Act 167 and AHEAD Model

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What is a hospital? Unique requirements

National Requirements

- 24/7 Standby capacity for ED services
- EMTALA
- Backup for complications occurring in other settings
- Specialized capabilities– trauma, neonatal, etc.

Vermont Requirements

- Provider tax 6%
- Hospital budget regulation
- Bill back funding for regulation, quality initiatives, and the health care advocate
- Hospital report cards

What is a hospital? Emergency Management

- Hospital emergency management is constant: prevention, preparedness, response, and recovery

- Recent emergency preparedness responses:
  - COVID-19 care, testing, vaccination
  - Flood events
  - Solar eclipse
  - Port strikes
  - IV fluid shortage

What is a hospital? Critical Access Hospital

- Purpose: improve access to health care in rural communities
- Requirements:
  - 25 beds or fewer
  - Average length of stay of no more than 96 hours
  - 24-hour ED
- Payment: cost-based reimbursement
  - Note: reducing net patient revenue for CAHs reduces federal dollars
- Vermont has 8 Critical Access Hospital
  - North Country, Northeastern Vermont Regional Hospital, Copley, Springfield, Mount Ascutney, Gifford, Porter, Grace Cottage

What is a hospital? Medicare Dependent Hospitals

- Purpose:

- Requirements:
  - 60 percent or more of inpatient days or discharges from Medicare patients
  - 100 or fewer beds
  - Located in a rural area

- Payment: additional payment if would lose money under fee for service Medicare

- Vermont has 1 Medicare-Dependent Hospital:
  - Brattleboro Memorial Hospital

What is a hospital? Community Hospitals

- Paid a flat rate based on average charges across all hospitals for a specific diagnosis

- Vermont has 4 community hospitals:
  - Rutland Regional Medical Center, Central Vermont Medical Center, Northwestern Medical Center, Southwestern Vermont Medical Center

What is a hospital? Academic Medical Center and Tertiary Care

- Medical school affiliation or teaching hospital
- Residency program
- Tertiary Care Capability– must be equipped to handle complex medical cases
- Research Activity
- Payments: Graduate Medical Education payments to offset costs of residency program

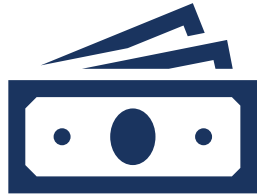Vermont has one Academic and Tertiary Care Center: UVMMC

