



### 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 \$1M. Most hospitals can't afford 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