Vermont's Health Care Reform Efforts

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House Health Care Committee
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AHS Health Care Reform Overview

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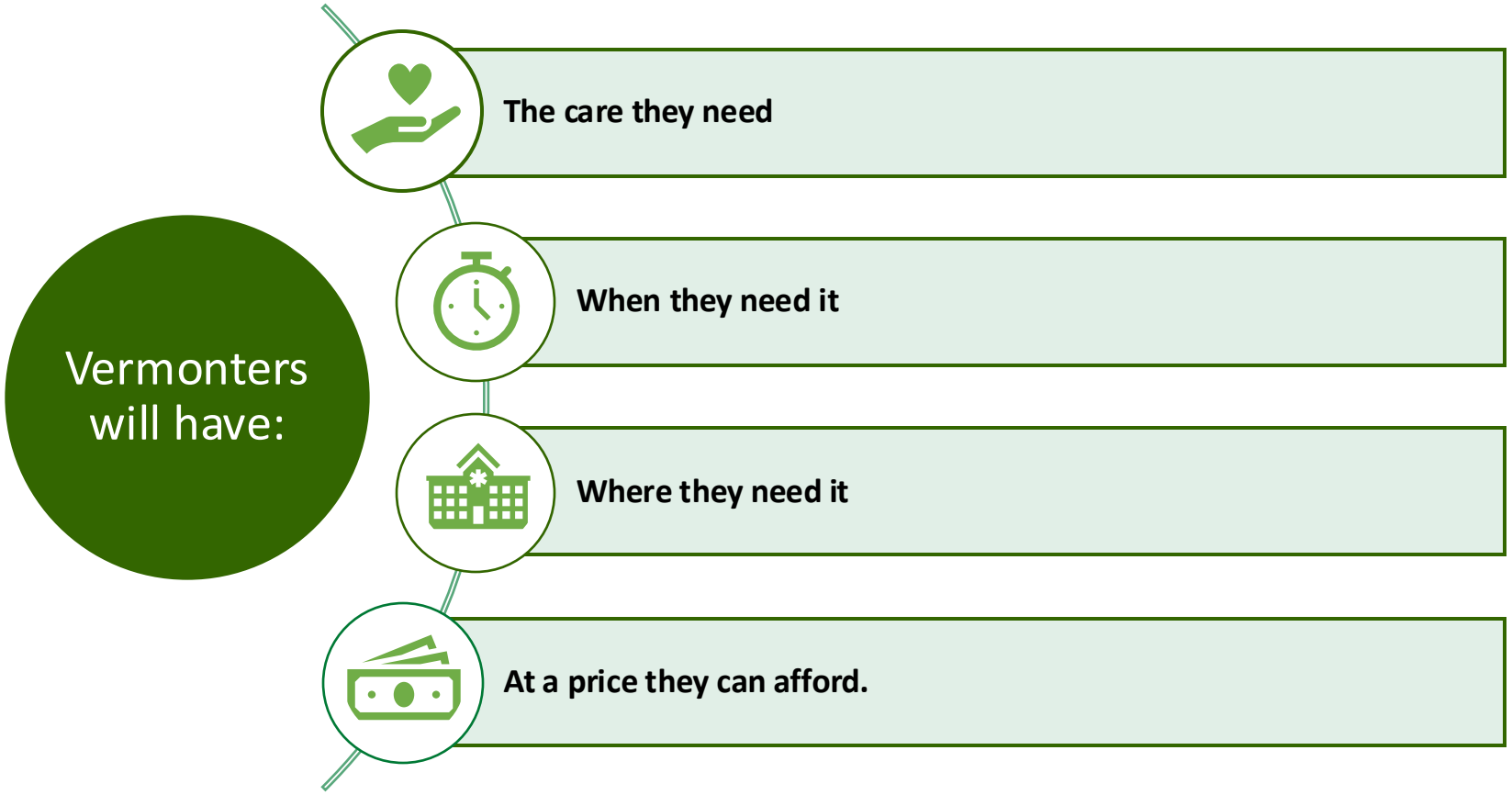
Health Care Reform Vision



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Context for Reform: VT's Current Health Care System

- Vermont's health care system faces challenges in affordability, sustainability, access, and equity
  - Health insurance premiums and out-of-pocket maximums have risen dramatically in the past 5-10 years
  - More than half of the state's hospitals are operating at a loss
  - Vermont's health insurers are facing financial sustainability issues
  - Vermonters are experiencing long wait times for primary and specialty care
  - Gaps in community-based care results in increased use of hospitals
  - Low-income populations in rural areas face significant health-related social needs barriers to receiving care (e.g., housing, transportation)
- Simultaneously, Vermont's population is aging while the working age population declines