Bottom line: hospitals are often defined by Medicare payments
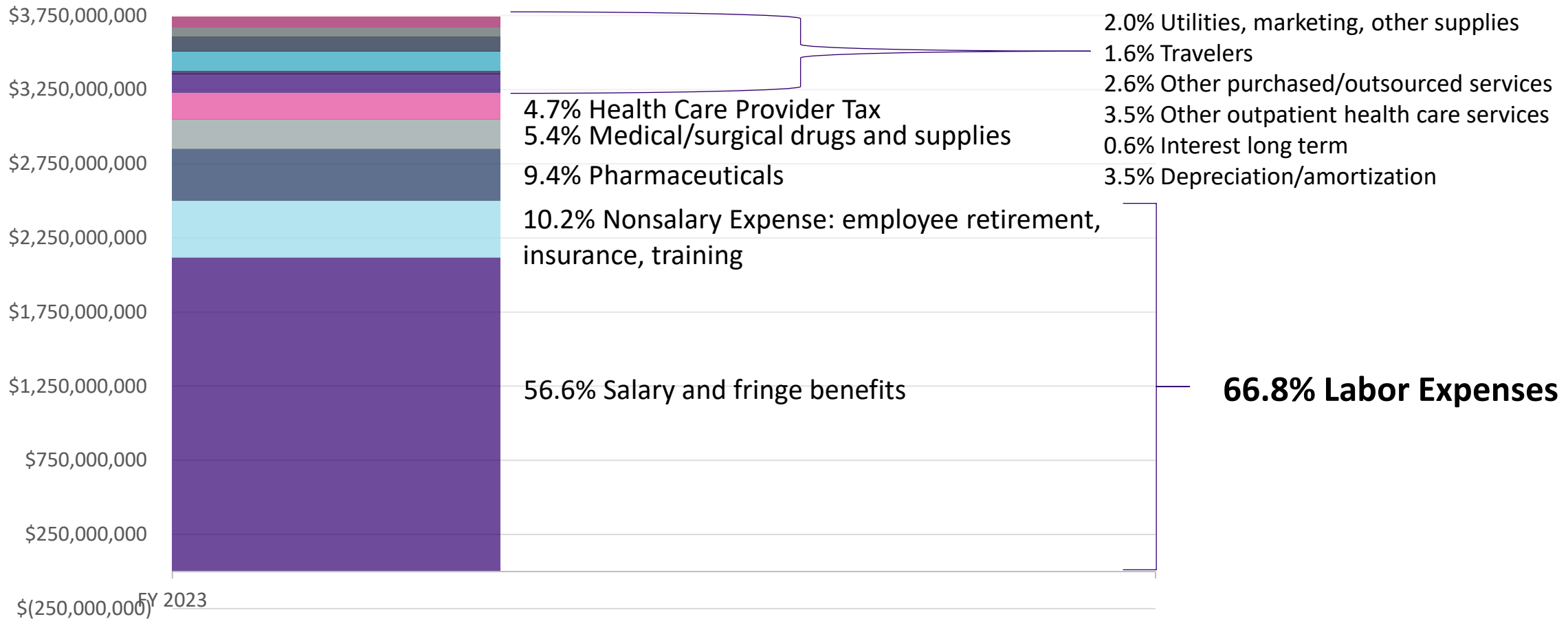
Payment Methodology Informs Act 167 Transformation
