

# Green Mountain Care Board

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ANNUAL REPORT FOR 2022

*The Green Mountain Care Board drives system-wide improvements in access, affordability, and quality of health care to improve the health of Vermonters.*

Submitted January 17, 2023  
In accordance with 18 V.S.A. § 9375(d)



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# Report Summary: GMCB 2022 Annual Report

**By:** Green Mountain Care Board; **Date:** January 17, 2023

**Prepared for:** House Committee on Health Care; Senate Committee on Health and Welfare

**Frequency:** [Annual Report](#); **Statute:** 18 V.S.A. § 9375(d)

## Background:

- The GMCB is required to annually submit a report on or before January 15 to the House Committee on Health Care and Senate Committee on Health and Welfare.
- The report must include updates on each area of the GMCB's regulatory work, a report on the impact of the cost shift and uncompensated care, recommendations for modifications to Vermont statutes, and summaries of key findings from GMCB reports such as the expenditure analysis.
- The Annual Report is a resource to inform legislators and the public about the state of Vermont's health care system and has an overview of the GMCB's work and regulatory decisions from the prior year.

## Key Terms

**Green Mountain Care Board (GMCB):** The GMCB is an independent Board composed of 5 board members who are appointed by the Governor for staggered six-year terms. The GMCB was created by the legislature in 2011.

## Report Methods:

- Generally, each topic covered in this report is summarized in one page, or a second page for graphs and tables as needed. The table of contents allows readers to jump to each section.

## Report Highlights:

- **Board Composition:** Three new Board members joined the Board in 2022. Thom Walsh began serving as a Board Member in January, and two new Board members started October 1, Owen Foster, as Chair, and David Murman, MD, as a Board Member.
- **Public Engagement:** In 2022, the GMCB held 52 public meetings and continued to engage with the public through receipt of written public comment, oral public comment provided during Board hearings, community outreach, Board hearings featuring community members and local and national experts, and the return of traveling Board meetings. The Board additionally continued to regularly convene public meetings of four committees: the General Advisory Committee, Primary Care Advisory Group, Data Governance Council, and the Prescription Drug Technical Advisory Group.
- **Hospital Sustainability:** In 2022, the Legislature passed Act 167, which tasked the GMCB with conducting a data-informed stakeholder process to gain a deeper understanding of the current state of Vermont's health care system, including the experiences of Vermonters and their health care providers, and to support hospitals in identifying actions to ensure financial sustainability while providing high-quality care to their communities. On October 19, 2022, GMCB issued a Request for Proposal that was developed with the Agency of Human Services (AHS), and, as of the time of this report, vendor bids are under review and interviews are being conducted. In 2023, the GMCB is continuing to focus on the hospital sustainability work outlined in Act 167 and the RFP, regulatory process refinement, and the All-Payer Model.
- **Regulatory Work:** The GMCB reviewed 14 hospital budgets, 11 health insurance premium rate requests, and 2 Accountable Care Organization budgets, and issued 7 Certificates of Need.

[For more information, read the full report.](#)

## Executive Summary

Vermont faced another year of significant health care challenges in 2022. Vermonters continued to have difficulty accessing care, including in connection with long-term care, mental health care, and primary care. Shortages of these services impacted not only the care available to Vermonters, but also the ability of facilities to transition patients to more appropriate care settings. Vermonters, Vermont businesses, and Vermont's health care system, including hospitals and independent practices, all experienced significant financial pressures.

The financial health and sustainability of Vermont's hospitals have been critical concerns for the GMCB for years. Given the national trends of rural hospital closures and the headwinds facing Vermont's hospitals, the GMCB has been closely monitoring hospital sustainability and studying affordable opportunities to better ensure sufficient access to care and hospital financial health. Unfortunately, financial and environmental challenges continued in 2022 and Vermont hospitals saw key financial metrics continue to erode. Indeed, many Vermont hospitals experienced deteriorating operating margins and declining days cash on hand. Vermont hospitals, in turn, requested a system-wide 10.2% increase in net patient revenue. To ensure the short-term stability of the system and adequate access to care, GMCB ultimately approved a system-wide net patient revenue increase of 10.1%.

The large hospital budgetary increases also contributed to Vermonters experiencing another year of rising health insurance premiums. For example, individual and small group health insurance plans saw dramatic premium increases in the range of 11.4% to 19.3% on average. Thus, Vermonters are paying more than ever for health insurance while at the same time having difficulty accessing the care they need (from a hospital system that, despite increasing premiums, is in financial distress).

Given this backdrop, governmental and private sector efforts to address Vermont's health care system are as critical as ever. The Vermont Legislature recognized the urgency of these issues and passed Act 167 in 2022, which included funding for the GMCB to further its hospital sustainability efforts. The GMCB, in collaboration with AHS, is conducting a data-informed stakeholder process to gain a deeper understanding of the current state of Vermont's health care system, including the experiences of Vermonters and their health care providers, and to support hospitals in identifying actions that will shore up their financial sustainability while providing high-quality care to their communities. On October 19, 2022, the GMCB issued a Request for Proposal (RFP) that was developed with AHS. The RFP was informed by input from a broad spectrum of provider organizations, consumer advocates, insurers, legislators, and other stakeholders. As of the submission of this report, the GMCB is reviewing bids on the RFP and interviewing potential vendors. Updates on this work will be [posted here](#).

In addition to its Act 167 sustainability work, the GMCB is continuing to support Vermont's health care payment and delivery reform efforts through its participation in the All-Payer Model. Year Five of the All-Payer Model is now completed, and the Board, AHS, and the Governor in 2022 signed a one-year extension of the All-Payer Model agreement (with an additional option year). Vermont providers have made strides toward value-based payments through the All-Payer Model, and the extension gives Vermont providers predictability while AHS, in collaboration with GMCB, negotiates with the federal government on potential future federal-state payment reform models.

A core focus of the GMCB is its regulatory work, which seeks to balance affordability, quality, access, and equity in connection with review of hospital budgets, health insurance premiums, accountable care organization (ACO) budgets, and new health care projects and expenditures across the state. The GMCB had a full regulatory plate in 2022 and anticipates equally challenging and busy regulatory seasons in 2023. The GMCB will continue to conduct all of its regulatory work through transparent processes and will again seek public and stakeholder input as it executes its regulatory mission. With all this in mind, the GMCB's vision is a sustainable, affordable, and equitable health care system that promotes better health outcomes for Vermonters.

## Overview of Regulatory Processes and Outcomes:

**Insurance Rate Review:** The Board reviewed 11 rate filings in 2022 representing approximately \$715 million in health insurance premiums for approximately 85,757 Vermonters, with over 72,063 on the Exchange. Insurers requested approximately \$123 million in premium increases overall. The Board reduced this amount by an estimated \$26.6 million, including \$24.9 million for plans sold on the Exchange. ([Full details here](#))

**Hospital Budget Review:** Vermont's 14 community hospitals filed their proposed FY2023 (October 1, 2022-September 30, 2023) budgets on July 1, 2022. Citing inflation, workforce challenges, and the continued impact of the pandemic, Vermont hospitals requested unprecedented budget increases. The trends seen in this year's hospital budget process underscore the importance of the GMCB's work on hospital sustainability under Act 167. ([Full details here](#))

**ACO Oversight:** The GMCB reviewed budgets for two Accountable Care Organizations – OneCare Vermont and Lore Health, a new Medicare-only ACO. The GMCB approved Lore Health's budget, with conditions that focused on monitoring the ACO's care model, financials, quality reporting, and beneficiary data use. After careful analysis of OneCare's budget and numerous public comments, the GMCB approved OneCare's budget with financial modifications and 18 conditions. ([Full details here](#))

**Certificate of Need:** In 2022, the GMCB approved seven Certificate of Need applications with a total value of \$49,314,743. The GMCB also approved three material changes to previously approved Certificates of Need and determined that five projects did not meet jurisdictional thresholds for review. ([Full details here](#))

## Stakeholder and Community Engagement

Public process is central to the GMCB's work and is promoted through our weekly public meetings that serve as a forum for discussions about Vermont's health care landscape, emphasis on public comment, and committees that facilitate regular discussions between Board members and stakeholders. In 2022, we were pleased to resume the pre-COVID tradition of holding traveling Board meetings, where the Board travels to a community for a morning of tours at health care and related facilities, followed by a public Board meeting in the afternoon. On December 5, 2022, the GMCB spent the day in Rutland for a traveling Board meeting with presentations from the community about local health care initiatives. Additionally, we held the first in a series of roundtable discussions on the primary care landscape in Vermont. Future meetings will include topics such as access to care, wait times, variations in reimbursement, administrative burden, and workforce shortages.

## Board Member Updates

Kevin Mullin retired as Chair on July 9, 2022. In his tenure at the Board, he provided exceptional leadership. Among his many accomplishments, Chair Mullin focused on strengthening the data resources at the Board. This investment allows the Board to provide more robust analysis to support the GMCB's regulatory work and health care initiatives across the state. Chair Mullin was committed to strengthening Vermont's health care workforce and the Board's connection to front line providers by making the GMCB Primary Care Advisory Group a standing committee of the Board. Chair Mullin led the Board during the difficult years of the COVID-19 pandemic and his clarity during these tumultuous times was invaluable. We thank Chair Mullin for his contributions and leadership and for his service to Vermonters throughout his career.

Tom Pelham retired from the Board in the fall of 2022. Mr. Pelham's expertise in finance and budget management was extremely helpful in the execution of the Board's regulatory duties. We thank Mr. Pelham for his dedication and work at the Green Mountain Care Board in addition to his many years of public service.

The GMCB gained three new members in 2022. Thom Walsh began serving as a Board Member in January. In

September, Owen Foster was appointed as Board Chair, David Murman, MD, was appointed as a new Board Member, and current Board Member Robin Lunge was reappointed. [See full Board Member bios here.](#)

We also want to thank Board Member Jessica Holmes, PhD, for acting as interim Chair from July through October. Dr. Holmes led the Board through an unprecedented hospital budget process that included requests for extraordinary rate increases. Dr. Holmes provided steady leadership and deftly navigated these unique challenges.

### **Staff Highlights and Awards**

This year, the GMCB was proud to have two staff members recognized for their outstanding contributions to the GMCB, state government, and their fields more broadly. Their recognition is a testament to the significant work of the GMCB's data and finance teams.

Sarah Lindberg, GMCB's Director of Health Systems Finances, was awarded the Employee of the Year by her peers at the GMCB. Sarah previously led the data team at the GMCB and was instrumental in creating the first and only Data Governance Council in the state as well as improving the utilization and data quality of two health data sets housed at the GMCB, the Vermont Health Care Uniform Reporting and Evaluation Systems (VHCURES) and Vermont Uniform Hospital Discharge Data System (VUHDDS). After 6 years leading the GMCB's data team, Sarah stepped up to lead the hospital budget process last year during a time of unprecedented challenges for Vermont's hospitals. Sarah is a trained statistician and has experience in insurance, hospital, and ACO regulation. Her broad regulatory and health data experience is invaluable for the GMCB, partner agencies, and Vermonters.

Lindsay Kill, GMCB's Data Analytics and Information Chief, was awarded the 2022 National Association of Health Data Organization's (NAHDO) Rising Star Award that recognizes emerging mid-level talent at a public or private health data organization that is contributing to their mission. NAHDO recognized Lindsay as a valuable resource to other users of VHCURES, Vermont's all-payer claims database (APCD). She was also recognized as a subject matter expert in claims data and the APCD environment. NAHDO shared in their announcement of her award, "Lindsay has a keen ability to simplify complex data and analyses for public use and understanding. She brings joy to her role and is a pleasure to work with." The GMCB is incredibly grateful to have Ms. Kill supporting the data work that informs not only the Board's regulatory processes but also Vermont's health care work at large. Read more about NAHDO and Lindsay Kill [here](#).

### **Other Notable Data Work**

In 2022, the GMCB performed multiple ad hoc data projects and supported projects using VHCURES and VUHDDS. Some examples, include:

- Starting the work on the benchmark and low value care report (per Act 83 of 2022);
- Improving health equity information in VHCURES claims data by adding fields to collect race and ethnicity information from payers;
- Collaborating on a joint study by the Agency of Human Services, Department of Financial Regulation, and the GMCB on wait times using VHCURES data ([report found here](#)). This study used data to validate patient and provider reports about long wait times experienced across the state and develop recommendations to help address medical wait times and improve patient experience;
- The Vermont Department of Health conducted a research project using VHCURES data linked with vital statistics death data to understand the risk factors and interactions among Vermonters who have died by suicide during 2020 and 2021. One of the key objectives of this project is to understand health care-related interactions and diagnoses in the time leading up to death;
- The Vermont Program for Quality in Health Care, Inc., is conducting research to track population-level trends in telehealth use in Vermont, and to the greatest extent possible, examine the quality of care delivered through telehealth, including audio-only telemedicine.