Health Care Reform Goals & Tactics

Affordability | Access | Quality | Equity | Patient and Provider Satisfaction

Right Care | Right Place | Right Time

Care Delivery Transformation	Payment Reform	Data & Health Information Technology
• *Operational innovation for solvency and sustainability* • *Workforce development*	• *Appropriate costs and care* • *Reimbursing value over volume*	• *Health information exchange* • *Statewide electronic health record*

Health-related Social Needs & Social Determinants of Health

Legislation & Regulation

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Care Transformation & Act 167 Updates

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Health Care Transformation is Critical

- Vermont's health care system is experiencing serious financial fragility. This results in significant challenges in health care affordability, access, and quality for many Vermonters. Over the next five years, Vermont is looking to achieve **transformation** in the health care system.

- Health care transformation aims to:
  - Improve affordability by reducing growth in health care costs.
  - Increase access to essential services.
  - Improve health care quality and experience of care.
  - Improve health outcomes for individuals and all Vermonters, including reducing inequities for subpopulations experiencing health disparities.

- Successful transformation relies upon effective support for health care providers across the care continuum.

Act 167

Actions
Sections 1 to 3

Propose Federal Model for Multi-Payer Payment Model	Design Hospital Global Budget	Stakeholder Engagement: Hospital System Transformation	*Added Later via Act 51:* Hospital System Transformation Planning and Projects

Act 167 also included sections on Health Information Exchange (HIE), Blueprint, options to support those with moderate needs, GMCB reporting, Medicaid primary care reimbursement, and prior authorization reporting.

Act 167: Federal Multi-Payer Payment Model

Actions
Sections 1 to 3

- Propose Federal Model for Multi-Payer Payment Model
- Design Hospital Global Budget
- Stakeholder Engagement: Hospital System Transformation
- *Added Later via Act 51:* Hospital System Transformation Planning and Projects

Federal Model Requirements

- Total Cost of Care Target
- Global Payment Model/Hospital Global Budget
- Strategies & Investments in Continuum of Care
- Reduce Health Inequities & Invest in SDOH
- Future for ACO

Act 167 also included sections on Health Information Exchange (HIE), Blueprint, options to support those with moderate needs, GMCB reporting, Medicaid primary care reimbursement, and prior authorization reporting.

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Act 167 and Alternative Payment Models

Act 167 directed AHS and GMCB to collaborate on a new alternative payment model agreement, specifically involving hospital global budgets.

Findings:

- No one model accomplishes all the goals laid out in Act 167 or addresses all the challenges the health care system faces, need to pair models
- Federal models that could be paired that most closely match requirements outlined in Act 167:
  - All-payer Health Equity Approaches and Development (AHEAD)
  - CCBHC known in Vermont as Certified Community-Based integrated Health Centers (mental health and substance use)
  - Potential to provide payment incentives for shared measures between models for consistent priorities across providers
- All models contain inherent risk
  - Resources to implement models
  - Impacts on commercial rates and affordability
  - Impact on access and quality of services
  - Sustainability of health care providers

Act 167 and Elements Included In AHEAD

Act 167		AHEAD
A.	Total Cost of Care Target	✓ Total cost of care targets
B.	Global Payment Models (specifically hospital global budgets)	✓ Multi-Payer hospital global budgets
C.	Strategies and Investments in: i. primary care; ii. home- and community-based services; iii. subacute services; iv. long-term care services; and v. mental health and substance use disorder treatment services;	✓ Specific targets, strategies and investments for primary care ✓ Investment opportunities in the broader continuum of care, with targets to be identified by the State in: i. Mental health and substance use treatment services ii. Home health and skilled nursing iii. Specialty providers
D.	Strategies and investments to address health inequities and social determinants of health; and	✓ Strategies and investments to address health inequities and social determinants of health
E.	The role, if any, of accountable care organizations in Vermont's multi-payer alternative payment models going forward.	• Does not involve an ACO

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Next Steps with the AHEAD Model

- Since the acceptance of Vermont into AHEAD in July 2024, AHS and GMCB jointly negotiated with CMS on the terms of Vermont's potential AHEAD State Agreement.
- On Friday, January 17th, all parties (Governor Scott's Office, AHS, GMCB, and CMS) signed the negotiated State Agreement, legally committing us to participate in the Model.
- The executed State Agreement commits Vermont to participate in Cohort 2 of the Model, which begins 1/1/2027.

