Vermont Association of Hospitals and Health Systems

VAHHS Testimony on S. 278, Regulatory Framework for Ambulatory Surgical Centers
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Thank you for inviting me to testify on the hospital experience in Vermont's regulatory framework for health care.

There are generally two approaches a state can take to health care oversight: health care as a commodity or health care as a public good. States that treat health care as a commodity provide minimal oversight, like licensing. This approach supports competition but can ultimately drive up health care costs for the entire system.

Vermont treats health care as a public good. Under 18 V.S.A. § 9401, the State must ensure that all residents have access to quality health services at costs that are affordable through overseeing cost containment.

Vermont's not-for-profit hospitals participate in this regulatory framework in a variety of ways:

- **Licensing**, Chapter 43 of Title 18: The purpose of hospital licensing is to provide standards for the construction, maintenance, and operation of hospitals to promote safe and adequate treatment. These requirements address such issues as fire codes, sanitary conditions, medical records, nurse oversight, and patient complaint processes. Much like restaurants and other licensed entities, hospitals are subject to inspection at any time

- **Health Resources Allocation Plan**, 18 V.S.A. § 9405: This plan addresses access, quality, and cost containment by identifying and prioritizing the needs in health care services, programs, and facilities as well as the resources available to meet those needs. The plan includes identification of the current supply and distribution of hospital services, the overall quality and cost of services, and individual hospital four-year capital budget projections. The Green Mountain Care Board has proposed changing these requirements in H.669 while maintaining a focus on access, quality, and cost containment.

- **Community Health Needs Assessment**, 18 V.S.A. § 9405a: Vermont law requires hospitals to engage with their communities in identifying and addressing health care needs in their local area. Hospitals must post on their websites a description of the community's identified needs, strategic initiatives developed to address the identified needs, annual progress on the implementation of the initiatives, and opportunities for public participation. This is also a federal requirement for non-for-profit hospitals, and hospitals can meet the Vermont standards if they meet the federal requirements.

- **Report Cards/Community Reports**, 18 V.S.A. § 9405b: This allows for a direct comparison between hospitals on measures of quality, patient safety, health care-associated infections, staffing, and financial health. Hospitals are also required to report charges for high volume health care services. This section also requires hospitals to post on their websites opportunities for public participation, consumer complaint processes, and information on governing body members.

- **Provider credentialing**, 18 V.S.A. § 9408a: This provision aligns the credentialing process so it is more uniform.

- **Budget review**, 18 V.S.A. § 9451: As part of Vermont's efforts around cost containment, the Green Mountain Care Board oversees hospital budgets. The Green Mountain Care Board sets a target for budgets. Hospitals then develop and present their budgets for approval by the Green Mountain Care Board. For FY 2018, the Green Mountain Care Board analyzed:
    - Utilization information
    - Net patient revenue and expenses
    - Prior budget performance
    - Financial and other key performance indicators and comparison to state, regional, and national peers
    - Staffing needs
    - Capital expenditure needs
    - In-state and out-of-state migration
    - Comments from the Office of the Health Care Advocate
    - Comments from the public

    This budget process informs the Green Mountain Care Board's oversight of insurance rates and the cost of health care coverage for Vermonters.

- **Bill back**: Hospitals contribute to the work of the Green Mountain Care Board, the Office of the Health Care Advocate, and Vermont Program for Quality in Health Care. On a technical note, House Health Care is currently looking to change the bill back allotment to the Green Mountain Care Board.

- **Provider tax**, 33 V.S.A. § 1953: Hospitals pay the provider tax, which goes towards the State Health Care Resources Fund to support Vermont's Medicaid program.

Again, thank you for the opportunity for VAHHS to provide background on Vermont's regulatory framework. Hospitals support Vermont's goals of providing Vermonters with access to quality care while reducing overall health care costs.