

Green Mountain Care Board Update on Act 167 of 2022 Sections 1 and 2

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Green Mountain Care Board (GMCB) Quick Facts



- **GMCB Structure:**
 - Established in 2011 (Act 48)
 - 5 Board Members
 - 6-Year Staggered Terms
 - The GMCB is an independent Board that is part of state government
- **GMCB duties *relevant to today*:**
 - Hospital Budget Regulation
 - 14 Vermont hospitals
 - All-Payer Model Reporting and Regulatory Duties

THE BOARD & EXECUTIVE DIRECTOR



Owen Foster, JD
GMCB Chair



Jessica Holmes, PhD
GMCB Member



Robin Lunge, JD, MHCDS
GMCB Member



David Murman, MD
GMCB Member



Thom Walsh,
PhD, MS, MSPT
GMCB Member



Susan Barrett, JD
GMCB Executive Director

GMCB Transparency and Public Engagement



- 52 Public Board Meetings in 2022
- Public Engagement
 - Receive and encourage public comment on all the GMCB's work, including special public comment periods for every process.
 - Roundtable discussions featuring local and national experts on topics such as Vermont's primary care landscape.
 - Regularly convene public advisory committees: General, Primary Care, and Prescription Drug Advisory Groups
- Health Care Advocate is integral to the GMCB's work

Act 159 Section 4 Report: Hospital Sustainability Planning

February 1st, 2022



Rural Health Services Task Force

ACT 26 OF 2019
REPORT AND RECOMMENDATIONS
JANUARY 10, 2020

“We are not on a sustainable path. And if we don’t act now, with intentional payment and delivery redesign, market forces will take over. Some hospitals will go bankrupt, close, or come to the state for emergency relief as Springfield did, asking for and receiving millions of state dollars to keep its doors open. And it will be those hospitals serving our most vulnerable patients that will fall first. Other hospitals will divest of essential services—and it will likely be the least profitable services like primary care and mental health that will be shed first. It is already happening. ...We need to act swiftly and courageously... to ensure a sustainable, high quality health care system. [It] may sound like a large investment but **think of the cost of doing nothing.**”

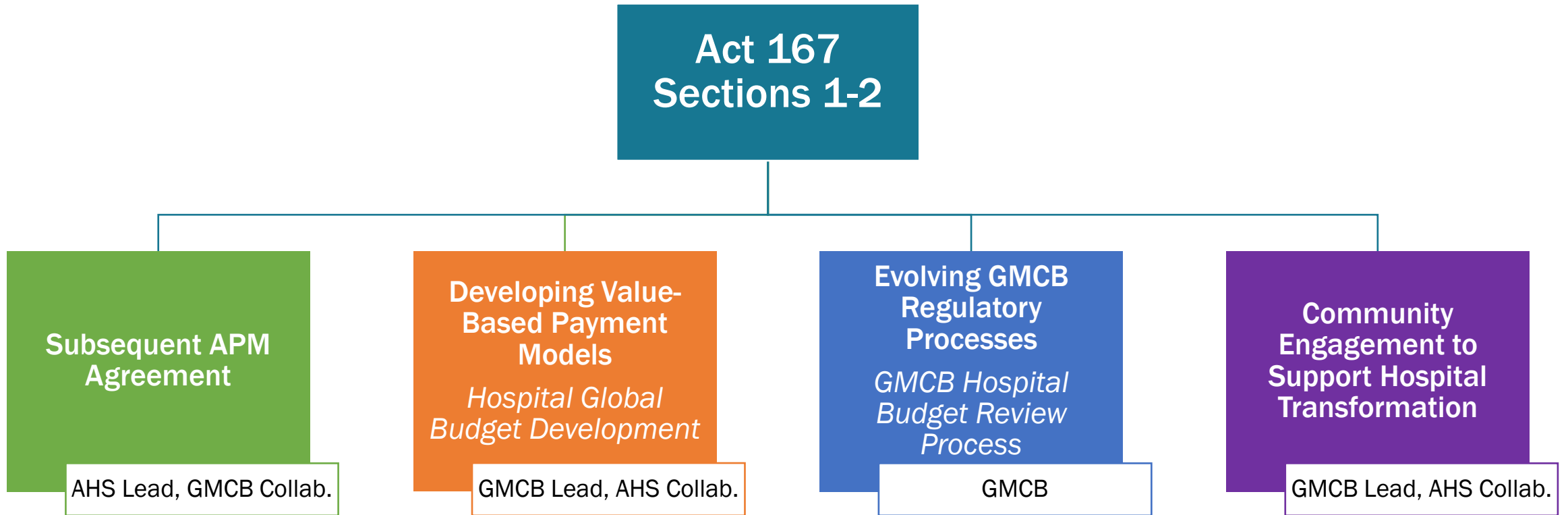
– *GMCB Member Jessica Holmes, PhD*
Joint Testimony to HHC/SHW on S.285
February 10, 2022

