

# FY2026 Budget Testimony

Susan Barrett, Executive Director, GMCB  
Jean Stetter, Finance Director, GMCB  
Owen Foster, Board Chair, GMCB

February 20, 2025

# About Us

- Established in 2011 (Act 48)
- 5 Board Members
- 6-Year Staggered Terms
- The GMCB is an independent Board that is part of state government
- Quasi-judicial

## THE BOARD & EXECUTIVE DIRECTOR



Owen Foster, JD  
GMCB Chair



Jessica Holmes, PhD  
GMCB Member



Robin Lunge, JD, MHCDS  
GMCB Member



David Murman, MD  
GMCB Member

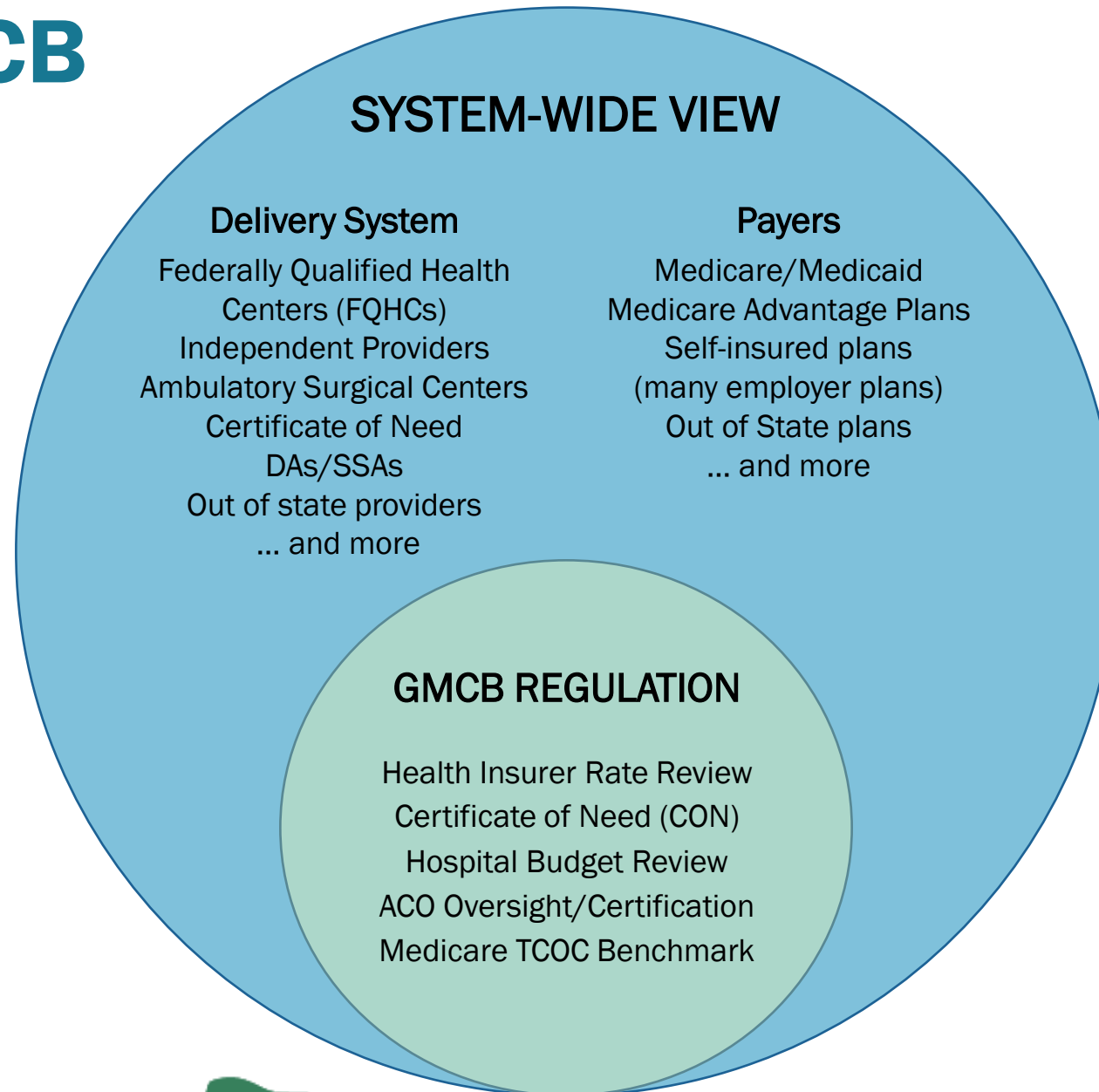


Thom Walsh,  
PhD, MS, MSPT  
GMCB Member



Susan Barrett, JD  
GMCB Executive Director

# Role of GMCB



TCOC: Total cost of care

# Hospital Budget Review



Annually, GMCB reviews and establishes budgets for each of Vermont's 14 hospitals, currently representing \$3.7 Billion in Hospital Spending.

GMCB Staff	3 FTE
FY 2025 Budgets	Hospitals sought an <b>8% increase</b> over FY2024, more than double the rate of medical inflation.
Board Decision	GMCB's FY2025 hospital budget orders approved a system-wide NPR of <b>\$3.7 Billion</b> , a <b>3.5% NPR increase</b> over FY2024 approved budgets.
Impact	FY23: GMCB approved NPR as submitted FY24: GMCB reduced hospital budget requests by <b>\$49 million</b> FY25: GMCB reduced hospital budget requests by <b>\$145 million</b>



# ACO Certification & Budget Review



Annually GMCB reviews ACO programs and investments aimed to facilitate the shift to value-based care for alignment with Vermont's principles of health care reform.

GMCB Staff	2.5 FTE
FY25 Budget & Certification	3 Medicare-Only ACO Budget Reviews (Lore Health, Vytalize Health, Aledade); 1 Certified ACO Budget Review (OneCare Vermont); 1 Certification Eligibility Verification (OneCare Vermont)
FY25 Board Decisions	All ACO Budgets were approved with modifications; Certification Eligibility Verification to be completed in March 2025
Impact	<p>FY23: Reduced OneCare's administrative budget by <b>\$303,799</b> (2%) thus reducing hospital fees. Required aggregate executive compensation be capped at the benchmarked 50<sup>th</sup> percentile. Following departure of BCBS, required OneCare to fully fund primary care practices as originally budgeted.</p> <p>FY24: Reduced OneCare's requested administrative budget by <b>\$957,245</b> (6.7%) and reallocated those funds to population health and primary care programs. Required that hospitals attest to the usage of primary care-earned population health funds.</p> <p>FY25: Reduced requested administrative budget by <b>\$1,457,713</b> (11.4%) and reallocated to provider types across the spectrum of care (including primary care). Required that hospitals attest to use of PCP-earned funds for 2025.</p>

# Insurance Rate Review



In 2024, GMCB reviewed 10 rate filings representing approx. \$810 million in health insurance premiums for approx. 82,000 Vermonters, over 70,000 of whom were in individual and small group plans.

