



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.

Workforce Shortage: With approximately **17,000 employees**, hospitals are often the largest employers in their communities, but they face major workforce challenges and have seen a **200% increase** in costs due to traveling nurses.

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.

Bottom Line: Every Dollar Counts for Hospitals

In this environment of cuts, health care reform, workforce pressures, and a mental health crisis, hospitals everywhere are creating efficiencies wherever they can. Every dollar counts. Every cut hurts the financial health of our hospitals.

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.