Background on Hospital Sustainability Planning



- | | |
|-------------|--|
| 2019 | <ul style="list-style-type: none">• Per Act 26 of 2019, the Rural Health Services Task Force was created “to evaluate the current state of rural health care in Vermont and identify ways to sustain the system and to ensure it provides access to affordable, high-quality health care services”; Green Mountain Care Board (GMCB) convened the Task Force and produced a report in early 2020: Rural Health Services Task Force Report, Act 26 of 2019• GMCB requires hospitals to develop sustainability plans due to persistently low and declining margins, Springfield bankruptcy, and rural hospital closures nationally; initially, 6 of 14 hospitals are required to provide sustainability plans |
| 2020 | <ul style="list-style-type: none">• Requirement for Sustainability Plans expanded to all 14 hospitals following COVID-19 Public Health Emergency• Legislature passes Act 159 of 2020 requiring GMCB to provide recommendations for improving hospital sustainability |
| 2021 | <ul style="list-style-type: none">• GMCB Hospital Sustainability Report, Act 159 Section 4 |
| 2022 | <ul style="list-style-type: none">• In response to findings of Hospital Sustainability Report, Legislature passes Act 167 of 2022 (formerly S.285), which in Sections 1-3 provides GMCB and AHS with funding for:<ul style="list-style-type: none">• Section 1(a): Development of a proposal for a subsequent All-Payer Model Agreement (led by AHS in collaboration with GMCB)• Section 1(b)(1): Development of value-based payments for hospitals, accountable care organizations, or both (led by GMCB in collaboration with AHS)• Section 1(b)(2)-(3): Alignment of GMCB regulatory processes with value-based payment models; recommend a methodology for determining the allowable rate of growth in Vermont hospital budgets (GMCB)• Section 2: Lead a community engagement process to drive hospital system transformation, including data/analyses and engagement with Vermont communities and hospitals (led by GMCB in collaboration with AHS) |

Act 167 Sections 1 and 2



UPDATE ON ACT 167 SECTION 1:

All-Payer Model

Developing Value-Based Payment Models: Hospital

Global Budgets

Evolving GMCB Regulatory Processes: Hospital

Budget Review Process

Section 1 – All-Payer Model



Statutory Reference: Section 1(a); AHS in collaboration with GMCB

- GMCB collaborates closely with the Agency of Human Services (AHS) on work to implement the current All-Payer Model (APM) agreement and develop/negotiate potential future federal-state models with federal partners at the Centers for Medicare and Medicaid Innovation (CMMI), with AHS in the lead role
 - GMCB has been an active participant and planning partner in AHS's Health Care Reform Work Group with key stakeholders, including agenda development, meeting preparation, and meeting discussions
- In December 2022, a short-term extension of the current APM agreement was signed by the Governor, Secretary of AHS, and Chair of GMCB, providing a bridge to a potential future federal-state model; any subsequent federal state model would likely begin in 2025 if Vermont chooses to participate ([APM Extension Materials](#))
- **AHS provided more information in recent testimony to HHC and SHW**

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Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



Statutory Reference: Section 1(b)(1); GMCB in collaboration with AHS

“...build on successful health care delivery system reform efforts by developing value-based payments, including global payments, from all payers to Vermont hospitals or accountable care organizations, or both...”

