



Vermont Association of
Hospitals and Health Systems

VAHHS Response to Proposed Billback Changes

Hospital Pressures

Provider Tax: Hospitals contribute nearly **\$150 million** to Vermont's Medicaid program through the Vermont provider tax. Hospitals' provider tax payments, together with the federal match money they produce, cover the cost of providing hospital-based Medicaid services while contributing **an additional \$50 million** to Medicaid.

Medicaid Cuts: For FY 2018 and FY 2019, payments to hospitals to help offset uncompensated care (DSH payments) were cut by a total of **\$15 million**. The impact of this cut will hit hospitals each year going forward, despite uncompensated care rates rising.

Mental Health Crisis: Hospitals are investing over **\$30 million** towards mental health services and infrastructure to help alleviate the mental health care crisis.

The Price of Health Care Reform

Over **\$200 million** in delivery system reform investment to assist with health care reform transition has not materialized. In fact, the Administration's proposed budget cuts **\$1.8 million** in delivery system reform investments that will likely have to be funded by hospitals.

Hospitals are contributing **\$27 million** to community providers for 2018 and 2019

Under the All Payer Model, the growth rate for Vermont's total cost of care is limited to an ambitious **3.5%**. The Green Mountain Care Board is pushing hospitals further with a 2019 approved hospital growth rate of **2.1%**. This is a difficult target for hospitals to meet while funding health care reform efforts.

Billback Proposal

The Administration's proposal would mean an increase in billback for hospitals from **15%** in 2018 to over **44%** in 2019 because hospitals fund the ACO.

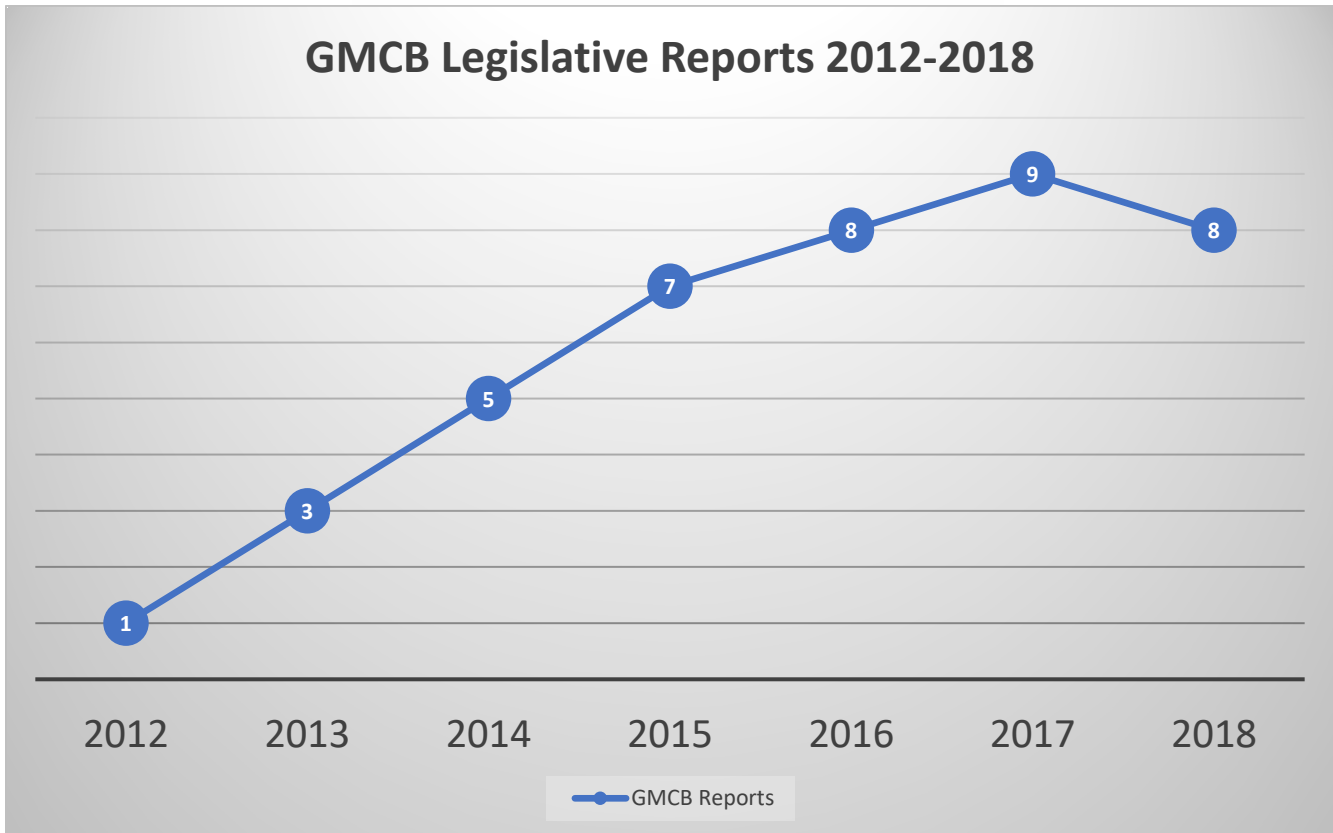
	FY 2018	FY 2019	FY 2020
Hospitals	15%	30%	37%
ACO	0%	6%	7.4%
Total	15%	36%	44%

The Green Mountain Care Board is holding hospitals to historically low rates. Hospitals have had to make tough choices, get lean and become more efficient. Before adding further cost to hospitals, the Green Mountain Care Board should focus on their statutory duties and the legislature should take a hard look at the work it is asking the Green Mountain Care Board to do.



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GMCB Legislative Reports 2012-2018



When hospitals propose certain projects, they must request a Certificate of Need from the Green Mountain Care Board. The costs of that Certificate of Need application is then billed back to that individual hospital. Similarly, when the legislature requests special reports or projects from the Green Mountain Care Board, it should provide a separate appropriation that is not taken from hospitals or health insurers. This will help ensure that the Green Mountain Care Board can maintain its focus on its regulatory duties and is adequately funded for any legislative initiatives.

Crucial Moment for Vermont's Health Care System

In this environment of cuts, health care reform, and a mental health crisis, hospitals everywhere are creating efficiencies wherever they can. Vermont's health care system needs healthy hospitals and a focused Green Mountain Care Board.