

S-126 Fisher – Notes for Testimony

04-16- 25

Some general opening comments

We can't afford to allow costs to continue to rise

We have a top-heavy, hospital centric system

We are underinvesting in primary care, mental health care and community based services

We can reduce health care costs in Vermont substantially.

If New Hampshire premiums are half what ours are...

If integrated, coordinated, quality focused care can reduce costs by 35-50%, we can too.

We face unprecedented challenges and uncertainty

The GMCB and AHS are already responding constructively

Agreement with UVMMC

Accelerating transformation planning at AHS.

S-126 is a great step forward

Clarifying purpose of legislation and delivery reform

Adding duties that enable Board , AHS and providers to be more effective

Challenge –

granting flexibility needed, not unnecessarily tying hands of the Board

establishing accountability – with clarity of aims and deadlines

Devil is in the details – a few specific suggestions for consideration.

Section 1

P1-2: , goals – many admirable goals – health, integrated care, etc. what about addressing stress and moral injury experienced by workforce... so, in (3) “stabilizing health care providers...”

Add (after reducing insurance premiums): improving the health, well-being, dignity and resilience of the health care workforce.

Section 2:

P2, L17: Sec 2, (b) (1): add something about health – “contribute to improving the health of Vermont residents”.

Section 3.

P5, L 20. Now: “access to primary health care services for underserved.etc .” why not for all individuals, populations and areas? And not just “healthy lifestyles”. Why not end with “and the promotion of health

P7, Line 2. Seems to tightly constrain board to setting rates as proportion of Medicare rates. Why not as you did later add...”or another benchmark as appropriate”.

P8, L9. Consider giving board flexibility add “or modifying” -- ...shall identify factors that would necessitate terminating or modifying the use of....

Section 4. Hospital Duties:

Consider adding a purpose to this section (and the next). Optimization of delivery system

P9, ?after line 2: add purpose:

something like: The purpose of the budget development and approval process is to optimize the local, regional and statewide system of hospital and other facility based care in order to achieve the goals in Section 9371 of this title.

P9, L8-11. Subsection (7) Not just administration vs care delivery. Add / clarify that this should include data needed to assess workforce adequacy (optimization). Give board flexibility to require submission of data on employed and contracted FTE, their distribution of clinical vs administrative work and their specialties and other data needed to support reform.

P9-10: where you ask hospitals to submit proposals for how to strengthen primary care and mental health and social drivers.

Issue: we need regional systems to be coordinated, integrated and maximally efficient, with some hospitals transitioning to new roles for their facilities, some increasing specific needed services, etc. I think you should give Board authority (if it needs it) to require submission of regional plans.

Perhaps, add after (9), just before (now 10) other information as the Board..."

How the hospital or facility proposes to improve care delivery while reducing system-wide costs through collaboration, coordination, integration and redesign of services with other hospitals and facilities or through implementation of shared services agreements.

Section 5. Budget Review:

Again – consider adding purpose as system optimization.

Issue – annual budget process may be barrier to longer term planning and coordination (optimization)

Three ideas: Perhaps the board may be given the authority to require short term adjustments (perhaps already has) but also require longer term planning. Something like:

The Board may (a) offer longer term budget guidance; (b) may require – interim adjustments during the year; (c) may require longer term budget plans for service line changes, etc.

P11, Line 7 (Subsection 7). This seems to require the Board to exclude primary care mental health care and substance use disorder treatment when determining net revenue.

P12, Line 3-5: (Subsection 13). Requiring submission of data on administrative costs. I worry this may miss some places hospitals hide profits (margin). (Article on "profit tunneling"). Inflated rental / lease agreements; other contracts; "investments".

Specific draft suggestion: require.... And any other information the Board deems necessary to understand the revenue and income flows that may affect the cost of care for Vermont rate payers.

P14, Line 11-13. The issue of excluding Medicaid. The complicated issue of global budgets.

- (1) We want to continually reduce hospital costs
- (2) All-payer global budgets are one way to set caps on hospital spending.
- (3) Including Medicaid might be important.

Is there some way of modifying the language so that it could be done through joint agreement to have Medicaid implement the needed changes by rule? Or come back to Legislature?

Bigger issue – also for the Board. Payment reform – shift to all-payer ACO models, for example, could create incentives that would reduce hospital utilization for all payers. Board’s budget process should be flexible so that annual budgets (and eventually global budgets, perhaps) are adjusted downward should that happen. (this was weakness of Maryland).

Section 6: Networks. Great addition

Section 7: No comment

Section 8. Statewide Health Care Delivery Plan.

One comment: this seems rigid, a bit like Soviet Union attempt to determine how many paper clips are needed.

I strongly recommend you think of this as initiating an ongoing, real-time planning process to support the goals in /section 9371. With elements such as:

- Identifying drivers of poor performance
- Identifying opportunities to improve
- Specific recommendations no later than December each year for
 - How private sector organizations and providers can act to improve
 - What regulations might be modified or eliminated
 - What actions the legislature should consider.
 - Federal changes needed.