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GREEN MOUNTAIN CARE BOARD

# Green Mountain Care Board

January 30, 2025

# Agenda

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- About GMCB
- Status of our health care system – Key statistics and trends

  *An update on GMCB's work on Act 167 to Support Hospital Transformation will be provided to this committee on Friday, January 31, 2025.*
- Our Regulatory Work
  - Hospital Budget Review
  - Health Insurance Rate Review
  - Certificate of Need (CON)
  - Data & Analytics
  - Accountable Care Organization (ACO) Oversight & Certification
- Looking Forward to 2025

# About Us

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- 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

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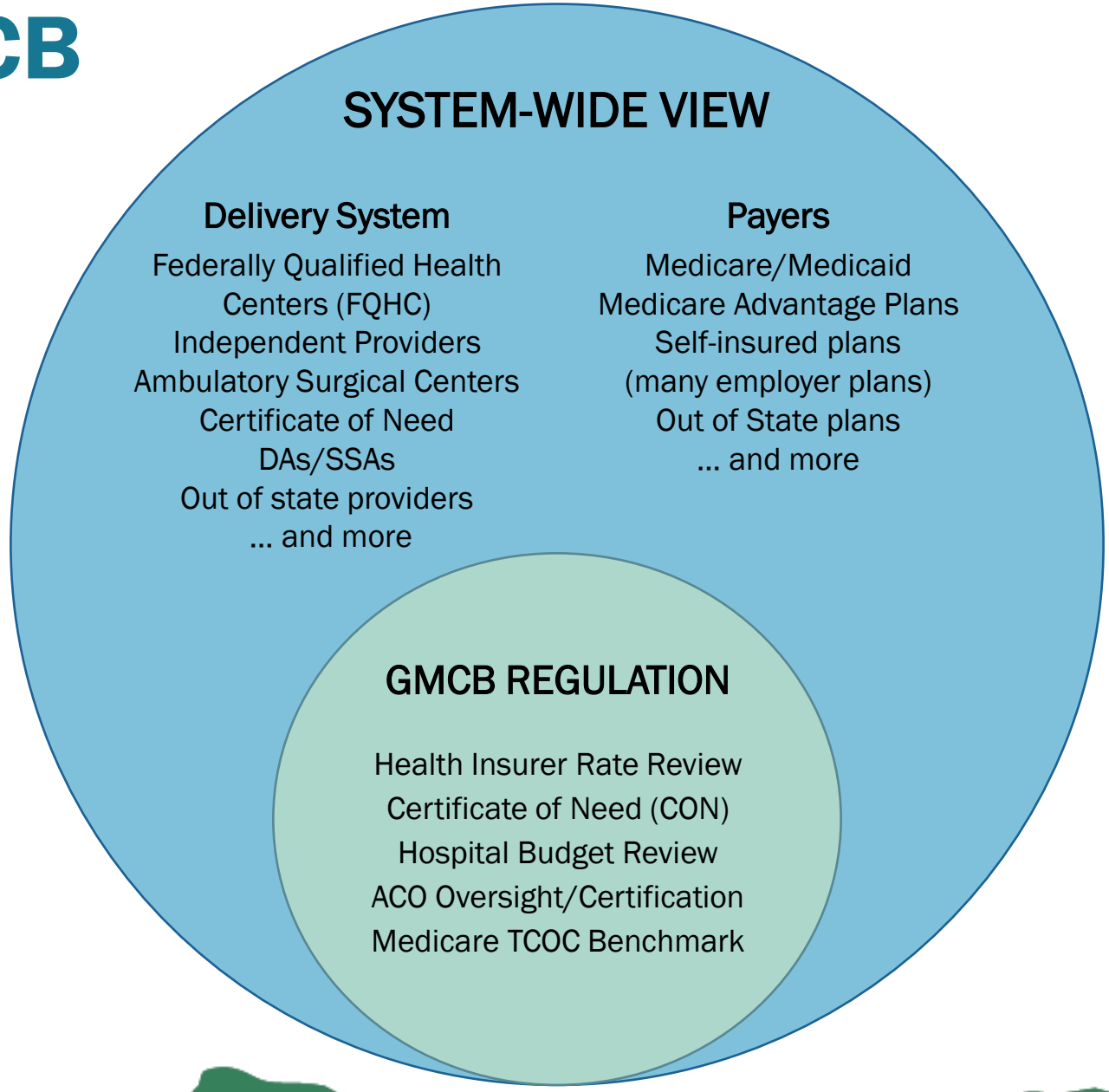


TCOC: Total cost of care

# Health Care Reform Principles 18 V.S.A. § 9371*

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Complete list of reform principles

1. Ensure universal access and affordability.
2. Control health care costs.
3. Promote transparency and accountability.
4. Enhance primary and mental health care.
5. Allow provider choice.
6. Ensure cost transparency.
7. Encourage personal health responsibility.
8. Prioritize patient-practitioner relationships.
9. Focus on quality improvement and public health.
10. Eliminate unnecessary costs.
11. Provide fair and sustainable financing.
12. Consider the effects of payment reform.
13. Foster collaboration among stakeholders.
14. Ensure state oversight.

1) The State of Vermont must ensure universal access to and coverage for high-quality, medically necessary health services for all Vermonters. Systemic barriers, such as cost, must not prevent people from accessing necessary health care. All Vermonters must receive affordable and appropriate health care at the appropriate time in the appropriate setting.

(2) Overall health care costs must be contained, and growth in health care spending in Vermont must balance the health care needs of the population with the ability to pay for such care. (3) The health care system must be transparent in design, efficient in operation, and accountable to the people it serves. The State must ensure public participation in the design, implementation, evaluation, and accountability mechanisms of the health care system

(4) Primary care must be preserved and enhanced so that Vermonters have care available to them, preferably within their own communities.



*Reform principles inform how GMCB executes its duties. 18 V.S.A. § 9375(a).

# Health Care Spending per Capita
## Vermont Outpaces National Trends

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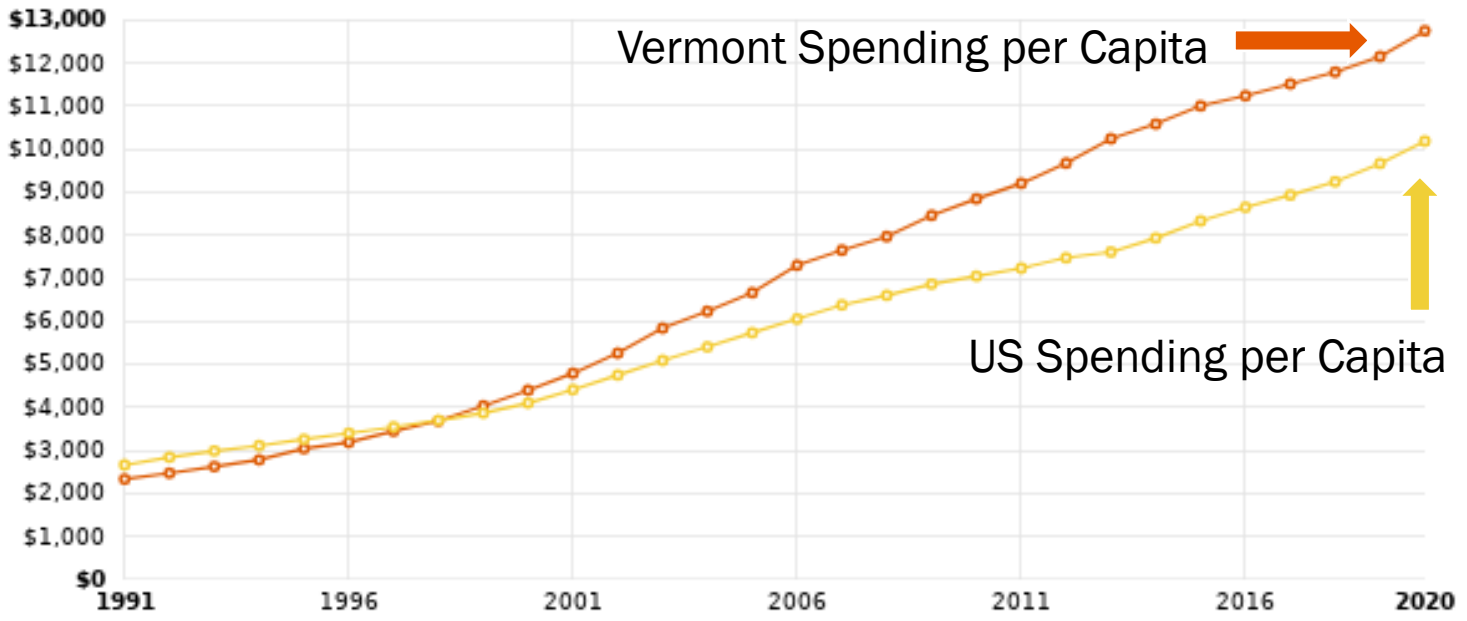


Source: KFF Health Care Expenditures per Capita by State of Residence

**Notes**

The Centers for Medicare and Medicaid Services (CMS) Office of the Actuary produces Health Expenditures by State of Residence and Health Expenditures by State of Provider every five years. The State Health Expenditure Accounts are a subcomponent of the National Health Expenditure Accounts (NHEA), the official government estimates of health spending in the United States. Additional information on data and methods is available here.