### **Recommendations to Modify Statutes**

Per 18 V.S.A § 9375, the Board’s annual report shall include any recommendations for modifications to Vermont statutes. The GMCB is currently evaluating potential legislative recommendations, including as to the nominating and reappointment process established in 18 V.S. A. § 9374.

## Legislative Reports

Figure 1: GNCB Legislative Reports Summary (\* indicates reports submitted annually)

Legislative Reports Submitted by GNCB in 2022		
Report	Due Date	Corresponding Statute or Legislation
<a href="#">Impact of Prescription Drug Costs on Health Insurance Premiums</a>	January 1, 2022*	18 V.S.A. § 4636 (b) Act 193 of 2018, An act relating to prescription drug price transparency and cost containment, Sec. 8 (S.92)
<a href="#">Cost Shift Impact (See GNCB 2021 Annual Report, Appendix A)</a>	January 15, 2022*	18 V.S.A. § 9375 (d) Act 63 of 2019, An act relating to health insurance and the individual mandate, Sec. 10 (H.524)
<a href="#">GNCB 2021 Annual Report</a>	January 15, 2022*	18 V.S.A. § 9375 (d)
<a href="#">Ambulatory Surgical Center Reporting (See GNCB 2021 Annual Report Attachment B)</a>	January 15, 2022	18 V.S.A. § 9375 (b) Act 55 of 2019, An act relating to licensure of ambulatory surgical centers (S.73)
<a href="#">2019 Vermont Health Care Expenditure Analysis</a>	January 15, 2022* <i>NOTE: The VHCEA is delayed yearly due to data availability and staff resources. This report was published May 2022.</i>	18 V.S.A. § 9375a (b) (repealed) 18 V.S.A. § 9383 (a) (added in Act 167 of 2018, H. 912) Act 167 of 2018, An act relating to the health care regulatory duties of the GNCB (H.912)
<a href="#">Prior Authorization and All-Payer ACO Model Report</a>	January 15, 2022	Act 140 of 2020, An act relating to miscellaneous health care provisions, Sec. 10 (H.960)
<a href="#">Hospital Price Transparency Dashboard Update</a>	February 1, 2022	Act 159 of 2020, An act relating to hospital price transparency, hospital sustainability planning, provider sustainability and reimbursements, and regulators' access to information, Sec. 1-3 (H.795)
<a href="#">Billback Report</a>	September 15, 2022*	Act 79 of 2013, An act relating to health insurance, Medicaid, the Vermont Health Benefit Exchange, and the Green Mountain Care Board, Sec. 37c (H.107)



GMCB Legislative Reports Due in 2023		
Report	Due Date	Corresponding Statute or Legislation
<a href="#">Impact of Prescription Drug Costs on Health Insurance Premiums</a>	January 1, 2023*	18 V.S.A. § 4636 (b) Act 193 of 2018, An act relating to prescription drug price transparency and cost containment, Sec. 8 (S.92)
<b>GMCB 2022 Annual Report</b>	January 15, 2023*	18 V.S.A. § 9375 (d)
<b>2021 Vermont Health Care Expenditure Analysis</b>	January 15, 2023* <i>NOTE: The VHCEA is delayed yearly due to data availability and staff resources. This report is typically published in May.</i>	18 V.S.A. § 9375a (b) (repealed) 18 V.S.A. § 9383 (a) (added in Act 167 of 2018, H. 912) Act 167 of 2018, An act relating to the health care regulatory duties of the GMCB (H.912)
<b>Ambulatory Surgical Center Reporting (See GMCB 2022 Annual Report Attachment B)</b>	January 15, 2023	18 V.S.A. § 9375 (b) Act 55 of 2019, An act relating to licensure of ambulatory surgical centers (S.73)
<b>Update on Act 167 of 2022, Sections 1 and 2</b>	January 15, 2023	Act 167 of 2022, An act relating to health care reform initiatives, data collection, and access to home- and community-based services, Sec. 1 and 2 (S.285)
<b>Cost Shift Impact (See Attachment A)</b>	January 15, 2023*	18 V.S.A. § 9375 (d) Act 63 of 2019, An act relating to health insurance and the individual mandate, Sec. 10 (H.524)
<b>Billback Report</b>	September 15, 2023*	Act 79 of 2013, An act relating to health insurance, Medicaid, the Vermont Health Benefit Exchange, and the Green Mountain Care Board, Sec. 37c (H.107)

## Stakeholder Engagement in 2022

The Green Mountain Care Board believes that all Vermonters are stakeholders in Vermont's health care system, and that public engagement and transparency are foundational to our work. The GMCB seeks to hear from individuals and organizations in a variety of ways, including through a variety of forums, groups, and public comment opportunities, including:

- Green Mountain Care Board Meetings;
- The GMCB General Advisory Committee;
- The Primary Care Advisory Group;
- The Data Governance Council; and
- Ongoing and focused public comment opportunities.

### GMCB Board Meetings

The Green Mountain Care Board generally meets weekly in open public meetings. GMCB meetings operate in accordance with Vermont's Open Meeting Law: they are noticed in advance, open to the public, audio-recorded, include an opportunity for public comment, and following the meeting, minutes are posted to the GMCB website. In addition, most meetings are videotaped by Onion River Community Access Media (ORCA). In 2022, the Board held 52 meetings remotely with a physical location option. The meetings include regular Board meetings, hearings on proposed health insurance rate changes, Certificate of Need (CON) hearings, and hearings on proposed hospital and ACO budgets, each of which included time for public comment.

### GMCB General Advisory Committee

The GMCB General Advisory Committee<sup>1</sup> was formed in 2012 to provide input and recommendations to the GMCB, as required by 18 V.S.A. § 9374(e)(1). In 2018, the GMCB launched a redesign of the committee to better utilize members' time and expertise to support the GMCB's work. The GMCB reconvened the Advisory Committee in early 2019 with the new membership and worked with the committee to develop a charter outlining the group's purpose and its future work. The committee's current membership includes 20 representatives of Vermont businesses, consumers, health care providers and educators, patient advocates, and insurers.

In 2022, the GMCB held three General Advisory Committee meetings. The meetings featured presentations and small group discussions with the goal of utilizing the varied backgrounds and experiences of the Advisory Committee members to inform the GMCB. Meeting topics included COVID-19 impacts; hospital sustainability and Act 167 of 2022; and the GMCB's work on enhancing the hospital budget process. The GMCB General Advisory Committee is staffed by a GMCB staff member and chaired by the GMCB Executive Director, and all Board members attend each meeting.

### Primary Care Advisory Group

The Primary Care Advisory Group (PCAG)<sup>2</sup> was established in Act 113 of 2016 to provide input to the GMCB and address issues related to the administrative burden facing Vermont primary care professionals. In accordance with Act 113, the PCAG sunsetted on July 1, 2018. Recognizing the importance of this group, the GMCB used the authority granted in 18 V.S.A. § 9374(e)(2), which allows the GMCB to create advisory groups to carry out its duties, to continue to convene the PCAG. The current PCAG includes 12 primary care clinicians (a mix of physicians and advanced practice registered nurses). It is staffed by a GMCB staff member and the GMCB Executive Director, and one rotating Board member attends each meeting. The PCAG met five times in 2022 and focused on health care workforce, prior authorizations, and primary care spending. Group members provided feedback on Blueprint for Health, hospital sustainability, and prior authorizations.

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<sup>1</sup> See [GMCB General Advisory Committee webpage](#).

<sup>2</sup> See [GMCB Primary Care Advisory Group webpage](#).

The group will continue to highlight opportunities for improving access to primary care and respond to specific GMCB questions and requests. Potential areas for future discussion include hospital budget review, oversight of ACOs, payment and delivery system reform, health information technology, data collection and databases, and health care workforce planning.

### **Prescription Drug Technical Advisory Group**

The GMCB Prescription Drug Technical Advisory Group<sup>3</sup> was established in 2020 in response to the Legislature's interest in controlling prescription drug costs at the state level. The group members include representatives from the Agency of Human Services, Department of Vermont Health Access, Department of Financial Regulation, Attorney General's Office, Vermont Association of Hospitals and Health Systems, Vermont Medical Society, Bi-State Primary Care Association, BlueCross BlueShield of Vermont, MVP Health Care, the Health Care Advocate, as well as an independent pharmacist and chain pharmacist. In 2022, the group met once in a public meeting and met more often in subgroups bi-weekly. The group is staffed by a GMCB staff member and one GMCB Board Member.

### **Data Governance Council**

The Data Governance Council<sup>4</sup> is a committee of the GMCB that supports the GMCB's data governance and stewardship and has the authority to make and execute decisions and assign resources to priority areas. The Data Governance Council, which meets bimonthly in open public meetings, consists of seven voting members, and currently includes one Board Member. In 2022, the Data Governance Council approved changes and additions to required reporting by payers into Vermont's All-Payer Claims Database known as Vermont Health Care Uniform Reporting and Evaluation System (VHCURES). Please see the [Data and Analytics section](#).

### **Opportunities for Public Comment**

Members of the public are invited to provide comment to the GMCB at any time. The GMCB works with the Health Care Advocate, State agencies and departments, health care organizations, and members of the public to solicit and receive a broad spectrum of information to better assist the Board in its regulatory decision-making processes. In addition to the specific opportunities outlined above, the GMCB accepts public comment submissions via a standardized form available on the GMCB website, by telephone and U.S. mail to the GMCB offices, and by email.<sup>5</sup>

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<sup>3</sup> See [GMCB Prescription Drug Technical Advisory Group information](#).

<sup>4</sup> See [GMCB Data Governance Council information](#).

<sup>5</sup> See [GMCB Public Comment webpage](#).

## **PROGRESS IN 2022**

## HEALTH CARE REGULATION

### Health Insurance Rate Review

#### Progress in 2022

- **Rate Filings:** The Board reviewed 11 rate filings in 2022<sup>6</sup> (see Figure 2, following page), representing approximately \$715 million in health insurance premiums for approximately 87,684 Vermonters, with over 74,263 on the Exchange. Insurers requested approximately \$123 million in premium increases overall. The Board reduced this amount by an estimated \$26.6 million, including \$24.9 million for plans sold on the Exchange.<sup>7</sup> Approved average rate increases for individual Exchange plans were 19.3% (reduced from 24.4%) for MVP Health Plan, Inc. (MVP) and 11.4% (reduced from 14.9%) for Blue Cross and Blue Shield of Vermont (BCBSVT). Approved average rate changes in the small group market were 18.3% (reduced from 23.4%) for MVP and 11.7% (reduced from 15.4%) for BCBSVT.<sup>8</sup>
- **Rate Drivers:** Increases in the cost of medical services and pharmaceuticals were the primary drivers of rate increases for all filings.

#### Looking Ahead to 2023

- **2022 Inflation Reduction Act (IRA):** In August of 2022, Congress passed the Inflation Reduction Act (IRA), which will continue ARPA's enhanced subsidies to lower the cost of purchasing a plan in the individual market through 2025. These subsidies come in the form of premium tax credits for eligible consumers who purchase their plans through Vermont Health Connect.
- **Unmerged Individual and Small Group Markets:** The individual and small group markets, which were unmerged in 2022, will continue to be separate for 2023. Pursuant to Act 137 (2022), the Department of Financial Regulation, in consultation with the GMCB, convened a working group of interested stakeholders to develop recommendations regarding maintaining separate individual and small group markets.

**Project Area:** Health Care Regulation

**Relevant Statute/Authority:** 8 V.S.A. § 4062; 18 V.S.A. § 9375

**Overview:** The Board is tasked with reviewing major medical health insurance premium rates in the large group, small group, and individual insurance markets. Within 90 days of submission, the Board must determine whether a proposed rate is affordable, promotes quality care and access to health care, protects insurer solvency, and is not unjust, unfair, inequitable, misleading, or contrary to Vermont law.

<sup>6</sup> The filings were reviewed in 2022 for renewals in 2022 and 2023. While plans sold on the Exchange operate on a January 1-December 31 plan year, large group plans do not have a standard plan year and rates for these plans are reviewed and approved on a rolling basis.

<sup>7</sup> On November 4, 2022, the Vermont Supreme Court affirmed the Board's decision for the BCBSVT 2022 individual and small group market rate filing.

<sup>8</sup> See [GMCB Rate Review website](#) for a summary of filings and approved rates.