Act 167: Stakeholder Engagement

Actions
Sections 1 to 3

- Propose Federal Model for Multi-Payer Payment Model
- Design Hospital Global Budget
- Stakeholder Engagement: Hospital System Transformation
- *Added Later via Act 51:* Hospital System Transformation Planning and Projects

Goals of Hospital System Transformation

- Reduce Inefficiencies
- Lower Costs
- Improve Health Outcomes
- Reduce Health Inequities
- Increase Access to Essential Services

Act 167 also included sections on Health Information Exchange (HIE), Blueprint, options to support those with moderate needs, GMCB reporting, Medicaid primary care reimbursement, and prior authorization reporting.

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AHS Approach to Act 51

Goal:
- Facilitate creation of hospital transformation plans to improve access, financial sustainability, and strengthen primary & community-based care

Oversight:
- Care Transformation Steering Committee comprised of AHS & GMCB to establish a care transformation roadmap and keep statewide lens

Key State Transformation Activities:
- Hospital and health system transformation planning and implementation
- Quality measurement and health equity framework development
- Statewide dashboard to monitor impact of reform in real time
- Payment model negotiation with payers
- Continuation and enhancement of provider stabilization and long-term sustainability efforts

Build on Delivery System Reform Infrastructure:
- Health Care Reform: Blueprint for Health, Vermont Chronic Care Initiative, field services, workforce development, health information exchange, payment reform
- Green Mountain Care Board regulatory authority

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Transformation is Already Happening

- Since the Act 167 report was released, health care stakeholders across Vermont have already made notable changes to their operations
- Transformation is an iterative process without a defined end point – over time, AHS's transformation efforts will serve to elevate the State's health care reform vision and provide much needed stability and sustainability for our system

Additional Support for Health Care Transformation

- AHS contracted with a vendor, Rural Health Redesign Center, to provide technical assistance and support care transformation planning at Vermont hospitals and primary care practices.
- The goal is to optimize Vermont's response to the recommendations from the Act 167 community engagement work and support the implementation of the AHEAD Model.

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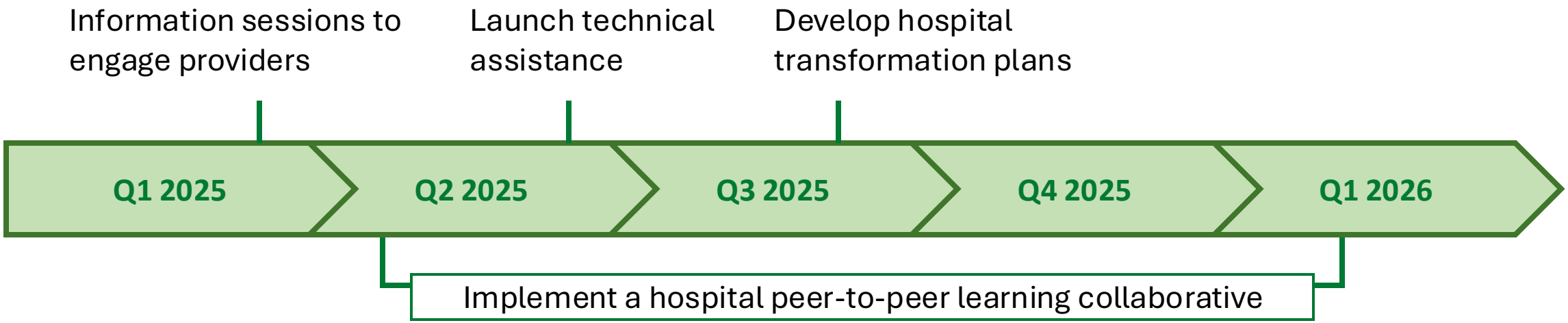
Additional Support for Health Care Transformation

Through this engagement, AHS will :

- Engage with hospitals and primary care providers to assess the feasibility, impact, and operational considerations of participating in care transformation activities
- Provide technical assistance to hospitals and primary care practices, such as:
  - Developing analytic dashboards to track quality and financial data
  - Reducing health inequities
  - Understanding and moving towards capitated payment models
  - Collecting and using demographic and health-related social needs data
- Support the development of hospital transformation plans, which will include short-, medium- and long-term actions

Additional Support for Health Care Transformation



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Support for Care Transformation in AHEAD

- The AHEAD Model State Agreement includes an Equity, Access and Statewide Transformation (EAST) Fund, funded through increased Medicare funding secured via the AHEAD Model negotiations and the State Agreement.
- Funding will provide resources to stabilize health care providers, address access issues, and increase availability of services across the continuum of care, with an emphasis on providers of:
  - Mental health and substance use disorder
  - Primary care, including federally-qualified health centers (FQHCs)
  - Home health
  - Long-term care
  - Specialty care initiatives

Other Transformation Efforts at AHS Consistent with Act 167

Consistent with Act 167, AHS has taken action to stabilize the health care system and identify payments and delivery system approaches for hospital and community-based providers with an initial focus on reducing boarders in emergency room and hospital inpatient boarders. Examples include:

