	2,229,060,637	2,307,481,045	2,416,042,503	2,496,301,583	2,607,496,874	2,717,342,468	2,790,468,969	2,958,806,172	3,274,821,586	3,578,500,138
Percent Approved	**99.96%**	**99.77%**	**99.99%**	**99.94%**	**99.79%**	**99.75%**	**99.86%**	**99.73%**	**99.41%**	**99.69%**	**100%**	**99%**

Note: approved amounts include adjustment for transfers and mid-year modifications

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A BRIEF HISTORY OF ACT 167

Balancing hospital sustainability and affordability

Rural Hospitals Have Been Struggling

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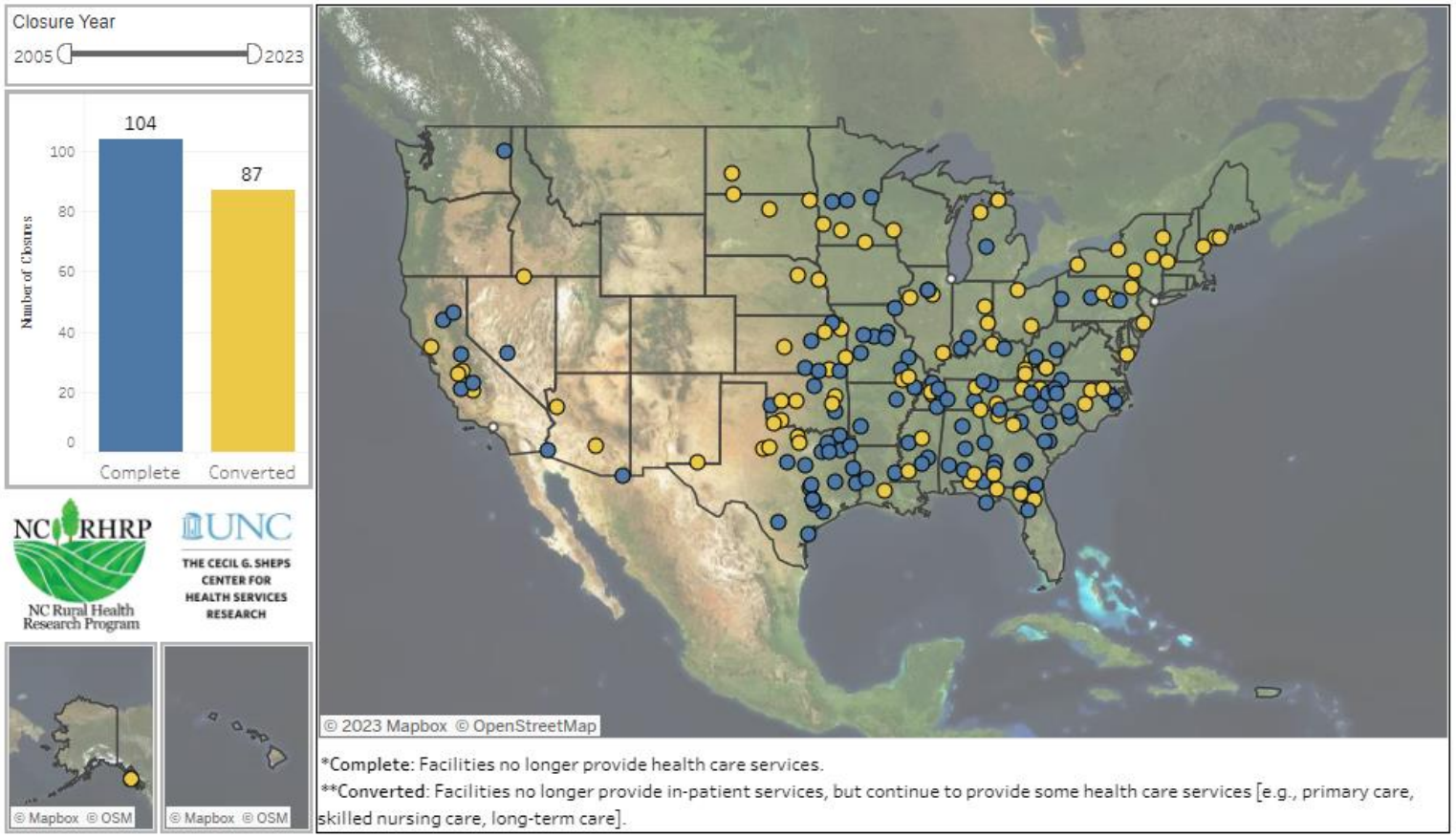