GMCB Staff

3 FTE

FY 2025 Rates

Insurers requested approximately **\$150 million in premium increases.**

Board Decision

Balancing health plan affordability with insurer solvency GMCB reduced proposed increases by an estimated **\$11.4 million.**

Impact

GMCB decision promoted ongoing solvency of BCBS.

Prior GMCB decisions promoted administratively efficient operations and resulted in improved pay parity between hospitals and non-hospital providers.

# Certificate of Need



GMCB annually reviews requests for capital projects. CON review ensures adequate need and financial viability of proposed projects, and protects consumers through project conditions.

GMCB Staff	2 FTE
2024 Project Requests	The total value of projects requested in 2024 was <b>\$159,532,725</b> , and included the UVMHC Purchase of Fanny Allen Campus in Colchester (\$17,717,040); UVMHC Outpatient Surgery Center (\$129,600,000); Mt. Ascutney EHR Replacement (\$9,100,523); CVMC Replacement of Linear Accelerator and Related Facility Modifications and Upgrades (\$3,661,162).
Board Decision	These CONS were approved, several with significant conditions to enhance access and affordability for Vermonters. <a href="#">See here to read decisions.</a>
Impact	Project conditions have included: <ul style="list-style-type: none"><li>• Limitation on commercial prices Vermonters must pay.</li><li>• Mandating facility accept Medicaid patients.</li><li>• Pricing transparency.</li></ul>

# In Vermont, Where Almost Everyone Has Insurance, Many Can't Find or Afford Care

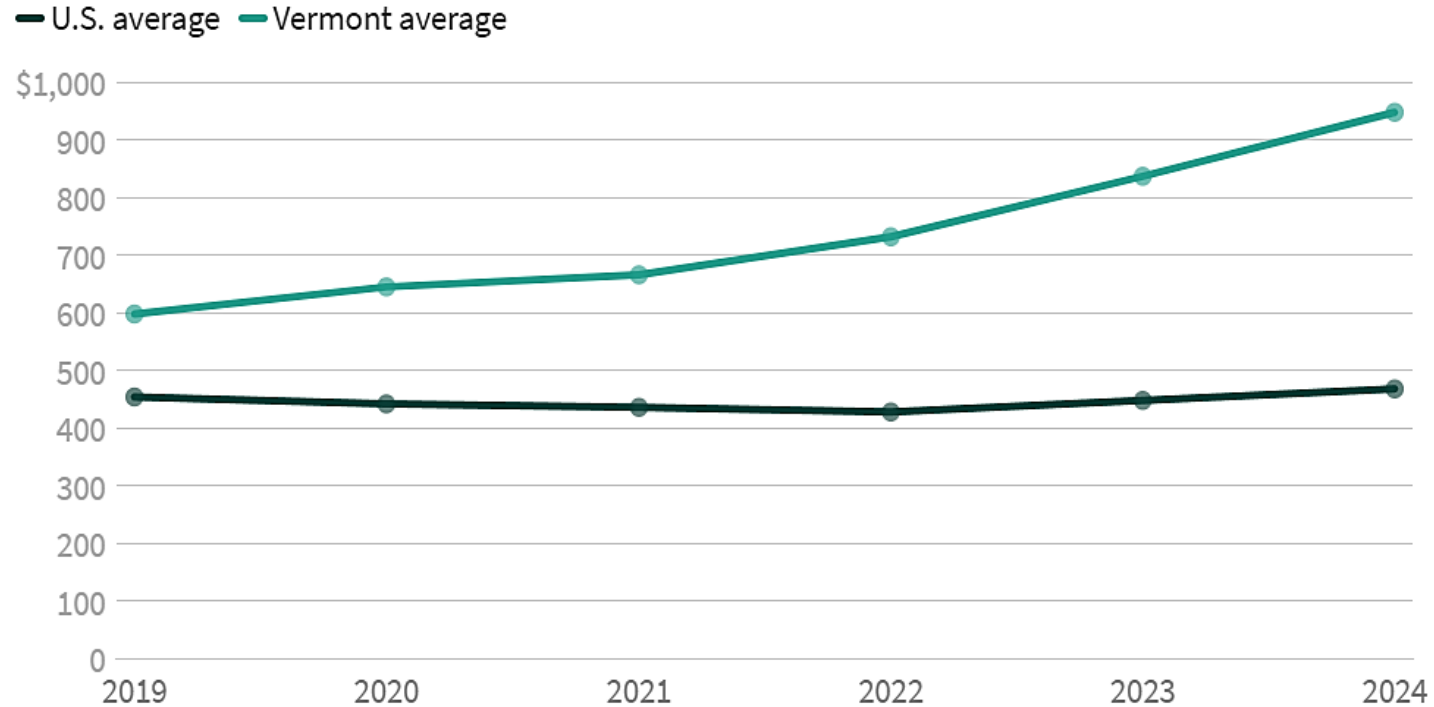
November 20, 2024

“Vermont consistently ranks among the healthiest states, and its unemployment and uninsured rates are among the lowest. Yet Vermonters pay the highest prices nationwide for individual health coverage and state reports show its providers and insurers are in financial trouble. Nine of the state’s 14 hospital are losing money, and the state’s largest insurer is struggling to remain solvent. Long waits for care have become increasingly common, according to state reports and interviews with residents and industry officials.”



