Vermont Hospital Sustainability
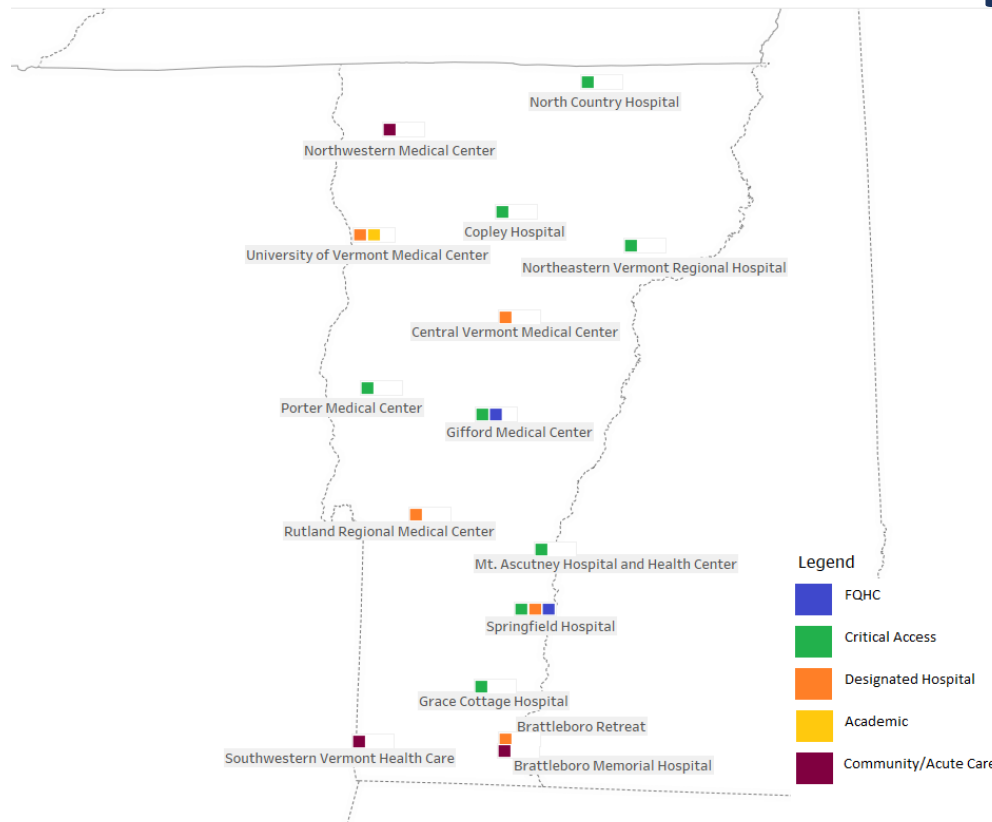
Vermont Association of Hospitals and Health Systems

Devon Green

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Vermont's Hospitals

Vermont has 15 nonprofit hospitals and two government hospitals
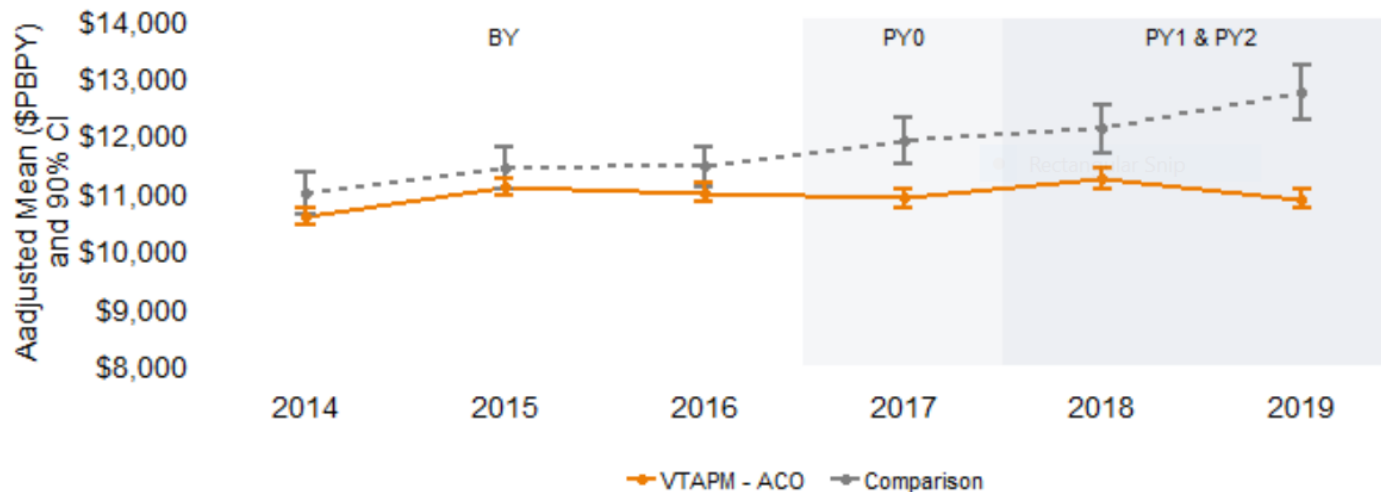
- 8 Critical Access Hospitals