191 closures since 2005 (148 since 2010)

Designation: 39% PPS, 35% CAH

Rurality: 40% small rural, 34% large rural, 23% isolated

Source: https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/

Vermont hospitals were no exception…

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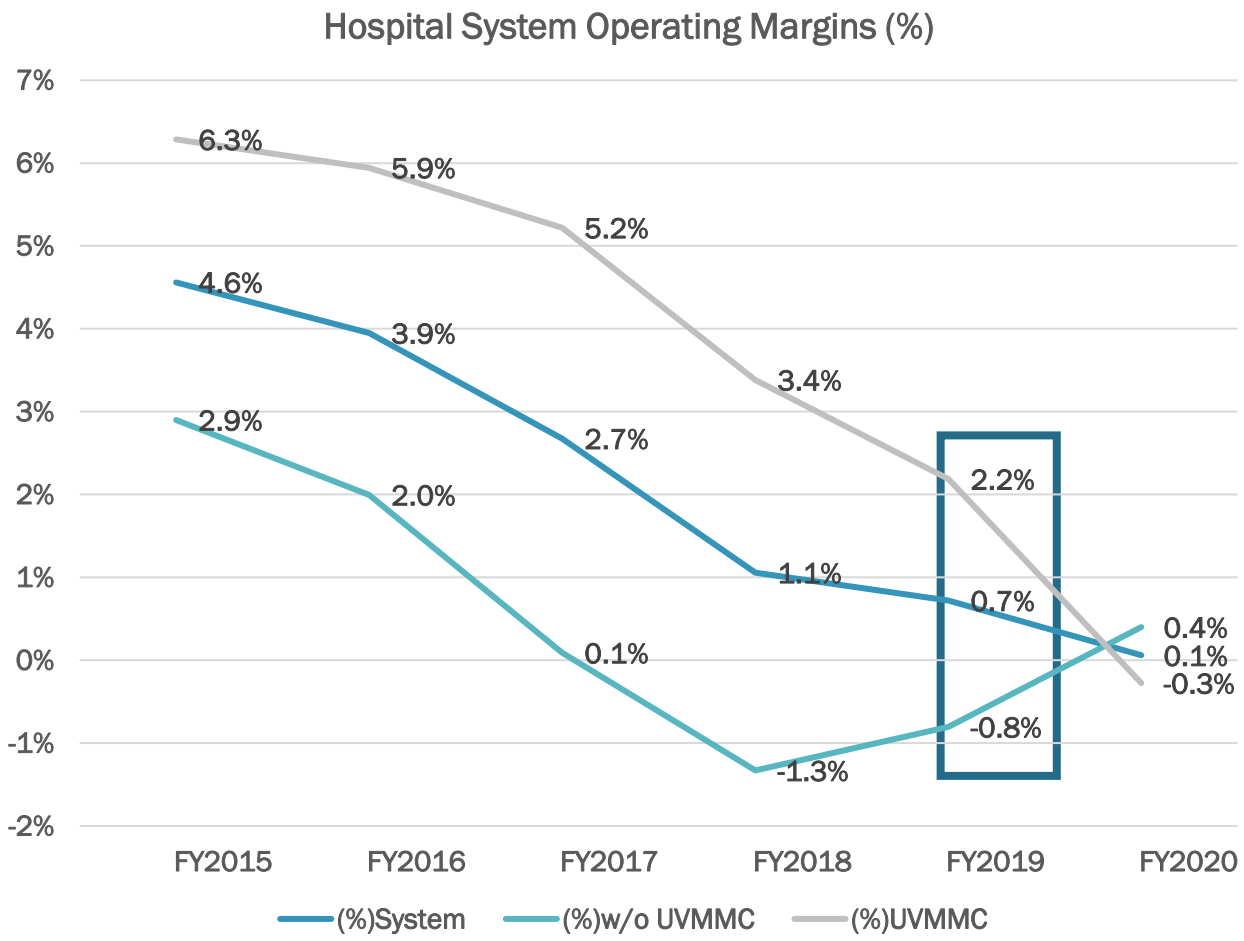