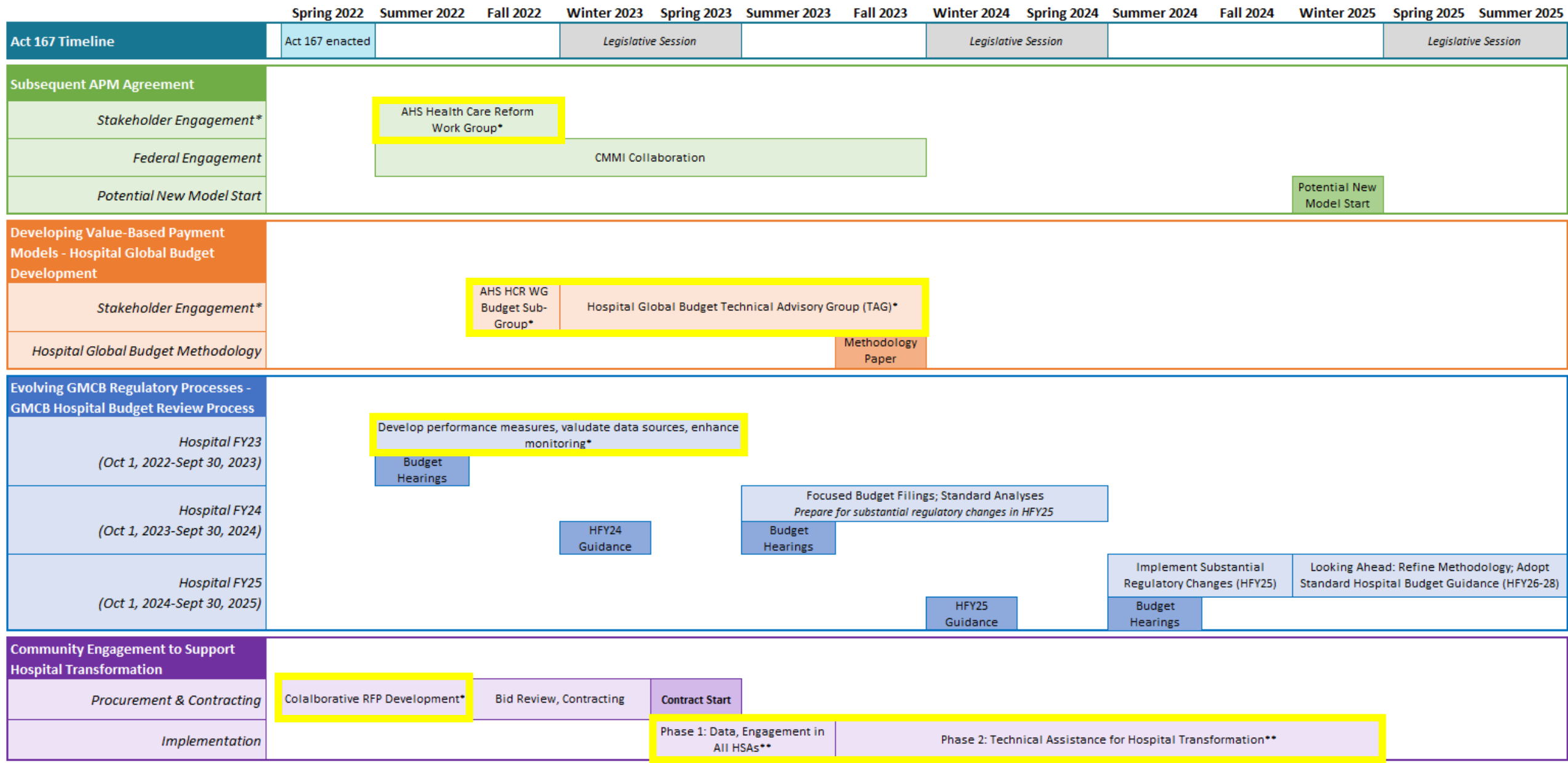
AHS and GMCB collaborated to host stakeholder meetings to gather input about potential payment models

Health Care Reform Work Group/Global Budget Subgroup: In Summer 2022, AHS convened a stakeholder group (Health Care Reform Work Group); GMCB has participated on some topics. In Fall 2022, members of a sub-group provided high-level input to AHS and GMCB on future Medicare alternative payment methodologies, focusing on high-level areas where Vermont would seek flexibility