Figure 2: Insurance Rate Filings for the 2022 Review Year

Company Name	Filing Name	Proposed Rate Change	Approved Rate Change	Difference	*Estimated Premium Reduction
Cigna Health and Life Insurance Company	Large Group	7.6%	6.0%	-1.6%	\$531,367
Blue Cross Blue Shield of Vermont and TVHP (Q3, 2 Filings)	Large Group	7.9%	7.6%	-0.3%	\$128,099
Blue Cross Blue Shield of Vermont and TVHP (Q4, 2 filings)	Large Group	5.9%	4.7%	-1.2%	\$423,238
MVP Large Group HMO	Large Group	26.6%	19.9%	-6.7%	\$813,060
Blue Cross Blue Shield of Vermont	Association Health Plan	9.4%	11.1%	1.7%	-\$184,362
MVP Health Plan Inc.	Individual	24.4%	19.3%	-5.2%	\$6,252,628
MVP Health Plan Inc.	Small Group	23.4%	18.3%	-5.1%	\$7,460,451
Blue Cross Blue Shield of Vermont	Individual	14.9%	11.4%	-3.5%	\$5,611,044
Blue Cross Blue Shield of Vermont	Small Group	15.4%	11.7%	-3.7%	\$5,533,669
				Total	\$26,569,192

\* Estimated Premium Reduction - Insureds may not stay with the same plan or insurer from year to year. Large Group filings are based on the manual rate and may not be reflective of the actual rate increase. Groups with better experience will see lower rates, and groups with worse experience will see higher rates.

## Hospital Budget Review

### Progress in 2022

- **FY2023 Hospital Budget Review Process:** Vermont's 14 community hospitals filed their proposed budgets for FY2023 (October 1, 2022 – September 30, 2023) on July 1, 2022. The aggregated system-wide requested net patient revenue (NPR) increase was 10.2% over FY2022 system-wide budgets. Common themes that emerged from hospital budget submissions were the ongoing impact of COVID-19, difficulty navigating workforce shortages, staff burnout, and inflationary pressures. Hospitals continue to work on cost reduction and creative ways to attract and retain high-quality staff. The GMCB considered comments from the Office of the Health Care Advocate and the public in connection with evaluating FY2023 hospital budget requests.
- **FY2023 Hospital Budget Decisions:**<sup>9</sup> The GMCB's FY2023 hospital budget orders resulted in a system-wide NPR of \$3.27 billion, a 10.1% NPR increase over FY2022 approved budgets. In reaching its decision, the GMCB considered the environmental and sustainability challenges hospitals were facing, as well as issues with access to care.
- **Regulatory Evolution:** The GMCB began a scope of work to evolve the hospital budget process to move toward a more predictable and less administratively burdensome process.

**Project Area:** Health Care Regulation

**Relevant Statute/Authority:** 18 V.S.A. §§ 9375(b)(7), 9456

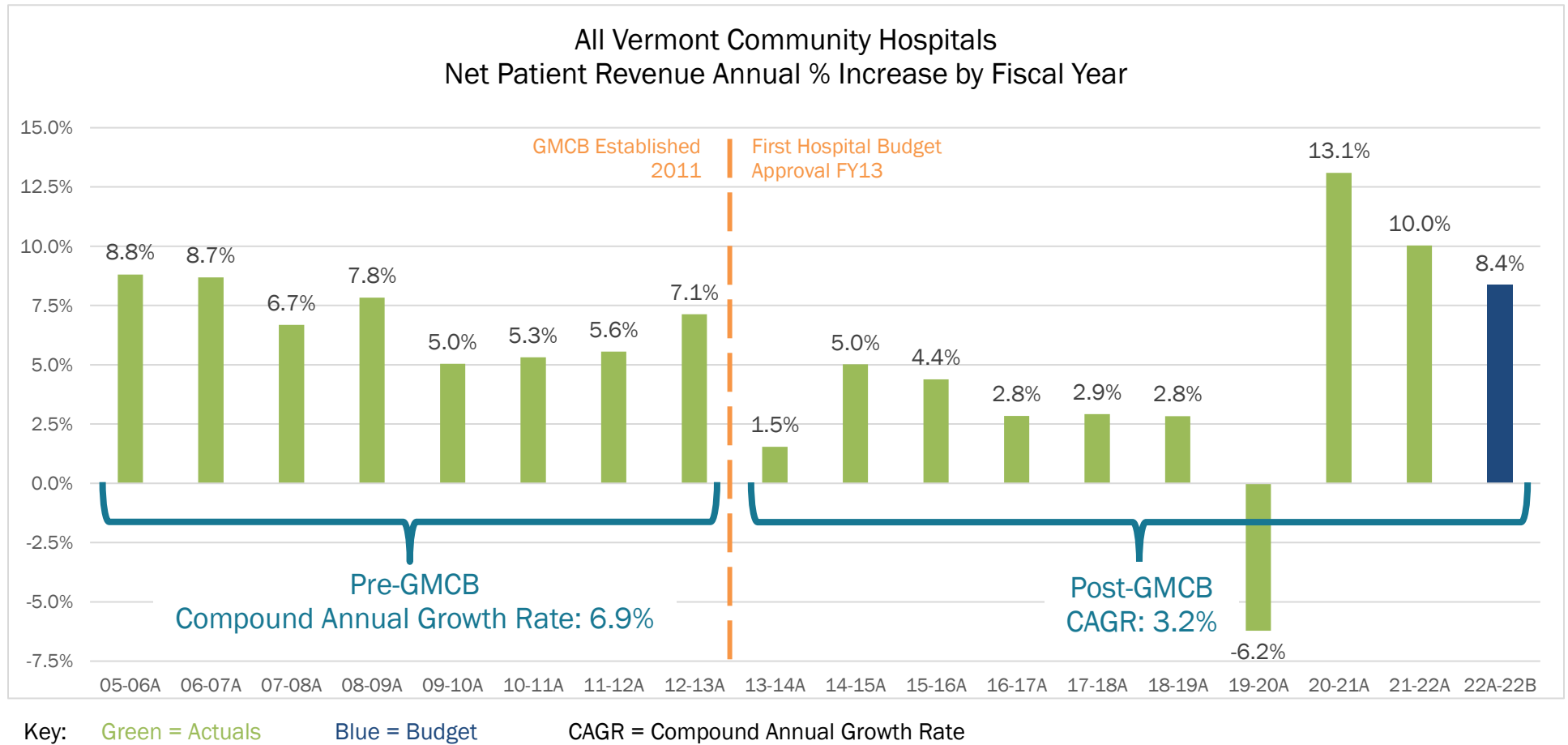
**Overview:** Annually by October 1, the Board has the responsibility to review and establish community hospital budgets. In its review, the Board considers local health care needs and resources, utilization and quality data, hospital administrative costs, and other data, as well as presentations from hospitals and comments from members of the public. The Board may adjust a hospital's budget based on exceptional or unforeseen circumstances.

### Looking Ahead to 2023

- The GMCB will make its first pass of regulatory changes in the FY2024 process. In the first year of the evolutionary process, the focus will be on streamlining necessary information from regulated entities and piloting new financial reference points.

<sup>9</sup> See [GMCB FY23 Hospital Budgets webpage](#).

Figure 3: Vermont Community Hospitals – System-Wide Net Patient Revenue Increases Over Time<sup>10</sup>



<sup>10</sup> This graph includes Vermont’s 14 community hospitals; it excludes the Vermont Psychiatric Care Hospital, Brattleboro Retreat, and the VA (U.S. Department of Veterans Affairs) Medical Center in White River Junction. Net Patient Revenue (NPR) is monies hospitals will receive for services after accounting for contractual allowances, commercial discounts, and free care.



## ACO Oversight: Budget Review and Certification

### Progress in 2022

- 2023 Medicare-only ACO Budget Review: Clover Health discontinued its operations in Vermont for 2023, leaving new entrant Lore Health ACO LLC (formerly Gather Health) to be the sole Medicare-only ACO in Vermont. Lore Health submitted its budget on September 30, 2022. After analysis, the GMCB voted on November 16, 2022, to approve Lore Health's budget with five conditions focused on monitoring the ACO's care model, financials, quality reporting, and use of beneficiary data.
- 2022 ACO Oversight – OneCare Vermont: The GMCB monitored OneCare's compliance with conditions of its FY22 budget order throughout the year, as outlined in the [FY22 Reporting Manual](#). This included receiving the first benchmarking report submission from OneCare. The GMCB staff are working closely with the staff at OneCare to improve upon the report for future iterations.
- 2023 OneCare Vermont ACO Certification and Budget Review: The GMCB received OneCare's certification eligibility submission on August 31, 2022, is reviewing OneCare's continued eligibility for certification and will document its review in a memo. The GMCB received OneCare's proposed FY23 budget on September 30, 2022. After careful analysis of OneCare's budget and numerous public comments, the GMCB voted on December 21, 2022, to approve, with modifications, the budget with 18 conditions, including continuing to support the ACO benchmarking system with revisions specified by the GMCB; cutting OneCare's operating expenses by 2% (~\$304,000); and requiring OneCare to retain \$3.9 million of risk out of the total \$9.5 million Medicare Advanced Shared Savings payments from Medicare.
- FY23 OneCare Budget Figures: OneCare's total population health and operational budget is \$45.1 million (\$29.9 million in population health investments, \$15.2 million in operational expenses). OneCare's entity-level (GAAP) budget of \$25.5 million represents the organization's operational expenses (\$15.2 M) and the portion of population health management program funding handled directly by OneCare in line with U.S. Generally Accepted Accounting Principles (\$10.3 M). The full accountability budget of \$1.45 billion includes the projected cost of care for which OneCare is accountable, including funds that pass directly to providers, contract revenues, and organizational revenues and expenses. OneCare's budget will be resubmitted at the end of January to reflect the 2% operational expense decrease ordered by the GMCB as well as the change in status of the BCBSVT Vermont contract with OneCare, which was announced one day prior to the Board's vote on the FY23 budget.
- Review of 2023 Medicaid Advisory Rate Case (MARC): Per 18 V.S.A. § 9573, the GMCB is responsible for advising DVHA on the population-based payment arrangement negotiated between DVHA and OneCare Vermont. The GMCB worked with DVHA to develop a new MARC submission process this year, and received submissions in August, October, and November. The Board issued a memo intended to meet the requirements of the MARC on December 19, 2022.

**Project Area:** Health Care Regulation

**Relevant Statute/Authority:** 18 V.S.A., §§ 9382, 9573

**Overview:** An ACO must be certified by GMCB to be eligible to receive payments from Medicaid or a commercial insurer through a payment reform initiative such as the APM. GMCB is also responsible for reviewing and approving ACO budgets. For additional information on ACO oversight, please see materials [here](#).

### Looking Ahead to 2023

- Aligning ACO Oversight with Other Regulatory Processes: The GMCB will continue work to align ACO oversight with its other regulatory processes in service of containing cost growth and improving access, quality, and health. This will include alignment with a potential future federal-state model.
- Standardizing ACO Reporting and Benchmarking: To improve tracking ACO performance and accountability over time, the GMCB will continue to work toward collecting data quarterly and year-over-year in standard reporting formats. As discussed above, the GMCB and OneCare will work to improve upon the benchmarking report and develop actionable steps to improve performance in areas as identified.

## Certificate of Need (CON)

### Progress in 2022

- Issued seven CONs: The GMCB approved seven applications with a total value of \$49,314,743.
  - Rutland Regional Medical Center to replace an existing MRI. (\$3,116,567)
  - University of Vermont Medical Center Conceptual CON, for planning, design, and permitting activities for the relocation of its outpatient Dermatology and Ophthalmology practices to 350 Tilley Drive. (\$92,020)
  - The Collaborative Surgery Center to develop an ambulatory surgery center in Colchester, VT. (\$5,293,345)
  - University of Vermont Medical Center to expand, consolidate, and automate outpatient pharmacy processing operations located at 75 and 79 Holly Court in Williston. (\$5,810,888)
  - The Kahm Clinic for a new eating disorder treatment program. (\$1,200,000)
  - North Country Hospital for the construction of a new addition and renovations. (\$27,898,176)
  - Copley Hospital for the replacement of the Mansfield Orthopedics medical office building in Waterbury. (5,903,747)
- Three material changes to CON projects: The Board approved three material changes to CON projects for an increase in the total project cost exceeding 10%.
- Five projects not reviewable: The Board determined that five proposed projects did not meet jurisdictional thresholds for CON review.
- Applications under review:
  - University of Vermont Medical Center for the relocation of its outpatient Dermatology and Ophthalmology practices to 350 Tilley Drive.
  - University of Vermont Medical Center for the purchase of a da Vinci Xi robotic surgical system.
  - University of Vermont Medical Center to replace the CT scanner located in McClure Level 1 with associated renovations and construction of a mobile pad addition to the Essex Primary Care facility.
  - University of Vermont Medical Center's request for a material change to expand the electronic health record replacement project to include UVMHN Home Health & Hospice.

**Project Area:** Health Care Regulation

**Relevant Statute/Authority:** 18 V.S.A. § 9375(b)(8), § 9433.

**Overview:** Vermont law requires hospitals and other health care facilities to obtain a Certificate of Need before developing a new health care project as defined in 18 V.S.A. § 9434. This includes capital expenditures that meet statutory cost thresholds, purchase or lease of new equipment or technology that meet statutory cost thresholds, changes in the number of licensed beds, offering any new home health services, health care facility ownership transfers (excluding hospitals and nursing homes), and any new ambulatory surgical centers. Each project must meet statutory criteria related to access, quality, cost, need, and appropriate allocation of resources. The CON process is intended to prevent unnecessary duplication of health care facilities and services, promote cost containment, and help ensure equitable allocation of resources to all Vermonters.

