



Authority to adjust hospital reimbursement rates should be in

- In addition to adjusting the reimbursement to select hospitals, [Section 2](#) allows the GMCB to adjust the reimbursement of any hospital at any time of the year if the hospital is off their budget target.
 - This is an expansion of power that creates instability because hospital budgets, much like the state budget, fluctuate throughout the year- if the GMCB reduces reimbursement to a hospital because they had a busy flu season and received more revenue, that will have a negative impact later in the year when there may be fewer patients.
 - Changing reimbursement can negatively impact the hospital for years. Northwestern Medical Center is an example.
 - The GMCB already has a process for when hospitals are over or under budget.
 - What is the process for adjusting reimbursement rates?

VAHHS RECOMMENDATION: Eliminate 18 V.S.A. § 9456(f)(2) in Section 2 of H.482:

~~(2) The Board may, on its own initiative, adjust the commercial health insurance reimbursement rates payable to a hospital at any time during the hospital's fiscal year in order to ensure that the hospital operates within the budget established under this section.~~

An Independent monitor is inappropriate for narrowly missing budget orders

- H.482 allows the GMCB to appoint an independent monitor that the hospital must pay for if the hospital does not meet its budget orders.
 - The GMCB testified that not meeting the budget order is materially noncompliant.
 - The GMCB sent a noncompliance letter to NVRH last year when its budget was off by [1.91%](#).
 - Most budgets, including the State's budget, do not come in perfectly on target.
 - The monitor for UVMHN is up to \$15M. Most hospitals can't afford even a fraction of that amount.

VAHHS RECOMMENDATIONS:

- Eliminate "materially noncompliant with budget established by the Board"
- Have the state pay for the independent monitor so that there is discretion on when it is used