## Vermont ACA Insurance Costs Highest in US

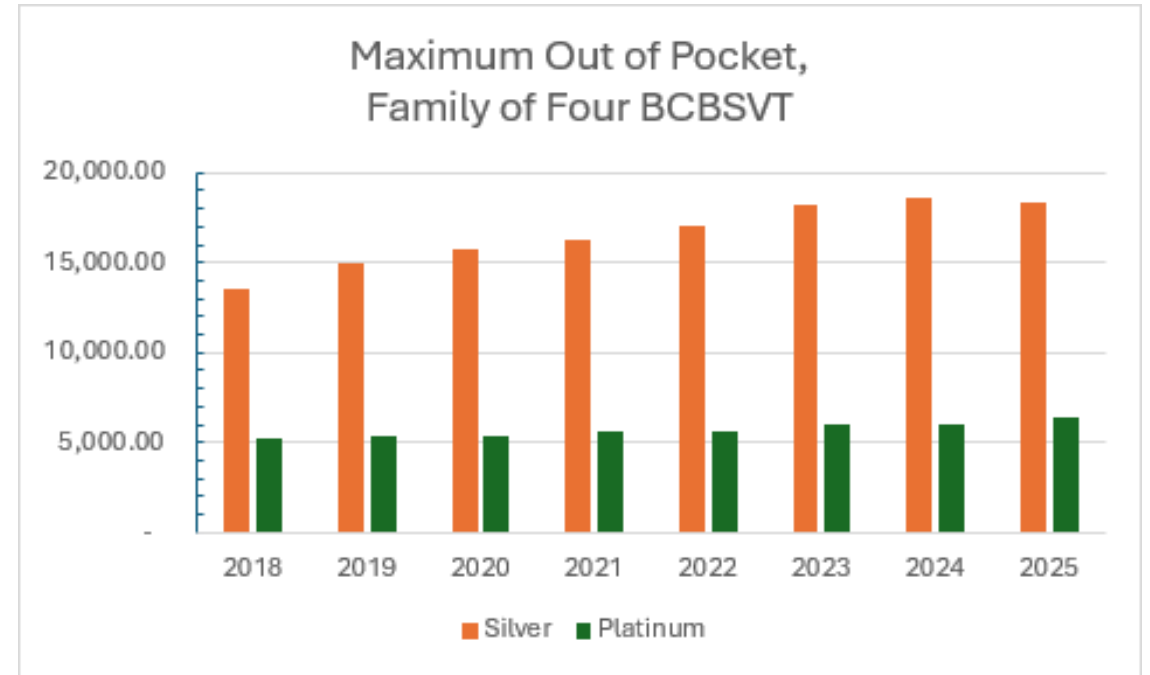
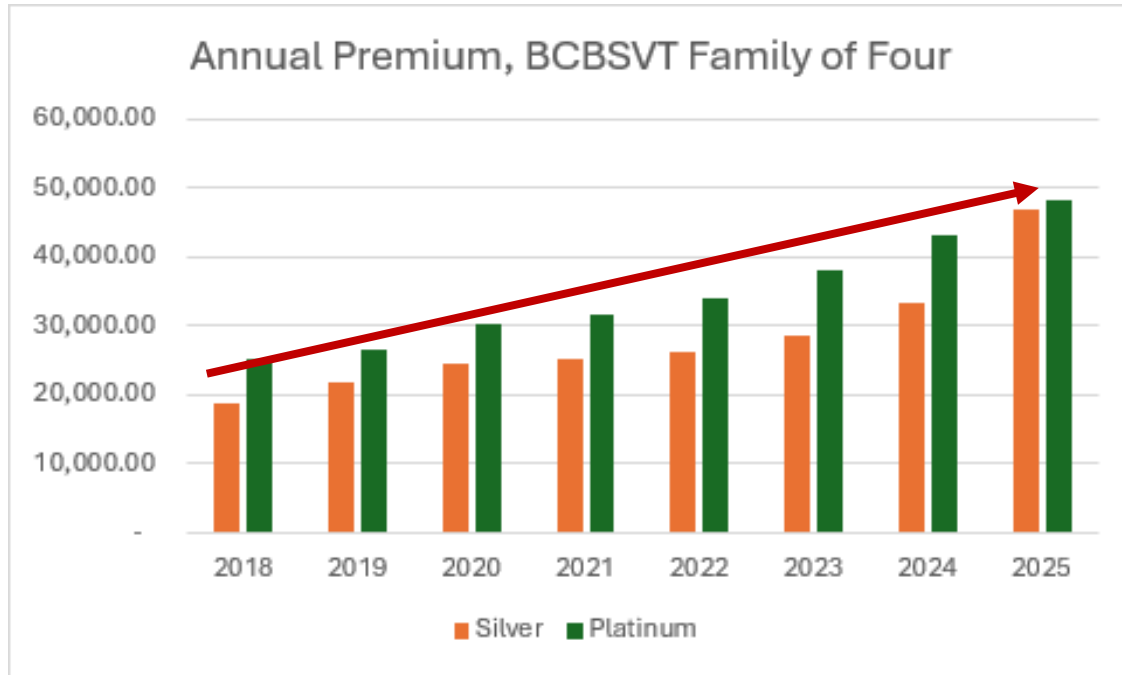
Vermont for years has had the highest monthly Affordable Care Act marketplace premiums in the country, and the gap is widening.