### Looking Ahead to 2023

- New applications: The following entities have either filed, or notified the Board that they intend to file, applications that will be reviewed in 2023:
  - Vernon Green, to replace its existing nursing facility.
  - Northeastern Vermont Regional Hospital, to expand and modernize its emergency department and laboratory.
  - Valley Vista, change in the number of licensed beds.

## DATA AND ANALYTICS

### Data and Analytics

#### Progress in 2022

- **Data Stewardship:** The GMCB's Data Governance Council approved changes to the VHCURES Reporting Manual which specifies data submission requirements for the VHCURES data set. These changes add fields to collect data on race and ethnicity, monthly premium amounts, and an indicator for mail-order pharmacy claims. The changes also allow payers to securely submit data without required one-way encryption.
- **Data Linkage and Integration:** The GMCB Analytical Team established an integrated data file with Vital Statistics death data.
- **Standard Reporting:**<sup>11</sup> Interactive reports available for public use from the GMCB website were updated and expanded. These reports include Reimbursement Variation, All-Payer Total Cost of Care reports, Patient Migration, and Hospital Market.<sup>12</sup>

#### Looking Ahead to 2023

- **Data and analyses:** Throughout 2023 the Analytical Team will continue its work, with vendor support, on a number of specialized projects including: outpatient capacity assessment, total cost of care expenditure benchmark analysis, low-value care analysis, and requirements gathering for the development of an RFP to secure vendor services for management of the VHCURES database.
- **Expanded Support Across the GMCB:** The Analytical Team is continuing to embed analysts in projects that span the organization to better fulfill the GMCB's desire to use data to inform its decision making.

**Project Area:** Data and Analytics

**Relevant Statute/ Authority:** 18 V.S.A. § 9410

**Overview:** The Board must maintain a unified health care database, reflecting health care utilization and costs for services provided in Vermont and to Vermont residents in another state. The Board maintains stewardship of two primary data sets:

- The Vermont Uniform Hospital Discharge Data Set (VUHDDS)
- The Vermont Health Care Uniform Reporting and Evaluation System (VHCURES)

<sup>11</sup> See [GMCB Data Analysis and Reporting webpage](#) for current analytic reports.

<sup>12</sup> This supports the Health Resource Allocation Plan (HRAP).

## Health Resource Allocation Plan (HRAP)

The Health Resource Allocation Plan (HRAP) is a series of dynamic reports, visualizations, and other user-friendly tools designed to convey relevant information and support the GMCB's regulatory processes. These tools are available on the Board's website in addition to detailed information on health care services by geographic region.<sup>13</sup>

### Progress in 2022

- **Project Specifications:** The GMCB continues to analyze health care needs, resources, and utilization patterns across hospital service areas to support regulatory decisions. Interactive reports were updated to reflect current data and consider additional concepts such as costs, insurance coverage, and travel patterns. Work performed this year also supported several integrated efforts at the GMCB including the Certificate of Need Program.
- **Data Governance and Management:** The HRAP team continues to work with several state agencies and health care partners to coordinate statewide data efforts to support health care priority areas.
- **Stakeholder Engagement:** The stakeholder engagement process is ongoing and involves state agencies, legislative representatives as well as regulated entities. Public feedback is solicited through public board meetings and the GMCB's established public comment process.

### Looking Ahead to 2023

- **HRAP Process Improvement Road Map:** Develop priorities for targeted reports and/or dashboards. The road map will include HRAP plans for updating existing reports and changes to regulatory process compared to health care resource and community assessments.
- **Data Governance and Management:** Effort to expand data integration with an important emphasis on the governance of integrated data and legal barriers.
- **Data Collection and Management:** Maintenance of essential data sets that reflect health care needs and resources by sector and geographic region will continue over the next year. Relevant updates will be highlighted on the GMCB website.
- **Data Analysis:** Further analysis exploring the gaps between available health care resources and the needs of Vermonters including low-value care analysis, outpatient surgery capacity analysis, and health insurance market report.
- **Strategic Planning:** Further assessment to streamline data requests to support Certificate of Need and Hospital Budget Programs.

**Project Area:** Data and Analytics

**Relevant Statute/Authority:** 18 V.S.A. § 9405

**Overview:** In 2018, the Legislature amended the requirements for the Health Resource Allocation Plan. The new HRAP will:

- Report on Vermont's health care services and resources;
- Inform GMCB regulatory processes, cost containment and statewide quality of care efforts, health care payment and delivery system reform initiatives, and allocation of health resources within the state;
- Identify priorities using existing assessments, data, and public input;
- Consider the principles for health care reform in 18 V.S.A. § 9371;
- Identify and analyze gaps between needs and resources;
- Identify utilization trends;
- Consider cost impacts of filling gaps; and
- Be more dynamic and up to date.

<sup>13</sup> See [Green Mountain Care Board Health Resource Allocation Plan webpage](#).

## Vermont Health Care Expenditure Analysis

### Progress in 2022

The most recent Health Care Expenditure Analysis (CY 2020) was completed in May 2022.<sup>14</sup>

- Vermont Resident Analysis, 2020: Total spending for Vermont residents receiving health care services both in- and out-of-state *decreased* 2.3% from 2019 to 2020, to a total of \$6.3 billion. This was lower than the 4.1% increase in 2019 and the average annual increase of 2.2% for the period 2015 through 2020. Medicare spending *decreased* 2.3% due to reductions in expenditures associated with nursing homes, hospitals, physicians, as well as drugs and supplies. A 0.9% *decrease* in Medicaid spending stemmed primarily from reductions in spending for mental health and other government activities (e.g., home- and community-based services), and professional services. Commercial insurance spending *decreased* 4.7% due to reductions in most services, but especially those associated with hospitals and physicians. Estimated percent growth<sup>15</sup> in total expenditures on behalf of Vermont residents is expected to be 0.2% from 2020 to 2021 and 0.7% from 2021 to 2022.
- Vermont Resident Analysis Compared to U.S., 2020: From 2019 to 2020, U.S. health consumption spending increased 4.3% (compared to -2.3% for Vermont). Vermont's per capita spending in 2020 was substantially lower than that observed nationally (\$9,902 vs \$11,949).
- Vermont Provider Analysis, 2020: Total revenues received by Vermont providers for health care services provided to in- and out-of-state patients *decreased* 0.5% in 2020, totaling \$6.8 billion. This was significantly lower than the 5.6% increase in 2019 and average annual increase of 3.0% for 2015 to 2020. Estimated growth is expected to be 5.3% from 2020 to 2021 and 1.2% from 2021 to 2022.<sup>16</sup>

### Looking Ahead to 2022

- Preparing 2021 Health Care Expenditure Analysis: In 2023, staff will finalize the 2021 Expenditure Analysis and two-year estimates. The analysis will be used as a tool to monitor the implementation of the APM Agreement's cost growth and other key financial metrics. The 2021 Health Care Expenditure Analysis will continue to be affected by the COVID-19 pandemic and some data may have to be revised due to estimates being used in place of delayed or unknown data at the time of the publication. The GMCB is exploring ways to enhance the analysis to better inform policy makers.

<sup>14</sup> See [2020 Health Care Expenditure Analysis](#) (PDF) or [interactive 2020 Expenditure Analysis visualization](#). The VHCEA relies on a variety of Vermont-specific data sources, incorporating data from VHCURES, VUHDDS, the Vermont Household Health Insurance Survey, Annual Statement Supplement Report, ACO reports, and the best available data from other state and national resources. Most other analyses of health expenditures (e.g., Kaiser State Health Facts) use resident and provider data produced every 5 years based on US Census data; because of Vermont's small size, the VHCEA's more granular data sources allow for a richer, more detailed analysis.

<sup>15</sup> Estimated Vermont Resident growth projections are especially volatile due to the aftermath of the COVID-19 pandemic and appear to be an underestimate based on subsequent information. See VHCEA 2020 Report, slide 46.

<sup>16</sup> Estimated Vermont Provider growth are especially volatile due to the aftermath of the COVID-19 pandemic and appear to be an underestimate based on subsequent information.

**Project Area:** Data and Analytics

**Relevant Statute/Authority:**  
18 V.S.A. § 9383

**Overview:** The Board is tasked with developing an annual expenditure analysis and estimates of future health care spending. The Expenditure Analysis is a rich, detailed data source specific to Vermont, and has been published annually since 1991.

- The analysis quantifies total spending for all health care services provided in Vermont (residents/non-residents), and for services provided to Vermonters regardless of site of service.
- The report analyzes broad sectors including hospitals, physician services, mental health, home health, and pharmacy. It also analyzes payers including Medicare, Medicaid, commercial plans, self-insured employers, and health maintenance organizations, and compares Vermont spending to national data published annually by CMS.

## Health Information Technology

### Progress in 2022

- **FY2023 VITL Budget Review:** VITL submitted its proposed budget for FY2023 (July 1, 2022 – June 30, 2023) on May 24, 2022, with anticipated total revenue of \$10,753,124, including \$10,167,931 in state contracts. The FY2023 budget includes an anticipated total expense of \$10,639,418. This submission was presented to the GMCB at its June 8, 2022, public Board meeting,<sup>17</sup> and approved on June 22, 2022.<sup>18</sup> VITL provided quarterly updates on their operations and budget throughout 2022 as required by its FY2022 and FY2023 budget orders, on topics including governance and operations, finances, technology, and stakeholder engagement around HIE consent, including patient education.
- **2022 Health Information Exchange (HIE) Strategic Plan and 2023 Connectivity Criteria Review and Approval:** 18 V.S.A. § 9351(a)(1) requires a comprehensive five-year HIE Plan update to be submitted every five years. On November 16, 2022, AHS and VITL presented the Plan, including the 2023 Health Information Exchange Connectivity Criteria, to the GMCB. Following Board discussion and requests for changes, AHS resubmitted the HIE Plan on December 9, 2022. The GMCB voted unanimously to approve the HIE Plan and Connectivity Criteria on December 14, 2022.<sup>19</sup>

### Looking Ahead to 2023

- **Future HIE Plan Updates:** In recent years, the task of HIE Plan annual update submissions has been completed by AHS central office (rather than DVHA staff) in collaboration with the HIE Steering Committee. This practice will continue and the annual update to the 2023-2027 Plan submission is expected on November 1, 2023.
- **FY2023 VITL Budget Review:** The Board expects to review VITL's FY2024 budget in late spring 2023.

#### **Project Area:** Data and Analytics

**Relevant Statute/ Authority:** 18 V.S.A. §§ 9351, 9375(b)(2)

**Overview:** The Board has two major responsibilities related to health information technology:

- Review and approve the budget for Vermont Information Technology Leaders (VITL - Vermont's statutorily designated clinical health information exchange).
- Review and approve a state Health Information Technology Plan (now referred to as the state Health Information Exchange Plan, or HIE Plan) developed by DVHA. DVHA is required to comprehensively update the plan every 5 years and to revise it annually.

The Board is also tasked with approving Connectivity Criteria for the Vermont Health Information Exchange (VHIE, operated by VITL).

<sup>17</sup> See [FY2023 Budget Review Presentation](#) (June 8, 2022).

<sup>18</sup> See [Order Approving Vermont Information Technology Leaders' FY2023 Budget](#) (July 8, 2022).

<sup>19</sup> See (December 9, 2022) and [Order Approving 2022](#) (January 4, 2023). See GMCB's [Health Information Exchange \(HIE\) Plan webpage](#) for more information.

## Prescription Drug Monitoring

### Progress in 2022

- **Prescription Drug Cost Analysis – State Spending:** DVHA submitted the prescription drug lists for CY 2021 in June, 2022. This list included drugs on which the State spends significant health care dollars or on which health insurance plans spend significant amounts of their premium dollars.<sup>20</sup> DVHA developed the list based on the one-year increase in wholesale acquisition cost (WAC) and net cost.
  - **DVHA Gross Drug Cost Analysis:** This list contains the drugs for which the WAC increased by 15% or more in CY 2021. Gross spending on the ten drugs identified was approximately \$97,097 and gross drug price increases ranged from 16.64% to 2,526.55%. Two of the drugs identified were on the previous year’s list.
  - **DVHA Net Drug Cost Analysis:** This list contains drugs for which the net cost to DVHA increased by 15% or more in CY 2021. Net drug price increases ranged from 15.17% to 181.25% over the last calendar year and three of the ten drugs identified appeared on the previous year’s list of drugs. None appeared on this year’s gross cost list.
  - **BCBSVT & MVP Drug Lists with Largest Net Price Increase:**<sup>21</sup> For the previous calendar year, drug price increases ranged from 21% to 53% for BCBSVT and from 17.09% to 92.89% for MVP.
- **Impact of Prescription Price Increases on Commercial Insurance Rates:** The GMCB works with commercial payers with more than 1,000 lives in Vermont to gather data on: a) the flow of funds related to prescription drugs between manufacturers, insurers, and plan members, including discounts and rebates; and b) on the 25 most frequently prescribed drugs, the 25 most costly drugs, and the 25 drugs with the highest year-over-year price increases.<sup>22</sup> The top three drugs with the greatest impact on premiums were Humira Pen, Enbrel Sureclick, and Trikafta – all specialty drugs.

