



# Vermont Hospital Contributions

## Vermont Health Care Reform

- Vermont has one of the best health care systems in the nation and is currently embarking on a bold reform initiative—the All Payer Model.
- The All Payer Model prioritizes preventive and community-based health care in addition to treatment.
- This patient-centered model also involves hospitals building new partnerships and shifting funds to community providers, such as primary care, home health and designated agencies. The combined contribution from hospitals to community providers will be almost **\$30 million** between last year and this coming year.

| <i>Contributions from Hospitals to Community Providers through OneCare Vermont</i>  | <b>2018 Hospital Contribution</b> | <b>2019 Hospital Contribution</b> |
|---|-----------------------------------|-----------------------------------|
| <i>Primary Care, Area Agency on Aging, Designated Agencies, Home Health, Community Health Teams, Supports and Services at Home (SASH)</i> | <b>\$10M</b>                      | <b>\$17M</b>                      |

## Medicaid

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.

## Mental Health

Hospitals are investing **more than \$30 million** in mental health services and infrastructure:

- The University of Vermont Health Network will provide an additional \$21 million towards psychiatric inpatient beds,
- In addition to the \$1.6 million in funding hospitals are providing to Designated Agencies through OneCare Vermont, \$6.8 million goes to Designated Agencies annually from Disproportionate Share Hospital (DSH) payments.
- Hospitals are investing additional resources in therapeutic spaces in emergency departments, mental health technicians, and embedding mental health providers at primary care sites.



# Vermont Hospital Challenges

## Health Care Reform

The State of Vermont and the federal government signed the All-Payer Model to improve patient experience and bend health care's cost curve. The agreement included **\$209 million** in funding available to help with the transition. Last year's budget allotted \$2.6 million to the effort.

Under the All Payer Model, the growth rate for Vermont's total cost of care is limited to an ambitious 3.5%. The actual hospital net patient revenue growth for 2016-2017 was 2.8%. The Green Mountain Care Board is pushing hospitals further with a 2019 approved hospital growth rate of 2.5% with .4% for health reform investments.

With no transitional funding and low reimbursement rates, hospitals have little capacity to shift focus to coordinating care and primary prevention, which is crucial to the success of payment and delivery system reform and providing better, more holistic care for Vermonters.

## Medicaid Cuts

During this time of transition, the administration and the legislature have cut hospital funding for the past two years.

For the 2018 budget, payments to hospitals to help offset uncompensated care (DSH payments) were cut by **\$10 million**. Last year, hospitals were cut an additional **\$4.7 million** despite a significant increase in uncompensated care.

Vermont's hospitals cannot sustain further cuts. Hospitals are providing quality care for Vermonters while maintaining a 2.5% growth rate, investing in health care reform, and managing the mental health and opioid crisis.

## Workforce Challenges

With approximately **17,000 employees**, hospitals are often the largest employers in their communities, but they face major workforce challenges.

There will be over **3,900 job vacancies** in Vermont's nursing careers over the next two years.

Despite paying competitive wages, hospitals continue to struggle with hiring, and our community provider partners at all levels are faced with the same challenge.

Continued cuts from the administration and legislature in addition to anemic growth rates from the Green Mountain Care Board will worsen the problem.