Hospital Global Budget Technical Advisory Group: In January 2023, GMCB and AHS are co-convening a group of technical experts as a sub-group of the Health Care Reform Work Group to develop a methodology for a potential global budget payment model for hospitals

Detour: Sequencing Stakeholder Engagement

- During 2022 legislative session, lawmakers made clear that sequencing stakeholder engagement to ensure coordination and minimize burden was a critical consideration – especially for health care provider organizations
- GMCB and AHS have collaborated closely to this end:
 - Summer-Fall 2022: Focus on All-Payer Model and evolving GMCB hospital budget process
 - Winter 2023: Focus on value-based payment model technical development (hospital global budgets)
 - Spring 2023 and beyond: Focus on stakeholder engagement to support hospital transformation



Stakeholder Engagement
 * Targeted working groups, including technical advisory groups
 ** Targeted and broad engagement, including engaging Vermonters

Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



Hospital Global Budget Technical Advisory Group

- Co-chaired by GMCB and AHS, with support from GMCB staff and contractors:
 - Bailit Health Purchasing: Meeting planning, materials development, facilitation; stakeholder engagement; policy research and options; national context
 - Mathematica Policy Research: Analytics and modeling to support decision-making; materials development; technical expertise
- Membership selected based on technical expertise, knowledge of current provider payment models and contracting:
 - Hospital CFOs
 - Hospital health equity representative
 - Payer representatives with actuarial and/or provider contracting responsibilities (including DVHA)
 - OneCare Vermont payment model development staff
 - Office of the Health Care Advocate
 - Union representative
 - Provider representatives
 - Staff from GMCB, AHS/DVHA, DFR staff
- [Materials will be posted publicly to the GMCB website](#)

Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



- Through Fall 2023, the Hospital Global Budget Technical Advisory Group will use data and analyses to work through key payment model design questions related to a potential hospital global payment model, including:
 - Defining scope (population, services, and included providers)
 - Calculating baseline budget
 - Defining potential necessary budget adjustments and adjustment methodologies
 - Could include adjustments for general trends (e.g., inflation); exogenous factors (e.g., a public health emergency or natural disaster); utilization changes; quality, equity, and financial performance; risk mitigation.
 - Payer participation
 - Provider participation
 - Strategies to support care transformation and quality under a global budget
 - Program administration
 - Evaluation and monitoring

UPDATE ON ACT 167 SECTION 1:

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Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



Statutory Reference: Section 1(b); GMCB

(2) determine how best to incorporate value-based payments, including global payments to hospitals or accountable care organizations, or both, into the Board’s hospital budget review, accountable care organization certification and budget review, and other regulatory processes, including assessing the impacts of regulatory processes on the financial sustainability of Vermont hospitals and identifying potential opportunities to use regulatory processes to improve hospitals’ financial health;

(3) recommend a methodology for determining the allowable rate of growth in Vermont hospital budgets, which may include the use of national and regional indicators of growth in the health care economy and other appropriate benchmarks, such as the Hospital Producer Price Index, Medical Consumer Price Index, bond-rating metrics, and labor cost indicators, as well as other metrics that incorporate differentials as appropriate to reflect the unique needs of hospitals in highly rural and sparsely populated areas of the State; and

(4) consider the appropriate role of global budgets for Vermont hospitals.

Brief History of Hospital Budget Oversight



1992

Vermont Health Care Authority

Merged Health Policy Council, Health Data Council, and Certificate of Need Review Board

1995

Banking, Insurance, Securities, and Health Care Administration (BISCHA)

Established authority to limit hospital budgets

2011

Green Mountain Care Board

BISHCA renamed to Dept of Financial Regulation

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



- Annually by October 1, the GMCB has the responsibility to review and establish budgets for Vermont's 14 community hospitals.
- In its review, the GMCB considers local health care needs and resources, utilization and quality data, hospital administrative costs, and other data, as well as presentations from hospitals and comments from members of the public.