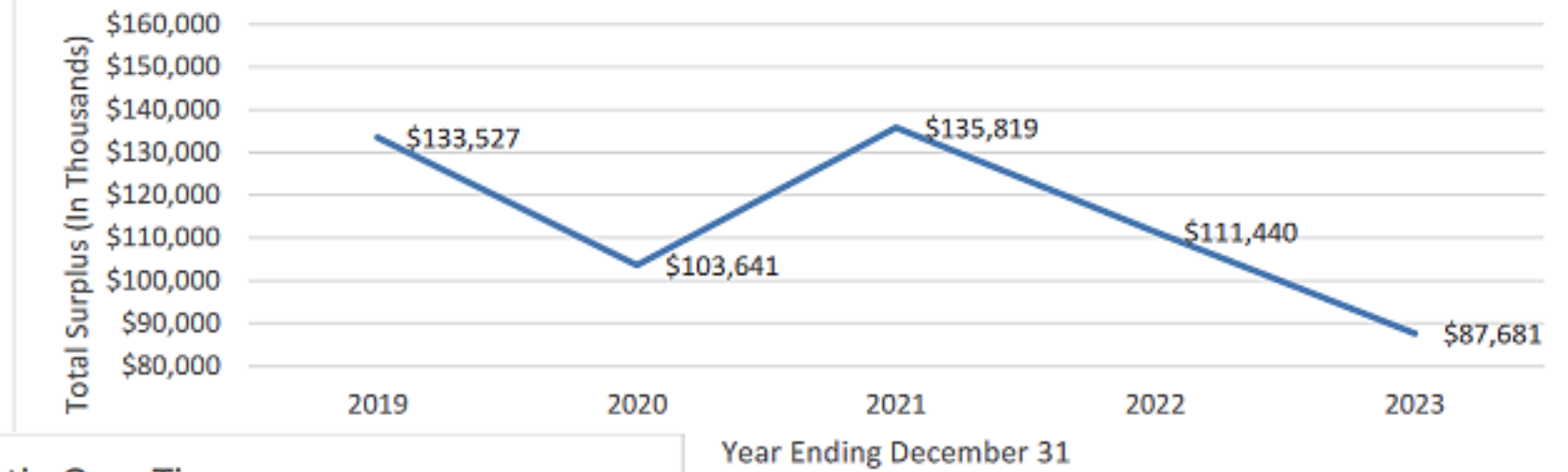
# Health Care Landscape Trends

## Affordability

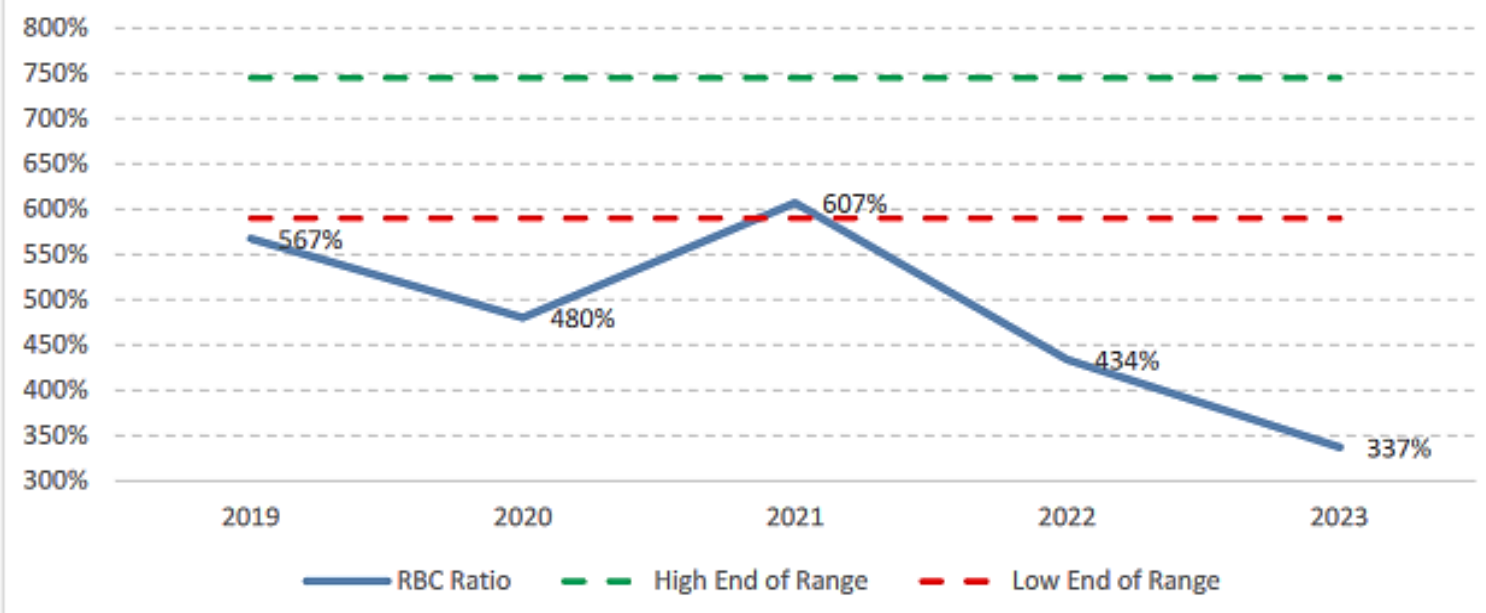


Note: Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies from APRA will continue through 2025.