- 1 Academic Medical Center

- 7 Designated Hospitals

- 1 FQHC

Vermont is one of only five states with NO for-profit hospitals

Pre-Pandemic Advances in Health Care Reform

- **Affordability:** Medicare savings of $122M

Exhibit 5.6.2. State-Level: Trends in Gross Medicare Spending in PY1 and PY2

SOURCE: Analysis of Medicare claims data by NORC.
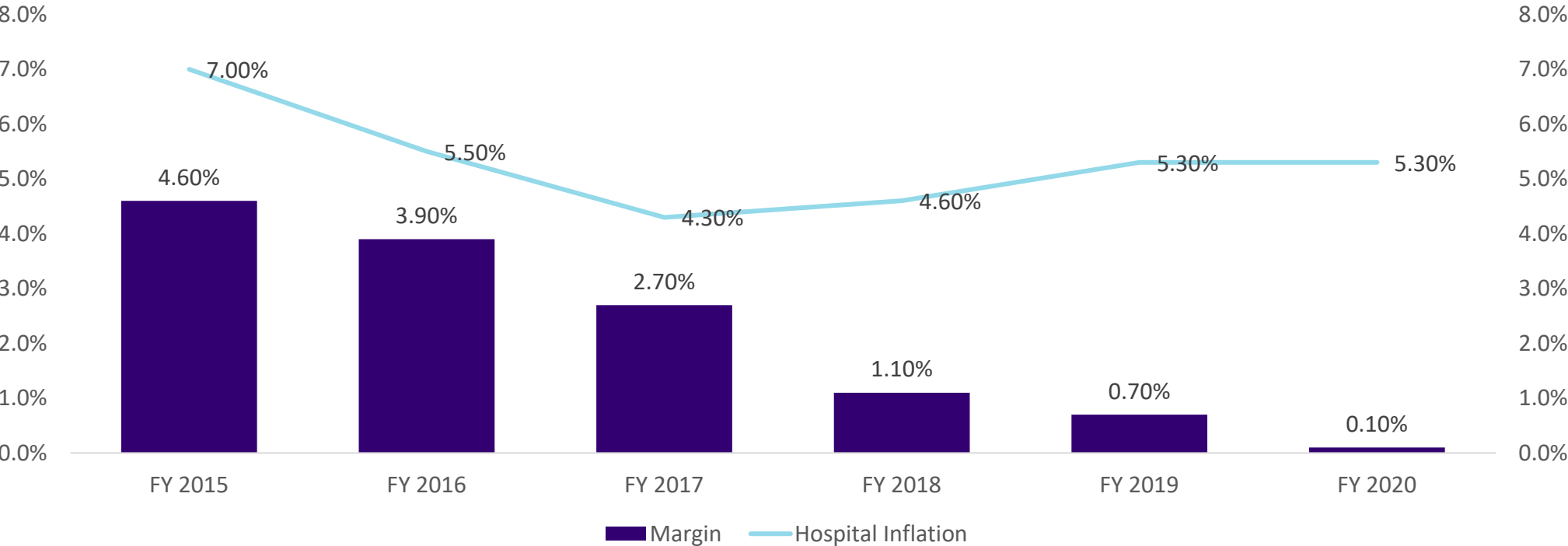NOTE: Shaded area represents PY1 (2018) and PY2 (2019).