18 V.S.A. § 9375(b)(7); 18 V.S.A. § 9456

[More details on the GMCB's Hospital Budget Review Process](#)

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



Initial Focus: Hospital Budget Oversight

- Work predates Act 167
- The GMCB is undertaking a dedicated scope of work to review and update its regulation of hospital budgets, supported by a contract with Mathematica Policy Research
- Goals include:
 - Developing objective metrics for hospitals' financial health
 - Improving evaluation of hospital performance (e.g., care quality, access to care, cost efficiency)
 - Exploring additional alignment among GMCB's regulatory duties
 - Building a consistent, predictable process
 - Reducing administrative burden where feasible

Future focus: Recommended methodology for determining the allowable rate of growth in Vermont hospital budgets; appropriate role of global budgets for Vermont's hospitals

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



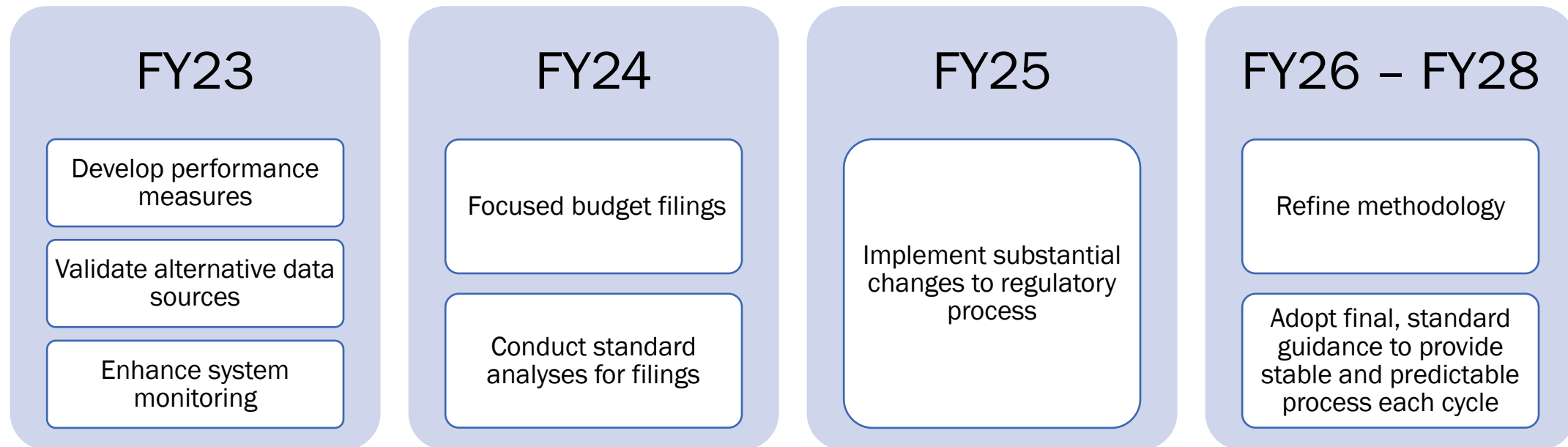
- As GMCB assesses its hospital oversight, essential questions include:
 - How can the GMCB better assess access, affordability, and meaningful outcomes?
 - What does a healthy hospital look like?
 - What information should be used to make hospital budget decisions versus regulatory monitoring?
 - Which should be assessed at a corporate vs. hospital level?
 - What are the appropriate benchmarks?
 - Which comparisons make sense for all Vermont hospitals? Which are conducive to peer group comparison?
 - How should the regulatory approach consider hospitals that exceed or fail to realize their budget?
 - How should solvency be assessed for risk-bearing hospitals and what is the regulatory role in assessing appropriate amounts of risk?

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



TIMELINE: Hospital Fiscal Year (FY) 2023-2028

NOTE: Hospital FY runs from October 1-September 30; FY23 = October 2022-September 2023



Current status: Engaging in individual interviews with GMCB Members, regulated entities, and the Health Care Advocate to gather feedback about the current regulatory approach

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



- **Looking ahead:**
 - Determination of how to incorporate value-based payments into hospital budget regulation; must include assessment of how the regulatory process impacts Vermont hospitals' financial sustainability, as well as opportunities to improve their financial health.
 - Recommendation for methodology to determine the allowable rate of growth in Vermont hospital budgets.
 - Consideration of the appropriate role of global budgets for Vermont hospitals.
- GMCB will consider adjustments to other regulatory processes as needed to reflect new value-based payment models and characteristics of any future federal-state model

QUESTIONS ON SECTION 1?