### BCBSVT Total Surplus (In Thousands) Over Time

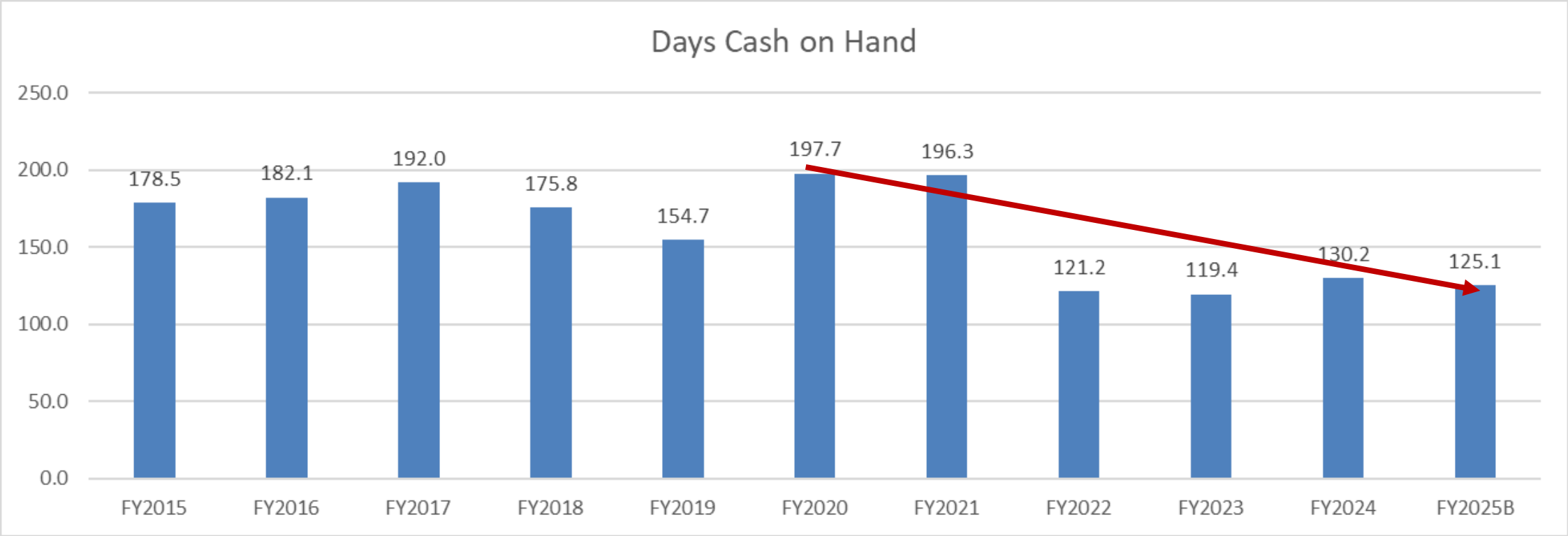


### BCBSVT's RBC Ratio Over Time



Year Ending December 31

# Vermont Community Hospitals Days Cash on Hand

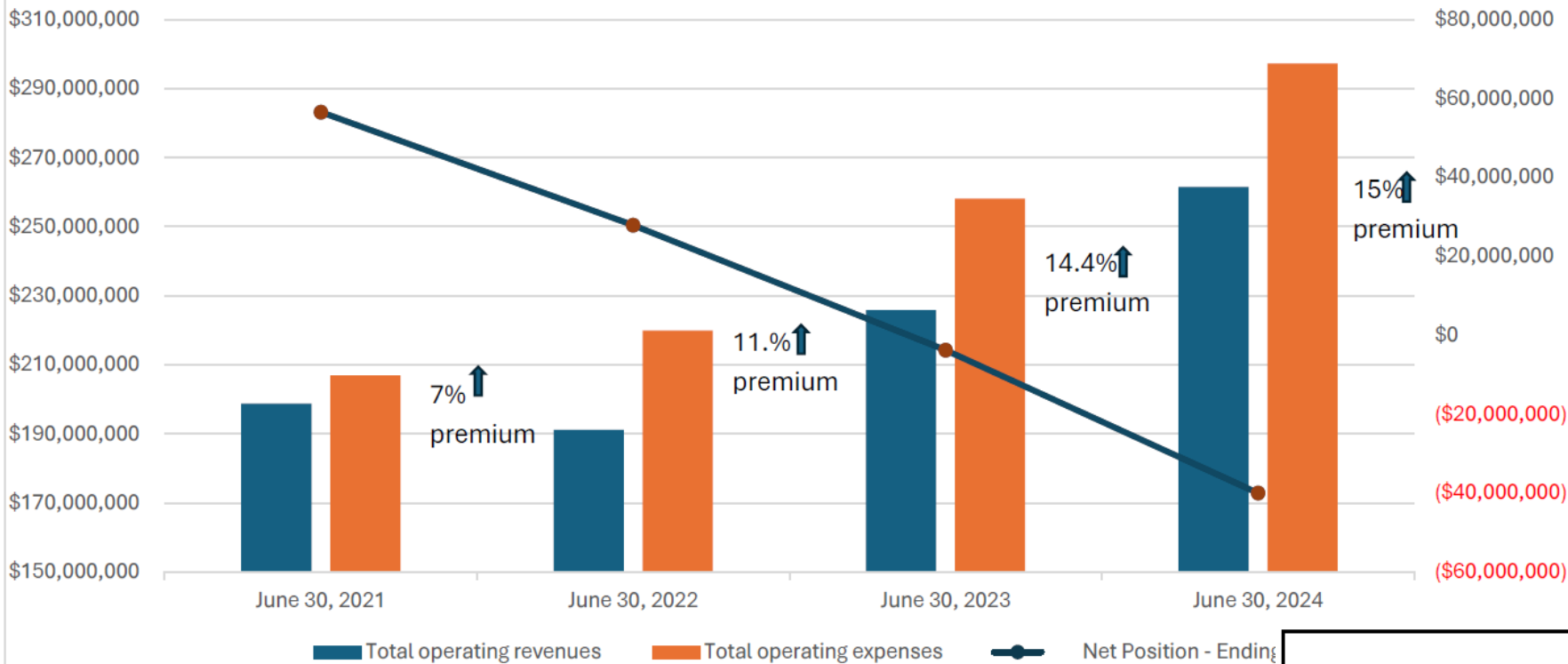


**Note:** Due to delayed submissions of FY24 actuals from Copley and Brattleboro, projected figures were used in place of year-end actuals for those hospitals. While an approximation, this is likely not to significantly affect the system-wide DCOH calculation of 130 for FY24.

# SOV Healthcare Costs

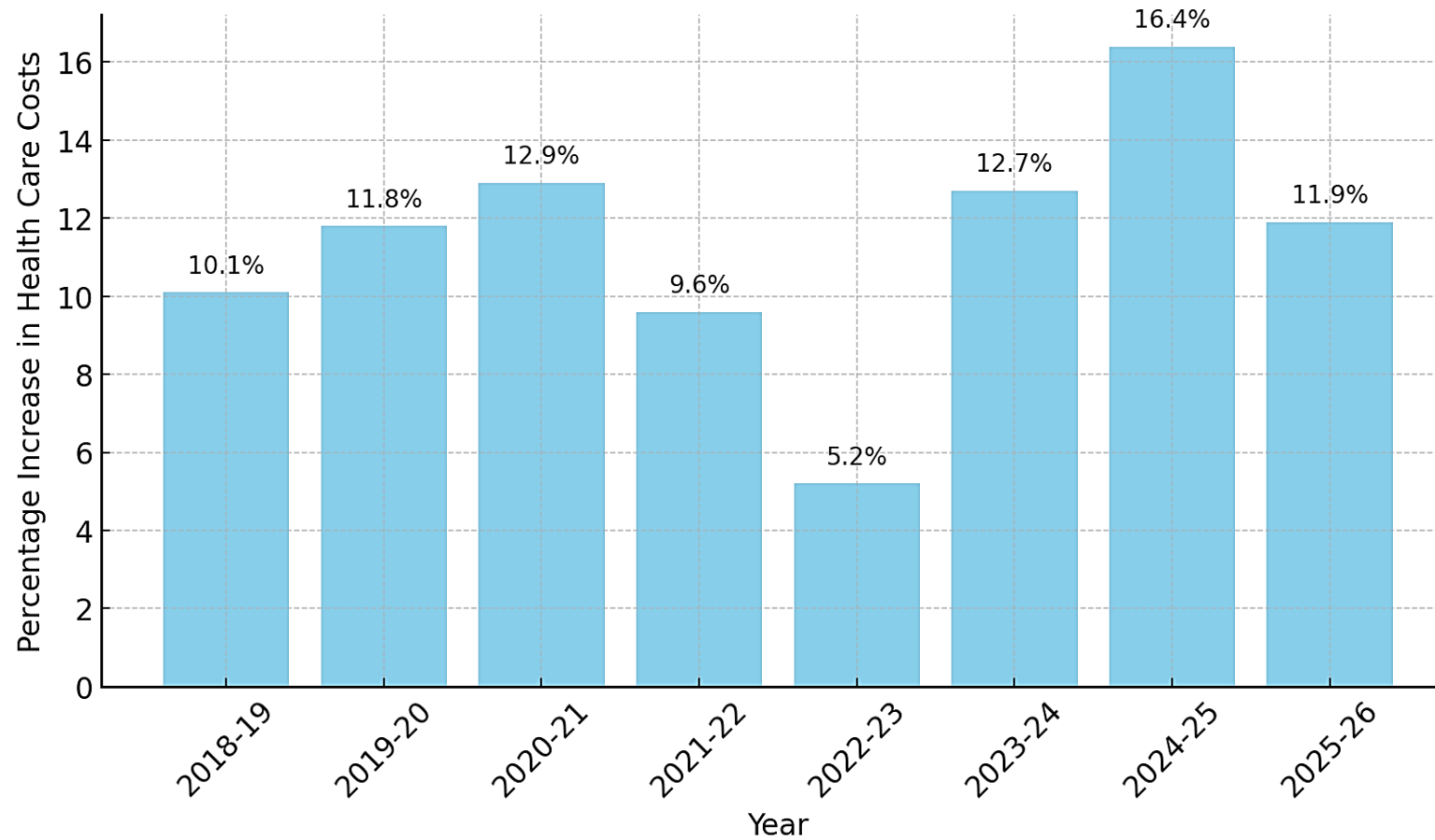


SOV Medical Services Fund  
Annual Expenses and Fund Position (surplus vs. deficit)



	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Total operating revenues	\$198,742,918	\$191,196,603	\$225,819,325	\$261,549,258
Total operating expenses	\$206,945,371	\$219,966,387	\$258,154,051	\$297,316,260
Net Position - Beginning	\$64,667,943	\$56,601,975	\$27,897,280	(\$3,743,222)
Net Position - Ending	\$56,601,975	\$27,914,330	(\$3,743,222)	(\$39,998,432)

# Vermont Education Health Initiative (VEHI) Healthcare Costs



# How rising health care costs are driving up property taxes

Health care staff shortages, rising drug costs, and inflation are driving up health insurance rates. That, in turn, is driving up education spending — and Vermonters' property taxes.

By Peter D'Auria

March 1, 2024, 6:32 pm



## Key Considerations from the Administration's Point of View

For Vermonters and policymakers concerned about property taxes, housing affordability, or overall tax burden, this letter should sound a major alarm.

Even applying a projected \$37 million surplus (including \$13 million set aside from last year's surplus) to help offset rates this year in the Education Fund, **this forecast indicates average property tax bills will increase by approximately 18.5 percent for FY25.** Without the surplus, average property tax bills would be projected to increase by about 20 percent.

It is driven predominately by an estimated 12% increase in school spending. Information gathered by the Agency of Education in its survey of school districts indicates this estimated increase in school spending can primarily be attributed to:

1. The ending of one-time Federal ESSER funds – Many districts used those one-time funds to add new services and personnel to recover from the pandemic. A large portion of those districts believe these services continue to be necessary. That requires replacing those one-time federal dollars with state education funds.
2. A 16%+ increase in health care benefits – The vast majority of school employees receive health benefits. An increase of that magnitude in the cost of those benefits is approximately 3% in overall education spending for a district alone.
3. Overall inflation increasing the price of operating, living, and working in Vermont – fuel, electricity, buses, equipment, supplies, etc.
4. Debt service to new capital projects or renovations – Vermont's aging fleet of schools is becoming more expensive to maintain and repair as they continue to age.