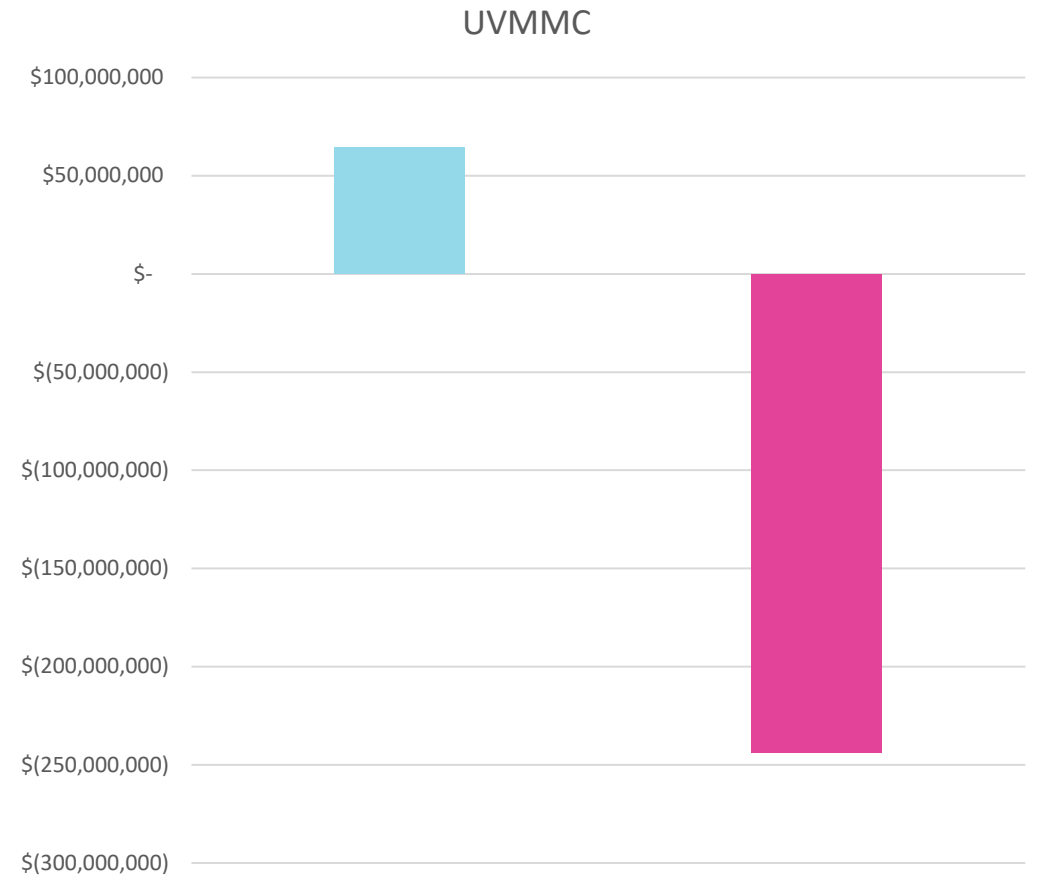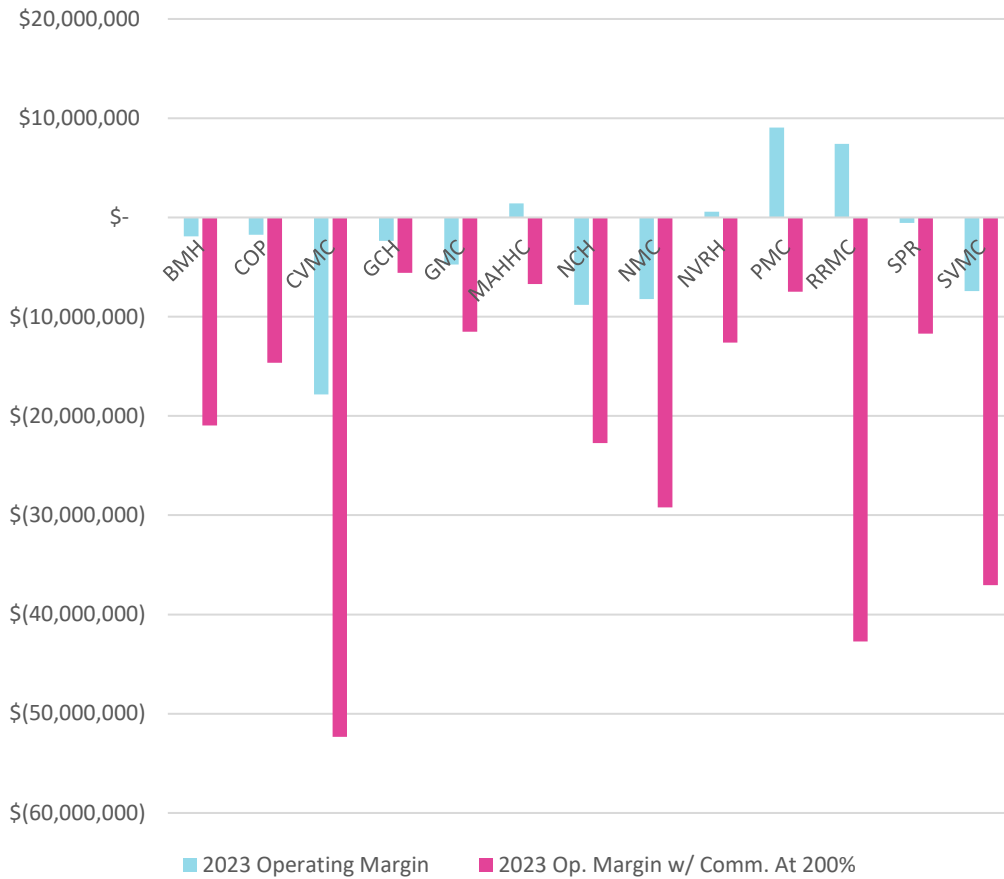
Fee for Service   Global budgets   Other??