# Marketplace Premium Averages

## Vermont is Higher than National Average

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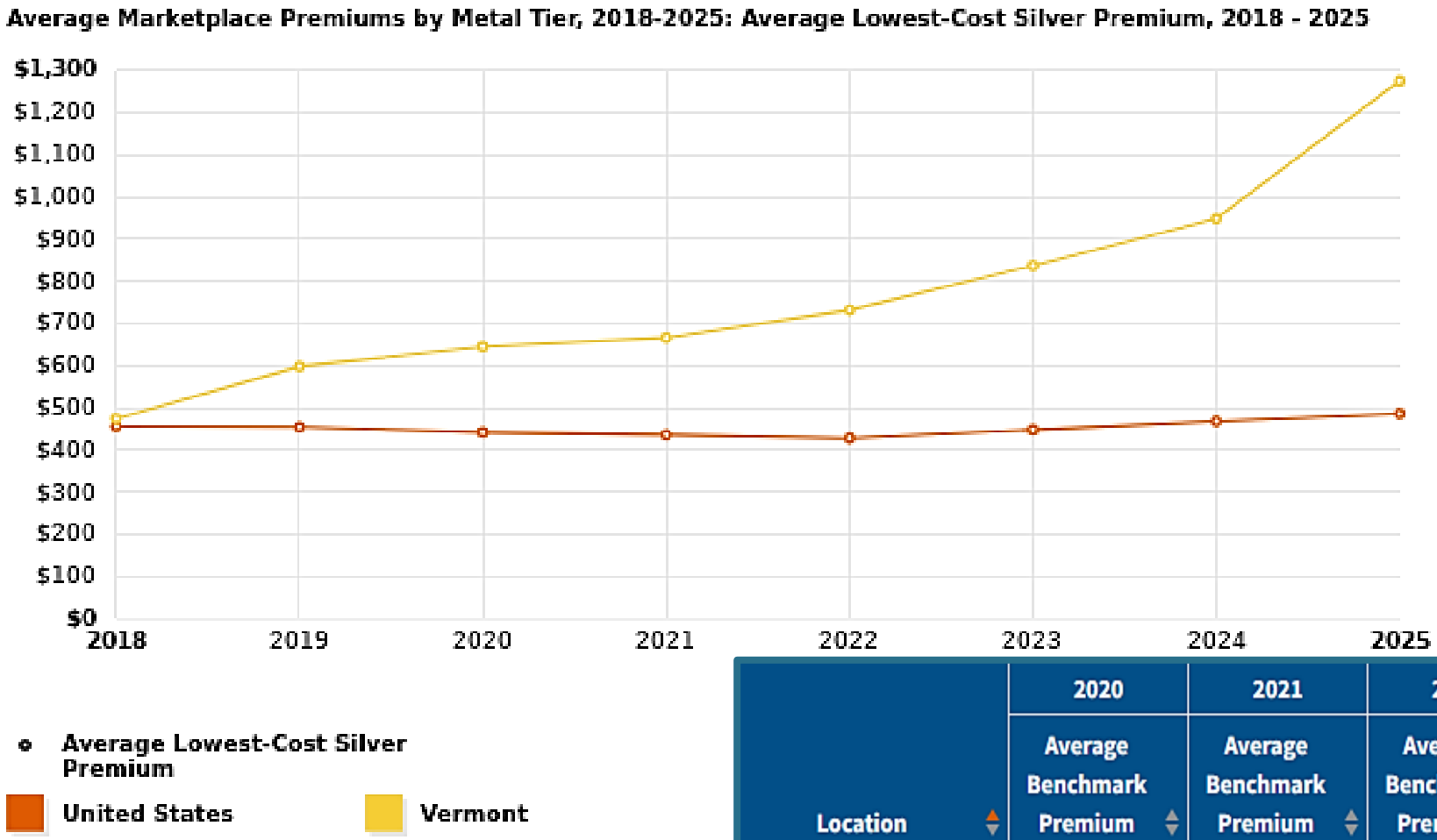


Source: KFF Average Marketplace Premiums by Metal Tier, 2018-2024

| Location | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|
| | Average Benchmark Premium | Average Benchmark Premium | Average Benchmark Premium | Average Benchmark Premium | Average Benchmark Premium | Average Benchmark Premium |
| United States | $462 | $452 | $438 | $456 | $477 | $497 |
| Vermont | $662 | $479 | $749 | $841 | $950 | $1,277 |

# Health Care Landscape Trends
## Affordability

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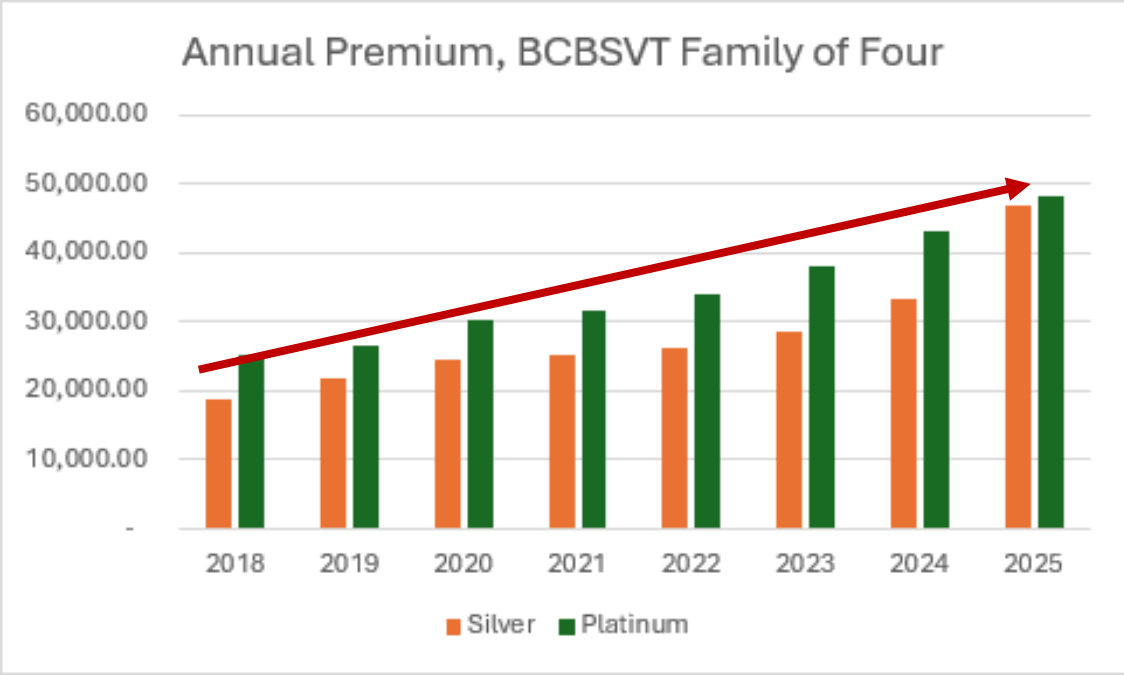


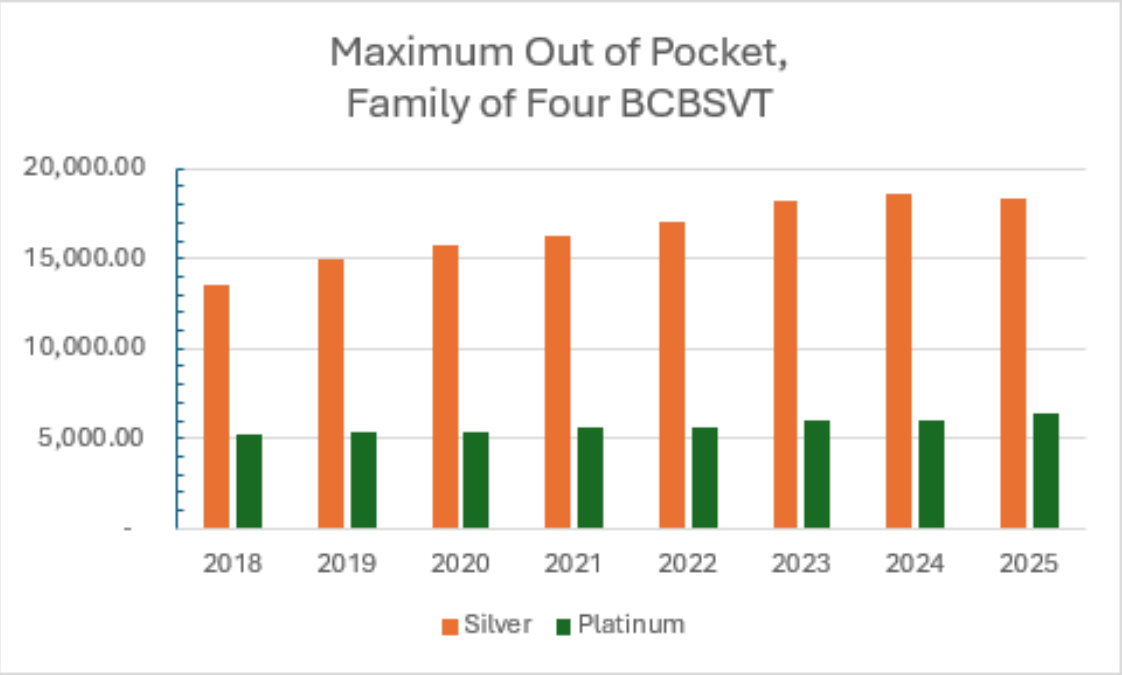


Note: Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies from APRA will continue through 2025.

KFF Health News

# 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."

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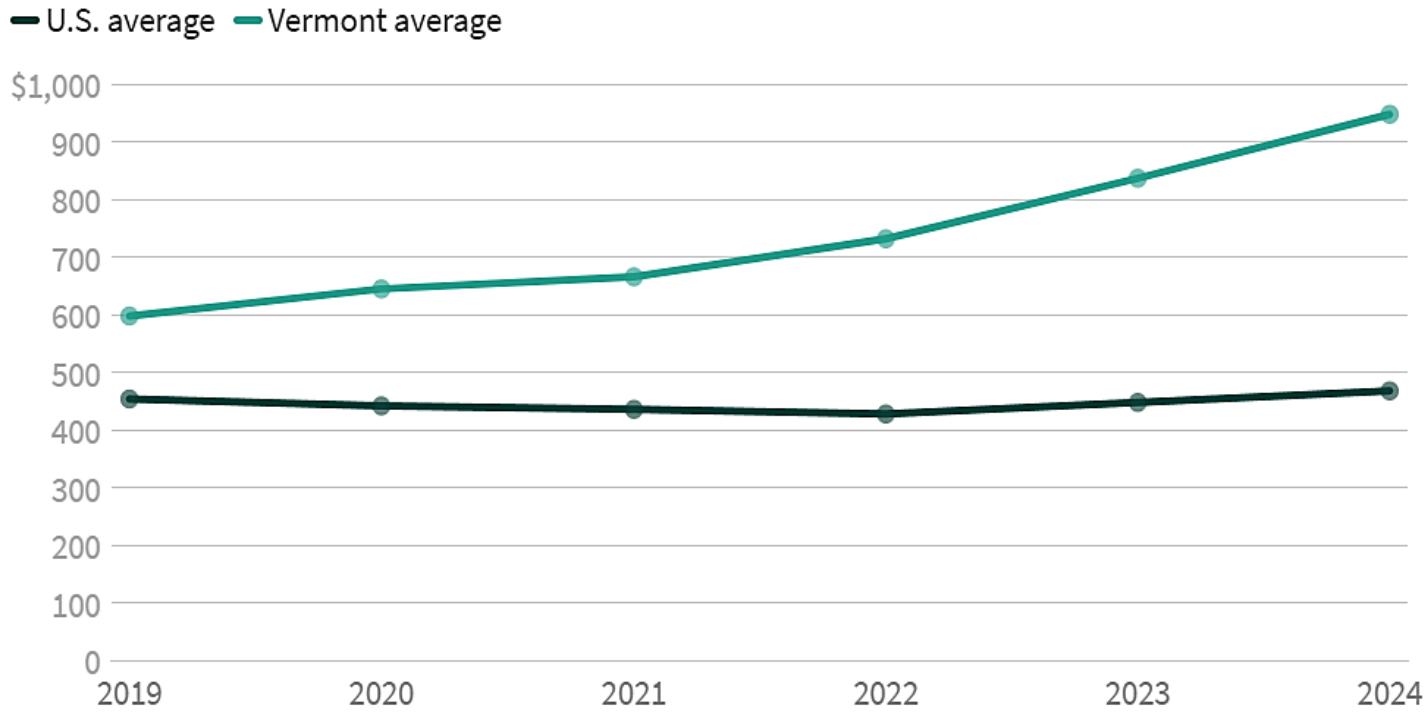
## Vermont ACA Insurance Costs Highest in US