All-Payer Model

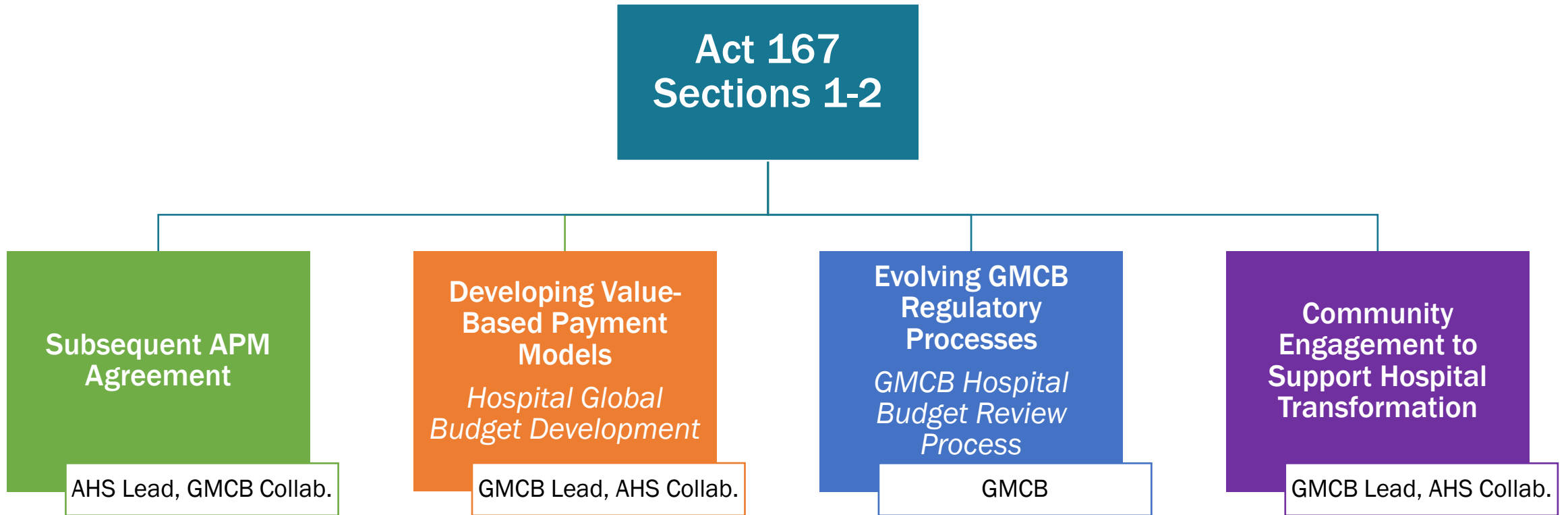
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UPDATE ON ACT 167 SECTION 2:

Community Engagement to Support Hospital Transformation

Act 167 Sections 1 and 2



Section 2 – Community Engagement to Support Hospital Transformation



Statutory Reference: Section 2; GMCB in collaboration with AHS

- Act 167 of 2022, Sec. 2 defines a community engagement process for hospital system transformation with the goals of reducing inefficiencies, lowering costs, improving population health outcomes, reducing health inequities, and increasing access to essential services while maintaining sufficient capacity for emergency management.
- Stakeholder participants will include hospitals and other health and human services providers, payers, the State of Vermont, and the public at large.