Note: Medicare, as a large portion of hospital reimbursement, matters for transformation

Reference-Based Pricing at 200%

Left chart axis labels: $20,000,000 / $10,000,000 / $- / $(10,000,000) / $(20,000,000) / $(30,000,000) / $(40,000,000) / $(50,000,000) / $(60,000,000)

Hospital labels: BMH, COP, CVMC, GCH, GMC, MAHHC, NCH, NMC, NVRH, PMC, RRMC, SPR, SVMC

Legend: ■ 2023 Operating Margin   ■ 2023 Op. Margin w/ Comm. At 200%

Right chart title: UVMMC

Right chart axis labels: $100,000,000 / $50,000,000 / $- / $(50,000,000) / $(100,000,000) / $(150,000,000) / $(200,000,000) / $(250,000,000) / $(300,000,000)
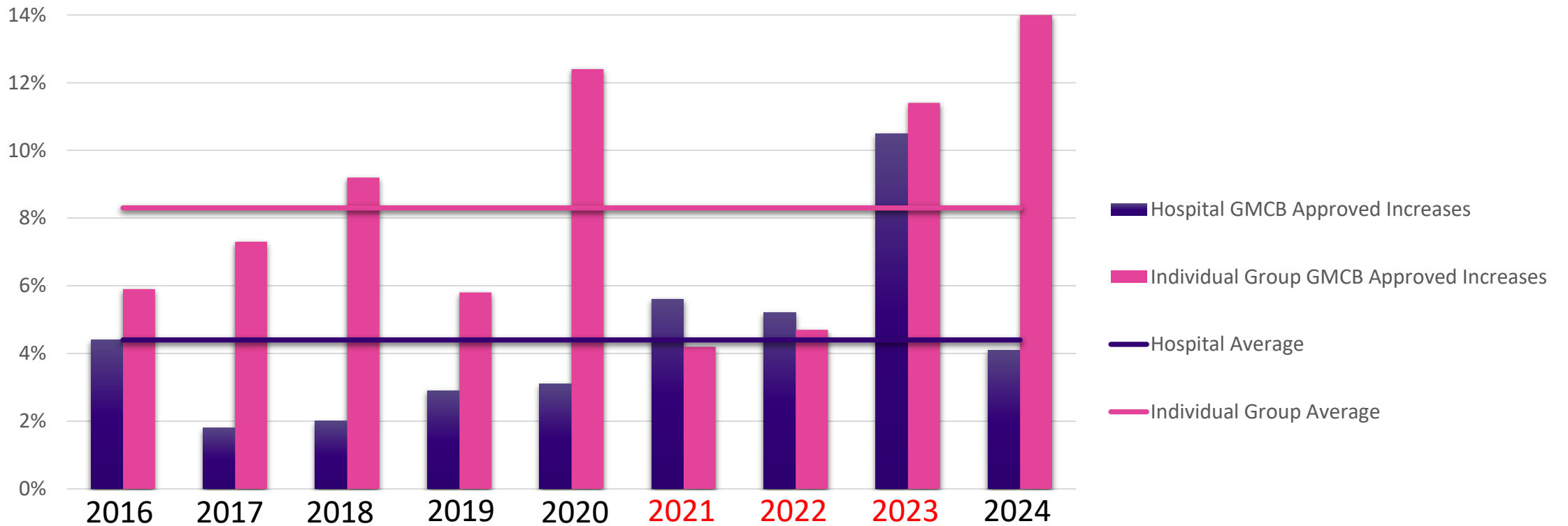
Act 167 GMCB Oliver Wyman Report Case Study: Maternal Health

- Report recommended closing maternal and obstetric care at several hospitals, citing low volume

- The article cited by the report drew the opposite conclusion:

    Rather than implying a policy strategy of consolidation and closure, these findings and the available evidence suggest a need for tailored quality improvement resources for rural hospitals, greater investment in rural clinician training, and establishment of referral or transfer networks for rural hospitals to improve obstetric patient safety.

- According to the March of Dimes, Vermont is number one in the country for maternal health

Insurance Average Increase is Double Hospitals'

Legend:
- Hospital GMCB Approved Increases
- Individual Group GMCB Approved Increases
- Hospital Average
- Individual Group Average

Can Insurance Plan Policy Changes Create Affordability and More Choice?

Lamoille County, VT

- Population est. 2023: 26,060

- Age 65+: 19.5%

- Premium for a bronze plan:

  7 plans $807-$906

Lewis County, NY

- Population est. 2023: 26,548

- Age 65+: 20.2%

- Premium for a bronze plan:

  28 plans $501- $846

Health Reforms to Consider

- Reduction in administrative costs
  - [The Commonwealth Fund](#) estimates that insurance administrative activities account for 30% of unnecessary spending

- Reinsurance
  - Especially if federal subsidies are allowed to expire

- Age rating

- Care coordination

- Coverage mandates

- Evaluate options for expanding risk pools

Hospital Efforts Happening Now

- Taking on more complex services to create access at UVMMC
- Taking patients who need hospitalization but less complex care from tertiary care hospitals
- Forming a collaborative to increase purchasing power and decrease costs for supplies
- Partnering with housing and mental health organizations to reduce unnecessary ED visits

