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MEMORANDUM

To: Representative Martha Heath, Chair, House Committee on Appropriations
From: Representative Michael Fisher, Chair, House Committee on Health Care
Cc: Representative Janet Ancel, Chair, House Committee on Ways & Means
Date: March 11, 2014
Subject: Health Care Committee FY 2015 budget memo

2% increase to Medicaid provider rates

The House Health Care Committee urges the House Appropriations Committee to include in the FY 2015 budget the Governor's recommended two percent rate increase for Medicaid participating providers. This increase represents an important step in addressing the cost-shift by attempting to maintain a rate-of-inflation increase for Medicaid providers. Failure to keep pace with inflation does not reduce the cost of health care, it merely shifts the burden of inflationary increases onto private health insurance rates.

The increase is also part of building and maintaining trust with the provider community, which is critical at this time of historic health care reform. This is a real concern for those of us who are measuring the sustainability of independent practitioners who take Medicaid, as well as the sustainability of our network for human service providers who are funded through Medicaid. It is a priority of the Health Care Committee that provider rates in Medicaid not be cut and the Committee strongly encourages adoption of the two percent rate increase, as well.

Funding for Health Care Advocate

Act 171 of 2012 and Act 79 of 2013 significantly increased the role of the Health Care Advocate, formerly the State Health Care Ombudsman, without a corresponding increase in resources to carry out the new responsibilities. In addition to its prior duties, including assisting consumers with choosing health plans and identifying, investigating, and resolving consumer complaints related to Medicaid and health insurance, the Health Care Advocate is now expected to participate in the health insurance rate review process, accept referrals from the Exchange and Exchange navigators to help consumers with Exchange-related grievances and appeals, and provide information to individuals and employers about their obligations under the Affordable Care Act. In addition, the Advocate may appeal decisions of the Green Mountain Care Board on behalf of consumers regarding health insurance rates and certificates of need and may represent

the interests of the public in cases requiring a hearing before that Board. Many of Advocate's duties would have been handled in the past by the Department of Financial Regulation. The Department did not see a corresponding decrease in its funding when its responsibilities relating to health insurance rate review, certificates of need, and hospital budgets were transferred to the Green Mountain Care Board, but neither did the Health Care Advocate see a corresponding increase in funding as its responsibilities increased. The General Assembly simply demanded that the Health Care Advocate provide more services without supplying the resources necessary to do so.

The House Health Care Committee believes strongly in the work of the Health Care Advocate. The Committee feels it is of the utmost importance that the funding for the Health Care Advocate be sufficient to allow the work to continue and that it is vital that the funding source be centralized within one agency or department. Consolidating the funding will ensure that it can be monitored and evaluated as a line item in that agency or department's budget. The Committee also believes it is important to keep the funding source separate from the departments, boards, and industries for which the Health Care Advocate provides public oversight in order to maintain a robust and independent Advocate and ensure consumer confidence in the health care system.

New positions

The Health Care Committee supports establishing the Clinical Operations Nurse Case Manager and Health Programs Administrator positions in the Department of Vermont Health Access.

Medicaid budget language

The Health Care Committee supports the proposal to amend 32 V.S.A. § 307(d)(5) to shift the Medicaid budget inflation increase benchmark from hospital budgets to the Green Mountain Care Board's expenditure trends.

Emergency rulemaking authority

The Health Care Committee supports allowing the Agency of Human Services to adopt emergency rules prior to December 31, 2014 if changes are needed to ensure Vermont's Health Benefit Exchange complies with federal guidance and regulations.