*Note FY2020 includes COVID Relief Funds and Expenses

Vermont's Springfield Hospital Files For Bankruptcy

Vermont Public | By Howard Weiss-Tisman
Published June 27, 2019 at 10:19 AM EDT

▶ LISTEN • 3:29

Howard Weiss-Tisman / VPR

Without a systems solution, the tension remains…

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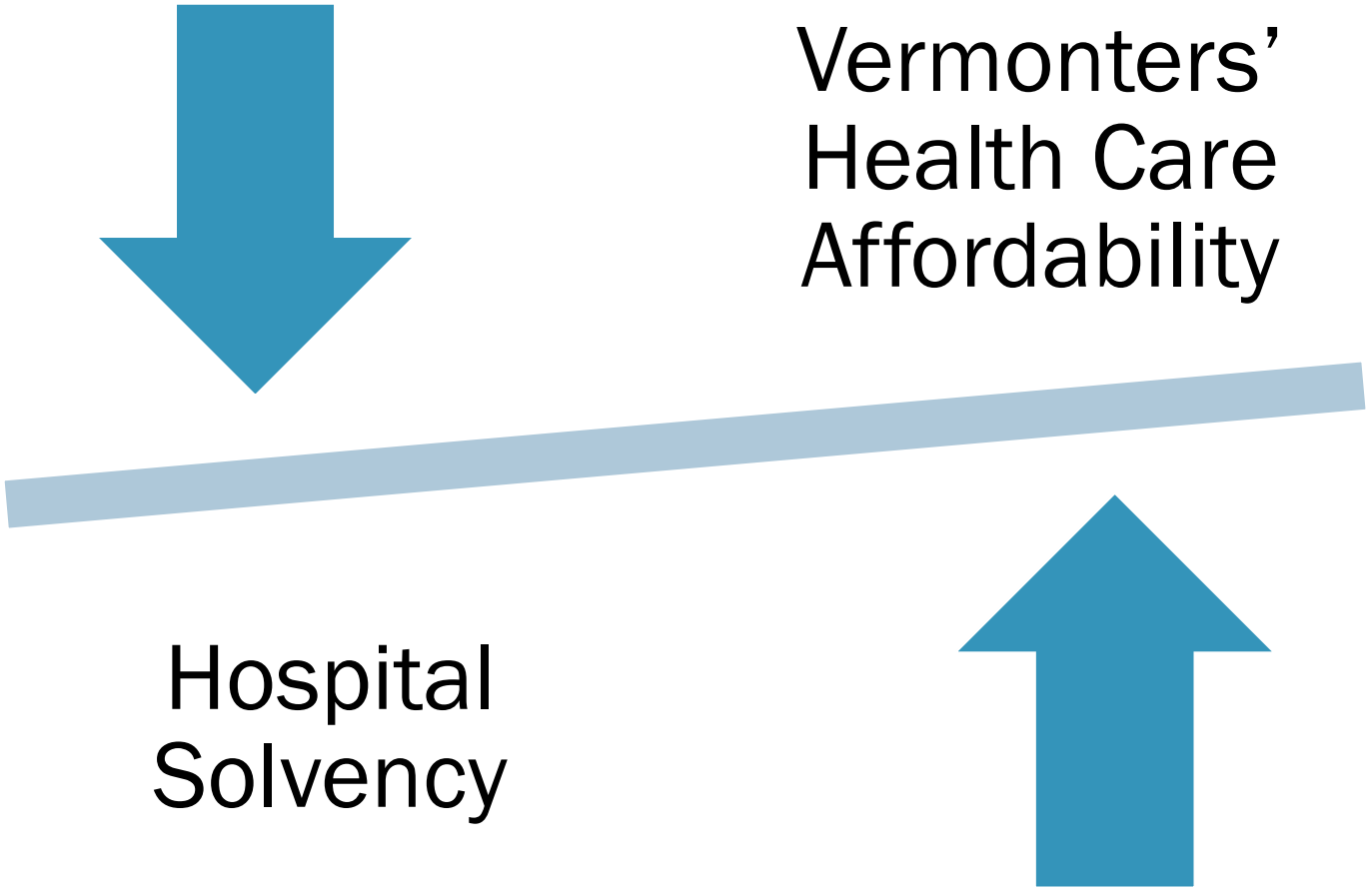

Hospital Sustainability & Affordability 2019-Present

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Trends of Rural Hospital Closures

- GMCB convenes Rural Health Services Task Force (Act 26 of 2019)
- GMCB requires 6 of 14 hospitals to develop sustainability plans

Expanded Focus on Sustainability Planning

- GMCB requirement for sustainability planning expanded to all hospitals
- Legislature passes Act 159 requiring GMCB to provide recommendations to improve hospital sustainability

GMCB Develops Recommendations

- GMCB's Act 159 Hospital Sustainability Report provides recommendations for balancing hospital sustainability, affordability, access, and quality.