**Project Area:** Data and Analytics

**Relevant Statute/Authority:**  
18 V.S.A. § 4635(b)

**Overview:** The Department of Vermont Health Access (DVHA) and health insurers are required to identify prescription drugs that they spend significant health care dollars on and that have seen a significant cost increases.

### Looking Ahead to 2023

- **Continued Prescription Drug Monitoring:** The GMCB will continue to track drug costs through the health insurance rate review process and work with hospitals and insurers to measure the impact of drugs on insurance rates.

<sup>20</sup> See [DVHA drug cost analyses and methodology for CY2021](#).

<sup>21</sup> See [BCBSVT & MVP drug cost analyses for CY2021](#).

<sup>22</sup> See [GMCB Prescription Drug Transparency webpage for Act 193 Report](#).

## INNOVATION

### Vermont's All-Payer Model (APM)

#### Progress in 2022

- **Request for Short-Term APM Extension:** Led by AHS, the Vermont APM signatories worked with the Centers for Medicare and Medicaid Innovation (CMMI) throughout 2022 to negotiate the terms of a short-term extension of the APM Agreement, with an extension year covering 2023 and an optional transition year covering 2024. These negotiated terms ([summary](#); [full Agreement text](#)) were presented to the GMCB on November 16, 2022. On November 28, 2022, the GMCB voted to approve the extension agreement as negotiated. The amended agreement was signed on November 29, 2022. The extension period would act as a bridge to a potential new federal-state model.
- **Performance to Date on APM Agreement Targets:** Scale target performance is available through PY4 of the APM (2021), while results for quality and cost targets are available through PY3 (2020). The continuing COVID-19 public health emergency has caused challenges in evaluating performance since 2020 and is expected to continue to be an issue for the remainder of the Agreement. Submitted [APM Reports](#) and a [summary dashboard](#) are posted to GMCB's website.
  - **Scale:** In PY4, all-payer scale stayed relatively flat (growing from 45% in PY3 to 46% in PY4), while Medicare scale grew from 47% in PY3 to 54% in PY4. While results were still below APM Agreement targets, CMMI has waived scale enforcement ([October 2021 letter](#)).
  - **Quality:** At the conclusion PY3, Vermont is currently on track to meet three of the five reportable population-level health outcomes targets; six of the eight reportable health care delivery system quality targets; and three of the three reportable process milestones. Note that not all measures were reportable in PY3 due to the impacts of the pandemic. The impacts of COVID-19 on care patterns and utilization in PY3 and beyond will make it challenging to draw generalizable conclusions about quality of care, and to consider trends in quality over time. PY4 data will be available in spring 2023.
  - **Cost:** PY3 results show a 7.4% drop in All-Payer Total Cost of Care compared to PY2; this result was largely due to the impact of the COVID-19 pandemic on health care utilization. Compound average growth over the life of the model fell to 0.4%, below the target range (3.5% - 4.3%).
- **Setting the Annual Medicare Benchmark (Financial Target):** On December 21, 2022, the GMCB voted to approve a trend rate of 3.9% for End Stage Renal Disease (ESRD) and 5.2% for Non-ESRD Benchmark and include an advance of approximately \$9.55 million for Blueprint for Health and the SASH program.

#### Looking Ahead to 2023

- **Second Federal APM Evaluation Report:** Vermont received the Second Federal APM Evaluation Report ([at-a-glance summary](#); [full report](#)) by the independent federal evaluation contractor, NORC, in late 2022. Early evaluation reports have found promising results, including reduced Medicare spending in Vermont compared to other states with similar reform activities, as well as positive effects for the full Vermont population.
- **Subsequent APM Agreement:** AHS and the GMCB continue to engage with CMMI regarding potential future federal-state models, and will continue to engage Vermont stakeholders and experts to gather their feedback and input.

#### Project Area: Innovation

**Relevant Statute/Authority:** 18 V.S.A. § 9551; 42 U.S.C. § 1315a; APM Agreement

**Overview:** GMCB has four major responsibilities related to the All-Payer Model:

- Set financial targets for Vermont Medicare ACOs and limit cost growth for certain health care services.
- Ensure reasonable alignment across Vermont ACO programs.
- Work with other signatories to achieve targets for the number of aligned Vermonters.
- Work with other signatories to achieve targets on twenty-two quality measures tied to three population health goals.

For additional information see [GMCB APM Website](#).



## Hospital Sustainability Planning and Act 167

### Progress in 2022

Given the national trends of rural hospital closures and the headwinds facing Vermont's hospitals, the GMCB has been [keeping a close eye on hospital sustainability](#) to affordably ensure hospitals' financial health.

In 2022, the Vermont Legislature passed [Act 167](#), "An act relating to health care reform initiatives, data collection, and access to home- and community-based services," which included funding for the GMCB to deepen its work on these issues in partnership with hospitals, other health care providers, insurers, Vermonters, and other State of Vermont partner agencies. Act 167 tasks the GMCB with (1) engaging in data analysis and stakeholder engagement to support hospital transformation; (2) developing new payment models for hospitals, including global payment models; and (3) planning for the evolution of the GMCB's hospital budget review process. AHS is a critical collaborator in this work.

- [Data Analysis and Community and Provider Engagement to Support Hospital Transformation](#): In summer/fall 2022, GMCB and AHS worked together to develop an RFP to support the work described in Act 167, including analytics and community conversations to help policymakers understand the current and potential future states of health care systems in each health service area. In addition, a cohort of interested hospitals will receive intensive technical assistance to develop transformation plans. The Board anticipates a bidder will be selected in January 2023 and a contract is expected to be in place in Q1 of 2023.
- [Payment Model Development](#): Since September 2022, one GMCB Board member has co-chaired the Global Budget Sub-Group of AHS's Health Care Reform Work Group. This group was convened to inform the Center for Medicare and Medicaid Innovation (CMMI) as it develops potential future federal-state models.
- [Regulatory Evolution for Hospital Budget Process](#): See Hospital Budget Review section.

### Looking Ahead to 2023

- [Data Analysis and Engagement to Support Hospital Transformation](#): Following contract execution, the GMCB (in partnership with AHS) will launch a data-informed stakeholder process to gain a deeper understanding of the current state of Vermont's health care system, including the experiences of Vermonters and their health care providers. Later in 2023, this work will include engaging a cohort of interested hospitals to support them in developing transformation plans that identify short-, medium-, and long-term actions to keep them financially sustainable while providing high-quality care to their communities.
- [Payment Model Development](#): In January 2023, the Global Budget Sub-Group of the Health Care Reform Work Group reconvened to engage in more detailed payment model development, with the expectation that it will have a high-level model designed by fall 2023.

**Project Area:** Innovation

**Relevant Statute/Authority:**

18 V.S.A. §§ 9375(b)(7),  
9456, Act 159 of 2020,  
Section 4, Act 167 of 2022

**Overview:** Since 2005, 180 rural hospitals have closed nationally, with 2020 closure rates higher than any previous year. Recent financial struggles at many Vermont hospitals caused the Board to consider hospital sustainability within its hospital budget process. In 2022, the Vermont Legislature passed Act 167, which requires the GMCB to continue its work on hospital sustainability.

