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To: Chair Lyons, Chair, Senate Health and Welfare Committee

Date: February 25, 2022

Re. S.285: Planning for Hospital Global Payments and increasing access to long-term home and community-based services and supports

The HCA strongly supports Vermont moving forward immediately to plan for global hospitals budgets. We therefore support the Green Mountain Care Board's funding request and proposed next steps to engage communities and prepare for global budgets.

The Health Care Advocate's office has participated in hospital budget and rate review proceedings from the time the Board took on these duties. We are often frustrated that the Board's decisions in these proceedings have not done enough to restrict annual health care price increases to a level that Vermonters are able to afford. We recognize though, that the Board has significant limitations on what they can reasonably do to control costs under the current health care system.

Quite simply, the current attempts to control the cost growth in our health care system are not working. Our system rewards high cost, high volume services and little predictability for hospitals. The all-payer model and OneCare have not been able to significantly change this dynamic. As health care costs continually outpace wage growth, every year we hear from more and more Vermonters who are getting priced out of the care they need. Consequently, we believe that Vermont's current approach will never result in a health care system that is affordable for Vermonters or one that provides sufficient financial security for our hospitals.

Five million dollars sounds like a great deal of money. We understand the voices that suggest these monies could be directed elsewhere. But this funding request is very small in the context of Vermont hospital budgets. In 2019 gross patient revenue reported by Vermont Hospitals was \$2.59 billion. With these figures in mind, \$5 million would support our hospitals for about 16 hours. Five million dollars is a sound investment to work toward a more sustainable system for Vermonters and for our hospitals.

As such, we strongly support the Green Mountain Care Board's proposal to begin working towards global hospital budgets through community engagement, redesigning regulatory processes, and developing a potential agreement with CMMI that would allow Medicare to participate in global hospital payments. Our office looks forward to actively participating in the regulatory process redesign and public engagement planning.

The prospect of a global budget financing system has many potential opportunities and risks. We must start by committing ourselves to the important work in engaging directly with Vermonters, listening to their concerns and priorities and designing a hospital financing system that is responsive to the needs of Vermont's communities. We look forward to engaging on the many important details in this process.

This discussion is not easy for hospitals. We have heard the expression of concern and anxiety from hospital leadership at a time when they are struggling to maintain their organizations. But Vermont cannot wait for hospitals to recover from the Covid pandemic before we begin his process. It will take years for Vermont to responsibly transition our hospital payment methodology. We must start planning now.

Suggestions: The Board and its contractors should be directed to

- Address affordability on both an individual Vermonter level and on a system wide level. Affordable annual budget growth caps must be established for each payer type, not an average of all payers.
- Assess and base global budgets on the actual and necessary cost of providing services, not just historical charges.
- Design global budgets to ensure adequate funding reaches our most needed providers.
- Consider what role, if any, OCV should have in the global budgeting process once it is implemented.
- Ensure that the proposed public engagement process is robust.
 - Include all levels of the health care industry workforce.
 - But most importantly, regular Vermonters must have the opportunity to understand the process and be in the room from the beginning.
 - The process must meaningfully involve Vermonters with direct experience with our systems of care. We must ensure that this outreach reaches diverse groups of Vermonters in terms of race, income, age, and disability.
 - These viewpoints of Vermonters with firsthand lived experience seeking care from our health care system are vital to ensure that the engagement process successfully accounts for Vermonters' needs.
 - The outreach work must be led by someone who has experience engaging with a diverse, rural population.

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