Pre-Pandemic Advances in Health Care Reform

Shift away from high-cost services while maintaining quality:

- Reduced hospital stays and length of stay by 9.3%

- Reduced specialist visits by 7.7%

- 22% decrease in unplanned readmissions

Hospitals entered pandemic as a lean system

Margin values: FY 2015: 4.60%, FY 2016: 3.90%, FY 2017: 2.70%, FY 2018: 1.10%, FY 2019: 0.70%, FY 2020: 0.10%

Hospital Inflation: FY 2015: 7.00%, FY 2016: 5.50%, FY 2017: 4.30%, FY 2018: 4.60%, FY 2019: 5.30%, FY 2020: 5.30%

Legend: Margin — Hospital Inflation

COVID Emergency Response

- Incident command
- Acquiring PPE and other supplies
- Standing up COVID units
- Partnering on alternate care sites
- Suspending procedures
- Statewide testing
- Statewide vaccination
- Moving and training staff
- Administering monoclonal antibodies
- Adapting to new data, policy, and regulations

# Vermont's Health Care System is at a Breaking Point

- As of February 4th, Vermont has the highest percentage of hospitals reporting critical staffing shortages at 64.71%
  - New Hampshire is at 6.67%
- Hospitals currently utilizing FEMA and VT National Guard
- About 100 people are waiting in hospital beds for sub acute or long-term care placement, even after the state opened 130 long term care facility beds
- 35 people are waiting in emergency departments for mental health placement
- Lack of respite care, resulting in individuals being dropped off at EDs with no emergency medical needs
- ED physicians calling up to 40 hospitals to transfer patients– transfers that should take minutes are taking hours
- Hospital nurses are riding in ambulances due to lack of paramedics

Crisis Continues

- Hospitals report that patients are coming in sicker
- [Covid-19 created America's next health care crisis: The cancers we didn't catch early](#)
- [Long-term cardiovascular outcomes of COVID-19](#)
- Potential cyber attacks

Current environment is unpredictable for a fragile system
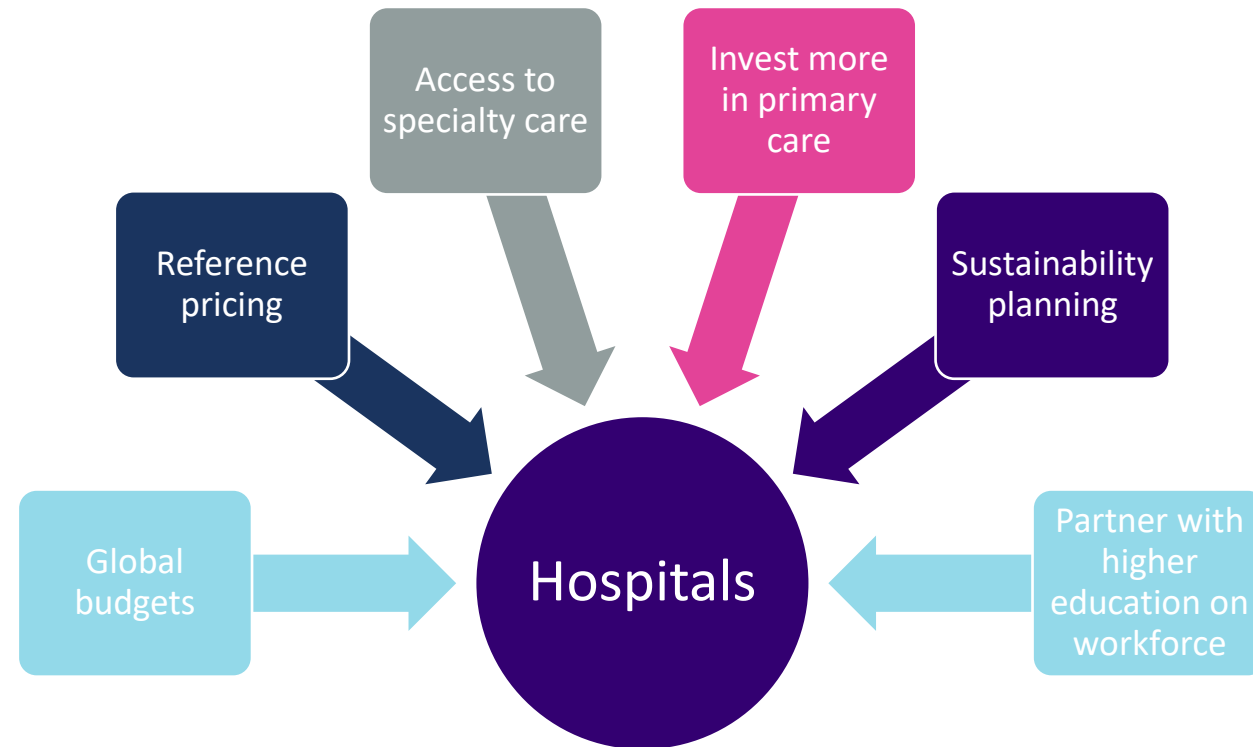
Rebuild and Reset: Predictable and sustainable health care system

