Hospital Unknowns and Risks going into the AHEAD Model

The AHEAD Model has hospitals taking on several layers of risk:

- Risk for own hospital budget—which, under the federal methodology, is based off of 2022, 2023, 2024 budget years, which includes one of our worst financial years
- Risk for performance for Vermont's health care system with a max penalty of -2% adjustment under federal methodology
- Obligated to repay the transformation incentive adjustment if the hospital leaves the model prior to year 6

Global hospital budgets, unlike current budgets, need to be both developed and regulated by either the federal government or the state. We would like to understand how global budgets will be developed, approved, and regulated before June 30, 2025, when the State is scheduled to sign on to this nine-year commitment.

Sec. 11a Global Hospital Budget Preparation

VAHHS appreciates the intent language that moves health care reform forward. This language:

- Upholds the sustainability principles found in Act 167 of 2022
- Signals to the federal government that more resources are needed
- Aligns with the AHEAD model of progressive hospital participation with a minimum of 10% of Medicare hospital net patient revenue participation in year 1 and 30% in year 4
- Provides time to clarify unknowns for Critical Access Hospitals and Vermont's Medicare Dependent Hospital
- Provides intent on AHS and the Board considering a global budget regulatory process

Sec. 9 Regulating Current Hospital Budgets

USE INSURANCE RATE STANDARD FOR HOSPITAL BUDGETS

Section 9: These principles uphold the principles of Act 167 of 2022 and apply the same standard for insurance rate review at 8 V.S.A. § 4062(a)(3) :

- Affordable
- Promotes quality care
- Promotes access to health care
- Protects solvency
- Not unjust, unfair, inequitable, misleading, or contrary to the laws of this State

SET CRITERIA AND BENCHMARKS AT THE HOSPITAL LEVEL BY MARCH 31ST

Hospitals appreciate the Board's use of objective criteria and benchmarks, but would like to ensure adequate understanding of the criteria and benchmarks prior to budget submission on July 1st.

Additionally, we do not think it is appropriate to set benchmarks at the service level. The Board has represented that it does not have the authority to close hospital units and setting benchmarks at the service level would give them the ability to do so without hospital board or community approval. This language clarifies the Board's current authority.

Section 8

While we understand that the Board will be regulating global budgets, we do not support the Green Mountain Care Board developing global budgets. This would be disruptive to the current process that is already developing global hospital budget methodology.