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



# Access: Median Wait Times

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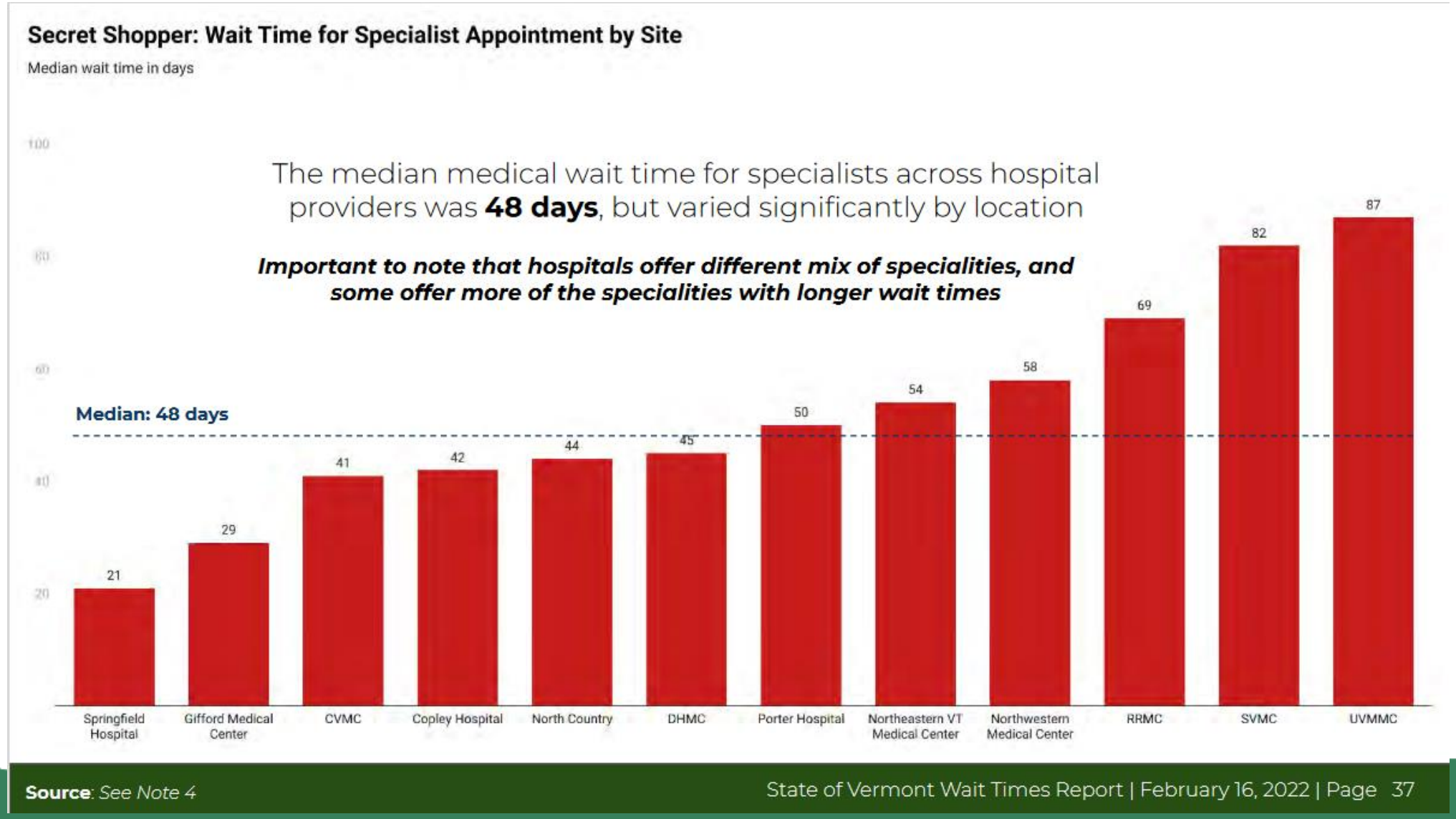

# BCBS Vermont CEO Looks to Outside Funding, Other Measures to Stay Afloat

Don George, who has run the payer since 2009, tells Health Payer Specialist he is looking at a number of options for a way out of the crisis but is also wary of digging a deeper hole for the company.

By Mansur Shaheen|August 5, 2024

In the report to the GMCB, **Kevin Gaffney**, commissioner of the DFR, outlined the health payer's tenuous finances. The state requires insurance companies who operate in the state to keep somewhere between 590% and 745% of expected claim spending in reserves. However, the Vermont insurer, the state's largest with 66% of the market, has not been able to do so since 2019, when its reserves fell to 567%.

While it was able to rebuild during 2020, when the Covid-19 pandemic kept claims down, the figure continued to fall since. In 2023, it was just 337%, a low point since these rules went into effect. After a surge in utilization in spring 2024, observers fear the company is on the brink.

Vermont's healthcare system is teetering on the brink, and **Blue Cross Blue Shield of Vermont** risks becoming its latest casualty.

That may seem surprising considering the Green Mountain State has the highest premiums in America. Still, they're not enough to keep BCBS of Vermont, and the other major insurer, **MVP Health Care**, afloat without staggering rises each year.

In fact, BCBS of Vermont just received approval for a 22.8% increase in small group premiums and a 19.8% jump for individual plans after a startling decline in its reserves.

Observers fear the same issues plaguing Vermont could pop up across the country. The state paradoxically has sky-high premiums and some of the biggest per capita healthcare expenditures in the country, but alongside one of the healthiest populations.

# The head of Vermont's largest insurance company says health care spending is out of control

Vermont Public | By Lexi Krupp
Published January 16, 2025 at 4:23 PM EST


The head of Vermont's largest insurance company says health care spending is out of control | Vermont Public

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"Vermont's commercial cost of care greatly exceeds that of the rest of the nation. BlueCross BlueShield-Vermont's spend is 33.5% higher than the average for BlueCross BlueShield plans in the Northeast and 42.7% higher than the national average. Why? Charges from Vermont hospitals and healthcare system account for most of the difference."

bcbs-letter.docx

# Vermont Community Hospitals Days Cash on Hand

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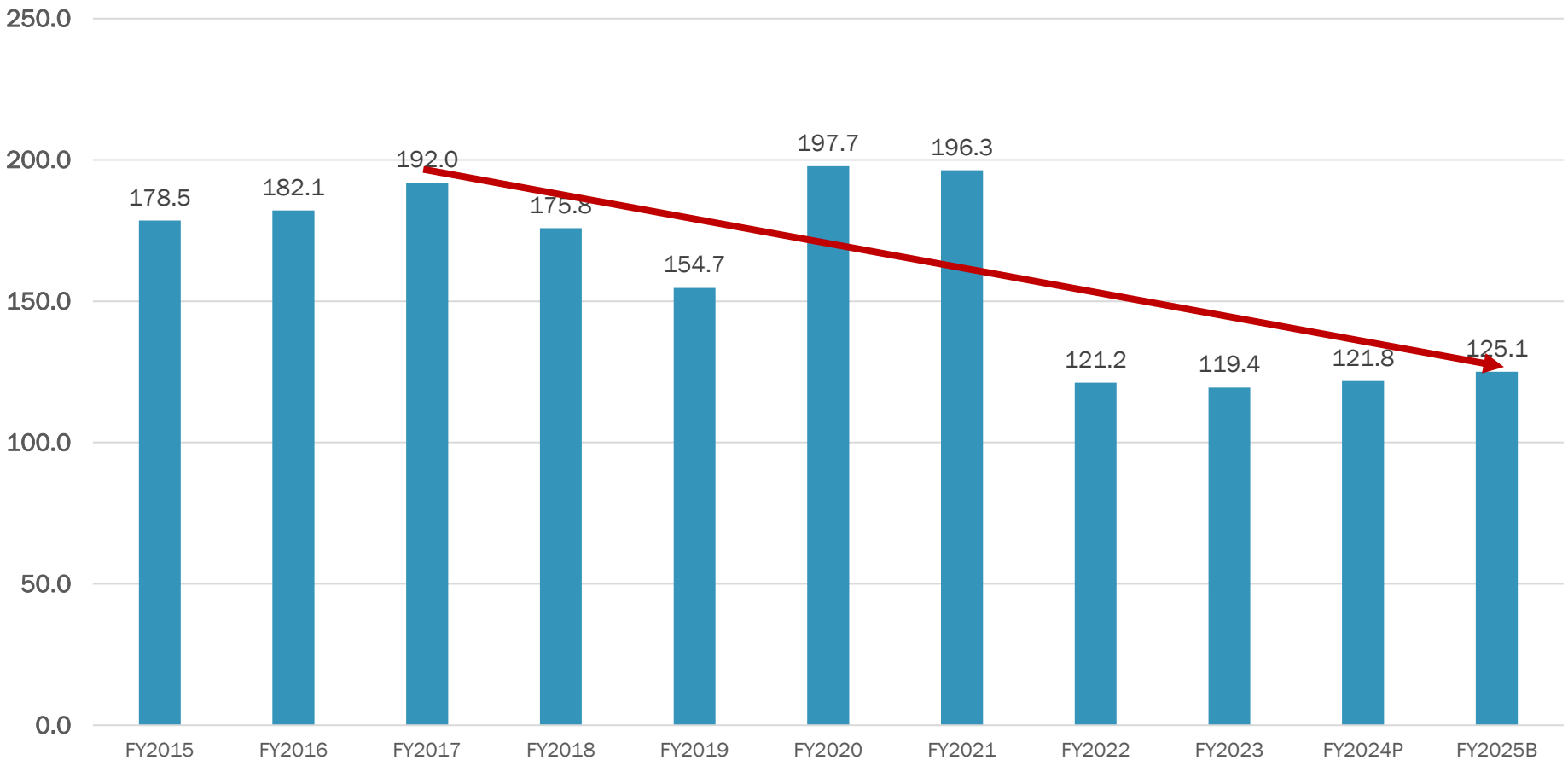


Note: Final FY24 actuals are due 1/31. The DCOH above reflects projections as submitted with FY25 budgets.