- **Mental Health** - 988, mobile crisis, mental health urgent care, Brattleboro retreat stabilization, CCBHC, expanding hospital level youth mental health beds, adding psychiatric residential treatment beds in Vermont for youth, enhanced transport to Brattleboro Retreat, post pandemic extraordinary financial relief (EFR) for providers
- **Skilled Nursing Facilities** (SNF) – Stabilize SNF through EFR and rate methodology updates, creation of a high acuity skilled nursing facility
- **Substance Use Disorde**r – Rate increases to residential, support co-occurring treatment at hubs, creation of "hublets" in treatment desserts, contingency management, completing gaps analysis
- **Home Health** – Financial support to Home Health by sunsetting the provider tax
- **Hospitals** – Post pandemic hospital stabilization with added Medicaid Disproportionate Share Hospital (DSH) payment
- **Primary care** – Blueprint expansion: universal screening for health-related social needs (HRSN), mental health, and substance use disorder. Embedding mental health resources into primary care

Committee Questions and Further Discussion

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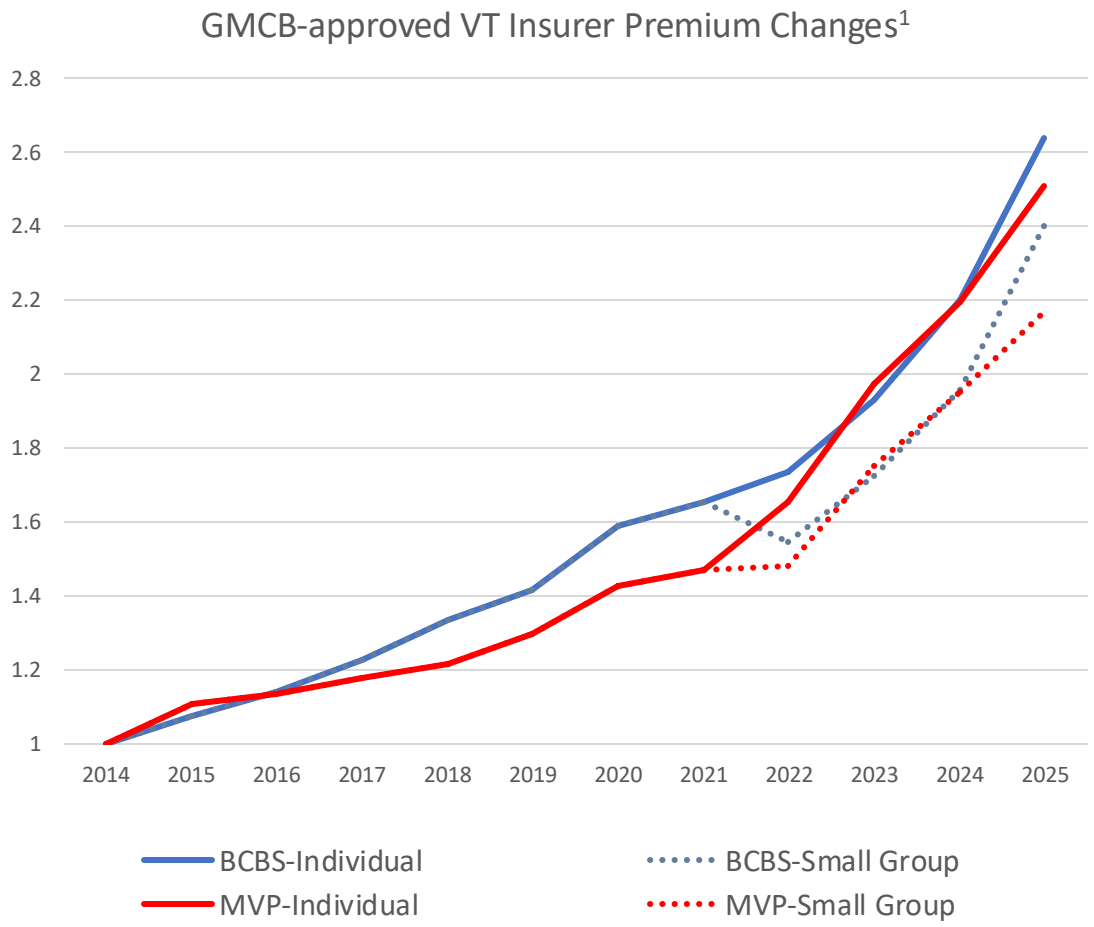
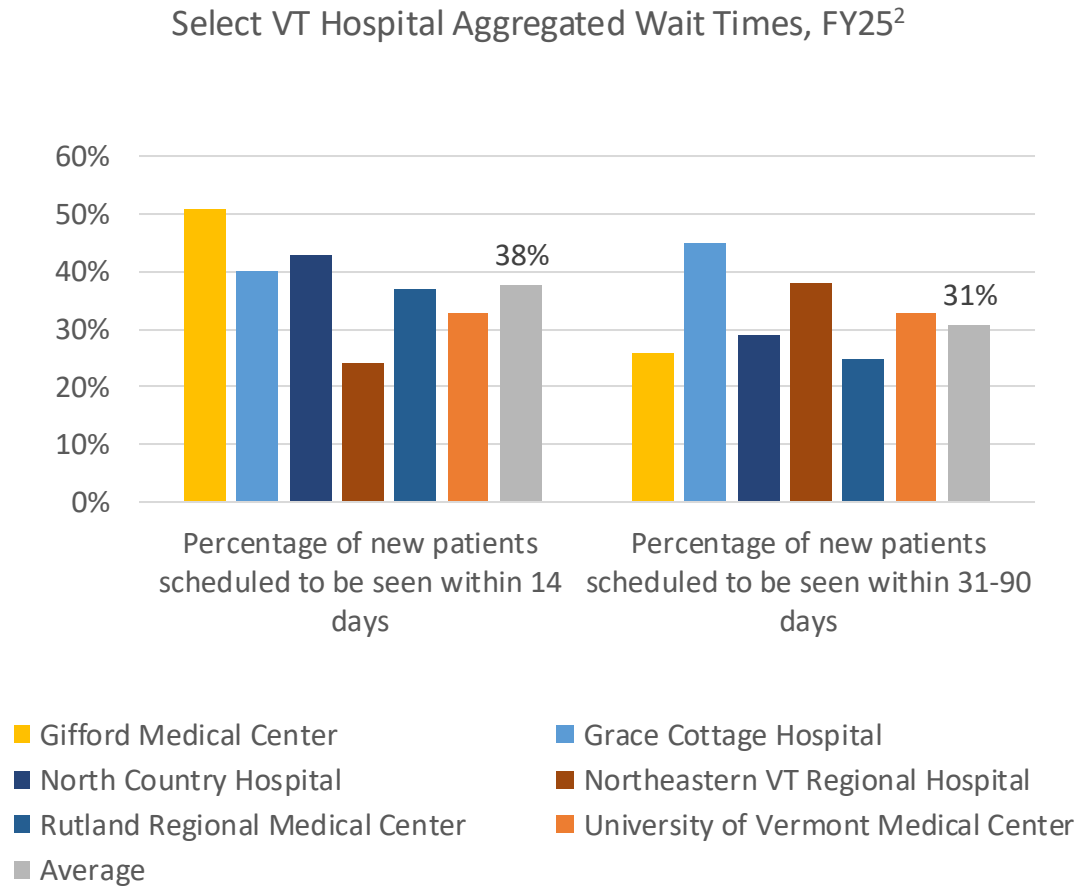
VT's Current Health Care System: Insurance Premiums & Wait Times