Section 2 – Community Engagement to Support Hospital Transformation



June 1, 2022	Act 167 signed by Governor Scott
June 2022	GMCB developed first draft of RFP scope of work in late June
July - August 2022*	GMCB worked closely with AHS to revise and refine the RFP scope of work <ul style="list-style-type: none">• GMCB and AHS engaged together with key stakeholders to seek feedback and revised the RFP scope as a result• Received feedback from hospital executives and the Vermont Association of Hospitals and Health Systems, Vermont health care provider and professional organizations, OneCare Vermont, the Office of the Health Care Advocate, Legislators, and commercial payer representatives
October 2022*	RFP release and bid review; Complete RFP text
January 2023	Bidder selection anticipated by the end of January 2023
March - April 2023	Expected contract execution

* Simultaneous Health Care Reform Work Group (AHS), All-Payer Model Workstream, Act 167 Sec. 1(a)

Detour: State Contracting Process



The State of Vermont has standard processes for procurement and contracting, described in Bulletin 3.5. Average time frame for GMCB contracts:

Requests for Proposals (RFPs)

~5-6 months

- Preparing RFP to be posted: ~3-4 months (includes ADS review for data contracts)
- Potential contractors consider bid and prepare responses: ~1 month
- Bid review and selection: ~3-4 weeks

Contracting

~4 months

- Contract drafting and review: ~5 weeks (longer if extensive negotiations required)
- ADS Procurement Advisory Team (PAT) review (data contracts): ~1-2 weeks
- Route for signature (agency, AGO, ADS, Finance and Management, AOA, vendor): ~2 months

Section 2 – Community Engagement to Support Hospital Transformation



Task 1: Data analysis	<ul style="list-style-type: none">• Deliverables include state-wide and community-specific analyses or data profiles; resource estimates for reforms identified through Tasks 2 and 3.• Data and analyses from GMCB, AHS, hospitals, other providers and communities will be leveraged to develop the deliverables.
Task 2: Community and provider engagement in every health service area (HSA)	<ul style="list-style-type: none">• Deliverables include designing and facilitating a multi-stage stakeholder and community engagement process for all HSAs.• The goals of the process are to:<ul style="list-style-type: none">• Gain a deeper understanding of unmet health care needs and better assess local health system strengths and weaknesses, and• Share with stakeholders and communities the data and insights learned in Task 1.
Task 3: Technical assistance and a learning collaborative for a cohort of hospitals	<ul style="list-style-type: none">• Deliverables include providing technical assistance to a voluntary cohort (~4 hospitals or regions) to develop an actionable transformation plan, and facilitating a learning collaborative for participating hospitals.• While funding for provider technical assistance was eliminated in the final Act 167 budget, the State hopes to be able to complete all of these tasks. GMCB and AHS agree that it is critical to provide support to participating hospitals to develop successful and actionable plans.

Section 2 – Community Engagement to Support Hospital Transformation



Next Steps (following contract execution): 2-Year Contract

Months 1-6

*Estimated timing:
Spring to Fall 2023*

- Tasks 1 and 2, data analysis and broad community engagement
- Develop data profiles, using existing data and analyses when possible
 - Host town hall meetings and other forums with Vermonters, community leaders, and targeted sub-populations
 - Engage with hospital leadership and Boards of Directors