# Preliminary Operating Margin by Hospital

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| Hospital | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 |
|---|---|---|---|---|---|---|
| Brattleboro Memorial Hospital | 0.76% | 0.55% | -1.71% | -3.81% | -1.72% | -0.15% |
| Central Vermont Medical Center | -2.09% | -0.56% | -1.02% | -6.51% | -6.52% | 0.68% |
| Copley Hospital | -3.17% | -3.88% | 5.08% | -0.71% | -1.76% | 0.03% |
| Gifford Medical Center | -0.80% | 2.53% | 8.78% | 6.97% | -8.32% | -4.32% |
| Grace Cottage Hospital | -6.70% | 1.07% | 8.02% | -6.83% | -7.19% | -6.68% |
| Mt. Ascutney Hospital & Health Ctr | 0.22% | 0.72% | 9.14% | 1.69% | 2.01% | 0.13% |
| North Country Hospital | 1.91% | 3.74% | 4.60% | -10.31% | -8.86% | -0.37% |
| Northeastern VT Regional Hospital | 1.83% | 1.29% | 2.88% | 0.23% | 0.48% | -0.74% |
| Northwestern Medical Center | -8.04% | -0.93% | 4.73% | -4.26% | -6.63% | -0.78% |
| Porter Medical Center | 5.14% | 4.00% | 7.73% | 3.07% | 7.56% | 4.00% |
| Rutland Regional Medical Center | 0.43% | 0.19% | 2.24% | -3.76% | 2.14% | 2.03% |
| Southwestern VT Medical Center | 3.26% | 2.76% | 4.50% | -0.17% | -3.77% | 1.10% |
| Springfield Hospital | -18.39% | -11.24% | 1.17% | 5.39% | -0.94% | 0.12% |
| The University of Vermont Medical Center | 2.19% | -0.27% | 2.27% | -1.24% | 3.12% | 3.01% |
| **All Vermont Community Hospitals** | **0.73%** | **0.05%** | **2.77%** | **-1.77%** | **0.79%** | **1.90%** |

Note: FY24 figures are projected as of 1/21/25 but subject to change as hospitals submit their final end-of-year actuals.


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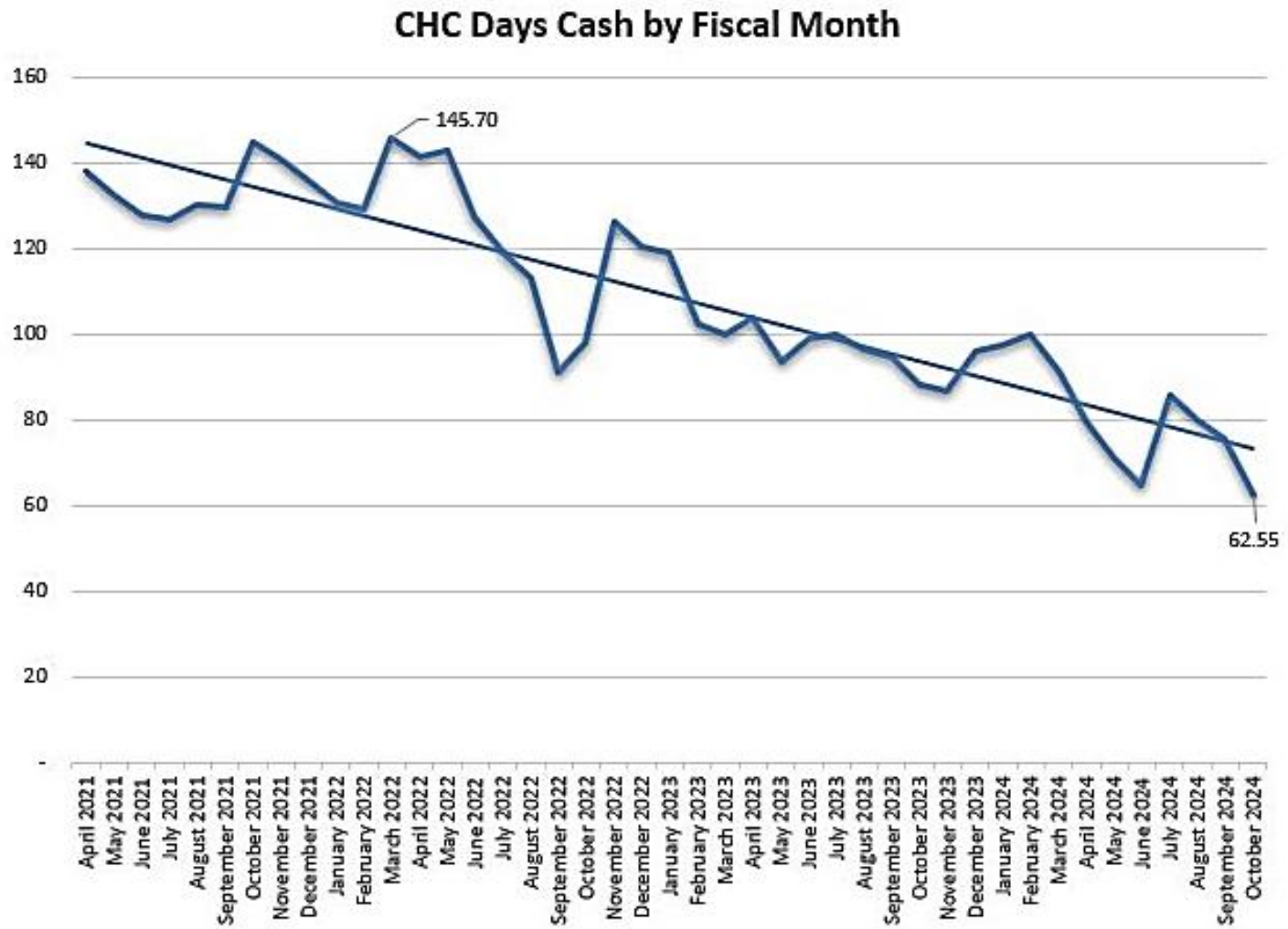
# The need: Days in Cash



# SOV Healthcare Costs

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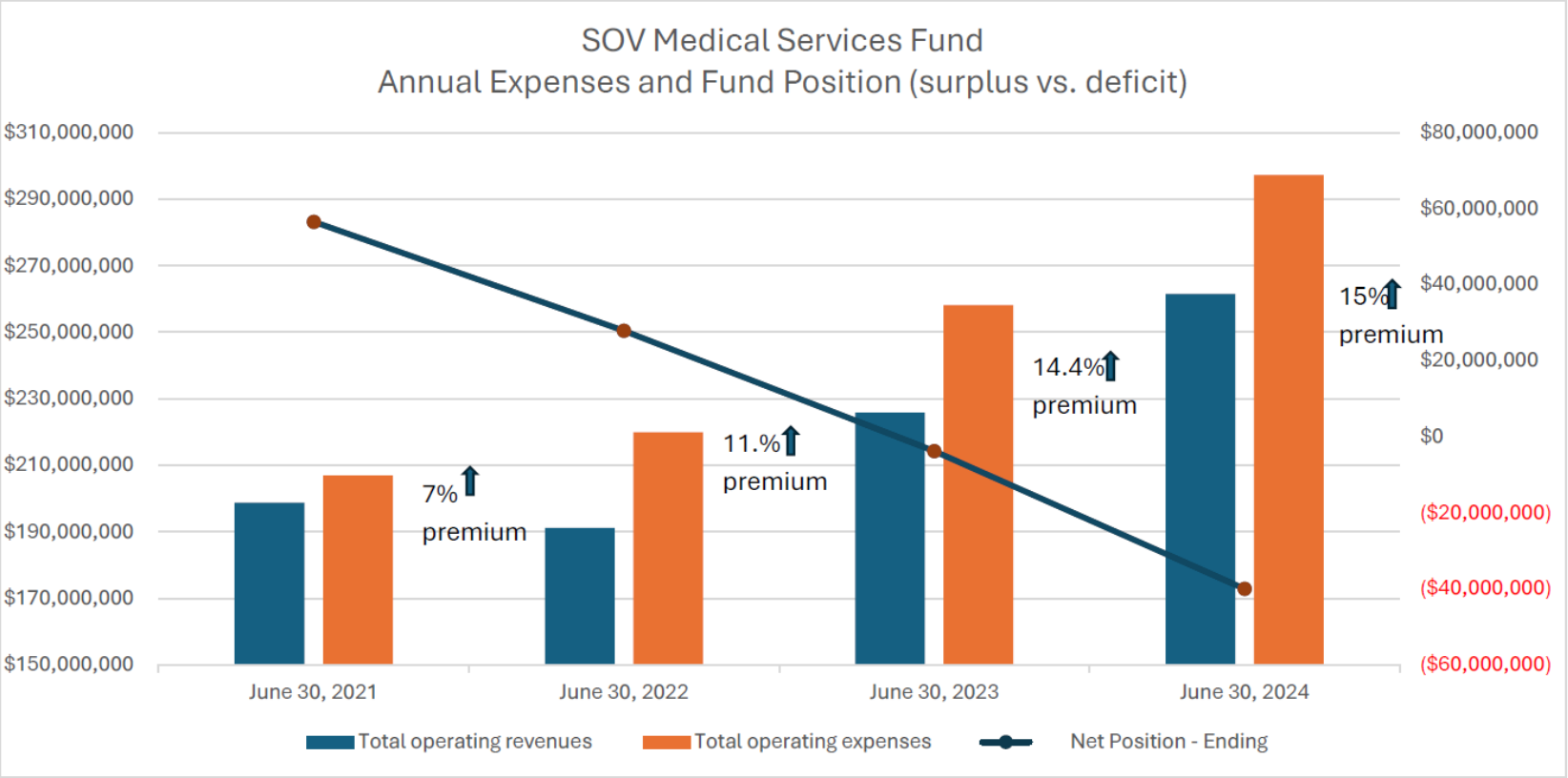

# SOV Healthcare Costs

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| VT STATE EMPLOYEE MEDICAL PLANS % PREMIUM INCREASE BY YEAR - Active Rates | |
|---|---|
| Calendar Year | % Premium Increase over Prior Year |
| 2019 | 0.0% |
| 2020 | 0.0% |
| 2021 | 0.0% |
| 2022 | 7.0% |
| 2023 | 11.5% |
| 2024 | 14.4% |
| 2025 | 15.0% |

| Medical Internal Services Fund Financial Statements Summary FYE 21 through FYE24 | | | | |
|---|---|---|---|---|
| | 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

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2018-19: 10.1%
2019-20: 11.8%
2020-21: 12.9%
2021-22: 9.6%
2022-23: 5.2%
2023-24: 12.7%
2024-25: 16.4%
2025-26: 11.9%

# Rising Health Care Costs Are Impacting Property Taxes

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**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

Source: Dept. of Taxes Education Tax Rate Letter Nov. 30, 2023

HEALTH

# 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


# Statement from Governor Phil Scott on Additional Projected Property Tax Increases

Press Release
**December 2, 2024**

Montpelier, Vt. – Governor Phil Scott today issued the following statement based on forecasted average increases of nearly 6% in property tax bills:

"One of the greatest issues facing Vermonters is affordability. With an already high tax burden, the last thing Vermonters need is yet another property tax increase. I know many will claim victory, and celebrate this increase being limited to single digits. But the fact is, with this projected increase, Vermonters will have seen a 33% increase in education property taxes in the last three years. This is the result of unsustainable costs, an aging demographic, and smaller workforce.