Legislature Passes Act 167

- Act 167 Sec. 1 and 2 provide funding to implement the recommendations from the hospital sustainability report, including community engagement to support hospital transformation

Act 167 Work Underway

- Act 167 outlined multiple work streams that support hospital sustainability
- This work is ongoing and will continue throughout 2024

History of Act 167

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In its February 2022 report to the legislature, the GMCB recommended that the legislature appropriate funding to:

1) Design and implement Hospital Global Payments
   - …that are predictable, flexible, and sufficient to equitably deliver high-quality, affordable care to Vermonters;
2) Health systems optimization experts to facilitate a community-engaged redesign of our health care system to reduce inefficiencies, lower costs and improve health outcomes; and
3) Provide the resources necessary for hospitals and communities to transform Vermont's delivery system.

Additionally, GMCB recognized the need for critical investments in Primary Care, Mental Health and Medicaid Payment Rates.

Act 167 (2022) Sections 1 and 2

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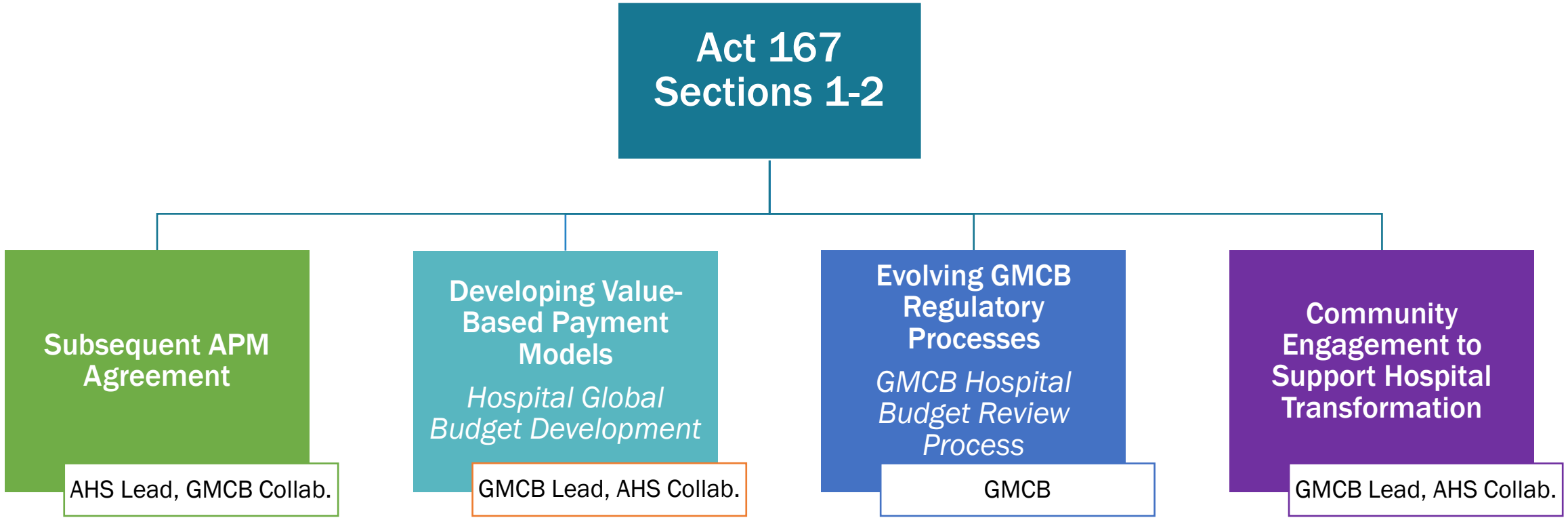

Link to legislation: https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT167/ACT167%20As%20Enacted.pdf
Link to GMCB Hospital Sustainability and Act 167 webpage: https://gmcboard.vermont.gov/hospitalsustainability

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ACT 167 COMMUNITY ENGAGEMENT UPDATE

Hospital system transformation and community engagement process (2022 Acts and Resolves No. 167, Sec. 2)