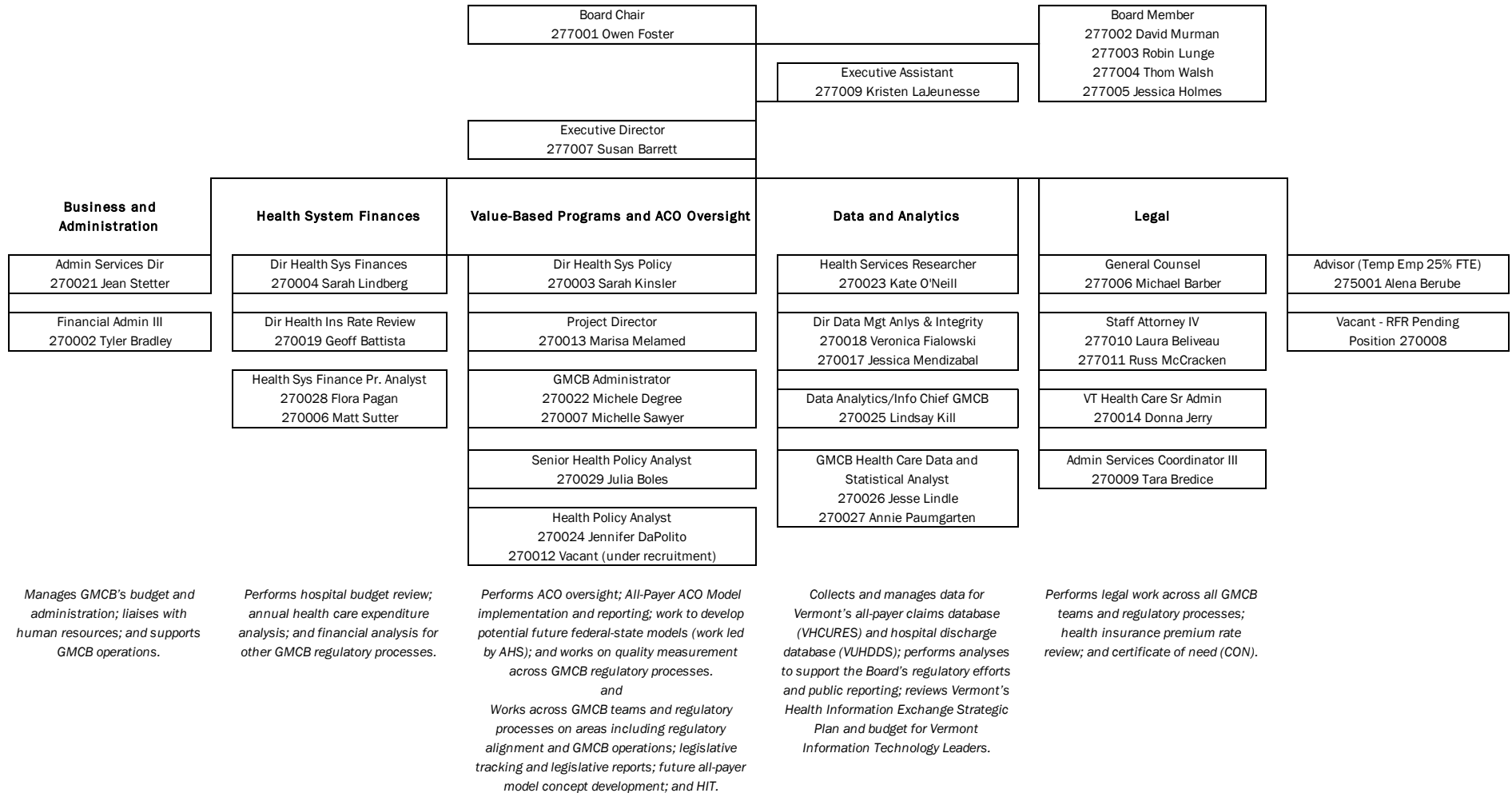
## APPENDICES

## Appendix A: Green Mountain Care Board Meetings in 2022

January 12, 2022	<ul style="list-style-type: none"> <li>• Conversations with Leaders in Health Care Reform: Informing Next Steps in Vermont Hospital Sustainability Planning</li> <li>• Clover Health Request Pursuant to Rule 5.404 RE: FY22 Budget Hearing – Potential Vote</li> </ul>
January 21, 2022	<ul style="list-style-type: none"> <li>• Integration of 2023 Reports/Data and Feedback on Health Care Reform Leaders' Discussion</li> </ul>
January 26, 2022	<ul style="list-style-type: none"> <li>• CON Hearing: The Collaborative Surgery Center (CSC), Proposed Ambulatory Surgery Center in Colchester</li> <li>• Essential Health Benefits (EHB) Benchmark Plan Updates</li> <li>• Discussion of Hospital Budget Regulatory Process and Preliminary 2023 Hospital Budget Guidance</li> </ul>
February 2, 2022	<ul style="list-style-type: none"> <li>• Health Care Workforce Plan Updates</li> <li>• DVHA 2023 Proposal of Updates for Standard Qualified Health Plans – Potential Vote</li> </ul>
February 9, 2022	<ul style="list-style-type: none"> <li>• Department of Vermont Health Access (DVHA) 2023 Proposal of Updates for Standard Qualified Health Plans (QHP) – Potential Vote</li> </ul>
February 16, 2022	<ul style="list-style-type: none"> <li>• Essential Health Benefit (EHB) Benchmark Plan Updates</li> </ul>
March 2, 2022	<ul style="list-style-type: none"> <li>• Essential Health Benefit (EHB) Benchmark Plan – Potential Vote</li> <li>• Certificate of Need (CON) Threshold Discussion</li> </ul>
March 9, 2022	<ul style="list-style-type: none"> <li>• FY21 Vermont Hospital Reporting: Year-End Actuals</li> </ul>
March 16, 2022	<ul style="list-style-type: none"> <li>• Clover Health Partners Budget – GMCB Staff Review</li> <li>• FY23 Hospital Budget Guidance</li> </ul>
March 17, 2022	<ul style="list-style-type: none"> <li>• Rutland Regional Medical Center (RRMC) Mid-Year Budget Adjustment Hearing</li> </ul>
March 23, 2022	<ul style="list-style-type: none"> <li>• Clover Health Partners FY22 Budget – Potential Vote</li> <li>• Rutland Regional Medical Center (RRMC) Mid-Year Budget Adjustment – Potential Vote</li> <li>• FY23 Budget Guidance – Potential Vote</li> </ul>
March 30, 2022	<ul style="list-style-type: none"> <li>• Rutland Regional Medical Center (RRMC) Mid-Year Budget Adjustment – Potential Vote</li> <li>• FY23 Hospital Budget Guidance – Potential Vote</li> <li>• University of Vermont Health Network (UVMHN) Mid-Year Budget Adjustment Hearing</li> <li>• Certificate of Need (CON) Threshold Discussion – Continued</li> </ul>
April 6, 2022	<ul style="list-style-type: none"> <li>• University of Vermont Health Network (UVMHN) Mid-Year Budget Adjustment Request – GMCB Staff Recommendations – Potential Vote</li> </ul>
April 8, 2022	<ul style="list-style-type: none"> <li>• University of Vermont Health Network (UVMHN) Mid-Year Budget Adjustment Request – Potential Vote</li> </ul>
April 13, 2022	<ul style="list-style-type: none"> <li>• MVP Health Care Non-Standard Plan Changes – Potential Vote</li> </ul>
April 20, 2022	<ul style="list-style-type: none"> <li>• Dartmouth Leadership Preventive Medicine Residents (LPMR) Clinical Perspective on Hospital Sustainability and Updates on Health Equity</li> </ul>
April 27, 2022	<ul style="list-style-type: none"> <li>• Blue Cross Blue Shield - Value-Based Reform Efforts Presentation</li> <li>• MVP Health Care - Payment Reform Initiatives Presentation</li> <li>• University of Vermont Health Network (UVMHN) Psychiatric Inpatient Capacity Quarterly Report</li> <li>• Department of Mental Health Update</li> <li>• Wait Times Metrics for Hospital Budget Guidance Update, GMCB presentation</li> </ul>
May 4, 2022	<ul style="list-style-type: none"> <li>• Global Budgets and Health Care System Transformation: What is Needed?</li> <li>• OneCare Vermont ACO FY22 Revised Budget Presentation</li> </ul>
May 11, 2022	<ul style="list-style-type: none"> <li>• OneCare Vermont ACO FY22 Revised Budget – GMCB Staff Presentation – Potential Vote</li> </ul>
May 25, 2022	<ul style="list-style-type: none"> <li>• 2020 All-Payer Model (APM) Federal Reporting Update</li> </ul>
June 8, 2022	<ul style="list-style-type: none"> <li>• Vermont Information Technology Leaders (VITL) FY23 Budget Presentation</li> <li>• Accountable Care Organization (ACO) Guidance - GMCB Staff Presentation</li> </ul>
June 15, 2022	<ul style="list-style-type: none"> <li>• University of Vermont Health Network (UVMHN) Mental Health Integration Presentation</li> <li>• Accountable Care Organization (ACO) Guidance - GMCB Staff Presentation</li> <li>• GMCB 2022 Legislative Session Presentation</li> </ul>

June 22, 2022	<ul style="list-style-type: none"> <li>• Agency of Human Services (AHS) Workforce Plan Update</li> <li>• Vermont Information Technology Leaders (VITL) FY23 Budget – GMCB Staff presentation - Potential Vote</li> <li>• Department of Mental Health (DMH) Update</li> <li>• Accountable Care Organization (ACO) Guidance – Potential Vote</li> </ul>
July 13, 2022	<ul style="list-style-type: none"> <li>• Vermont Hospital Quality Framework</li> </ul>
July 18, 2022	<ul style="list-style-type: none"> <li>• BCBSVT QHP Rate Review Hearing</li> </ul>
July 20, 2022	<ul style="list-style-type: none"> <li>• MVP QHP Rate Review Hearing</li> </ul>
July 21, 2022	<ul style="list-style-type: none"> <li>• Rate Review Public Comment Forum</li> </ul>
July 27, 2022	<ul style="list-style-type: none"> <li>• Preliminary Review of FY23 Hospital Budget Submissions</li> </ul>
August 3, 2022	<ul style="list-style-type: none"> <li>• Comparing “Price Transparency” Resources</li> </ul>
August 15, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 17, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 19, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 22, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 24, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 26, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Hearings</li> </ul>
August 31, 2022	<ul style="list-style-type: none"> <li>• Inflation Analysis Results</li> <li>• FY23 Hospital Budget Deliberations</li> </ul>
September 2, 2022	<ul style="list-style-type: none"> <li>• FY23 Hospital Budget Deliberations</li> </ul>
September 12, 2022	<ul style="list-style-type: none"> <li>• FY22 Hospital Budget Deliberations</li> </ul>
September 28, 2022	<ul style="list-style-type: none"> <li>• FY 2023 Vermont Hospital Budget Debrief</li> <li>• Delegation of Authority</li> </ul>
October 12, 2022	<ul style="list-style-type: none"> <li>• FY23 ACO Oversight Introduction and Process Review</li> <li>• Prescription Drug Technical Advisory Group discussion</li> </ul>
October 24, 2022	<ul style="list-style-type: none"> <li>• Gather Health Medicare-Only Accountable Care Organization (ACO) Hearing</li> </ul>
October 26, 2022	<ul style="list-style-type: none"> <li>• Panel Discussion: Primary Care Landscape in Vermont</li> </ul>
November 2, 2022	<ul style="list-style-type: none"> <li>• Gather Health Accountable Care Organization (ACO) - GMCB Staff Presentation</li> </ul>
November 9, 2022	<ul style="list-style-type: none"> <li>• FY 2023 OneCare Vermont Budget Hearing</li> </ul>
November 16, 2022	<ul style="list-style-type: none"> <li>• Vermont All-Payer Model Extension – GMCB Staff presentation</li> <li>• Gather Health ACO Staff Presentation – Potential Vote</li> <li>• Vermont Information Technology Leaders (VITL) &amp; Vermont Health Exchange Information Exchange (VHIE) Overview</li> <li>• VITL Quarterly Update</li> <li>• 2022 HIE Strategic Plan and Connectivity Criteria for 2023</li> </ul>
November 21, 2022	<ul style="list-style-type: none"> <li>• ACO 2021 Financial Settlement &amp; Quality Performance Panel</li> </ul>
November 28, 2022	<ul style="list-style-type: none"> <li>• Vermont All-Payer Model Extension – Potential Vote</li> </ul>
December 5, 2022	<ul style="list-style-type: none"> <li>• GMCB Traveling Board Meeting – Rutland Regional Medical Center</li> <li>• Summary of 2021 Community Health Needs Assessment / 2022 Implementation Strategy Update</li> <li>• Rutland HAS Blueprint for Health Update</li> <li>• Rutland Community Collaborative Update</li> <li>• Come Alive Outside – Overview, Mission, Partnerships and the Nature Rx</li> </ul>
December 7, 2022	<ul style="list-style-type: none"> <li>• FY23 OneCare Vermont Budget and Certification – GMCB Staff Analysis &amp; Preliminary Recommendations</li> </ul>
December 14, 2022	<ul style="list-style-type: none"> <li>• 2022 HIE Plan and 2023 Connectivity Criteria - Potential Vote</li> <li>• OneCare Vermont FY2023 Budget – Board Deliberation</li> </ul>
December 19, 2022	<ul style="list-style-type: none"> <li>• Medicare Benchmark Proposal - Presentation and Potential Vote</li> </ul>
December 21, 2022	<ul style="list-style-type: none"> <li>• 2023 Medicare Benchmark – Potential Vote</li> <li>• OneCare Vermont FY23 Budget - Potential Vote</li> </ul>

Appendix B: GMCB Organizational Chart



Appendix C: GMCB Budget

Green Mountain Care Board Appropriations	FY21 Base Budget 2020 Act 154 B.345	FY22 Base Budget 2021 Act 74 B.345	FY22 One-Time Appropriation 2022 Act 83 (BAA) Benchmark Study	FY23 Base Budget 2022 Act 185 B.345	FY23 One-Time Appropriation 2022 Act 167 Sustainability
Total Budget	7,737,643	7,737,643	500,000	8,211,730	4,100,000
General Fund	3,094,435	3,094,435	500,000	3,261,362	4,100,000
GMCB Regulatory & Admin Fund	4,643,208	4,643,208		4,950,368	
Other Special Funds					
Global Commitment					
Interdepartmental Transfer					
Coronavirus Relief Fund					
Federal Fund					

**Act 83 of 2022** appropriated \$500,000.00 in one-time General Funds to GMCB, "for a consultant to perform per capita benchmarking analyses with comparisons to national, peers, and better performers. This shall include an analysis of avoidable utilization and low value care." GMCB selected a bid for \$419,557.00 so the remaining balance is proposed as a reversion in the FY23 BAA.

**Act 167 of 2022** included \$4,100,000 for the GMCB to deepen its work on sustainability issues in partnership with hospitals, other health care providers, insurers, Vermonters, and other State of Vermont partner agencies. This work includes conducting a data-informed stakeholder process to gain a deeper understanding of the current state of Vermont's health care system, including the experiences of Vermonters and their health care providers, and to support hospitals in identifying short, medium, and long-term actions to keep them financially sustainable while providing high-quality care to their communities. The GMCB will also be working with partners to develop new ways to pay hospitals. The GMCB is also directed to collaborate with the Vermont Agency of Human Services (AHS) on developing ideas and negotiating with the federal government on future federal-state reform efforts.

While Act 167 focuses on hospitals and hospital-based services, hospitals are one part of the broader health care system, and the stakeholder process and health care needs analysis will have a broad scope. While hospitals comprise 47% of health care spending in Vermont, the availability of other services directly impacts when Vermonters need hospital services and how often. Therefore, the GMCB will be seeking broad input from communities about their experiences with Vermont's health care system and recommendations for the future.

## Appendix D: Board Member Biographies

The GMCB was created by the Vermont Legislature in 2011. It is an independent group of five Vermonters who, with their staff, are charged with ensuring that changes in the health care system improve quality while stabilizing costs.

Nominated by a broad-based committee and appointed by the Governor, the GMCB includes:

### Owen Foster, J.D.

Owen Foster served as an Assistant United States Attorney in the United States Attorney's Office for the District of Vermont for eight years, where he was the health care fraud coordinator and ethics officer. Prior to joining the United States Attorney's Office, he was a securities litigation associate for seven years at Dechert, LLP. Owen was born and raised in Middlebury, Vermont and graduated from the University of Vermont in 2001, and from Columbia Law School in 2007. Appointed by Governor Phil Scott for a term beginning October 1, 2022, and ending September 2024.

### Jessica Holmes, Ph.D.

Jessica Holmes is a Professor of Economics at Middlebury College. Her teaching portfolio includes courses in microeconomics, health economics, the economics of social issues and the economics of sin. She has published several articles in areas such as philanthropy, economic development, health economics, labor economics and pedagogy. Prior to joining the Middlebury faculty, she worked as a litigation consultant for National Economic Research Associates, conducting economic analyses for companies facing lawsuits involving securities fraud, product liability, and intellectual property. Jessica received her undergraduate degree from Colgate University and her PhD in Economics from Yale University. She is a past Trustee of Porter Medical Center, having served as Board Secretary and Co-chair of the Strategy Committee. Jessica lives in Cornwall, Vermont. Appointed by Governor Peter Shumlin for a term beginning on October 8, 2014, and ending on September 30, 2020. Reappointed by Governor Phil Scott for a second term ending in 2026.

### Robin Lunge, J.D., MHCDS

Robin J. Lunge, JD, MHCDS, was appointed to the Board in November 2016. Prior to joining the Board, Robin served for almost six years as the State's Director of Health Care Reform for Governor Peter Shumlin's administration. Her past experience includes working as a nonpartisan staff attorney at Vermont Legislative Council, where she drafted legislation and provided support to members of the Vermont Legislature relating to health and human services matters, and at the Center on Budget and Policy Priorities in Washington D.C. as a senior policy analyst on public benefits issues. Robin's areas of expertise are federal and state public benefit programs, health care, and health care reform. Robin holds a B.A. from the University of California Santa Cruz, a J.D. from Cornell Law School, and a Masters of Health Care Delivery Science from Dartmouth College. Ms. Lunge's term ends in September 2023.