Average property tax bills will increase by approximately 18.5% for FY25

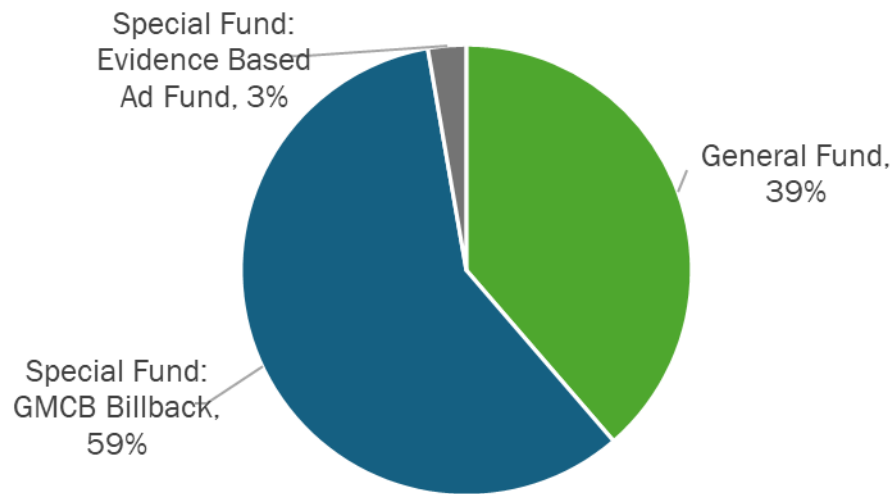
Increase in school spending can be primarily attributed to 16%+ increase in health care benefits

# FY2026 Gov. Rec. Budget



## MISSION

Drive system-wide improvements in access, affordability, and quality of health care to improve the health of Vermonters.



## SUMMARY, STAFF, OPPORTUNITIES & UNKNOWNNS

	GMCB (not inc Gov B.I.)	Act 134 Rx Drug Reg	Gov Base Initiative	All Funds	
\$	Salary & Fringe	8.3%	14.9%	3 Pool	14.1%
	Operating	4.6%	n/a	Positions & Contracts	4.6%
	Contracts	0.6%	n/a		0.6%
	Total	5.0%	14.9%	\$750,000	13.6%
FTE	Board Members	5	-	-	5
	Exempt	6	-	-	6
	Classified	22	2	3	27
	Total	33	2	3	38

## OPPORTUNITIES & UNKNOWNNS

**AHEAD:** +2 FY26 permanent positions and +15 FY27 and +4 Ltd Serv

**Automation:** +2 FY26 ltd service positions

**Language:** ACO billing flexibility needed

**Unknowns:** System solvency, system transformation, new federal policies and changes

# FY2026 Budget Summary



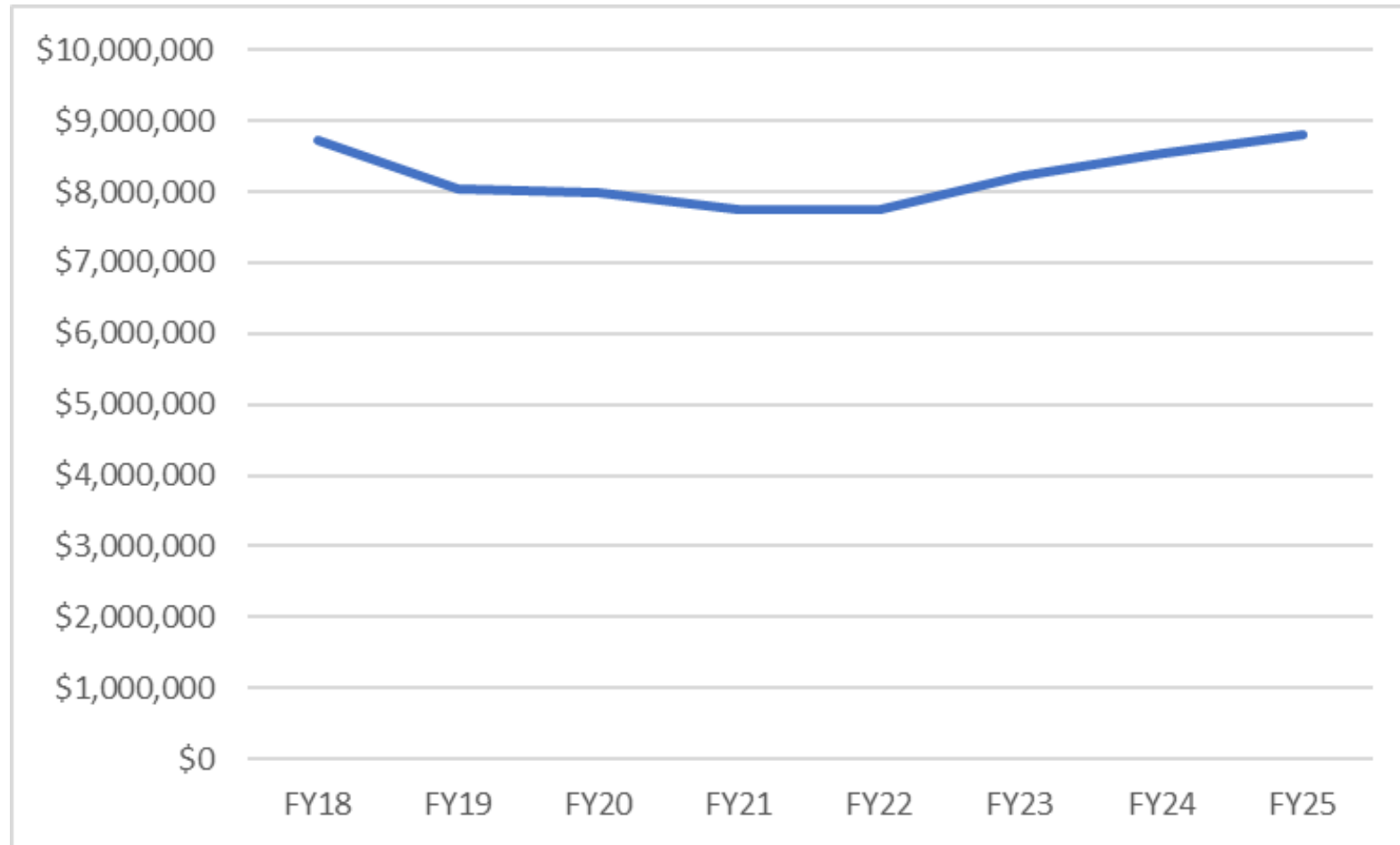
	FY25 Bud	New Work	Total \$
	40% GF & 60 Billback	Special Fund: Evidence Based Ad Fund \$	
<b>2024 Act 113 FY25 Big Bill</b>	<b>8,795,410</b>	<b>-</b>	<b>8,795,410</b>
New Position \$ Act 134 of 2024	-	245,000	245,000
Change in Salaries & Fringe	294,458	36,412	330,870
<i>FY25 Pool Position fm Contracts</i>	<i>108,000</i>	-	<i>108,000</i>
	402,458	281,412	683,870
Contracts Increases	127,273	-	127,273
<i>FY25 fm Contracts to Pool Position</i>	<i>(108,000)</i>	-	<i>(108,000)</i>
	19,273	-	19,273
Operating Expenses Increases	18,273	-	18,273
<b>Total GMCB before Base Initiative</b>	<b>440,004</b>	<b>281,412</b>	<b>721,416</b>
Gov Rec Base Initiative	750,000	-	750,000
<b>Green Mountain Care Board FY 2026 Governor Recommend</b>	<b>9,985,414</b>	<b>281,412</b>	<b>10,266,826</b>