Act 167 (2022) Sections 1 and 2

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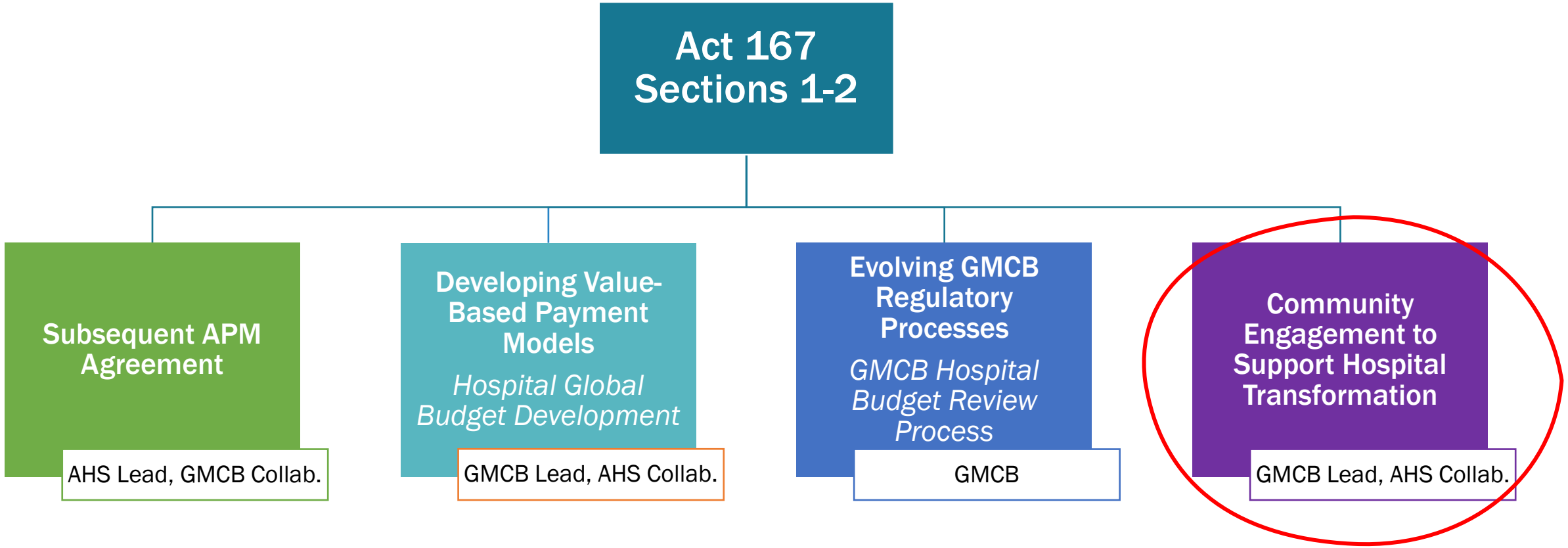

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Oliver Wyman Expertise

- Clinician leader & facilitator
- Executive leadership in healthcare systems
- Rural hospitals
- Examining health disparity and overcoming health equity barriers (Southerlan)
- 3 years experience in VT with COVID data modeling and health services wait time report (Hamory)

Bruce H. Hamory, MD FACP

Partner & Chief Medical Officer, Healthcare & Life Sciences

- Helps providers, health systems and countries to redesign their delivery systems to improve value by improving quality and reducing costs
- Has worked with many groups to improve their operations, design appropriate physician compensation and institute new systems of care and management to improve performance
- Prior to joining Oliver Wyman, he was Executive Vice President, System Chief Medical Officer at Geisinger, and was previously Executive Director of Penn States' Hershey Medical Center and COO for the campus
- Has over 50 years of experience in health care practice, teaching, leadership, and redesign of systems for improvement

Elizabeth Southerlan

Managing Director, Healthcare & Life Sciences

- Has more than 15 years of experience partnering with healthcare provider systems to identify and deliver value from expansion opportunities
- Provides strategic guidance to healthcare leaders in a range of areas: corporate and operational strategy, organizational strategic design, health equity strategy and operationalization, product and service line design and launch, M&A strategy and execution, strategic transformation, contracting and renegotiation strategy, and operational performance improvement
- Earned a bachelor's degree in industrial engineering from The Pennsylvania State University and a master's degree in systems engineering and management from the Massachusetts Institute of Technology

Statewide Community Engagement: Progress and Timeline

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Engagement Plan Development
- August-October 2023

Round 1 Meetings: Community and Provider Listening Sessions
- October-November 2023

Current Stage →

Data Synthesis and Analysis
- December-March 2024

Round 2 Meetings: Communication and Discussion of Options/Recommendations
- Spring 2024

Statewide Community Engagement: Numbers To Date

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1800+
participants
Across all stakeholder types and meetings[1]

