

Green Mountain Care Board Written Testimony  
 Opportunities for Evolution of Vermont’s Healthcare Regulatory System Report  
 Senate Health & Welfare – January 27, 2022

| Report Recommendation  | GMCB Comments   |
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| <p><b>Rec #1:</b> GMCB to consider engaging a third party to perform per capita analyses, ideally at a granular level, with comparisons to national, peers, and better performers (and including an analysis of avoidable utilization and waste*)</p>                      | <p>The Board agrees with this recommendation (priority #2 for the Board). It would require an appropriation:</p> <ul style="list-style-type: none"> <li>• GMCB estimates needing \$500,000 - \$750,000 to hire contractor/startup costs. \$500,000 is the estimate for the full initial scope (i.e., benchmarking + waste + utilization).</li> <li>• Potential ongoing costs: The Board would need to refresh these analyses periodically, likely with contractor support (refresh needed approx. every 5 years in non-COVID times, approx. every 2-3 years during pandemic). Subsequent contracts ~\$250,000.</li> </ul> |
| <p><b>Rec #2:</b> GMCB should summarize, synthesize, and provide analysis of key cost findings from its analyses, reports, and focused studies</p>   | <p>The Board agrees with this recommendation and will follow up with the committee. Other items to note:</p> <ul style="list-style-type: none"> <li>• GMCB technical bill includes changing expenditure analysis due date to April 30<sup>th</sup></li> <li>• Sarah Lindberg and Lori Perry are available to present to the committee on cost drivers/expenditure analysis.</li> </ul>  |
| <p><b>Rec #3:</b> VT should consider additional cost containment strategies for drug costs</p>   | <p>The Board agrees with this recommendation (priority #3 for the Board) but its authority over prescription drugs is limited.</p> <ul style="list-style-type: none"> <li>• The Board convened the GMCB Prescription Drug Technical Advisory Group.</li> <li>• There are two working subgroups currently: an affordability subgroup and pharmacy benefit manager (PBM) subgroup. The affordability group is ready to present potential recommendations to the legislature.</li> </ul>   |
| <p><b>Rec #4:</b> As providers take on more responsibility and risk for total cost of care under an ACO/APM or other payment constructs, consider aligning or easing some regulatory processes, while continuing consumer cost protections provided through regulation</p> | <p>The Board agrees with this recommendation. Items to consider:</p> <ul style="list-style-type: none"> <li>• The Board is currently working to integrate hospital budget review and ACO oversight processes.</li> <li>• The Board supports a statewide cost growth target (see notes on DK Rec #6, below).</li> <li>• Percentage of payments as FPP is still too low to waive Certificate of Need; could consider when critical mass of value-based payments is reached.</li> <li>• Recently released RFP to consider changes to the hospital budget process will consider alignment with other processes.</li> </ul>    |
| <p><b>Rec #5:</b> Consider alternative review/fixed global payment options, “nested” within the ACO/APM Model framework, for hospitals and their employed physicians to improve</p>  | <p>The Board agrees with this recommendation and sees this as an urgent need given concerns of hospital financial sustainability (priority #1 for the Board). An appropriation of about \$2 – 5M (one-time money) would be required to implement this recommendation, which when comparing to the</p>   |

Green highlighting provides DK indication of potentially higher priority recommendations with a potential to increase cost savings and better align regulatory resources

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| <p>alignment (moving away from fee-for-service) &amp; sustainability/cost containment (predictable fixed payments)</p>  | <p>\$6.5 billion Vermonters spend on health care every year, seems like a conscientious investment to ensure the long-term integrity of our hospital system, and ensure access to care, particularly for the most vulnerable Vermonters. The implementation of this recommendation must include payment changes with active financial and community support to hospitals for transformation:</p> <ol style="list-style-type: none"> <li>1. Global Payment       <ol style="list-style-type: none"> <li>a. Design a Hospital Global Payment that is predictable, flexible, and sufficient to equitably deliver high-quality, affordable care to Vermonters. This payment would need to be adaptable as transformation work unfolds or may need to be leveraged to spur necessary transformation.</li> <li>b. APM negotiation (for Medicare participation in global budget)</li> </ol> </li> <li>2. Community Transformation       <ol style="list-style-type: none"> <li>a. Facilitator - health systems optimization clinical expert to facilitate community/regional redesign to ensure access, lower cost, improve quality and optimize deployment of our shrinking workforce</li> <li>b. Technical Assistance - support hospitals/communities in change management following redesign</li> </ol> </li> </ol> |
| <p><b>Rec #6:</b> Consider whether VT could benefit from developing health expenditure growth targets in a defined context of affordability, potentially with recognition of component spending (e.g. drugs, health system)</p>   | <p>The Board agrees with this recommendation. The Board is working with consultant (Bailit Health Purchasing) on preliminary work in this area, including identifying potential definitions of affordability which could be considered in some of the GMCB’s regulatory work.</p>   |
| <p><b>Rec #7:</b> Continue and escalate the process to consider data model options and strategies to drive care delivery transformation and cost containment</p>  | <p>The Board agrees with this recommendation (priority #4 for the Board). This would require statewide discussion/working with Director of Health Care Reform and Chief Data Officer.</p>   |
| <p><b>Rec. #8:</b> Evaluate whether GMCB authority and processes and board structure provide sufficient protection for non-affiliated providers/payers and purchasers/consumers in this governance structure. Evaluate other approaches that could increase confidence and performance of the ACO—<b>e.g., enhancements of local transformation structures</b>, any other changes to Board composition, advisory processes, grievance processes, etc.</p> | <p>If the legislature chooses to commit to recommendation #5, that may solve this issue. There are many state resources spent on ACO regulation and oversight already. There would be natural pressures on ACO if they partner with providers receiving global payments.</p>  |

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