- VAHHS supports building from the ground up with a community-driven process to strengthen Vermont's health care system rather than consultant-driven process

- New payment model must include hospitals as a part of governance to inform decision-making

Rebuild and Reset: Value-based care expectations

- Value-based care provides incentives for preventive care and better health outcomes

- Value-based care will not result in instantaneous premium reductions
  - Pennsylvania's financial target is $35 million in savings over 7 years

- Hospitals need predictable and sustainable model

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Rebuild and Reset: Sustainable Medicaid for a stronger health care system

Inpatient   Outpatient

Legend:
- Cost coverage below 85%
- Cost coverage 85.1 - 95%
- Cost coverage below 95.1 to 105%
- Cost coverage below 105.1 to 115%
- Cost coverage above 115%

		Inpatient Medicaid HFY17	HFY18	HFY19	Inpatient Medicare HFY17	HFY18	HFY19	Inpatient Commercial HFY17	HFY18	HFY19	Outpatient Medicaid HFY17	HFY18	HFY19	Outpatient Medicare HFY17	HFY18	HFY19	Outpatient Commercial HFY17	HFY18	HFY19
Weighted Average		73.1	73.1	72.6	95.4	89.4	81.8	114.5	109.7	109.1	76.0	72.6	71.2	68.7	73.8	75.1	255.6	254.6	204.0
Dartmouth	AMC																		
UVMC	AMC																		
Brattleboro Mem	PPS																		
Central Vermont	PPS																		
Northwestern	PPS																		
Rutland	PPS																		
Southwestern	PPS																		
Copley	CAH																		
Gifford	CAH																		
Grace Cottage	CAH																		
Mt Ascutney	CAH																		
North Country	CAH																		
Northeastern	CAH																		
Porter	CAH																		
Springfield	CAH																		

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- Medicaid and in many cases, Medicare, do not cover the current costs of delivering care to their patients.
- This puts enormous pressure on hospitals to ensure that commercial payers cover both the cost of delivering care to commercial patients and the unpaid costs of delivering care to Medicare and Medicaid patients. This is unsustainable.

Setting Up Value-Based Payment for Success

- Sustainable Medicaid reimbursement would create immediate impact on affordability

- Care coordination: move care coordination from payers to providers

VAHHS Recommendations: Predictability and Sustainability

- Community-driven process to determine local needs
  - Must address patients waiting in hospitals for mental health services and subacute beds
- Hospital voice in development and governance of value-based model
- Provider-based care coordination framework
- Sustainable Medicaid reimbursement