Health Care Provider Vision for Transformation

Now	Near	Future
• Expand talent pipelines • VAHHS bed capacity tool • Begin centralizing administrative functions • Measure financial outcomes • Provider and patient stewardship initiative • Explore interoperability for electronic medical records • Quality maternal health care	• VAHHS Statewide staffing tool • Centralize credentialing • Provider and patient stewardship: end of life care • EMS and transportation reform	• Housing • Transportation: right place, right time • Economic development: building Vermont's communities

Health Information Technology

- Hospital EHR interoperability
  - The 4 EHR systems in Vermont have ability for interoperability

- Real time bed tracking tool
  - Modeled on Oregon Hospital Association's Oregon Capacity System Tool
  - Moves from manual to automatic reporting for more accurate picture

Electronic Health Record Vendor	Count	Percentage
Epic	4	25%
Oracle (formerly Cerner)	5	31%
TruBridge (formerly CPSI)	3	19%
Meditech	4	25%

From AHS Testimony, Health Information Technology Overview, 1/23/25

VAHHS.ORG

Health Care Stewardship

- Work with clinicians on most efficient practices

- Adopt and standardize within hospitals

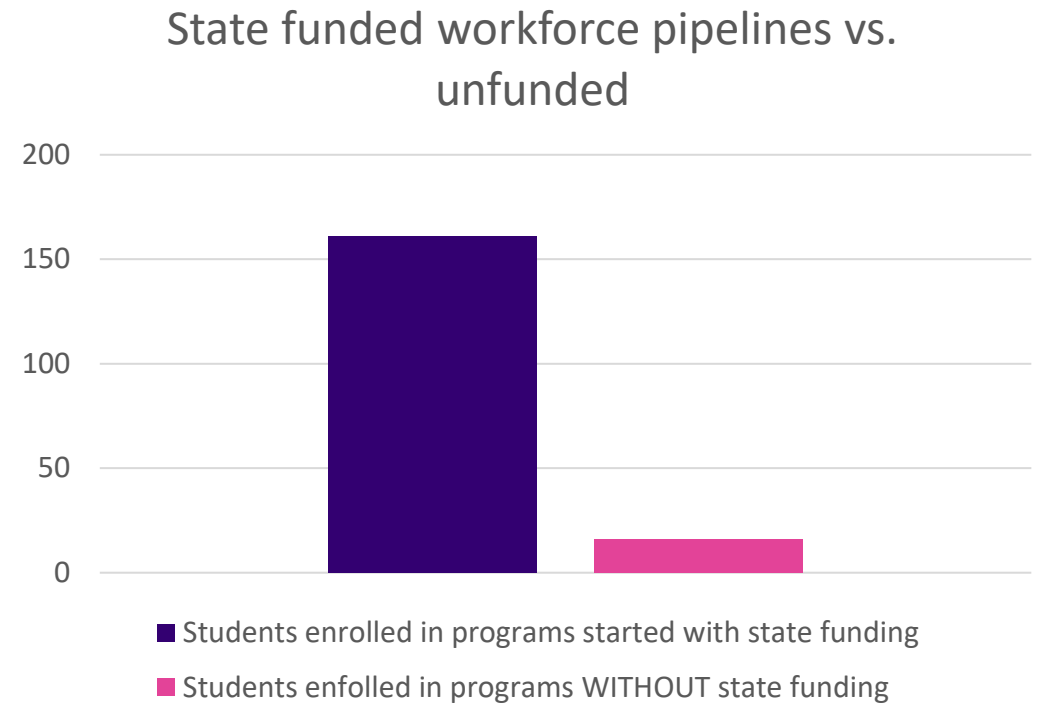- Information campaign for patients and providers

For more information see OECD, Tackling Wasteful Spending on Health, 2017

Workforce Development

VAHHS Staffing Pool

- Modeled on the Indiana Resource Pool program from the Indiana Hospital Association

- Provides "traveler" like flexibility without added cost

Workforce Pipeline

State funded workforce pipelines vs. unfunded

■ Students enrolled in programs started with state funding
■ Students enfolled in programs WITHOUT state funding

Thank you

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