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# HOSPITAL BUDGET REVIEW

# Hospital Budget Review

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- The Board is tasked with establishing hospital budgets that meet the state's objectives as described in statute.
- These objectives consistently tie back to the need to increase access, improve quality, promote efficient and economic operation of hospitals, and balance healthcare needs with the ability to pay for care.
- Each year the Board undergoes a process to define specific criteria for hospitals to meet, called benchmarks.
- Hospitals bear the burden of justifying their budgets to the Board.

# GMCB – Regulation

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- 15 Hospital Budgets were established for 2025.
- For 2025, GMCB approved a system-wide Net Patient Revenue (NPR) of $3.7 billion, a **4.1%** NPR increase over FY2024 approved budgets.
- GMCB adjusted nine hospital budget requests to limit the rate increases that impact commercially insured patients.

# Why Regulate Hospital Budgets?

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vehi

**VEHI Health Proposed Rates for FY26**

For example, on the positive side this year, VEHI's rate-setting process benefitted from lower hospital budget orders by the Green Mountain Care Board, the substitution (at last!) of a lower cost bio-similar/generic drug for Humira, a very expensive medication, and more than a million dollars in savings from a pharmacy contract audit.

# Hospital % of Total spending

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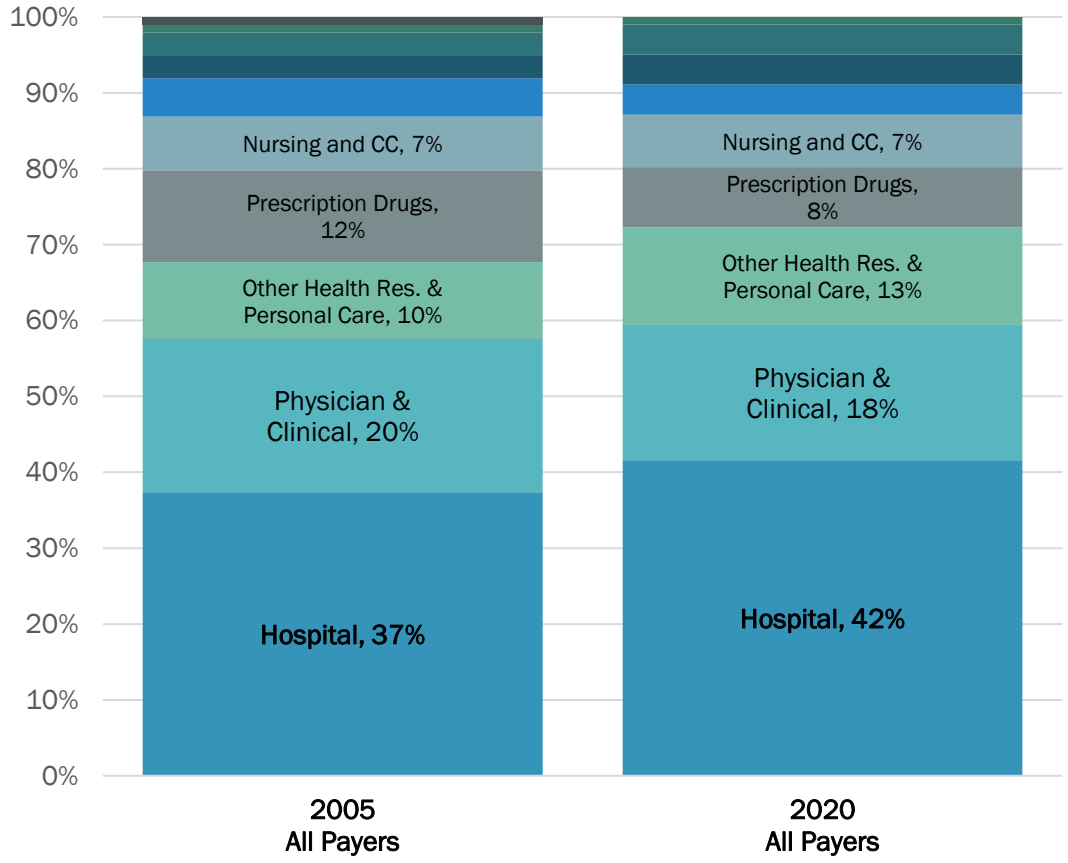
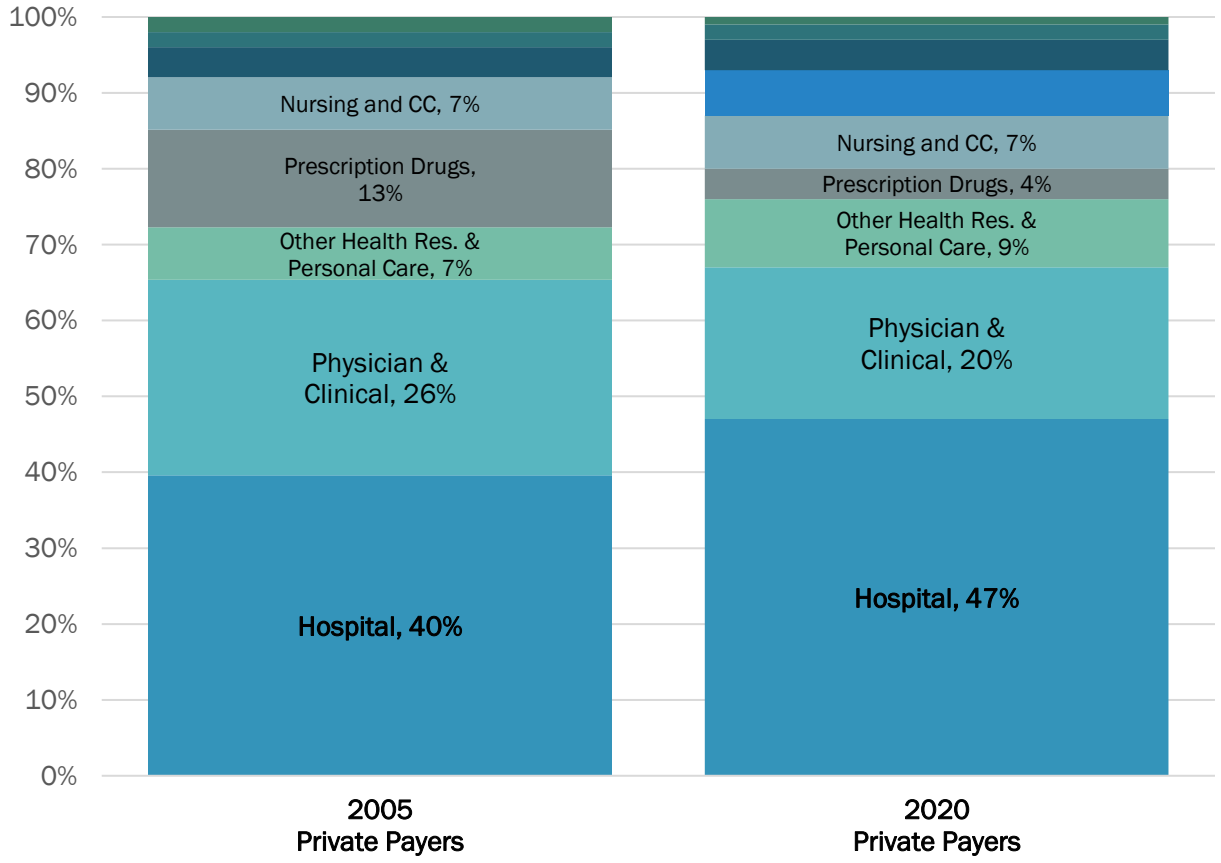
% of <u>All Payer</u> Expenses
Provider Lens, NHE Categories




% of <u>Private Payer</u> Expenses
Provider Lens, NHE Categories



# FY25 Hospital Budget Decisions

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| | FY25 NPR ($ Millions) | | |
|---|---|---|---|
| Hospital | Guidance | Amount Requested Over Guidance | Amount Approved Over Guidance |
| System-Wide | $3,680.7 | $160.7 | $21.7 |
| Brattleboro Memorial Hospital | $115.1 | -$1.1 | -$1.1 |
| Central Vermont Medical Center (CVMC) | $284.6 | $23.0 | $6.9 |
| Copley Hospital | $109.1 | $8.7 | $5.8 |
| Gifford Medical Center | $66.7 | $3.0 | $0.0 |
| Grace Cottage Hospital | $28.5 | $2.4 | $0.7 |
| Mt Ascutney Hospital and Health Center | $72.8 | $0.6 | $0.0 |
| North Country Hospital | $107.6 | -$1.9 | -$2.0 |
| Northeastern Vermont Regional Hospital (NVRH) | $124.5 | $0.5 | $0.0 |
| Northwestern Medical Center | $130.6 | $4.1 | $4.2 |
| Porter Medical Center | $129.4 | $0.9 | $0.9 |
| Rutland Regional Medical Center | $340.3 | $8.4 | $4.9 |
| Southwestern Vermont Medical Center | $210.6 | $0.0 | $0.0 |
| Springfield Hospital | $62.9 | $5.8 | $1.5 |
| University of Vermont Medical Center (UVMMC) | $1,897.8 | $106.3 | $0.0 |

# Hospital Budget Enforcement

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- Hospitals must comply with GMCB budget orders under 18 V.S.A. § 9456(d)(1).
- If a hospital believes it will deviate from its established budget, it may seek budget adjustment under 18 V.S.A. § 9456(f).
- If a hospital deviates from its budget, the GMCB may order the hospital to take corrective measures necessary to remediate the deviation. 18 V.S.A. § 9456(h). The process for reviewing and determining adjustment requests and enforcement decisions is defined at GMCB Rule 3.000, § 3.401.
- The GMCB's policy on enforcement for net patient revenue (NPR) is to review deviations greater than 1%.

# FY25 Hospital Budget Decisions with Enforcement

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| | Charge Increases | | | | | |
|---|---|---|---|---|---|---|
| Hospital | FY23 Approved | FY24 Submitted | FY24 Approved | FY25 Submitted | FY25 Approved | FY25 Approved w/ FY23 Enforcement[5] |
| System-Wide | 10.5% | 10.6% | 4.1% | 5.7% | 3.4% | |
| Brattleboro Memorial Hospital | 14.6% | 1.5% | 1.5% | 4.7% | 3.4% | |
| Central Vermont Medical Center (CVMC)[4] | 10.0% | 10.0% | 5.0% | 5.5% | 3.4% | |
| Copley Hospital[3] | 12.0% | 15.0% | 8%, 15%* | 10.5% | 3.4% | |
| Gifford Medical Center | 3.7% | 3.6% | 3.6% | 6.8% | 3.4% | |
| Grace Cottage Hospital | 5.0% | 4.0% | 4.0% | 2.5% | 2.5% | |
| Mt Ascutney Hospital and Health Center | 4.7% | 5.1% | 5.1% | 2.2% | 2.2% | |
| North Country Hospital | 12.2% | 4.5% | 4.0% | 4.7% | 3.4% | |
| Northeastern Vermont Regional Hospital (NVRH) | 10.8% | 15.0% | 8.0% | 4.5% | 3.4% | |
| Northwestern Medical Center | 9.0% | 6.0% | 6.0% | 6.4% | 3.4% | |
| Porter Medical Center[2] | 3.5% | 5.0% | 3.1% | 2.5% | 2.5% | |
| Rutland Regional Medical Center | 17.4% | 5.6% | 5.6% | 2.8% | 2.8% | 1.2% |
| Southwestern Vermont Medical Center | 9.5% | 6.6% | 6.6% | 3.5% | 3.4% | |
| Springfield Hospital | 10.0% | 7.0% | 6.0% | 2.2% | 2.2% | |
| University of Vermont Medical Center (UVMMC)[2] | 10.1% | 10.0% | 3.1% | 6.8% | 3.4% | -1.0% |

*Copley's approved rate for FY24 was originally 8%. The Board gave Copley an additional 7% after a mid-year request for an adjustment.

