



## THE UNION OF VERMONT EDUCATORS

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To: Vermont House Committee on Health Care  
From: Mark Hage, Director of Benefit Programs, Vermont-NEA  
Date: May 6, 2025  
RE: Commentary on and Recommendations of Modifications to S.126

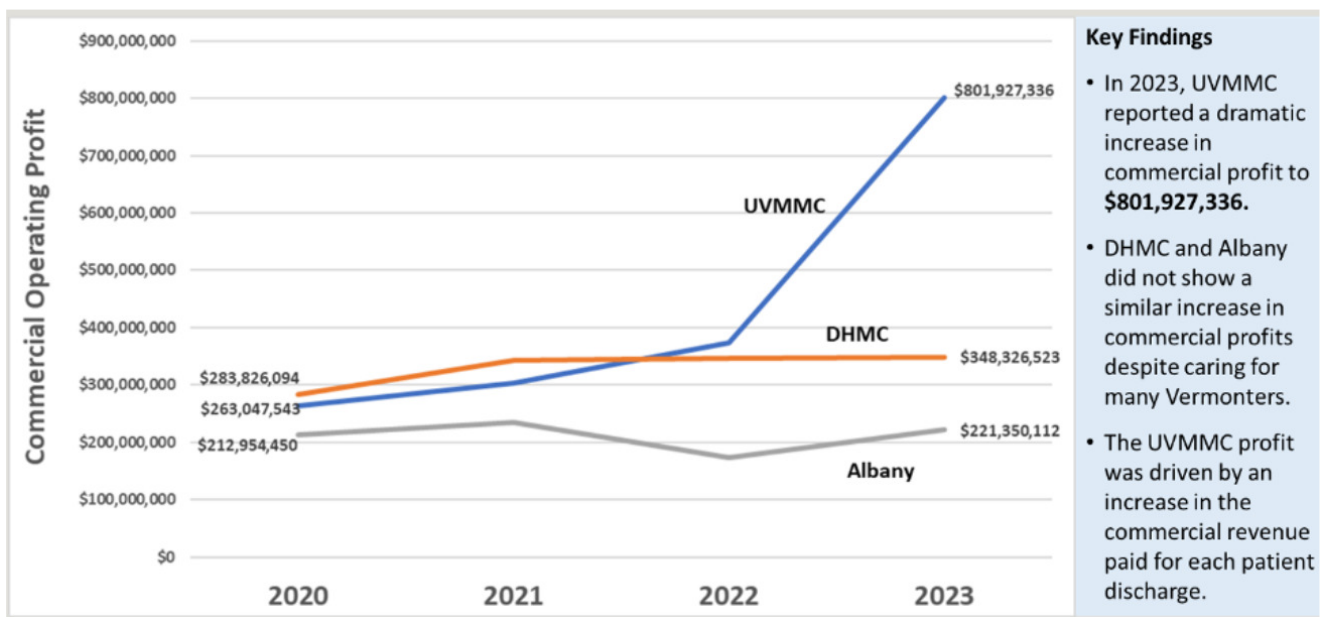
Vermont-NEA supports S.126. It is a critical measure that will help to substantially reform how we finance health care, beginning with hospitals, and to transform the delivery of care services statewide. Respectfully, we offer the following commentary on and modifications to the proposed bill.

### Section 2:

- Vermont-NEA strongly supports the implementation of **reference-based pricing** (RBP) no later than 2027 and recommends the process start with non-critical access hospitals (or PPS facilities). In 2017, when Oregon passed legislation to implement RBP for roughly 300,000 public-sector employees and their dependents, reimbursements for the targeted hospitals as a percentage of Medicare ranged per facility from **188-340% for inpatient services** and **217-375% for outpatient services**. 10 of the facilities in 2017 were **at or above 300 percent** of Medicare for outpatient services; 7 others were between **269 and 285 percent**.<sup>1</sup> Yet these hospitals and others still accomplished the transition to the benchmarked rates in Oregon's RBP statute by 2019.
- If, however, the committee concurs with GMCB's recommendation to remove the 2027 deadline – and we trust GMCB intends to act expeditiously in this context – we urge at a minimum that language be added that preserves the above deadline for the University of Vermont Medical Center. The revelations by Vermont Healthcare 911 on the **commercial operating profits** UVMMC earned in 2023 (see below) and that the state's largest hospital "is **top heavy with management and administration**, while the number of people devoted to caring for each patient encounter is decreasing despite increasing volume" should compel an expedited move to RBP for this facility. Let UVMMC set an example of responsible, cost-effective, and transparent budget-setting benchmarked to Medicare rates for the entire state.

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<sup>1</sup> [IW Attachment 2a -Medicare Pricing Template\\_20191129.pdf](#)



- The union concurs with HealthFirst’s testimony that *“Our system is already in severe crisis due in part to inaction, and we must make meaningful changes now.”* Given UVMMC’s dominance of the health care system and the preponderance of revenue that flows to it from the commercial insurance sector, including from VEHI and the State Medical Fund, putting this mega-provider at a minimum on an expedited course to RBP is profoundly important to achieving the objective of lowering prices – not solely to “bending” the trend in medical inflation – and, thus, to ensuring the fiscal health and stability of the commercial market and to lowering property taxes.
- Vermont-NEA also endorses the recommendations of GMCB and BCBSVT to remove language that would authorize AHS to implement RBP for non-hospital providers. Let GMCB continue to approve rates for such services as authorized under statute.

Finally, we want to note that moving to RBP for all Vermonters in the commercial market no later than 2027 will benefit the state's largest public-sectors pools while saving taxpayers money. The committee is aware of a 2024 analysis conducted under the auspices of the Green Mountain Care Board that found that had RBP been implemented in 2022 for VEHI and the State Medical Fund at 200 percent of Medicare – 2022 was the most recent full year of the analysis in question (2018-2023) – it would have yielded an estimated **\$ 79 million dollars in savings**, which would have substantially reduced financial pressures on State and school budgets and local property taxes.<sup>2</sup>

The committee is also aware from expert testimony that public-sector RBP programs are operational in several states and have substantially reduced excessive hospital expenditures without compromising the financial stability of affected hospitals or access to care for patients.

Thank you for your consideration of our concerns and recommendations.

<sup>2</sup> GMCB [Reference-Based Pricing Report](#), 2024.