[1] Green Mountain Care Board, rate changes over time.; [2] Green Mountain Care Board, analysis of hospital global budget submissions

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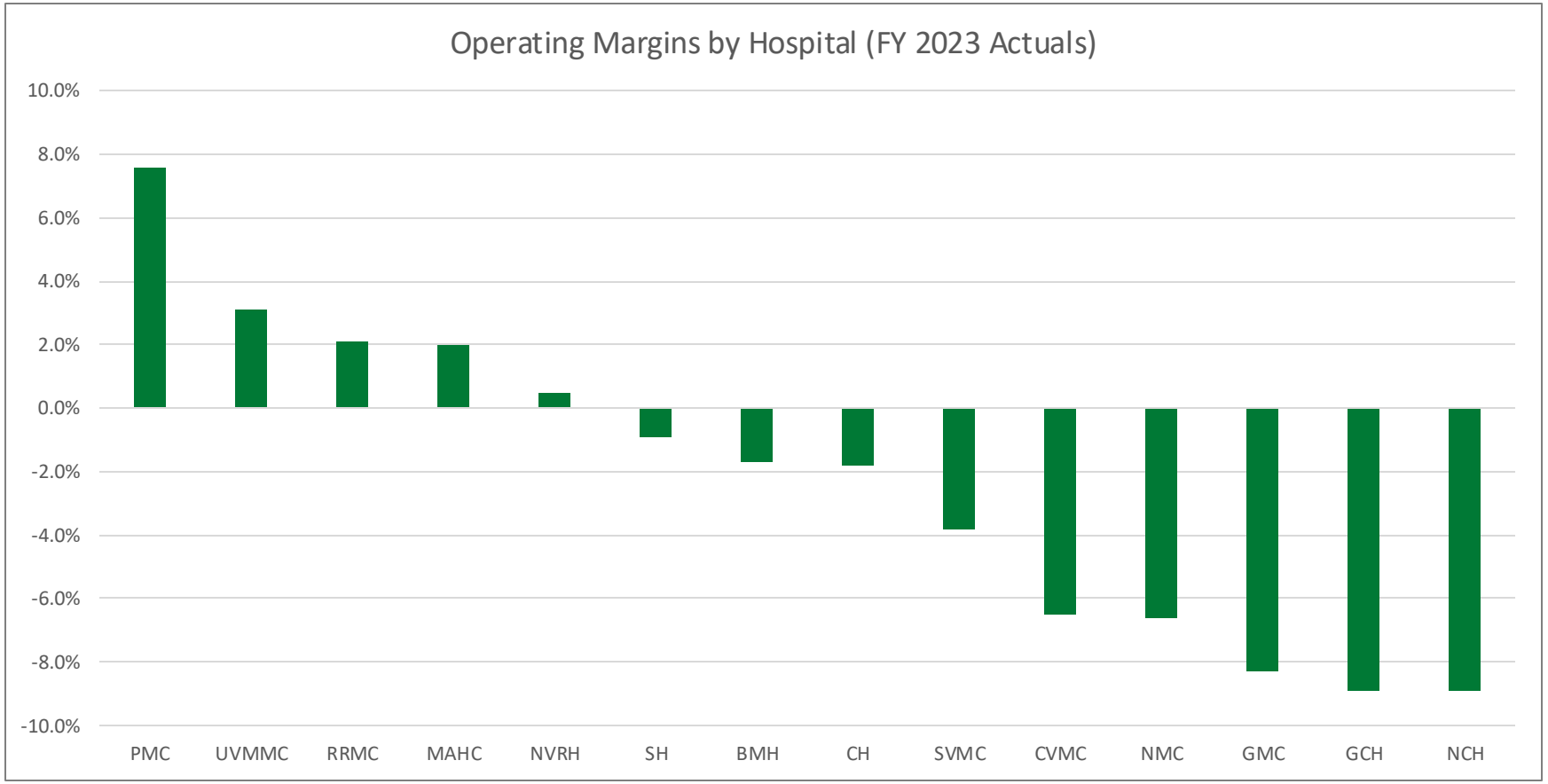
VT's Current Health Care System: Hospital Operating Margins



Source: Green Mountain Care Board