Months 7-24

*Estimated timing: Fall
2023 to Spring 2025*

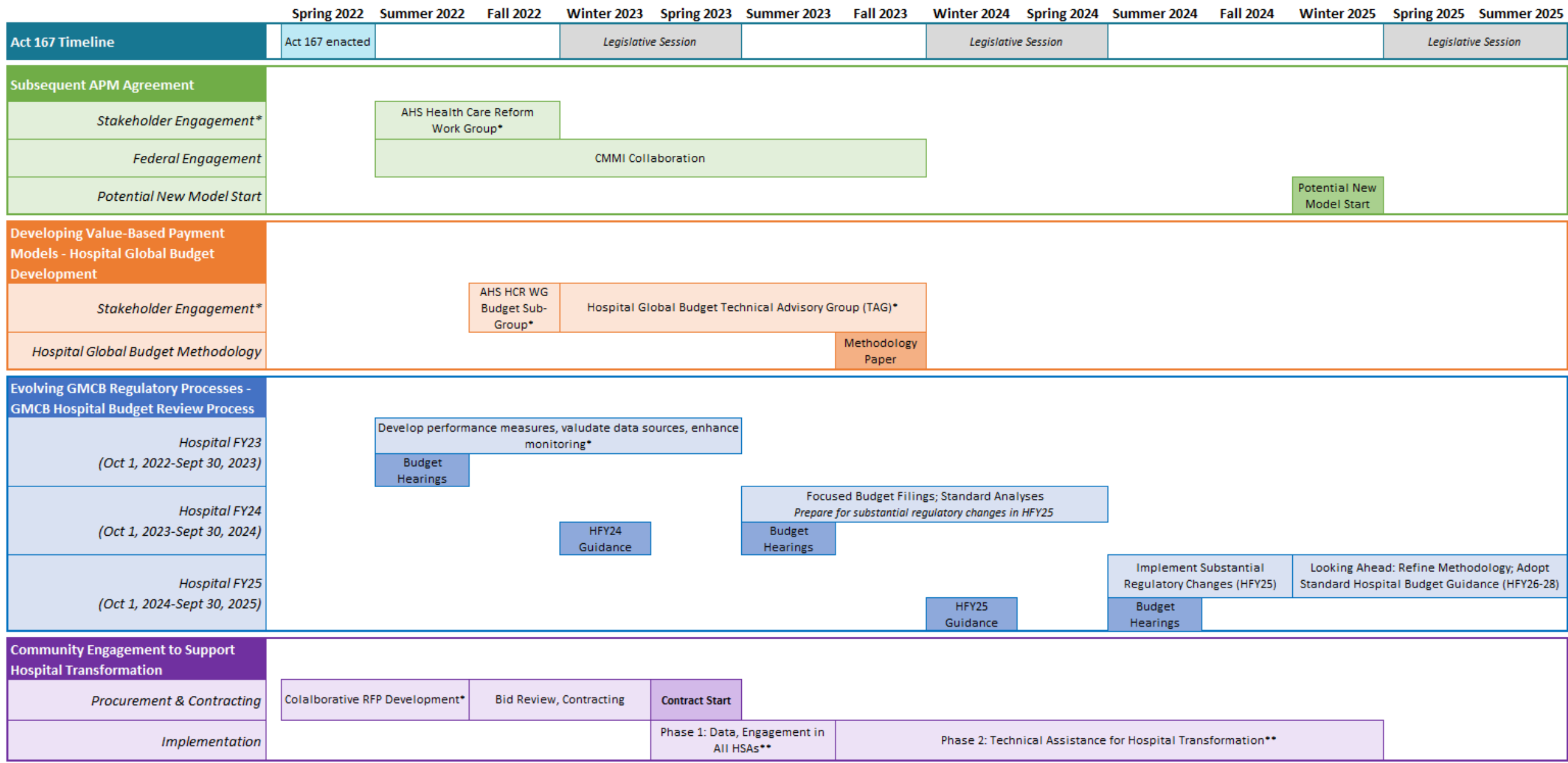
- Task 3, technical assistance to support hospitals in developing Localized Transformation Plans
- Identify participating hospitals and begin individual technical assistance
 - Convene learning collaborative to support group learning and share best practices

QUESTIONS ON SECTION 2?

Community Engagement to Support Hospital Transformation

REFERENCE SLIDES

ACT 167 SECTIONS 1-2 - Estimated timeline as of January 2023



Stakeholder Engagement

* Targeted working groups, including technical advisory groups

** Targeted and broad engagement, including engaging Vermonters

GMCB Quick Facts



Quick Facts

- Established in 2011
- [5 Board Members](#)
- Appointed by the Governor to staggered, six-year terms

Vision A sustainable and equitable health care system that promotes better health outcomes for Vermonters.

Core Values Independent; Transparent; Data-Driven; Holistic; Collaborative; Accountable

Mission Drive system-wide improvements in access, affordability, and quality of health care to improve the health of Vermonters.



Regulate major areas of Vermont's health care system



Serve as a transparent **source of information and analysis** on health system performance



Advance **innovation** in health care payment and delivery

GMCB Resources



- Ways your constituents can connect with the GMCB:
 - [Public Board Meetings](#)
 - [Public Comment](#)
- Additional Resources:
 - [Regulatory Process Summaries](#)
 - [Public Reports and Analyses](#)
 - [Hospital Sustainability](#)

Contact for Legislative Business: GMCB.LEG@vermont.gov