### Thom Walsh, Ph.D., MS, MSPT

Dr. Thomas Walsh is a professor of health policy who holds academic appointments at the Dartmouth Institute for Health Policy and Clinical Practice and Boise State University's College of Health Science. He is also a physical therapist and orthopedic clinical specialist who has practiced across the country, including at Dartmouth Hitchcock in New Hampshire. Dr. Walsh is an expert in health care systems, policy, and patient care. He is currently a senior expert on health system transformation at the Joint Commission - Center for Transforming Healthcare. In previous roles, he served as a high reliability organization expert for the Veterans Health Administration with Safe & Reliable Healthcare and as founder and Chief Strategy Officer for Cardinal Point Healthcare Solutions, whose clients included U.S. Navy Medicine, One Health Nebraska, the Connecticut Institute for Primary Care Innovation, Maine Medical Center among others. Dr. Walsh was appointed by Governor Phil Scott December 2021 and will serve a six-year term. He currently resides in Barre, Vermont.

### David Murman, M.D.

David Murman currently works as an emergency medical clinician at Central Vermont Medical Center (CVMC). Prior

to his current position, he was an emergency physician and co-director of emergency ultrasound at the University of Vermont Medical Center, an emergency physician at Baystate Medical Center, and completed emergency residency at Boston Medical Center. At CVMC, Murman has been active on finance and operations committees, medical student and resident education, and was a founding member of the diversity, equity, and inclusion committee. He received a B.S. in psychology and his Doctor of Medicine from Tufts University. Before attending medical school, Murman worked in non-profit education/intervention programs for underserved youth, cardiac surgery clinical research, and public health research in Botswana. Murman's appointment begins October 1, 2022, for a term expiring September 2028.

## Leadership

### [Susan J. Barrett, J.D., Executive Director](#)

Susan J. Barrett, an attorney, was formerly Director of Public Policy in Vermont for the Bi-State Primary Care Association. She joined Bi-State in 2011 after nearly 20 years in the pharmaceutical and vaccine industry with Novartis, Merck, and Wyeth. Susan's health care experience also includes pro bono legal work and an internship with Health Law Advocates, a non-profit public interest law firm in Massachusetts. She is a graduate of New England Law Boston and Regis College. She lives in Norwich, Vermont.



## Appendix E: Glossary

ACO	Accountable Care Organization
AHS	Agency of Human Services
APCD	All -Payer Claims Database
APM	All-Payer Model
CMMI	Center for Medicare and Medicaid Innovation
CON	Certificate of Need
DVHA	Department of Vermont Health Access
ESRD	End Stage Renal Disease
FY	Fiscal Year
GMCB	Green Mountain Care Board
GMSC	Green Mountain Surgery Center
HRAP	Health Resource Allocation Plan
MARC	Medicaid Advisory Rate Case
MRI	Magnetic Resonance Imaging
NPR	Net Patient Revenue
ORCA	Onion River Community Access
PCAG	Primary Care Advisory Group
QHP	Qualified Health Plan
RFP	Request for Proposals
RHSTF	Rural Health Services Task Force
SASH	Support and Services at Home
TCOC	Total Cost of Care
VELSC	Vermont Eye Surgery and Laser Center
VHIE	Vermont Health Information Exchange
VITL	Vermont Information Technology Leaders
VHCURES	Vermont Health Care Uniform Reporting and Evaluation System
VUHDDS	Vermont Uniform Hospital Discharge Data Set

## ATTACHMENTS

## Attachment A: Cost Shift

### Progress in 2022

Vermont law includes requirements for the GMCB to assess cost shifts. The concept of “cost shift” is the theory that providers must receive higher payments from private health plans *because* of relatively lower payments from the government (i.e. Medicare and Medicaid), as well as to cover the cost of uncompensated care.

In June of 2022, the Health Care Advocate shared a paper<sup>23</sup> summarizing findings suggesting that the cost shift may not operate as described above, or at least not to the magnitude previously contemplated. As described in the literature, other factors may more accurately explain the differences in reimbursement levels, including the relative size of the hospital/payer and their associated negotiating leverage.

While the GMCB is submitting this year’s cost shift report consistent with prior years, the Board is actively reviewing the issue in 2023 to determine the most appropriate methodology for purposes of exercising its regulatory oversight.

- **Annual Estimated Cost Shift Impact:** For the purposes of this report, unlike academic research studies about the cost shift, this estimate does not assume negotiations impact price, but is directly connected with approved net patient revenue increases and charge increases, which are part of the budget process. Figures 4 and 5 below represent the estimated cost shift by payer and by year from FY2010 to FY2023, as historically measured by the GMCB. The cost shift is an estimate based on data submitted in the hospital budget process and assumes that each payer should contribute equally to these budgets, accounting for their proportional share of expenses and margins.
- **Rate of Growth:** From FY2010 to FY2019, the cost shift appears to have grown at the annual average rate of 9.8% every year, with an estimated growth of -9.8% from FY2019 Actual to FY2020 Actual and 12.8% from FY2020 Actual to FY2023 Budget. The estimated growth of the cost shift for FY2020, FY2021, and FY2022 are affected by the COVID-19 pandemic in that patients were not seeking hospital services. The revenue assumptions since the pandemic have been more difficult to predict accurately and the Board expects the budgeted increase in gross patient revenue to be revised substantially with actuals.
- **Cost Shift Discussion at the GMCB and Legislature:** The cost shift has been a recurring topic of discussion at the GMCB meetings, health insurance rate review hearings, and the Legislature in 2021 and 2022.

### Looking Ahead to 2023

The GMCB has begun to reassess its approach to regulating hospital budgets. As part of that work, the Board is working to refine its understanding of the cost shift: how it works; its magnitude compared to other determinants of price variation; and, how to address it with the Board’s available regulatory levers. The Board will be dedicating public meetings to help gain more insight into the most recent evidence to draw conclusions and improve how the issue is incorporated into its regulatory oversight.

### Project Area: Cost Shift Report

**Relevant Statute/Authority:**  
18 V.S.A. § 9375

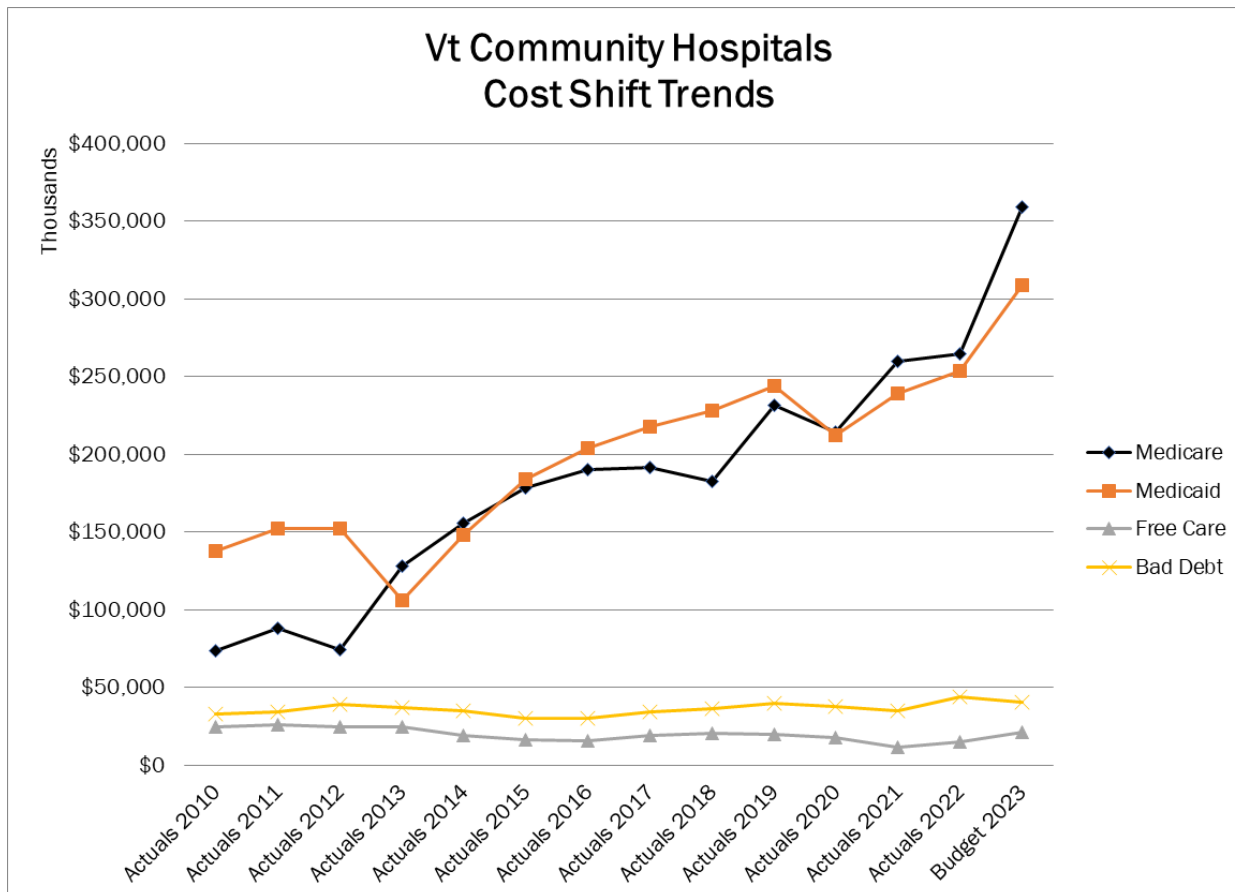
**Overview:** 18 V.S.A. § 9375 requires the Board to report annually on the cost shift. The Board is tasked annually with recommending mechanisms to ensure that appropriations intended to address the Medicaid cost shift will have the intended result of reducing commercial insurance premiums below the amount they otherwise would have been. The APM holds Vermont harmless for Medicaid price increases in calculating APM total cost of care, a potential mechanism for decreasing the cost shift.

<sup>23</sup> Office of the Health Care Advocate, 2022. [Fact or Fiction? Evaluating the Evidence on the “Cost Shift.”](#)

Figure 4: Estimated Cost Shift by Payer (FY2010-FY2023), Vermont Community Hospitals

Fiscal Year	Estimated Medicare Cost of Services Shifted to Other Payers	Estimated Medicaid Cost of Services Shifted to Other Payers	Estimated Free Care Shifted to Other Payers	Estimated Bad Debt Shifted to Other Payers	Estimated Costs Shifted to Commercial and Other Payers	Estimated % Change from Prior Year in Shift to Commercial and Other Payers
2010	\$(73,515,988)	\$(138,016,69)	\$(24,806,398)	\$(33,076,863)	\$269,415,868	7.6%
2011	\$(88,399,861)	\$(152,256,740)	\$(25,784,124)	\$(34,331,093)	\$300,771,818	11.6%
2012	\$(74,383,192)	\$(151,931,648)	\$(24,347,367)	\$(39,264,676)	\$289,926,884	-3.6%
2013	\$(128,108,641)	\$(105,982,171)	\$(24,684,304)	\$(37,383,822)	\$296,158,938	2.1%
2014	\$(155,622,607)	\$(148,344,481)	\$(19,370,131)	\$(34,885,055)	\$358,222,274	21.0%
2015	\$(178,243,251)	\$(184,115,357)	\$(16,032,485)	\$(30,469,896)	\$408,860,990	14.1%
2016	\$(190,018,540)	\$(203,622,426)	\$(15,683,900)	\$(30,318,995)	\$439,643,861	7.5%
2017	\$(191,515,256)	\$(217,814,796)	\$(19,337,891)	\$(34,451,540)	\$463,119,483	5.3%
2018	\$(182,780,851)	\$(228,177,679)	\$(20,380,418)	\$(36,600,429)	\$467,939,377	1.0%
2019	\$(231,725,743)	\$(243,616,824)	\$(19,635,798)	\$(39,595,820)	\$534,573,257	14.2%
2020	\$(213,990,446)	\$(212,239,269)	\$(17,947,862)	\$(37,824,364)	\$482,001,013	-9.8%
2021	\$(259,644,195)	\$(239,187,977)	\$(11,311,885)	\$(34,678,866)	\$544,822,923	13.0%
2022 (preliminary)	\$(264,629,430)	\$(253,380,720)	\$(15,224,557)	\$(43,723,386)	\$576,958,093	5.9%
2023 (budgeted)	\$(359,406,775)	\$(308,813,763)	\$(20,871,919)	\$(40,632,161)	\$729,724,617	26.5%

Figure 5: Trends – Estimated Cost of Services Shifted to Other Payers (FY2010-FY2023)



## Impact of Medicaid and Medicare Cost Shifts and Uncompensated Care on Health Insurance Premium Rates

Statutory Charge: 18 V.S.A. § 9375(d)(F) requires the Board to report annually on “the impact of the Medicaid and Medicare cost shifts and uncompensated care on health insurance premium rates...”