~52
Participants
On average per community meeting, including state-wide meetings

100+
Organizations
Contacted

Meeting Type	# of Meetings	Estimated # of Attendees[1]
Stakeholder meetings on engagement plan	16	91[2]
Hospital Leadership and Boards	28	235
Diverse Populations	13	96
State Partners	12	18
Community Leaders	3	6
Community Meetings *(public HSA level)*	18	931
Provider Meetings *(public HSA level)*	14	460
Provider interviews and sessions	15	128

1: The number of attendees provided is an estimate as there are pending meetings, and technical errors/malfunctions in producing some attendance reports;
2: The 91 participants are excluded from the 1.8K total as they are accounted for in the other meeting types

Key themes from Round 1 (preliminary)

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- The Oliver Wyman team is wrapping up their synthesis of Round 1 feedback.
- Community members and providers reported challenges and bright spots within these key themes in Round 1.
  - Hospital/provider operations
  - Coordination between organizations
  - Transport and infrastructure
  - Workforce
  - Financials
  - Patient-centered care
  - Healthcare services
- Qualitative and quantitative data will inform Round 2 conversations about options/recommendations.

Community Engagement Next Steps

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- **Spring:** In-person hospital and community meetings to discuss and refine options/recommendations

- **Summer:** Options/recommendations updated based on community meetings and submitted to the GMCB

Act 167 (2022) Sections 1 and 2

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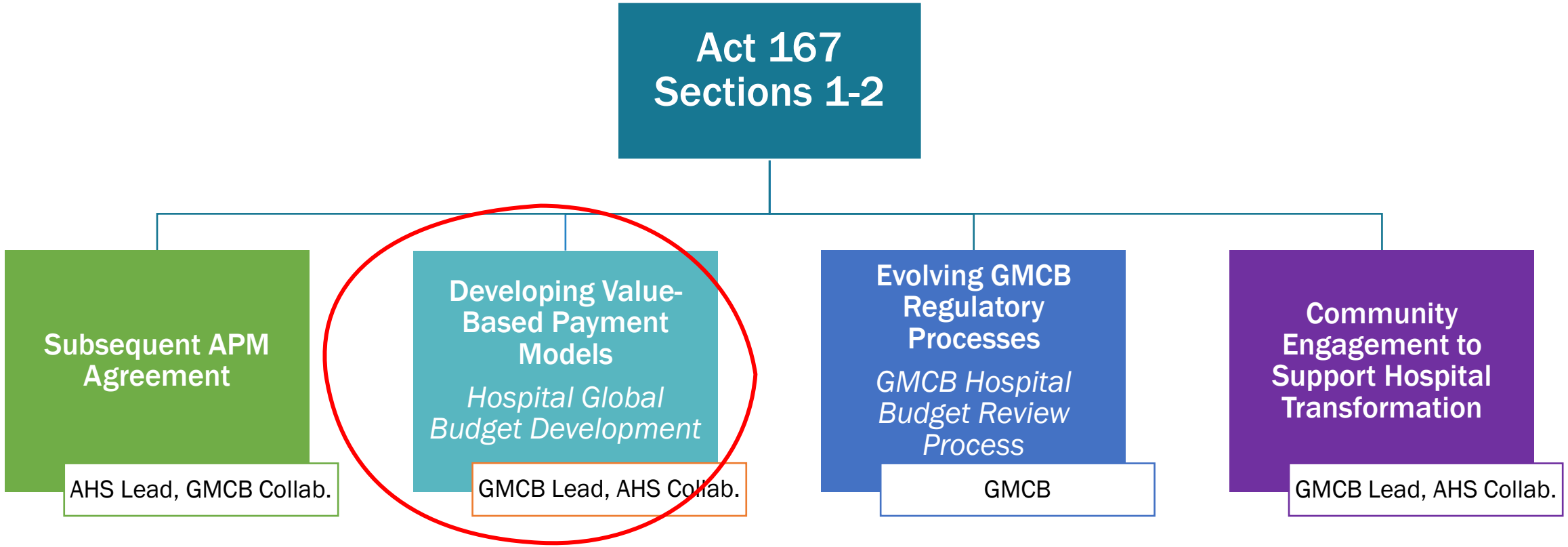

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Hospital Global Payment Development

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Act 167 requires the Director of Health Care Reform (in collaboration with the GMCB) to consider Global Payments in the negotiation of the state's next agreement with the CMS and for the GMCB (in collaboration with AHS) to develop "value-based payments, including global payments, from all payers to Vermont hospitals or accountable care organizations, or both, that will:

(A) help move the hospitals away from a fee-for-service model;

(B) provide hospitals with predictable, sustainable funding that is aligned across multiple payers, consistent with the principles set forth in 18 V.S.A. § 9371, and sufficient to enable the hospitals to deliver high-quality, affordable health care services to patients;

(C) take into consideration the necessary costs and operating expenses of providing services and not be based solely on historical charges; and

(D) take into consideration Vermont's rural nature, including that many areas of the State are remote and sparsely populated."