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# HEALTH INSURANCE RATE REVIEW

# Health Insurance Premium Rate Review

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*The program by which GMCB reviews proposed premiums or "rates" for health insurance plans. 8 V.S.A. § 4062, 18 V.S.A. § 9375(b)(6).*

## What plans does GMCB review?

- Fully-insured major medical health insurance plans. These plans are offered by private insurers in the individual, small group, and large group markets:
  - Individual Plans: Available to individuals seeking to insure themselves and/or their families.
  - Small Group Plans: Available to employers with 100 or fewer employees.
  - Large Group Plans: Available to employers with more than 100 employees.

# GMCB Does Not Review

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- Self-insured employer plans
- Medicare Advantage plans
- Medicare Supplemental plans
- Other plans, such as
  - Limited benefit
  - Long-term care
  - Specific/named disease
  - Student
  - Workers' Compensation

# Vermont Plans Reviewed by GMCB

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- In 2024, GMCB reviewed 10 rate filings representing approximately $810 million in health insurance premiums for approximately 82,000 Vermonters, over 70,000 of whom were in individual and small group plans.
  - Insurers requested approximately $150 million in premium increases. GMCB reduced these proposed increases by an estimated $11.4 million.
  - Acute financial solvency concerns at BCBSVT significantly contributed to GMCB's decision as to that carrier.
- Roughly half of Vermonters have private health insurance and most people with private health insurance are covered by self-insured employer plans, which are not subject to GMCB's rate review process.

# Rate Review Process

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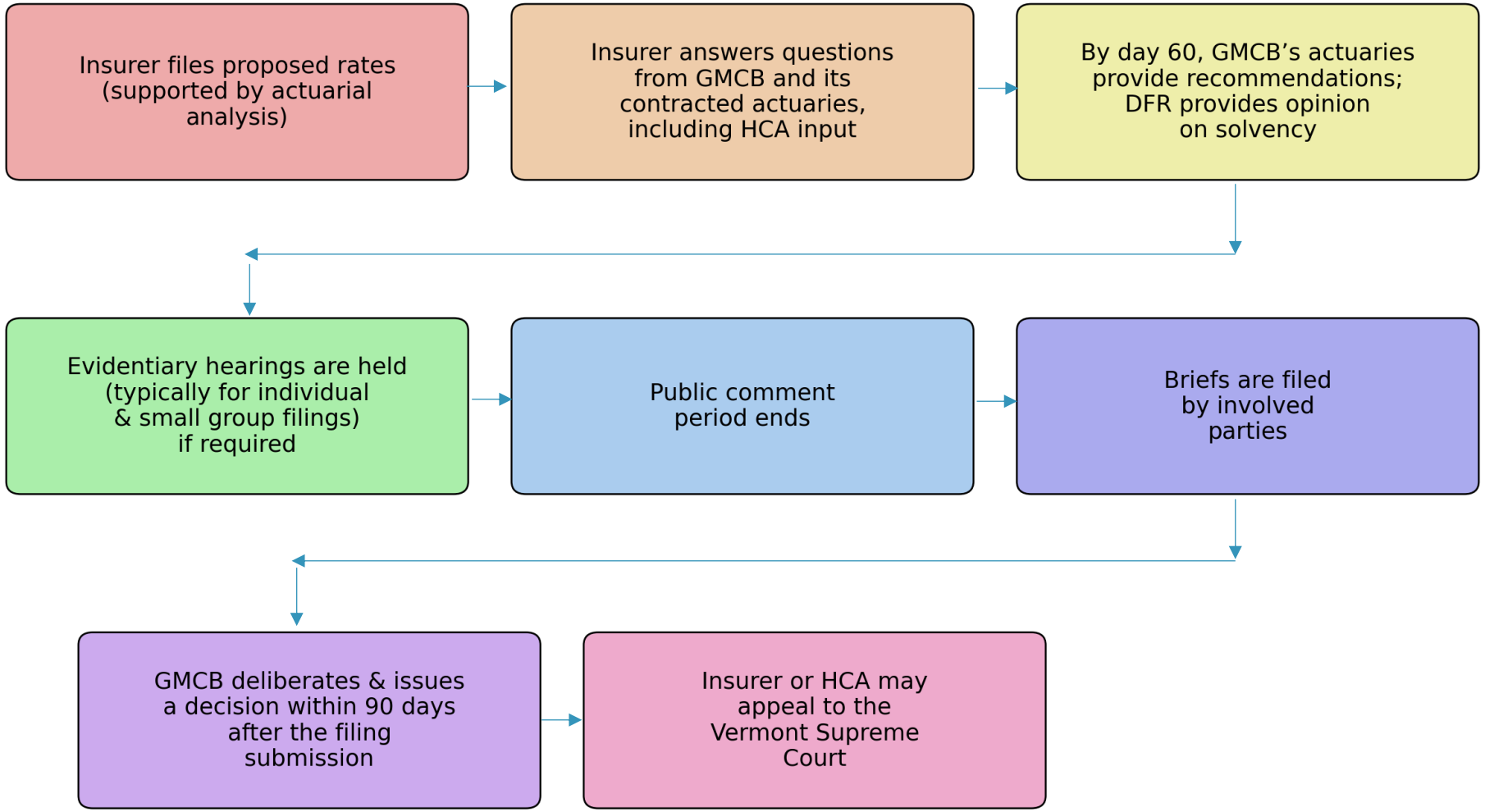

# What goes into a rate?

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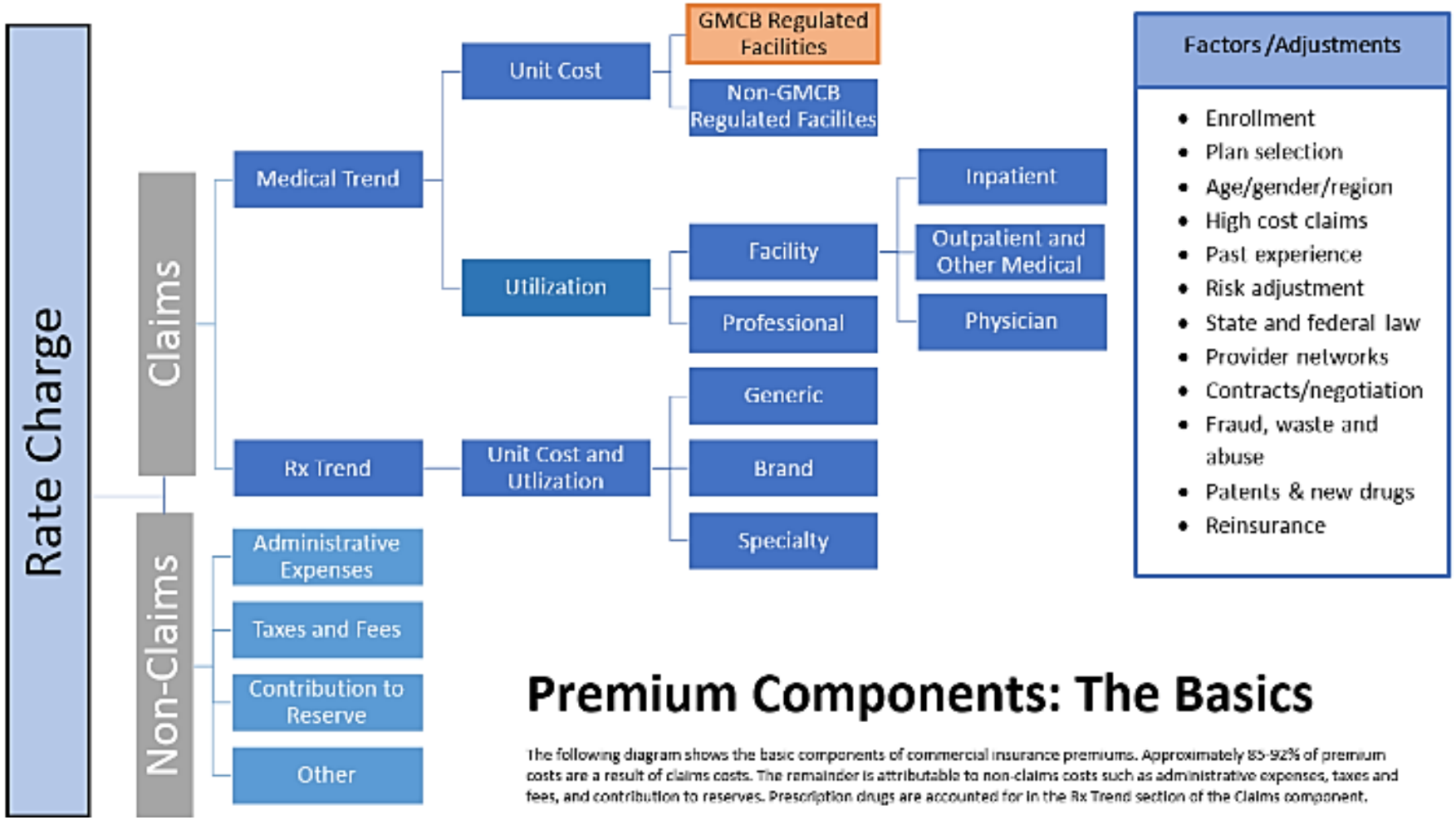


## Premium Components: The Basics

The following diagram shows the basic components of commercial insurance premiums. Approximately 85-92% of premium costs are a result of claims costs. The remainder is attributable to non-claims costs such as administrative expenses, taxes and fees, and contribution to reserves. Prescription drugs are accounted for in the Rx Trend section of the Claims component.

# Agencies Involved in Broader Process

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1. Health Plan Design & Compliance with federal Parameters (DVHA)*
2. Health Plan Design Approval (GMCB)*
3. Form Filing Approval (DFR)
4. Rate Review
    a. Insurer Solvency Review (DFR)
    b. Rate Approval (GMCB)
5. Plan Certification (DVHA)*
6. Open Enrollment & Compliance with Federal Parameters (DVHA)*

*Small group and individual qualified plans and reflective silver plans

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# CERTIFICATE OF NEED

# What is a Certificate of Need?

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A Certificate of Need (CON) authorizes the holder to proceed with a new health project.