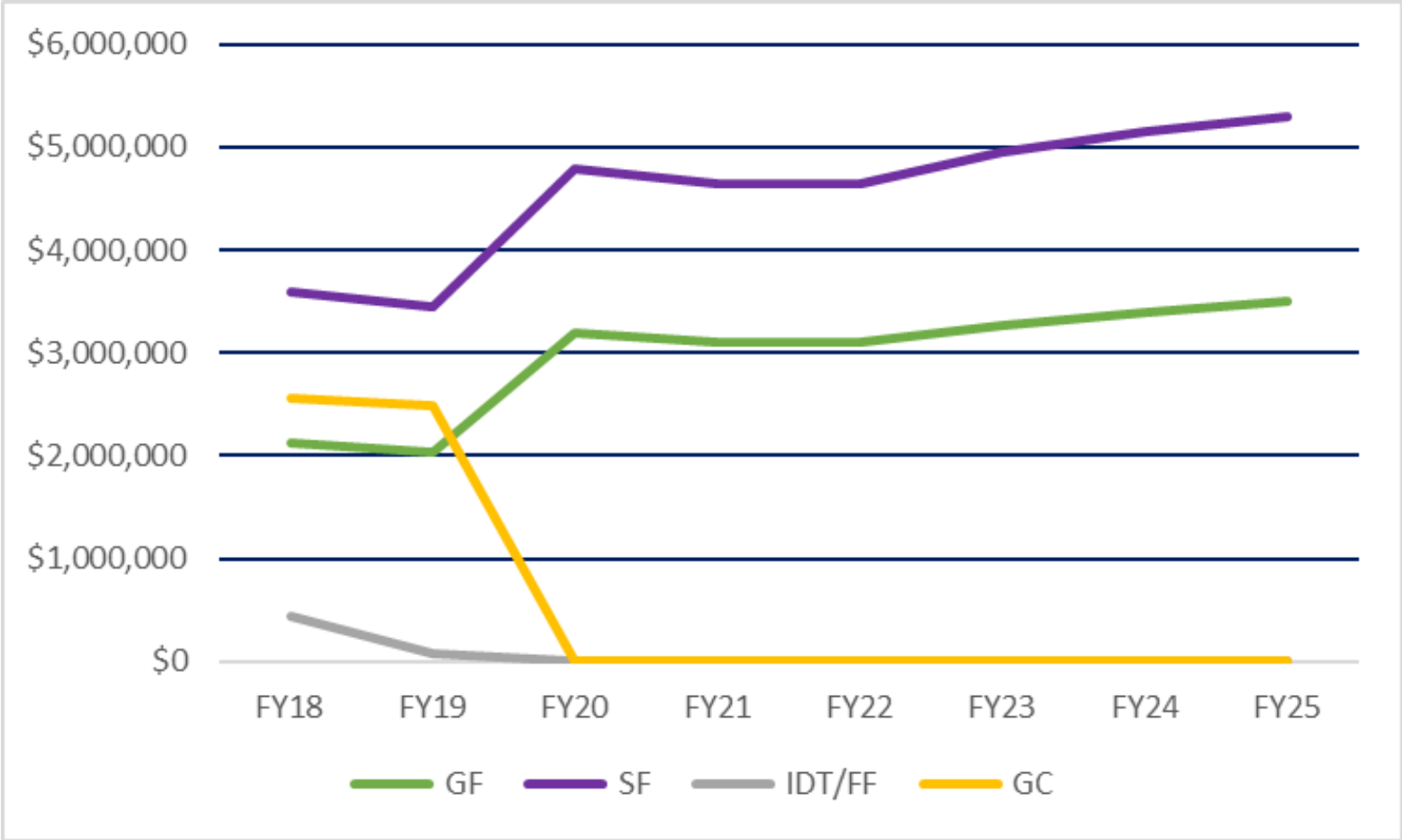
# FY2026 Budget Detail

	General \$\$	Special \$\$	All other \$\$	Total \$\$
			Evid Based Fund	
<b>Approp #1 [3330010000]: Green Mountain Care Board FY 2025</b>	<b>3,494,109</b>	<b>5,301,301</b>	<b>0</b>	<b>8,795,410</b>
<b>Approp</b>				
Other Changes: (Please insert changes to your base appropriation that occurred after the passage of the FY 2025 budget)				0
<b>FY 2025 Other Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Approp. After FY 2025 Other Changes</b>	<b>3,494,109</b>	<b>5,301,301</b>	<b>0</b>	<b>8,795,410</b>
<b>CURRENT SERVICE LEVEL/CURRENT LAW</b>	<b>475,965</b>	<b>714,039</b>	<b>281,412</b>	<b>1,471,416</b>
<i>Personal Services</i>	<i>468,674</i>	<i>703,057</i>	<i>281,412</i>	<i>1,453,143</i>
500000: Salary & Wages: Classified Employees	18,996	111,539	176,592	307,127
500010: Salary & Wages: Exempt Employees				
501500: Health Insurance: Classified Employees	1,173	37,317	37,233	75,723
501510: Health Insurances: Exempt Employees				
502000: Retirement: Classified Employees	34,743	74,291	50,858	159,892
502010: Retirement: Exempt Employees				
All Other Employee Payroll Related Fringe Benefits	333	7,681	15,297	23,311
504040: VT Family & Medical Leave Insurance Premium	67	412	655	1,134
504045: Child Care Contribution	1,475	2,489	777	4,741
505200: Workers' Compensation Insurance Premium	771	1,171	0	1,942
508000: Vacancy Turnover Savings	0	0	0	0
Contracts	110,316	16,957	0	127,273
Per Diem & Other Personal Services	800	1,200	0	2,000
Other Personal Services	300,000	450,000	0	750,000
				0
<i>Operating Expenses</i>	<i>7,291</i>	<i>10,982</i>	<i>0</i>	<i>18,273</i>
515010: Fee-for-Space Charge	0	0	0	0
516000: Insurance Other Than Employee Benefits	(1)	(3)	0	(4)
516010: Insurance - General Liability	273	409	0	682
516671: VISION/ISD	(826)	(1,253)	0	(2,079)
516685: ADS Allocated Charge	1,470	2,230	0	3,700
519006: Human Resources Services	2,111	3,204	0	5,315
523620: Single Audit Allocation	0	0	0	0
Rent and Electricity	2,864	4,295	0	7,159
Other Operating Expenses	1,400	2,100	0	3,500
				0
<i>Grants</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
				0
<b>Subtotal of Increases/Decreases</b>	<b>475,965</b>	<b>714,039</b>	<b>281,412</b>	<b>1,471,416</b>
<b>FY 2026 Governor Recommend</b>	<b>3,970,074</b>	<b>6,015,340</b>	<b>281,412</b>	<b>10,266,826</b>
<b>Green Mountain Care Board FY 2025 Appropriation</b>	<b>3,494,109</b>	<b>5,301,301</b>	<b>0</b>	<b>8,795,410</b>
<b>Reductions and Other Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FY 2025 Total After Other Changes</b>	<b>3,494,109</b>	<b>5,301,301</b>	<b>0</b>	<b>8,795,410</b>
<b>TOTAL INCREASES/DECREASES</b>	<b>475,965</b>	<b>714,039</b>	<b>281,412</b>	<b>1,471,416</b>
<b>Green Mountain Care Board FY 2026 Governor Recommend</b>	<b>3,970,074</b>	<b>6,015,340</b>	<b>281,412</b>	<b>10,266,826</b>