Hospital Global Payment Development

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To implement all-payer global payments for hospitals requires Medicare's participation and a federal waiver to pay for care differently (included in the AHEAD model)

- AHS/Director of Health Care Reform leading negotiation with CMS (and AHEAD model application)

GMCB Role & Work to Date

- GMCB staff have been working with AHS/Director of Health Care Reform to lead the Global Budget Technical Advisory Group (GB TAG) to solicit input from a variety of stakeholders in anticipation of Medicare's release of their Global Budget Methodology.

Global Budget TAG
Purpose and Meeting Structure

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Members: Representatives of hospitals, payers, unions, advocates; members invited based on technical expertise.

Charge: Make recommendations for conceptual and technical specifications for a multi-payer Vermont hospital global budget program by the time CMMI introduces a future multi-state model.

- Anticipate federal limits and guardrails for any state-developed methodology to ensure alignment with federal principles
- Goal is a multi-payer model with broad commercial and Medicaid participation; "straw model" focused on Medicare to support CMMI negotiations, identifying areas where Medicaid and commercial may need to vary

Meetings: Approximately every 3 weeks for 2 hours from January 2023 – February 2024. All materials posted publicly.

Global Budget TAG
Analysis & Discussion Topics

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Scope:

- ☑ Defining services included in hospital global budget payments
- ☑ Defining populations included in hospital global budget payments
- ☑ Commercial payer participation
- ☑ Provider participation

Calculating global payments:

- ☑ Calculating baseline budget
- ☑ Defining potential budget adjustments (annual, periodic, and ad hoc) and adjustment methodologies

Transformation, administration, evaluation:

- ☑ Strategies to support care transformation and quality
- ☑ Program administration
- ☑ Evaluation and monitoring

Hospital Global Payment Development Next Steps

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1. Continue to build on work of GB TAG to build out the Vermont-specific Medicare model and technical specification to be submitted consistent with the AHEAD NOFO
   - Medicare to release AHEAD global hospital payment specifications – expected in February 2024
   - Hospital-specific Medicare global payment estimates in development
   - Compare VT-specific Medicare model with Medicare specification

2. GMCB now beginning Board member and public education on the Vermont-specific Medicare model.

Act 167 (2022) Sections 1 and 2

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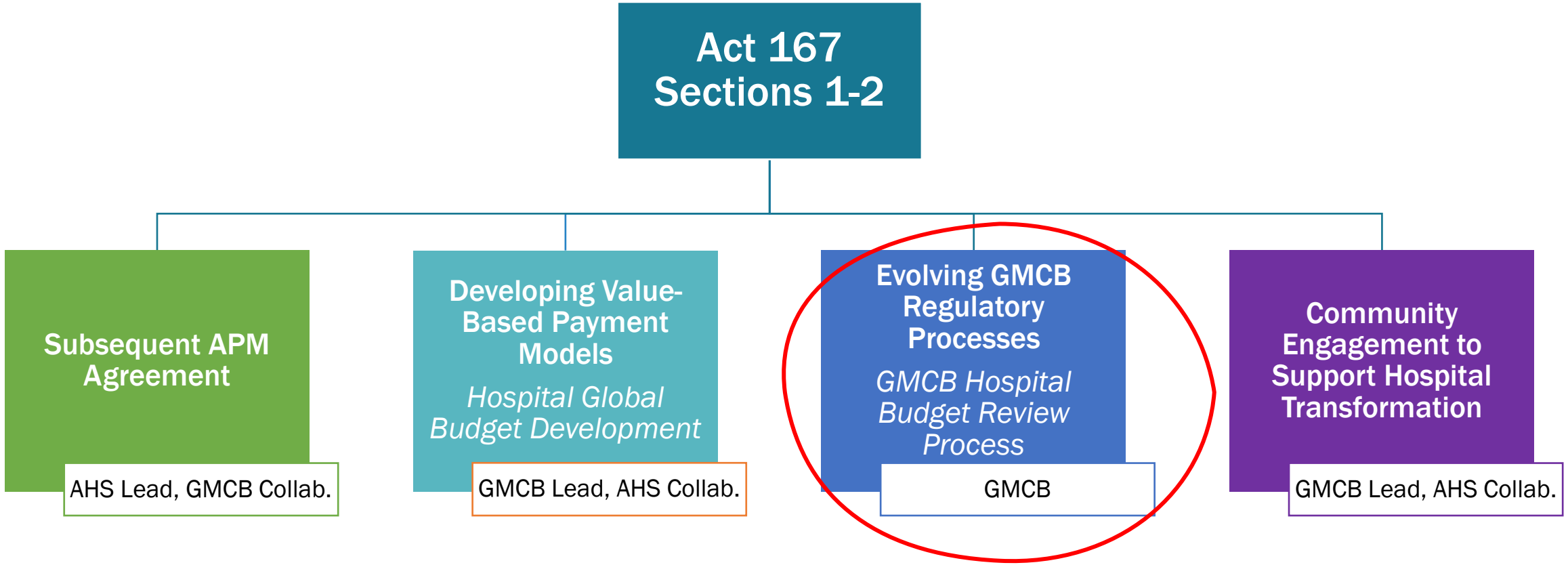

