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Testimony Outline: S.126 Health Care Reform

Introduction

Good afternoon, I'm Judi Fox, President and CEO of Rutland Regional Medical Center.

RRMC is the 2nd largest hospital in Vermont and the largest employer in Rutland County. We have the privilege of caring for 60,000 community members. In doing so, we care for about 6,500 inpatients each year, provide clinic visits to more than 100,000 visits and testing services to more than 300,000 patients. We employ nearly 1,800 employees, including 140 physicians and advanced practice providers.

We believe that working collaboratively and directly with State and Community agencies is in the best interests of Vermonters and will drive solutions that serve to balance risks and promote sustainability across healthcare providers and payers in Vermont.

Thank you for the opportunity to testify on Sections 4, 5, and 6 of S.126.

Section 4

Classification of employees: Pg. 9, § 9454(a)(7) We don't support the requirement of reporting the number of employees of the hospital whose duties are primarily administrative in nature and the number of employees who provide direct care. The bill language is too ambiguous.

Why:

- Definition of administrative could range from someone who works in nutrition services to an employee who sterilizes surgical instruments to a person who maintains our electronic medical records or schedules or registers patients for care.
- Quality departments are another example of staff working behind the scenes but impacting patient care.
- All these positions are vital to our organization.
- Many employees do both administrative and direct care work, and it is unclear how they would be counted. An example of this is our physician Medical Directors.
- Trying to apply the definition and separate employees will increase administrative burden and cost.

Solution: The Green Mountain Care Board requires that we provide administrative cost information as part of reporting requirements. Rather than to enforce new Bill language that will increase administrative burden this information should be sourced from the current GMCB reporting requirement. ***Refer to the FY2025 Hospital Budget Guidance and Reporting Requirements, Section V: Budget Narrative, Section C, e. Administrative versus Clinical....***

Base salaries: Pg. 9, § 9454(a)(8) We support the requirement to provide Base salary information for executive leadership but feel this Bill language is ***redundant*** to information that is currently reported to the Green Mountain Care Board. We also do not believe the information should be public. Previously, this information has been exempted from public copying and inspection. Should it become public without the delay 990s afford, it will decrease the competitiveness of Vermont hospitals to recruit staff.

To demonstrate disclosure of base salary information, the following was disclosed in the Budget narrative to the GMCB, in addition required cost tables were provided.

Our compensation program includes both exempt and non-exempt roles, with compensation determined by qualifications and scope of responsibility. Each position is assigned a specific grade, featuring minimum, midpoint, and maximum salary ranges, all benchmarked against industry standards using third-party compensation consultants.

In terms of RRMC's Executive Compensation Philosophy – the goal of our comprehensive executive compensation program is to fairly compensate our executives in a manner consistent with our identified peers.

Base pay is benchmarked to the 50th percentile of the market for non-for-profit, non-teaching hospitals in both the regional and national labor market with similar revenues and operating budgets.

This information is important and informs compensation levels. Last year, we withheld compensation increases when the market determined that comp levels were already at the 50% with no justification to compensate further.

RRMC does not offer incentive or variable compensation.

Solution: The Green Mountain Care Board already requires that we disclose executive compensation salary information. We should continue to use the reporting requirements outlined in the GMCB Guidelines and not mandate redundant reporting requirements. ***Refer to the FY2025 Hospital Budget Guidance and Reporting Requirements, Section VI: Hospital Reporting Requirements, 5. Hospital Operations – Salary***

This information is also publicly available in the 990.

Section 5

Exclude revenue derived from primary care, mental health care, and SUD treatment services Pg. 11, line 1 § 9456(b)(7). We are supportive of this section but would propose that in addition to excluding revenue from these vital services, expenses should also be excluded. To waive revenue without expense risks not fully supporting the costs to provide care.

Solution: Add language to the Bill that would also waive the costs derived from primary care, mental health care and SUD treatment services.

Base and Variable Compensation: Pg. 12, § 9456(b)(16) Base salary information for executive leadership is currently reported to the Green Mountain Care Board. If we were required to offer salaries less than benchmark, we would put our recruitment efforts at risk and be challenged with retaining and recruiting qualified candidates in Vermont. It is important to know that CEO's compensation is set by a volunteer board made up of community members.

- Refer to statement in Base Salaries above.....

Solution: Remain committed to the goal of a comprehensive executive compensation program that fairly compensate executives in a manner consistent with our relevant benchmarks. Let benchmarks drive compensation levels.

Classification of employees: Pg. 12, § 9456(b)(17) We can't support the requirement of reporting the number of employees of the hospital whose duties are primarily administrative in nature and the number of employees who provide direct care.

- Same comments as **Classification of employees:** Pg. 9, line 1, § 9454(a)(7)

Global Hospital Budgets: Pg. 14, line 4, § 9456(d)(1)(B) We support global hospital budgets but require Medicare participation at rates that would acknowledge the fact that currently Vermont is paid less than other hospitals in other States. As identified through the work of AHS and the GMCB projections, we estimate that Vermont Medicare reimbursement rates in aggregate are $350 million less than other states. This needs to be considered when setting trend rates, as was considered in the AHEAD model.

Reduction of Services: Pg. 14, § 9456(e)(2) We support keeping services in the communities that we all service. But there are circumstances beyond cost that risk program sustainability.

Adding a process around reduction or elimination of services adds another regulatory process when there could be factors out of the hospital's control, such as inability to fill a position. In example in Rutland, we have two specialty practices that are currently operating with one physician each.

In one case, the physician has communicated the desire to retire, we have been recruiting for two years and have yet to be successful. Limitations in facility access, lack of specialized equipment and perceived limitations on salary are all factors that challenge recruitment, along with the fact that we are a small rural state.

Solution: The Green Mountain Care Board already requires that we disclose and explain "any service line closures, transfers, or additions since the prior year budget review." We should continue to use the reporting requirements outlined in the GMCB Guidelines and not mandate redundant reporting requirements. ***Refer to the FY2025 Hospital Budget Guidance and Reporting Requirements, Section V: Budget Narrative , B. Background, item d.***

Waiver in Reduction of Services related to Act 167: Pg. 15, line 16, § 9456(d) While we appreciate the waiver in the reduction of service reporting requirements linked to Act 167 it is important to understand that there will be volume growth in other Vermont healthcare facilities that should be considered outside of the established GMCB net revenue targets.

In example: With the closing of the Central Vermont inpatient psychiatric Rutland has seen an immediate increase in demand for services. Since January Rutland has treated more than 40 inpatient psychiatric patients that would have otherwise been treated at Central Vermont. This transition of volume and revenue also needs to be considered outside of budget thresholds and targets.

> **Solution:** Include exceptions to GMCB net patient revenue trend targets that account for the transition of services from one hospital service area to another.

Section 6

As RRMC is not part of a network, we decline any opportunity to offer comments.

To end with …overall as a solution… Rutland supports and recommends collaborative work on Reference-Based Pricing.

- As stated, stakeholder participation is vital to ensure a balanced approach between payers, providers and patients.
- Focus on achieving lower prices while maintaining access to care. This will necessitate a pathway that will require steps in multiple years.
- Of critical note: Vermont has projected that Medicare payments are $350 million less than other states. This underfunding needs to be taken into consideration as we design reference-based pricing methodologies.