Scope: Each year, the Board reports on the costs that Vermont community hospitals and their affiliated providers and facilities are expected to shift onto commercial insurers and other payers (e.g., self-insured employers and self-pay patients) to make up for lower reimbursements from Medicare and Medicaid and to cover the cost of uncompensated care. This information is found in the Cost Shift section of this report. In accordance with 18 V.S.A. § 9375(d)(F), the Board calculated the impact of this cost shift on premiums for the products regulated by the Board, namely, comprehensive major medical health insurance plans in the large group and individual and small group markets.

Findings: With respect to the filings the Board reviewed in 2022, the costs projected to be shifted to commercial and other payers by facilities and providers impacted by the Board’s hospital budget review increased rates an average of 14.3% across all filings; 14.4% for individual and small group filings; and 13.6% for large group filings.

Analysis: The Board determined what percentage of hospitals’ budgeted commercial revenues are due to the cost shift. This is represented by column (C) in the equation below. Next, the Board determined what percentage of projected premiums are due to projected FY23 hospital spending. This is represented by column (D) in the equation below. The Board then multiplied column (C) by column (D) to determine that the average impact of the cost shift across all filings was 14.3%, as shown in Figure 6.

Figure 6: Impact of Medicaid and Medicare Cost Shifts and Uncompensated Care on Health Insurance Premium Rates

	(A)	(B)	(C) = (A)/(B)	(D)	(E) = (C)*(D)
Budget 2022	Estimated Costs Shifted to Commercial and Other Payers	GMCB Regulated Hospitals’ Budget for Commercial Payers	Percentage Impact on Hospital Budgets for Commercial Payers	FY22 Estimated GMCB Hospital as Percentage of Premium	Impact of Cost Shift on Rate Filings
	\$729,724,617	\$1,954,311,795	37.3%	38.3%	14.3%

The Board also calculated the average impact of the cost shift by market (i.e., individual, and small group filings and large group filings). Column (D) varies by filing and, on average, is larger for the individual and small group filings (38.5%) than for large group filings (36.4%), resulting in a larger impact on the individual and small group filings (14.4%) compared to large group filings (13.6%).<sup>24</sup>

<sup>24</sup> Individual and Small Group (37.3% \* 38.5% = 14.4%). Large Group (37.3% \* 36.4% = 13.6%).

## Attachment B: Ambulatory Surgical Center Reporting

### Progress in 2022

Ambulatory surgical centers (ASCs) are distinct entities whose sole purpose is to provide surgical services to patients not requiring hospitalization where expected duration of services does not exceed 24 hours following an admission. As technology advances, more procedures are expected to be eligible to be performed in outpatient settings, including ASCs, over the coming years. GMCB currently reviews information from two ASCs, Green Mountain Surgery Center (GMSC) and Vermont Eye Surgery and Laser Center (VESLC). GMCB monitors many aspects of these ASCs, including case type, case volume, and reimbursement levels.

- **Data Collection & Reporting:** The GMCB's main source of reimbursement information comes from its all-payer claims database, VHCURES. VHCURES has detailed information from medical claims for most Vermont residents. For the purposes of comparing reimbursement for ambulatory surgical services, the GMCB leveraged reporting by its vendor, Onpoint Health Data. OnPoint developed a set of services most appropriate for comparison in claims-based reimbursement. In this set of services, there were 5 services with enough volume to be analyzed for GMSC and 1 service for VESLC.
- **Considerations:** Part of the reason for such a low number of services observed for the GMSC is due to the disruption of service in 2020 due to COVID-19. Future reporting is likely to yield more services for comparison. Additionally, variations in billing practices across facilities in the claims data (VHCURES) was recognized. This requires further investigation in 2023.

### Looking Ahead to 2023

- The GMCB will continue current work to assess outpatient surgical need and capacity. The analysis results will be integrated with broader GMCB efforts to conceptualize and incentivize a more sustainable health care delivery system in Vermont.
- The GMCB will expand its assessment of ASC performance, as more data become available.
- The GMCB will engage medical claim billing and coding experts to learn about the variations across facilities to ensure monitoring efforts are comparable, effective, and accurate. As required by statute, ASCs will begin reporting discharge records as part of the Vermont Hospital Discharge Data Set (VUHDDS), which will provide a census of all care delivered by ASCs and provide ready comparisons with Vermont's hospitals. These data through 2021 were made available in November 2022.
- The Collaborative Surgery Center (CSC) certificate of need application was granted in 2022, and another surgical center application from the University of Vermont Medical Center is anticipated in 2023.

### GMSC and VESLC

Overall, the GMSC and VESLC demonstrated lower median reimbursements per episode of care than most hospitals, though some hospitals' reimbursements were similar. It is important to note that these observed reimbursements were not adjusted for the complexity of patients. Since ASCs would be expected to provide care for less complex cases, part of the larger reimbursements observed among hospitals may be due to more complex care.

It appears that the GMSC had the lowest proportion of patients with Medicaid coverage and highest proportion of

### Project Area: Ambulatory Surgical Center Reporting

#### Relevant Statute/Authority:

18 V.S.A. § 9375

**Overview:** 18 V.S.A. § 9375 requires the Board to collect and review annualized data from ambulatory surgical centers (ASCs), which shall include net patient revenues, and which may include data on a center's scope of services, volume, payer mix, and coordination with other aspects of the health care system. The Board's processes shall be appropriate to ASC scale, their role in Vermont's health care system, and their administrative capacity. The Board shall also consider ways in which ASCs can be integrated into systemwide payment and delivery system reform.

patients with commercial coverage for the selected procedures. These statistics hold even after excluding Cataract Removal with Impact of Lens—a predominantly Medicare-paid procedure not performed at GMSC—from all facilities' market share calculations. VESLC has the highest proportion of patients with Medicare coverage, which is expected given the higher rate of cataracts among those eligible for Medicare.

Figure 7: Median Commercial Price Paid for Common Outpatient Surgeries, CY 2020

Facilities	Colonoscopy and Biopsy	Colonoscopy with Lesion Removal	Diagnostic Colonoscopy	Hysteroscopy with Biopsy	Upper Endoscopy of Esophagus, Stomach and Duodenum (EGD)	After-Cataract Laser Surgery	Cataract Removal with Implant of Lens
Brattleboro Memorial Hospital (BMH)		\$ 4,262.47	\$ 2,991.21		\$ 3,965.63		\$ 8,719.88
Central Vermont Medical Center (CVMC)		\$ 4,987.84	\$ 3,600.11	\$ 6,311.86	\$ 3,838.57		\$ 5,861.03
Copley Hospital (COP)		\$ 3,896.68	\$ 2,794.44		\$ 3,911.60		\$ 6,056.56
Gifford Medical Center (GMC)			\$ 3,393.86		\$ 5,910.34		\$ 6,451.61
Green Mountain Surgery Center (GMSC)	\$ 2,274.44	\$ 2,354.36	\$ 1,853.18	\$ 3,942.92	\$ 2,034.83		
Mt. Ascutney Hospital and Health Center (MAHHC)	\$ 3,626.60	\$ 4,037.10			\$ 4,950.02		\$10,175.98
North Country Hospital (NCH)		\$ 6,276.43	\$ 5,314.41		\$ 5,984.16		\$ 3,269.73
Northeastern Vermont Regional Hospital (NMC)		\$ 7,178.36	\$ 5,306.57		\$ 5,716.23		\$11,330.83
Northwestern Medical Center (NVRH)	\$ 2,144.52	\$ 2,184.62	\$ 1,901.37		\$ 2,767.95	\$ 858.32	\$ 6,493.48
Porter Medical Center (PMC)	\$ 3,481.02	\$ 4,081.44	\$ 2,643.51		\$ 3,993.78		\$ 4,682.03
Rutland Regional Medical Center (RRMC)		\$ 5,418.32	\$ 4,170.28	\$ 7,507.10	\$ 5,510.54	\$ 1,835.27	\$ 5,336.49
Southwestern Vermont Medical Center (SVMC)	\$ 3,739.56	\$ 3,787.55	\$ 2,976.38	\$ 8,237.51	\$ 2,816.86		
Springfield Hospital (SPR)	\$ 3,290.44	\$ 3,266.26	\$ 2,581.86		\$ 3,082.52		
University of Vermont Medical Center (UVMC)		\$ 6,205.79	\$ 3,998.56	\$ 7,028.73	\$ 4,175.50	\$ 1,216.61	\$ 5,628.10
Vermont Eye Surgery & Laser Center (VESLC)						\$ 465.08	\$ 3,745.27

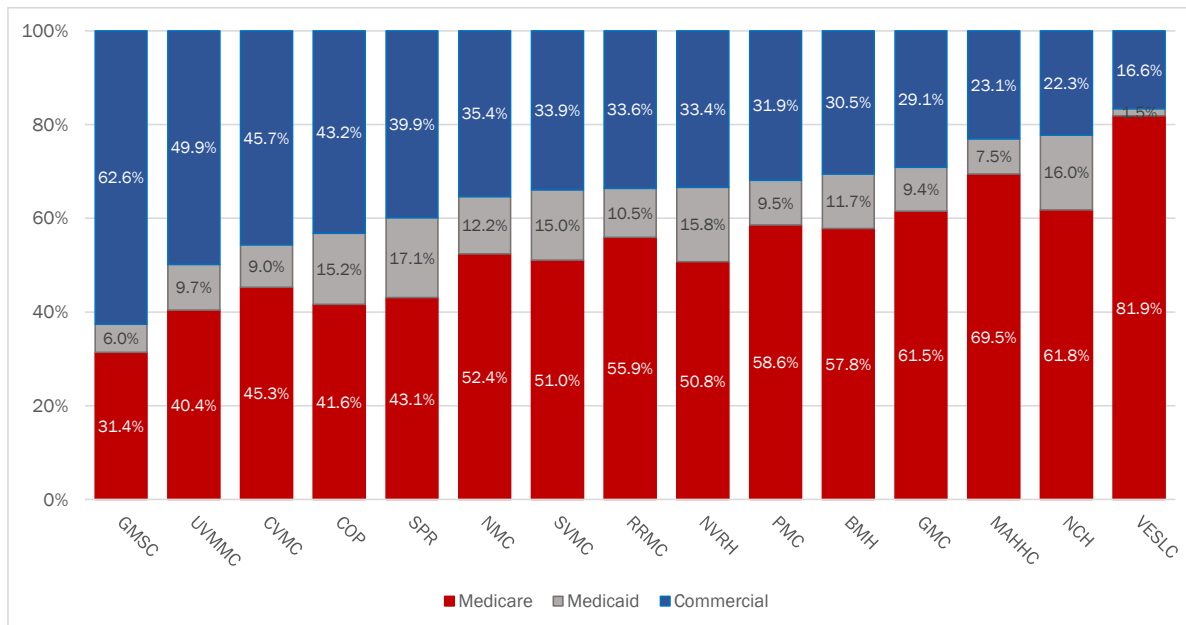
Source: VHCURES. Facilities are arranged by alphabetical order.

Figure 8: Facilities Ranked by Affordability for Common Outpatient Surgeries, CY 2020

Facilities	Colonoscopy and Biopsy	Colonoscopy with Lesion Removal	Diagnostic Colonoscopy	Hysteroscopy with Biopsy	Upper Endoscopy of Esophagus, Stomach and Duodenum (EGD)	After-Cataract Laser Surgery	Cataract Removal with Implant of Lens
BMH		8	7		7		10
COP		5	5		6		7
CVMC		9	9	2	5		6
GMC			8		13		8
GMSC*	2	2	1	1	1		
MAHHC	5	6			10		11
NCH		12	13		14		1
NMC		13	12		12		12
NVRH	1	1	2		2	2	9
PMC	4	7	4		8		3
RRMC		10	11	4	11	4	4
SPR*	3	3	3		4		
SVMC	6	4	6	5	3		
UVMC		11	10	3	9	3	5
VESLC*						1	2

Source: VHCURES. Facilities are arranged by alphabetical order. "\*" indicates Top 5 rank for surgeries available at the facility.

Figure 9: Patient Market Share for Common Outpatient Surgeries, CY 2020



Source: VHCURES. Facilities are arranged by percent of commercial market share based on number of surgical episodes. Most common outpatient surgeries included for CY2020 (same as Figure 7 and 8): colonoscopy and biopsy, colonoscopy with lesion removal, diagnostic colonoscopy, hysteroscopy with biopsy, upper endoscopy of esophagus stomach and duodenum, after-cataract laser surgery, cataract removal with implant of lens. Market share depends in part on the average age of patients for certain procedures, e.g., cataract surgery.



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