# Why review new health care projects?

- 18 V.S.A. § 9431 (Policy and purpose)
  - New health care projects must be developed in a way that avoids unnecessary duplication and contains or reduces increases in the cost of delivery services, while at the same time maintaining and improving quality and access and promoting rational allocation of health care resources in the State.
  - The need, cost, type, level, quality, and feasibility of new health care projects should therefore be reviewed and assessed.

# Is Vermont the only state with CON?

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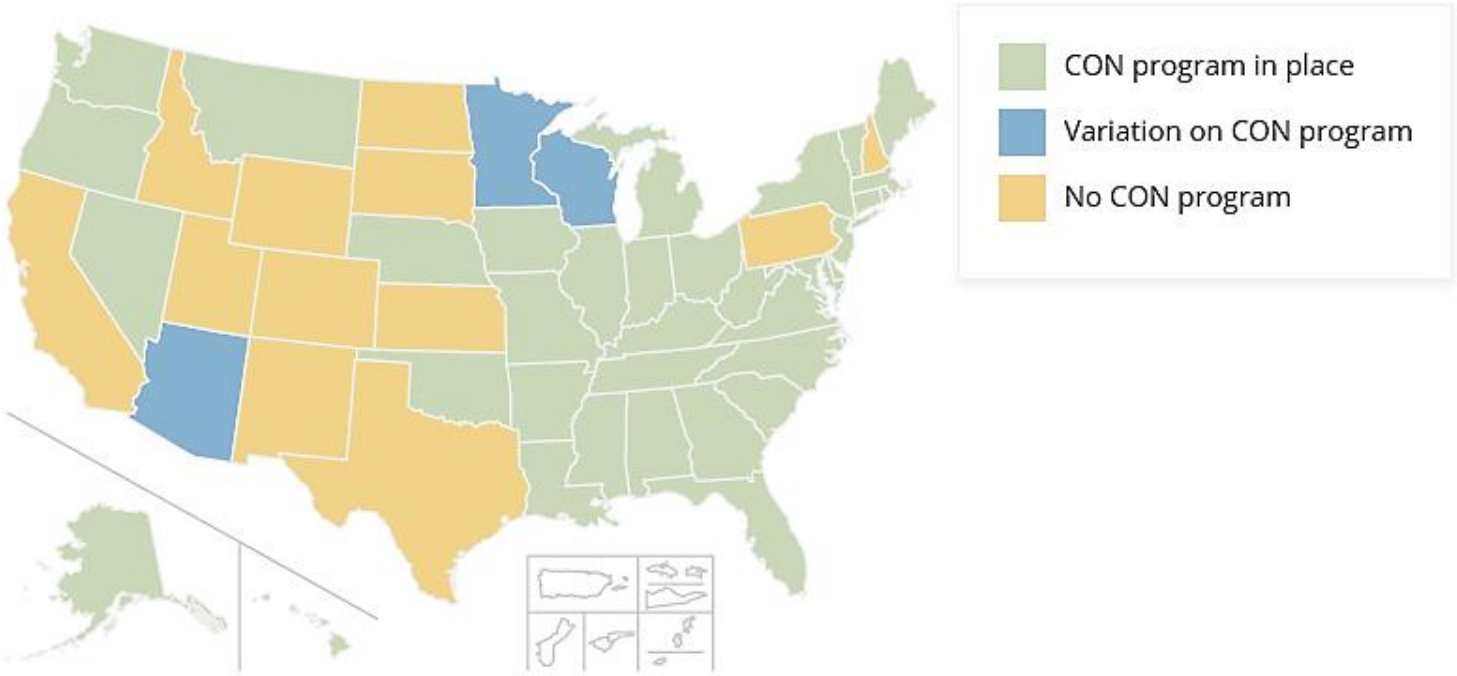
As of Feb. 2024, 35 states plus the District of Columbia had CON or equivalent programs.




## New England

CON programs in MA, ME, CT, RI

(NH has repealed its program.)

Source: NCSL Certificate of Need State Laws

# What projects get reviewed?

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Projects whose reviewability depends on the cost

1. The construction, development, purchase, renovation, or other establishment of a health care facility, or any capital expenditure by or on behalf of a health care facility, for which the capital cost exceeds _____.
    a) Hospitals: $3,793,790*
    b) Non-Hospitals: $1,896,890*
2. The purchase, lease, or donation of a single piece of diagnostic and therapeutic equipment for which the cost or value is in excess of _____.
    a) Hospitals: $1,896,890*
    b) Non-Hospitals: $1,264,590*
3. Offering a health care service or technology with an annual operating expense in either of the next two fiscal years exceeding _____ if the service or technology was not offered or employed by the health care facility within the previous three years.
    a) Hospitals: $1,264,590*
    b) Others: $632,290*



* Slated to take effect Feb. 1, 2025 (GMCB updates CON monetary thresholds annually)

# What projects get reviewed?

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Projects whose reviewability does not depend on the cost

1) A change in the number of licensed beds of a health care facility through addition, conversion, or relocation from one facility to another.

2) The offering of any home health service.
   - Moratorium through 2030
     - No CON shall be granted for the offering of home health services or for a new home health agency.
     - Notwithstanding moratorium, a CON application for a new home health agency may be considered and granted if GMCB and DAIL have certified that a serious and substantial lack of access to home health services exists in a particular county and the agencies presently serving that county have been given notice and a reasonable opportunity to either challenge that certification or remediate the problem.

3) The transfer or conveyance of more than 50% ownership interest in a health care facility other than a hospital or nursing home.

4) The construction, development, purchase, lease, or other establishment of an ambulatory surgical center.

# What projects get reviewed?

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## Projects or facilities that are exempted from CON review

- Physician's offices
- Programs that are administered by a designated agency (DA)
  - Subject to CON-like process within Dept. of Mental Health
- Certain changes to HHA designations administered by DAIL
- Certain Medicare/Medicaid programs under AHS supervision
- Routine replacements of nonmedical equipment (e.g., boilers, chillers, etc.)

# Examples of Projects Requiring CON

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| | |
|---|---|
| Renovation and construction projects | • New outpatient surgery center<br>• Emergency Department renovations<br>• Construction of new skilled nursing facilities |
| Purchase of major medical equipment | • Robotic surgical system<br>• Linear accelerator<br>• CT Scanner |
| Mental health and substance use disorder facilities | • Eating disorder clinic<br>• Substance use disorder treatment facility/program |
| Health information technology systems | • New Electronic Medical Record system |

# What is the process for review?

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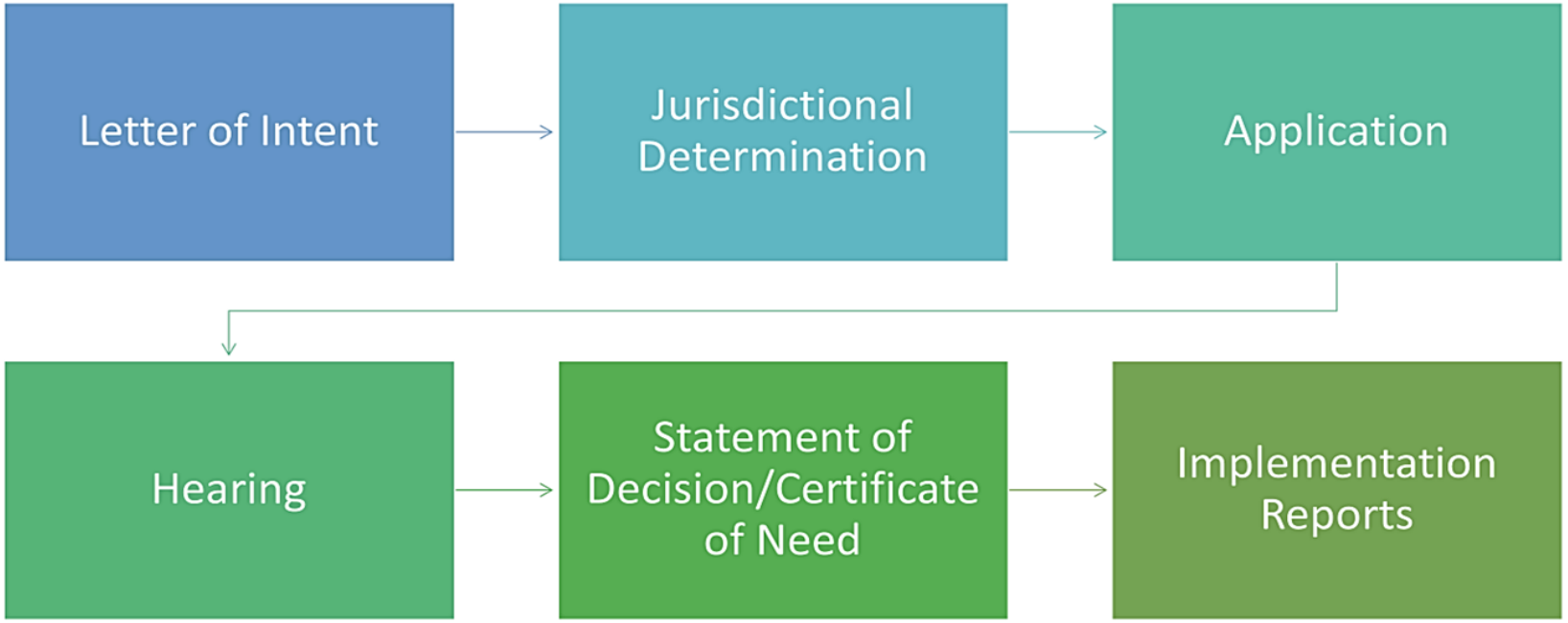

# Jurisdictional Determinations in 2024

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# CON Applications

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- Describe project in detail
- Provide financial projections
- Address all statutory criteria and relevant HRAP standards
- May request expedited review if project is likely to be uncontested and does not substantially alter services or relates to a facility in bankruptcy.
  - No hearing required.
- Application fee equal to 0.125% of project costs, with maximum of $20,000 and minimum of $250.

GMCB received
7
Applications
in 2024

# 2024 GMCB Approved 4 CONs
# Total value: $159,532,725

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- University of Vermont Medical Center Purchase of Fanny Allen Campus in Colchester ($17,717,040)
- University of Vermont Medical Center Outpatient Surgery Center ($129,600,000)
- Mt. Ascutney Hospital and Health Center Electronic Health Record Replacement ($9,100,523)
- Central Vermont Medical Center Replacement of Linear Accelerator and Related Facility Modifications and Upgrades ($3,661,162)

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# SUMMARY OF OTHER NEW ENGLAND STATES

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# HOSPITAL CONSTRUCTION/RENOVATION PROJECTS

CT is the only state that does not review any construction/renovation projects for hospitals. There are no monetary thresholds on all other types of projects so CON office must review all other projects regardless of cost.