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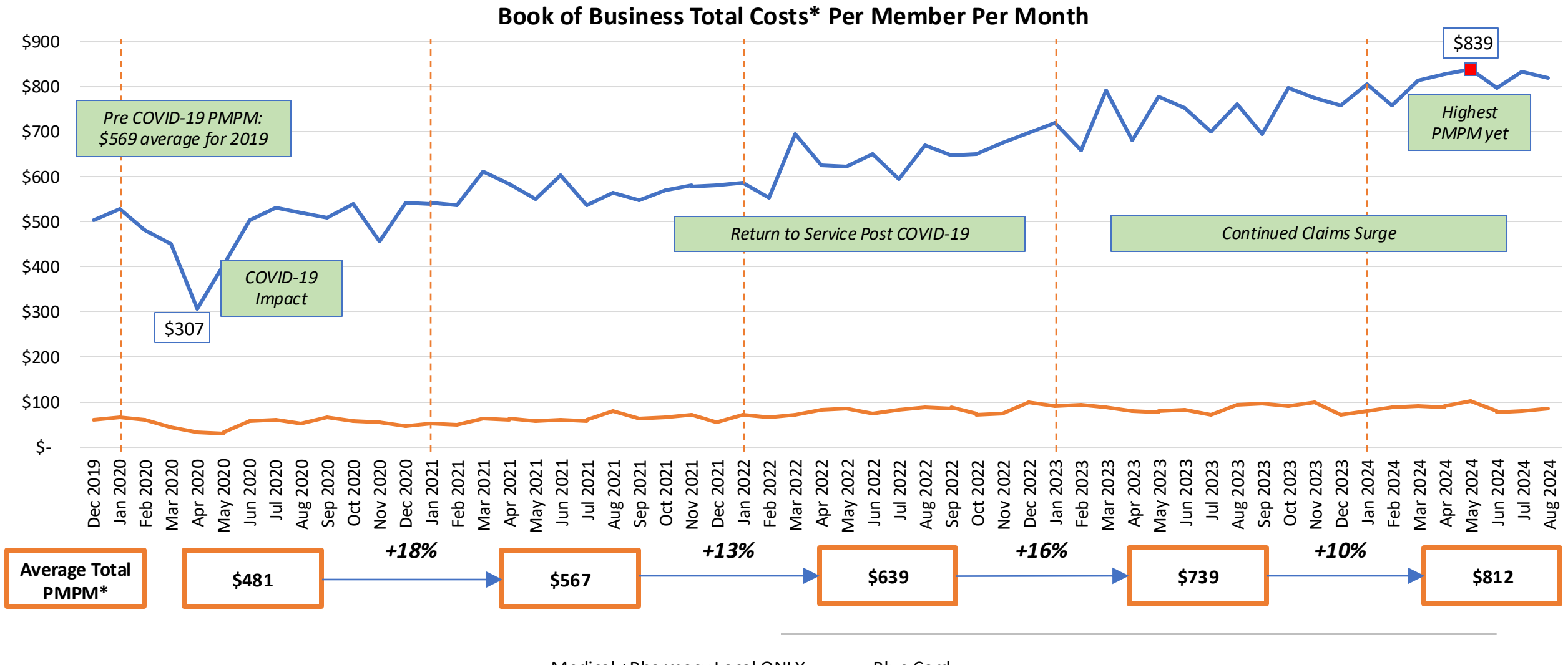
Average annual per member per month medical and pharmacy costs have increased from $481 to $812 since 2020 for local claims only, excluding Medicare primary and FEP. Blue Card claims trend does not exhibit the same escalation.