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Evolving the Hospital Budget Review Process

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Act 167 of 2022 asked the GMCB to…

1. Recommend a methodology for determining the allowable rate of growth in Vermont hospital budgets
2. Determine how to best incorporate value-based payments/hospital global payments into the Board's regulation of hospital budgets
3. Consider the appropriate role of global payments for Vermont hospitals

Resolving the above requires understanding what can be negotiated in the next agreement with CMS; evolving the regulatory process is currently ongoing and will be a multi-year process.

Brief History of Hospital Budget Regulation

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1992

Vermont Health Care Authority

Merged Health Policy Council, Health Data Council, and Certificate of Need Review Board

1995

Banking, Insurance, Securities, and Health Care Administration (**BISHCA**)

Established authority to limit hospital budgets

2011

Green Mountain Care Board

BISHCA renamed to Dept of Financial Regulation

Why Regulate Hospitals?

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Hospital expenditures make up nearly half of all Vermont health care expenditures, a higher percentage than spent by other states.

Vermont's health care system is highly concentrated. Regulation is essential to contain costs in noncompetitive/monopoly markets.

Continuous Improvement of the Hospital Budget Review: Board Goals

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Before the passage of Act 167, GMCB had already begun reviewing its regulatory process:

1. Establish objective metrics for hospitals' financial health
2. Improve evaluation of delivery system and hospital performance
   (e.g. care quality, access to care, cost efficiency and productivity)
3. Alignment of GMCB regulatory processes, particularly hospital budgets and rate review
4. Increase consistency and predictability of the regulatory process
5. Minimize administrative burden as appropriate

FY2024 Hospital Budget Review

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Refocus to better **balance hospital sustainability** and **affordability**

1. Established a two-year **Net Patient Revenue** target of **8.6%**, based on APM growth target, which aims to bring VT health care spending in line with economic growth
2. Capped hospital **commercial rate increases by payer**, creating a more direct link between hospital budget review and insurance rate review

Increased **evidenced-based regulation** through greater reliance on data and benchmarks to peers and national trends; see Budget Review Tool.

FY2025 Hospital Budget Review Planning

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The Board does not approve the FY25 guidance until March 2024, however staff are contemplating:

1. Establishing ***benchmarks*** for ***Net Patient Revenue***, ***Commercial Prices***, ***Operating Efficiency,*** *and* ***Financial Health.***
2. Continue evolution of a more ***patient centered*** monitoring framework, incorporating a more robust understanding of a community's access, quality, and affordability of care.
3. Continue to ***improve data collection*** and ***analytic processes***, standardizing and automating where appropriate.
4. Solicit initial thoughts from hospitals on transformation and lessons learned from ***Act 167 community engagement*** discussions and recommendations.

What's Next for the GMCB?

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Sustainability: Act 167 community engagement recommendations to improve the sustainability of our health care system, balancing health care quality, access, and affordability.

Affordability: Evaluate options for advancing payment reform to improve health care affordability and a more efficient allocation of heath care resources.

Quality: Increase transparency of health system quality reporting.

Access: Leverage insights from Act 167 community engagement and expand data collection on wait times and barriers to health care access.