# GMCB B.345 Appropriation Total



# GMCB B.345 Appropriation by Fund



# Human Resource Need



Future Work	Current Staff**	Staffing Required?
Quality Access	0	
AHEAD/Global Budgets	1	20*
Reference-Based Pricing (RBP)	0	
Rate Setting	0	
Division of Planning	0	
Reverse CON	0	
Automation (Limited Svc)	0	2

\*5 staff in 2025, 15 in 2026.

\*\* Governor’s recommended budget includes 3 positions for GMCB from the position pool (1 Access, 1 Quality, and 1 Procurement).

AHEAD Positions Needed	Area	#	Why (or Work)
Permanent	Hospital Rate Setting & Financial Methodology	8	<p>Design, model, calculate, implement Global Budgets Rate Setting &amp; Stakeholder Engagement</p> <p>Current GMCB Hospital Finance Team Challenges</p> <ul style="list-style-type: none"> <li>Significantly understaffed for current regulatory reviews</li> <li>Requested 3 additional resources for hospital finances (even without AHEAD)</li> </ul> <p>New Budgetary Processes Under AHEAD</p> <ol style="list-style-type: none"> <li>Global Budgets for AHEAD-participating hospitals</li> <li>FFS Budgets for non-participating hospitals</li> <li>Hybrid Budgets with multiple payment methodologies (Medicare, commercial fee-for-service, etc.)</li> <li>Service Line Review Requirements under AHEAD</li> </ol>
	Quality	4	<p>Emerging Quality Concerns</p> <ul style="list-style-type: none"> <li>Recent concerning trends in quality</li> <li>AHEAD may exacerbate these issues</li> </ul> <p>Current GMCB Capacity &amp; Staffing Needs</p> <ul style="list-style-type: none"> <li>No dedicated staff for quality oversight</li> <li>Requested one quality position to enhance oversight, even w/o AHEAD</li> </ul> <p>GMCB Responsibilities Under AHEAD</p> <ul style="list-style-type: none"> <li>Design and implement a hospital quality framework</li> <li>Monitor and analyze hospital quality performance</li> <li>Integrate quality review into budget methodologies</li> </ul>
	Data & Analytics	3	<p>Long Wait Times &amp; Low Productivity</p> <ul style="list-style-type: none"> <li>Unacceptably long wait times for hospital specialists &amp; primary care</li> <li>FY24 hospital productivity data shows low clinical productivity</li> <li>Patients struggle to access timely care</li> </ul> <p>AHEAD Risks to Access &amp; Efficiency</p> <ul style="list-style-type: none"> <li>Hospitals receive set payments, reducing incentives to: <ul style="list-style-type: none"> <li>Improve access &amp; productivity</li> <li>Increase operational efficiencies</li> </ul> </li> </ul> <p>Access Monitoring Under AHEAD</p> <ul style="list-style-type: none"> <li>Requires creating a new access framework from scratch</li> <li>Would monitor: <ul style="list-style-type: none"> <li>Wait times for healthcare services</li> <li>Provider productivity &amp; operational efficiency</li> <li>Hospital access performance</li> </ul> </li> </ul> <p>Staffing Needs If AHEAD Does Not Move Forward</p> <ul style="list-style-type: none"> <li>Request for two limited-service positions to improve data automation for regulatory processes</li> </ul>
	Ops & Procurement	2	<p>Current Business Office Limitations</p> <ul style="list-style-type: none"> <li>Only 2 FTEs since 2015, despite increased regulatory, reporting, and analytical responsibilities</li> <li>Managed Act 167 requirements without additional in-house support</li> </ul> <p>Increased Responsibilities under AHEAD</p> <ul style="list-style-type: none"> <li>Support for hiring new staff</li> <li>Procurement &amp; management of contracts and consultants</li> <li>Oversight of new commercial global budget methodology</li> <li>Expanded reporting &amp; oversight responsibilities</li> </ul> <p>Need for Additional Resources</p> <ul style="list-style-type: none"> <li>Significant oversight &amp; management required for new contracts and consultants</li> <li>Increased complexity in financial and operational management under AHEAD</li> </ul>
	Legal	2	<p>AHEAD requires a number of new rules, policies, and procedures, including rule making for setting up a complex rate setting and Global Budget system. AHEAD will create new legal risks and we anticipate many challenges to the new processes and budgetary decisions. GMCB will also need to enforce budgetary decisions and monitor budgetary compliance, which are tasks not currently resourced.</p>
	Policy	1	<p>AHEAD implementation will require significant project management and policy direction. The Policy Lead will quarterback all the work across the organization that would be required to implement the model.</p>

# AHEAD Positions Needed (cont'd)



Type	Area	#	Why (or Work)
Limited Service	Global Budget Project Mgr	1	implementation of the hospital global budget under AHEAD
	AHEAD Project Mgr	1	project manage the implementation of the AHEAD model.
	Hospital Budget Team backfill	2	backfill current analysts to allow them to support the initial implementation of hospital global budgets under the AHEAD model.

# GMCB vs. Established Regulatory Bodies



	VT Health Care (GMCB)	VT Energy (PUC+PSD)*	Mass Health Policy Commission (HPC) + Center for Health Information & Analysis (CHIA)**	Maryland Health Service Cost Review Commission (HSCRC)
Budget	\$8.8M	\$18M	\$45M	\$145M
Staff Size	37	83	174	60

**Disclaimer! For reference, but not apples to apples...**

**Notes:**

\* Excludes Vermont Community Broadband Board (VCBB) budget and staff.

\*\* Mass & Maryland budget details based on publicly available materials for fiscal year 2024. PUC & GMCB based on FY25 As Passed.



**QUESTIONS?**