Average Total PMPM*	$481	+18%	$567	+13%	$639	+16%	$739	+10%	$812

Blue Card claims represent 12% of total medical claims in 2024 year to date.

**EXCLUDES BLUE CARD, FEP, MEDICARE PRIMARY*
INCURRED CLAIMS BASIS
CURRENT PERIOD = INCURRED CLAIMS JAN-AUG 2024, PAID THROUGH OCT 2024

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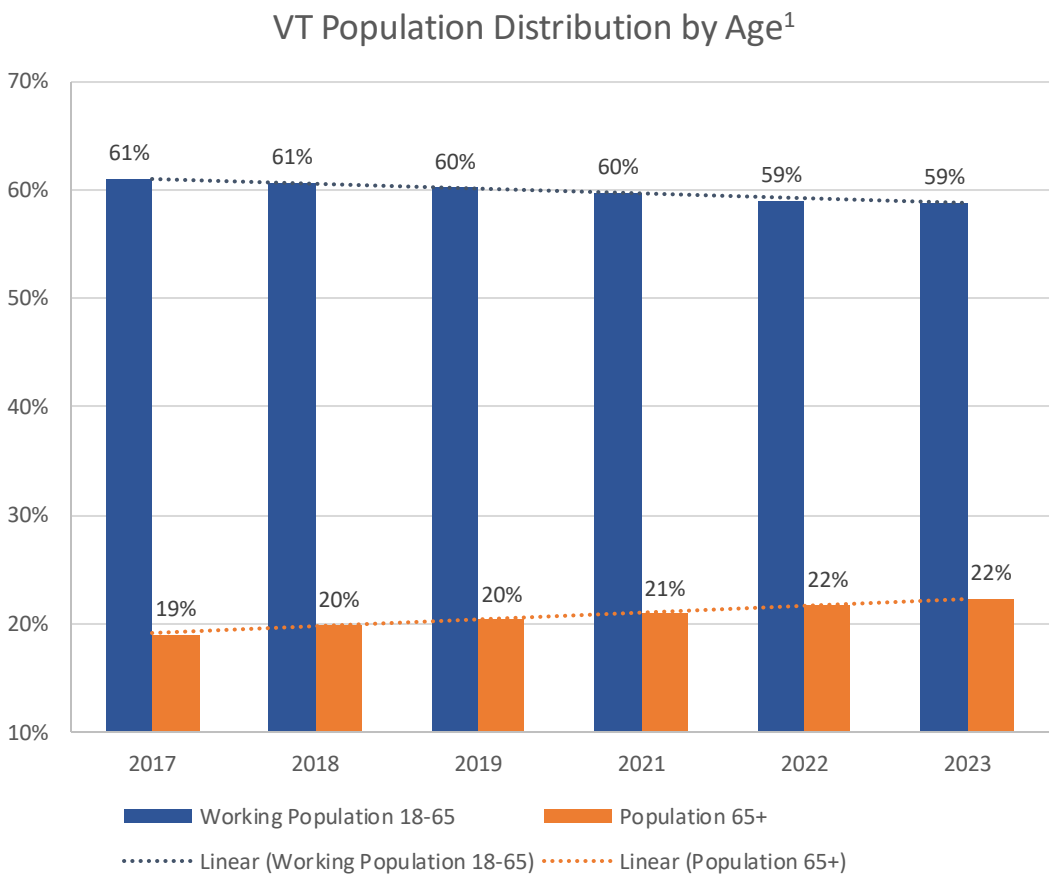
VT's Current Health Care System: Aging Demographics and Health-related Social Needs



