Vermont Association of Hospitals and Health Systems

Testimony: S.285 Health Care Reform

VAHHS Opposes S.285

- VAHHS opposes $5 million going towards the GMCB and AHS for health care reform planning.
- Our immediate crises of workforce, mental health, and long-term care capacity are not going away. It is unclear how S.285 addresses these issues and may, in fact, destabilize the system further by not taking community providers into account.
- Prior to the pandemic, the All-Payer Model contributed to a Medicare savings of $122 million. It resulted in reduced hospital stays and a decrease in unplanned readmissions.
- Introducing further change, without knowing the direction of the All-Payer Model agreement makes long-term planning and sustainability extremely complicated or impossible.

Example of critical and immediate priorities: long-term care

- For the past few months, Vermont's hospitals have had, at any given time, over 100 Vermonters ready to discharge but in hospital beds because there are no staffed sub-acute or long-term care beds available. For context, that is 10-25% of all hospital beds at any given hospital.
- We have in front of us a very concrete illustration of wrong care at the wrong place at the wrong time:
    - Patient suffers because hospital is not a home
    - Health care workers experience burnout because this is not what they were trained to do and experience moral injury
    - Hospitals are paying traveler nurses 2-3 times the budgeted labor costs to care for patients who do not need hospital care. These costs get passed on to Vermonters
    - Vermonters may also experience access challenges in emergency situations due to lack of available beds
- How does a global budget for a hospital, devoid of community provider involvement, fix this issue? How does health care reform succeed without stabilizing workforce to address mental health and long-term care in facilities and home health?

Providers have lost confidence in health care reform efforts

- Historical underfunding of Medicaid providers in the community has mental health and long-term care patients literally on hospital doorsteps.
- If Medicaid rates have been unsustainable for community providers, how will global budgets create sustainability?
- Vermont could only raise a fraction of the matching funds necessary to tap into $209 million delivery system reform investments through the first All-Payer Model. How will hospitals transform without resources?

Global budgets in other states[1]

- Maryland
    - How it works: Prices adjusted throughout the year to meet target budget. If more patients than anticipated, prices go down. If fewer patients than anticipated, prices increase.

[1] Harold D. Miller, Center for Healthcare Quality & Payment Reform, "Saving Rural Hospitals and Sustaining Rural Healthcare" (Sep. 2020) https://chqpr.org/downloads/Saving_Rural_Hospitals.pdf

    - Global budgets did not prevent hospital closure: MD started global budgets in 2014. Its smallest hospital closed in 2018 (about same size as Vermont's smallest hospital).
    - Comparison is difficult: Maryland has no critical access hospitals. Over half of Vermont's hospitals are critical access hospitals.
    - Decreased access: Maryland has the longest ED wait times in the country.
- Pennsylvania
    - How it works: global budgets set based on Medicare revenue of most recent fiscal year or previous three years. Other payers not required to follow Medicare formula.
    - Everything is voluntary. Not all hospitals or payers participate.
    - Savings targets are modest ($35 million over 5 years)—less than what Vermont's All-Payer Model has already accomplished in VT ($122 million over 2 years)
- Looking at an analysis of global budget approaches for rural hospitals, global budgets would be detrimental to many Vermont communities:
    - Communities with hospitals where current revenue is lower than the cost of delivering services because global budget would lock in inadequate revenue
    - Communities whose populations have increasing health needs that will result in the need for more services—Vermont is second-fastest aging state
    - Communities that have difficulty recruiting physicians, nurse practitioners, PAs, nurses and/or other staff due to the high cost of travelers and contracted staff

Recommendations

- Focus on the All-Payer Model negotiations—following pandemic and still possible to do global budgets through all payer model and future iterations
- Apply immediate funding to workforce, mental health, and/or long-term care
- Commit to the All-Payer Model process so that hospitals can confidently invest in value-based care and plan for the future in a more predictable environment