

To: House Committee on Health Care
From: Rep. Rebecca Holcombe, Windsor-Orange 2
Date: January 30, 2025
Re: [Introduction of H.82](#)

Thank you for inviting me to introduce H.82 – a bill motivated by your excellent work on Act 167. The unaffordability and unsustainability of our healthcare system impacts everything from property taxes to wages and to the viability of small businesses. It affects the availability of primary care, mental health, and essential hospital services to every Vermonter, where and when they need them. There is no prosperous path forward for the state that does not include a clear plan for healthcare in the state, as well as a stronger, nonpartisan regulatory body to oversee it.

Summary:

[H.82](#) addresses our crisis of health care cost, access, quality, and rural equity by establishing a Division of Planning and Evaluation at the Green Mountain Care Board. The bill provides resources and staff to the GMCB to lead this work, and directs the GMCB to build on the Act 167 work to:

1. Develop of a state-wide health plan with input from stakeholders and interested parties;
2. Establish total-cost-of-care spending growth targets and support achievement of those targets;
3. Propose a strategy for achieving universal access to affordable, high-quality primary care and community-based mental health services in Vermont;
4. Better resource and direct work to develop a standardized process for financial reporting (could be a universal chart of accounts);
5. With legislative oversight, recommend and implement alternative approaches to regulating hospital budgets, including using reference-based pricing and global hospital budgets, in order to align hospital spending with both the statewide strategic plan and the total-cost-of-care spending growth target; and
6. Direct funding for the Blueprint for Health and Support and Services at Home (SASH) programs that have been linked to earlier funding models and will soon expire.

The bill directs the GMCB to employ a process that ensures that the interests of communities and Vermonters are represented in this work.

Problems addressed by H.82:

1. VT has some of the [highest healthcare costs in the country](#), and our commercial insurance costs are growing far faster than national insurance costs. Per the Kaiser Family Foundation, our average marketplace premium is now 4 times that in New Hampshire.
2. Healthcare costs are one of the primary drivers of growth in education spending and in the state budget. Per the VT Agency of Education, health-related cost increases drove a

one year [increase in education spending of close to \\$100m](#), close to 10 cents on the average tax rate. Similarly, the Secretary of the Administration just identified [unanticipated health-related cost increases in the FY25 BAA of well over \\$100m](#). If we want to address education spending, we must look at the drivers including exploding healthcare costs.

3. Despite the high cost, many of our communities– and in particular, our rural communities– suffer from insufficient access to primary and mental health care. Some of our more isolated regions fear losing hospital access. The regionally monopolistic nature of provision means there is little incentive for efficiency and improving quality and access.
4. Our healthcare costs are straining our businesses and economic growth and suppressing wage increases. This makes it challenging to improve our demographics.
5. Despite the very high cost, the state is rapidly losing services, our providers are struggling or closing, and our primary insurer is in serious financial distress. This is particularly true in rural areas. H.82 is about containing cost, but in a smart way– not just cutting mental health beds, for example.

We cannot expect the federal government to come to the rescue. All indicators are that if we don't see the same level of investment from Medicaid and Medicare, our commercial crisis may get worse.

At the same time, Vermonters cannot sustain annual rate increases of between 10 to 20%, nor can they afford year after year increases in property and income taxes to cover health care costs, even as services and access declines. To have the services we want and need, we have to be more directed and intentional about how we deliver them.

In sum, the state is struggling with 1) unaffordability of health care, 2) the financial unsustainability of hospitals, especially our rural hospitals, 3) Insufficient access to primary and mental health care, which is also now affecting our schools, 4) negative impacts across all sectors associated with the cost and lack of access to health care. Currently, the state has no plan nor capacity to implement needed changes. Moreover, the market will never solve this crisis on its own. We are more likely to continue to see service line threats and pressures to provide additional state subsidy.

Solution proposed in H.82:

VT needs a state-wide health plan that gives us a direction and path towards cost containment, quality, and access to care, including primary care. H.82 directs that this plan be informed by communities' needs, and linked to hospitals and other providers' strategies on the ground. To effectively create solutions, we need a strong and independent state health care regulatory agency that acts in the public interest– one that:

1. evaluates the current system with financial, clinical, population health
2. identifies underlying causes of waste and poor performance
3. plans for how needs can best be addressed:
4. supports voluntary action by hospitals and others
5. recommends regulatory changes and needed legislation
6. plans how to strengthen primary and mental health care.

H.82 creates these solutions. This is particularly important at this time given changes in Federal policy and significant unknowns.

H.82 directs a modest proposed redesign and small investment that will enable the state, through its health care regulator, to

- achieve the estimated \$300 - \$400 million of potential savings identified in the Act 167 report,
- shift those investments to build a strong community-based health care system that would improve affordability, access to care and health care quality, including in rural areas that are underserved by the current market.

To make sure this happens with bipartisan and broad stakeholder support, the bill strengthens the role and capability of the state's nonpartisan, independent regulator to transparently and effectively lead and coordinate this work. It does this by establishing a Division of Planning and Evaluation at the Green Mountain Care Board.

Building on the Act 167 report and with ongoing input from state agencies, communities, providers, payers, and others, the proposed Division will identify the likely causes of rising costs, declining access, and uneven quality, and recommend approaches to addressing these.

To help Vermonters understand the challenge facing us, the Division will prepare a State of the State report on health care costs answering the question: how much does each Vermonter spend on health care? How does this compare to other states?

To move the state forward, the bill requires the Division, working with all stakeholders, to develop and present a strategic plan for how to improve Vermont's health care system. This plan will include specific recommendations that the Board and others can take to increase affordability, reduce cost and improve access, quality and population outcomes.

The draft also recommends steps that can be taken to enable the Board to more effectively exercise its current budget oversight and rate setting authority to align hospital strategic planning and budgeting with the statewide strategic plan and ensure that health care spending growth remains at or below the rate of growth of the state's economy.

Finally, the bill provides increased investment in the Board to enable it to carry out these duties. These investments support increased capacity at the Board, as well as some external auditing to provide confirmatory evidence and external validation. However, the return on the investment will be significant. Finally, the bill proposes alternative funding sources for certain payments to health care providers, including population health management payments, comprehensive payment reform payments, and payments through

To summarize, H.82 seeks to address our current healthcare crisis by:

1. Establishing an independent evaluation and planning division under the GMCB
2. Providing the resources the Board needs to more effectively regulate hospital budgets
3. Requiring audited financial data from all hospitals as foundation for evaluation
4. Implementing effective hospital cost controls (reference pricing, then global budgets)
5. Provides flexibility and additional resources to do so in a way that is responsive to emerging needs.

If the committee is interested, I would be happy to provide a list of suggested witnesses, many of whom collaborated in the development this bill.