14% of Vermonters spend half or more of their income on housing[2]

14% of Vermonters lack access to broadband[2]

9% of Vermonters are food insecure[2]

[1] KFF estimates based on the 2008-2023 American Community Survey, 1-Year Estimates. The American Community Survey did not release the 1-year estimates for 2020 due to significant disruptions to data collection brought on by the coronavirus pandemic..; [2] County Health Rankings data, 2024

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VERMONT LEGISLATORS AND AGENCIES NEED TO START ON TRANSFORMATION PRIORITIES IN 2025 TO ALLOW FOR ORDERLY SYSTEM TRANSFORMATION TO COMPLETE BY 2028

Priority policy changes for Vermont legislators to approve in 2025

1. Remove barriers to building affordable housing for VT residents and newcomers to the State
2. Approve funding for EMS transformation
3. Expand broadband coverage to rural areas (e.g. Star Link)
4. Review existing AHS agency structure and program list to identify overlaps and opportunities for efficiency
5. Develop state regulations and provision details for Rural Emergency Hospital and free-standing birthing centers
6. Expand professional licensure and practice scope for nurses, EMT and pharmacists

Form the critical **infrastructure and regulatory foundations** for implementation of health system transformation

Priority transformation programs for AHS to initiate in 2025

1. Regionalize of specialty care services across hospitals
2. EMS professionalization and regionalization
3. Improved care coordination and management for heavy utilizers (e.g., elderly, mental health, and neuro-divergent and foster care)
4. Dual eligible targeting, care planning and coordination
5. State-wide electronic medical record coordination and optimization

Devise **realistic operational details and implementation plan** for transformation initiatives

Priority regulatory changes for GMCB to apply starting 2025

1. Permit no further increases in commercial subsidization for hospital financial shortfalls
2. Refrain from licensing any further hospital-based outpatient department unit
3. Simplify and shorten CON process
4. Encourage free-standing diagnostic, ASC, birthing centers
5. Begin movement to reference-based pricing ideally at 200% of Medicare or less for PPS hospitals
6. Require all hospitals to use the same accounting agency and method to construct hospital financials and budget submissions

Align system incentives and guardrails to desired transformation goals

Source: Oliver Wyman Report

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Statewide Electronic Health Record (EHR)

- The HIE Program is initiating a project to conduct a feasibility assessment in line with the HIE Strategic Plan to address the cost/benefit of implementing a statewide electronic health record (EHR) and what that would look like in line with the Act 167 Report.
- Currently the VHIE receives data from all hospitals in Vermont and one in New Hampshire, these hospitals use four different EHR vendors, including: Epic, Oracle (formerly Cerner), TruBridge (formerly CPSI), and Meditech, with another NH hospital accessing data.
- It is important to note that even within a specific EHR there are options to customize the instance based on the specific healthcare organizations needs/requirements.
- Additionally, many healthcare organizations utilize a variety of other services to support their work, either through their EHR vendor, or in addition to their EHR vendor, such a laboratory management system, that need to be connected to the EHR.

HIE Steering Committee Overview

- According to 18 V.S.A. § 9351, the HIE SC is:
  1. Involved in the annual Health Information Exchange (HIE) Plan and provide insights that AHS uses for scoping the next calendar years Plan and setting priorities within that work.
  2. Charged with consulting on the administration of the HIE Plan during each year and they are updated throughout the year by regular meetings.

- Our focus is on building a multidisciplinary, diverse team of experts to ensure compliance, build engagement, and ensure representation within our HIE.

Health Information Exchange (HIE) 101

- What is HIE?
  - Enables secure sharing of patient health information across providers, both through data put straight into an Electronic Health Record (EHR) by the HIE and by enabling access to a provider portal.
- What's its purpose?
  - Seamless data flow and access across providers, labs, hospitals, and public health.
- Why does it matter?
  - Prevents redundant tests.
  - Enhances patient care coordination between providers.
  - Improves population health reporting.
- Example: VITL is the legislatively designed operator of the Vermont Health Information Exchange (VHIE).

Electronic Medical Records (EMRs) vs. Electronic Health Records (EHRs)

- EMRs
  - Essentially a digital version of patient paper charts.
  - Specific for treatment of patients within one facility or by one provider.
  - Track data over time of patients.
- EHRs
  - Does what EMR's do, and more.
  - Designed to reach beyond the facility/provider using it and
  - Built to share information, such as patient history, lab results, prescriptions, etc.
  - Focuses on whole-person care and coordination.