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# THRESHOLDS FOR HOSPITAL CONSTRUCTION/RENOVATION PROJECTS

MA $26.1 million

ME $13.7 million

RI $7.3 million

CT- no review

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# THRESHOLDS FOR MAJOR MEDICAL EQUIPMENT

RI $3.2 million;

MA $1.4 million for health care facilities and $387K for non-healthcare facilities;

ME $4.4 million;

CT reviews all major medical equipment regardless of cost.

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# BIRTHING CENTERS

MA - Independent birthing centers not reviewed unless cost exceeds $42M.  Hospital-affiliated birthing centers are always reviewed.

ME - no review.

CT/RI - no review but must receive license from Dept. of Public Health/Health Services Council.

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# 1-TO-1 ROUTINE REPLACEMENT OF MAJOR MEDICAL EQUIPMENT (MEDICAL, DIAGNOSTIC, THERAPEUTIC)

MA, CT, ME: No CON Review for 1-to-1 routine replacement of major medical equipment that has previously been approved for a hospital, comprehensive cancer center, or non-hospital facility. They must give written notice. RI- still reviews all major medical equipment.

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# TERMINATION OF SERVICES/PROGRAMS

CT reviews all proposed terminations of inpatient and outpatient services by a hospital or ASC.

MA and ME do not review for DON/CON, but licensing authorities in both states do review

RI reviews only hospital terminations of primary care and emergency services

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# MATERIAL CHANGE THRESHOLDS

RI, MA- Material change triggered if project cost exceeds original project cost by 10% or more (MA adjusts for inflation but allows only for contingencies that could not have been reasonably foreseen); ME- Material change triggered if project exceeds original approved project cost by a “significant amount”, defined on a case-by-case basis. CT- AG office reviews material changes.

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# GMCB – DATA AND ANALYTICS

# GMCB– Data And Analytics

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- Stewardship of statewide data assets: VHCURES and VUHDDS
- Data Governance, Data Release, Data Quality & Management
- Training and supporting users of VHCURES and VUHDDS
- In-house or contracted analytics:
  - Enrollment reporting
  - Expenditure reporting
  - Supplemental hospital reporting
- CON analytic support
- New: Annual Hospital Report (VUHDDS)
- Other legislative reporting as requested: referenced based pricing, ASC annual report, Act 167 Community Engagement

# VHCURES

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- All-payer claims database (APCD), Established 2009
  - VT was one of the first states to have an APCD, now in 25 states
  - Includes Medical, pharmacy, and dental claims and eligibility, 100% of Medicare/Medicaid beneficiaries, 60% of those commercially insured
  - Longitudinal database: 25-30 million rows per year (medical table) & 95 tables in the database
  - Includes information for beneficiaries with Vermont insurance seen out of state
  - Information included is only what's needed to adjudicate claims (i.e. no clinical details from visits)
  - No patient identifiable data & some provider data are unavailable as well*
- State entities and non-state entities can apply for limited use data files or for a Public Use File (PUF), with different processes for both
- Data are collected quarterly and made available for analysis. CMS' Medicare data is on a different schedule than other payers.
  - Data from CMS is delayed more than 8 months, delaying 2023 and preliminary 2024 claims



*To protect providers who perform legally sensitive procedures.

# VHCURES Basics

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| | |
|---|---|
| **Who** | 60% Commercial beneficiaries, 100% of Medicaid & Medicare beneficiaries |
| **What** | Claims data from 2007 dates of service |
| **Where** | Data are for Vermont residents with Vermont insurance only |
| **When** | Insurers, Third-Party Administrators (TPAs) and Pharmacy Benefit Managers (PBMs) register annually and report monthly, quarterly, or annually depending on number of members. (plans with fewer than 200 members not required to report) |
| **How** | Onpoint Health Data is GMCB's database vendor, they are responsible for collecting and curating the data and making it available in a secure research environment for users |

# VUHDDS

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- Hospital discharge data
  - Files are annual and by type of bill: inpatient, outpatient, with supplemental revenue code files
  - Around ~2 million rows of data per reporting year
  - Includes all discharges from Vermont hospitals, even if non-resident
  - Does not contain any patient identifiable data or provider identifiable data
  - Public Use File (PUF) is sharable with state agencies, providers, payers, and researchers upon request
  - In process of moving data management from VDH to GMCB
- Data are collected monthly and quarterly for data quality checks, annual file is prepared for research purposes
  - Current data collection is over a year and a quarter behind due to hospital EMR transitions and the inclusion of CMS-1500 data

# VUHDDS Basics

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| | |
|---|---|
| **Who** | Anyone discharged from a Vermont hospital (includes self-pay) |
| **What** | Annual files of inpatient and outpatient discharges from all Vermont hospitals |
| **Where** | Data are for Vermont hospitals (includes GMSC) |
| **When** | Data are collected monthly and quarterly for data quality purposes, and an annual file is prepared for research purposes. |
| **How** | GMCB has an established contract with VAHHS-NSO to assist with collecting data from hospitals and preparing the data.<br>New: GMCB is taking on the data management role from VDH. |

# Analytics at the GMCB

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- APM Analytics – updated annually, TCOC 2023 and preliminary 2024 forthcoming
- HRAP – updated every four years
- Patient Migration and Patient Origin – updated annually, 2023 report estimated delivery June 2025
- Expenditure Analysis – updated annually, 2021-2022 estimated delivery March 2025, and 2023 estimated delivery December 2025
- ASSR – updated annually, 2023 report estimated delivery April 2025, 2024 cycle has begun

APM = All Payer Model
HRAP = Health Resource Allocation Plan
ASSR = Annual Statement Supplemental Reports

# GMCB Oversight of Health Information Exchange (HIE)

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## Review and approve Health Information Exchange Strategic Plan (HIE Plan)

- 18 V.S.A. § 9351(a):
  - "The Plan shall… "be revised annually and updated comprehensively every five years to provide a strategic vision for clinical health information technology."
  - "include the implementation of an integrated electronic health information infrastructure for the sharing of electronic health information among health care facilities, health care professionals, public and private payers, and patients."
  - "include standards and protocols designed to promote patient education, patient privacy, physician best practices, electronic connectivity to health care data, access to advance care planning documents, and, overall, a more efficient and less costly means of delivering quality health care in Vermont."

- 18 V.S.A. § 9375:
  - The Board is charged to review and approve Vermont's statewide HIT Plan "to ensure that the necessary infrastructure is in place to enable the State to achieve the principles expressed in section 9371 of this title [Principles for Health Care Reform]."

# GMCB Oversight of VITL (Vermont Information Technology Leaders)

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- 18 V.S.A. 9375(b)(2)(C)
- “Annually review and approve the budget, consistent with available funds, of the Vermont Information Technology Leaders, Inc. (VITL). This review shall take into account VITL's responsibilities pursuant to section 9352 of this title and the availability of funds needed to support those responsibilities.”

# Oversight Proposals

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- For VITL, we feel that they are no longer having trouble with their budget. Should the legislature concur, we would like to be relieved of oversight duties.

- For VHIE, we would like to have a more collaborative relationship with VHIE, and reviewing the strategic plan rather than helping to create it puts us in more of an oversight, less collaborative, position.

# ACO Certification & Budget Review

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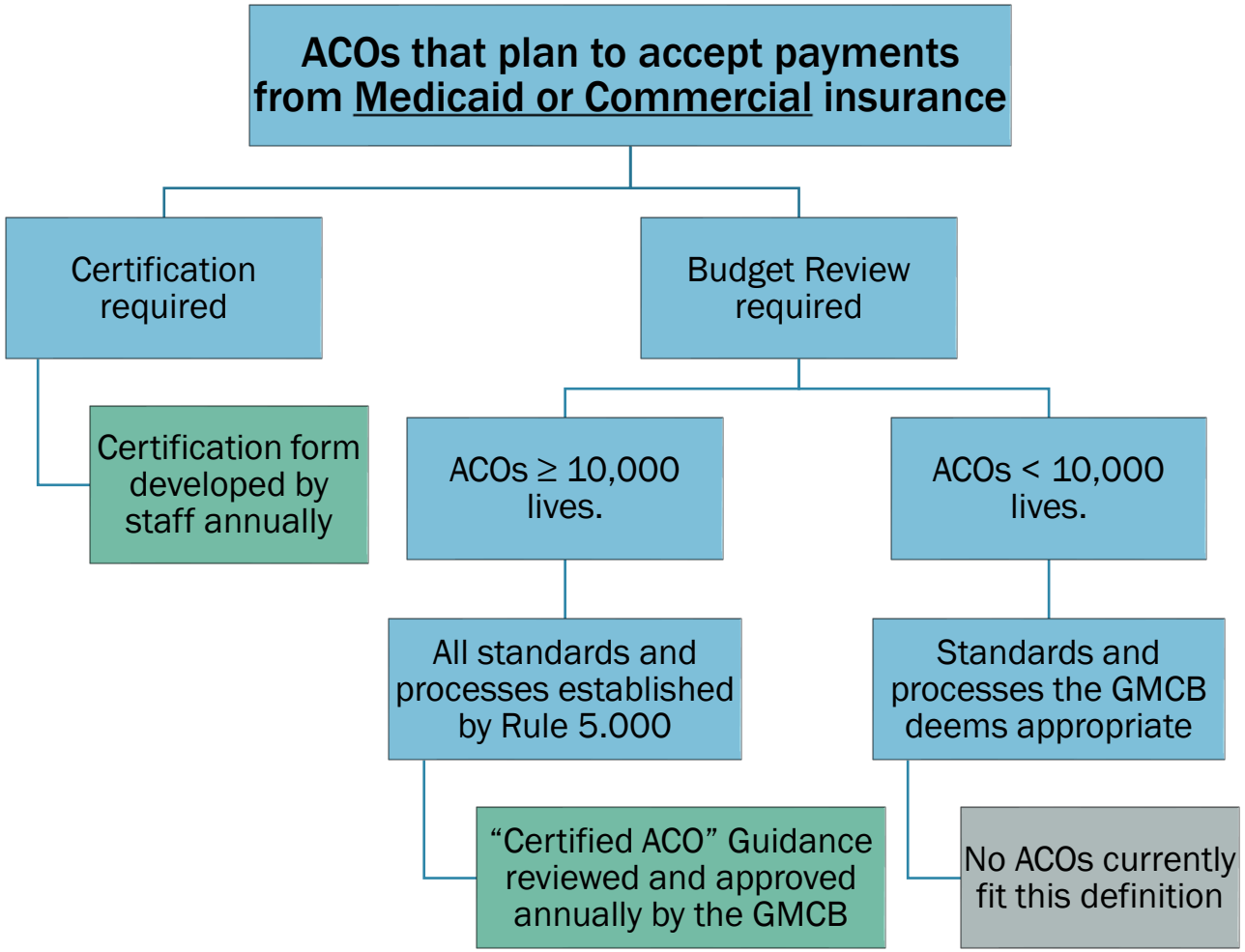


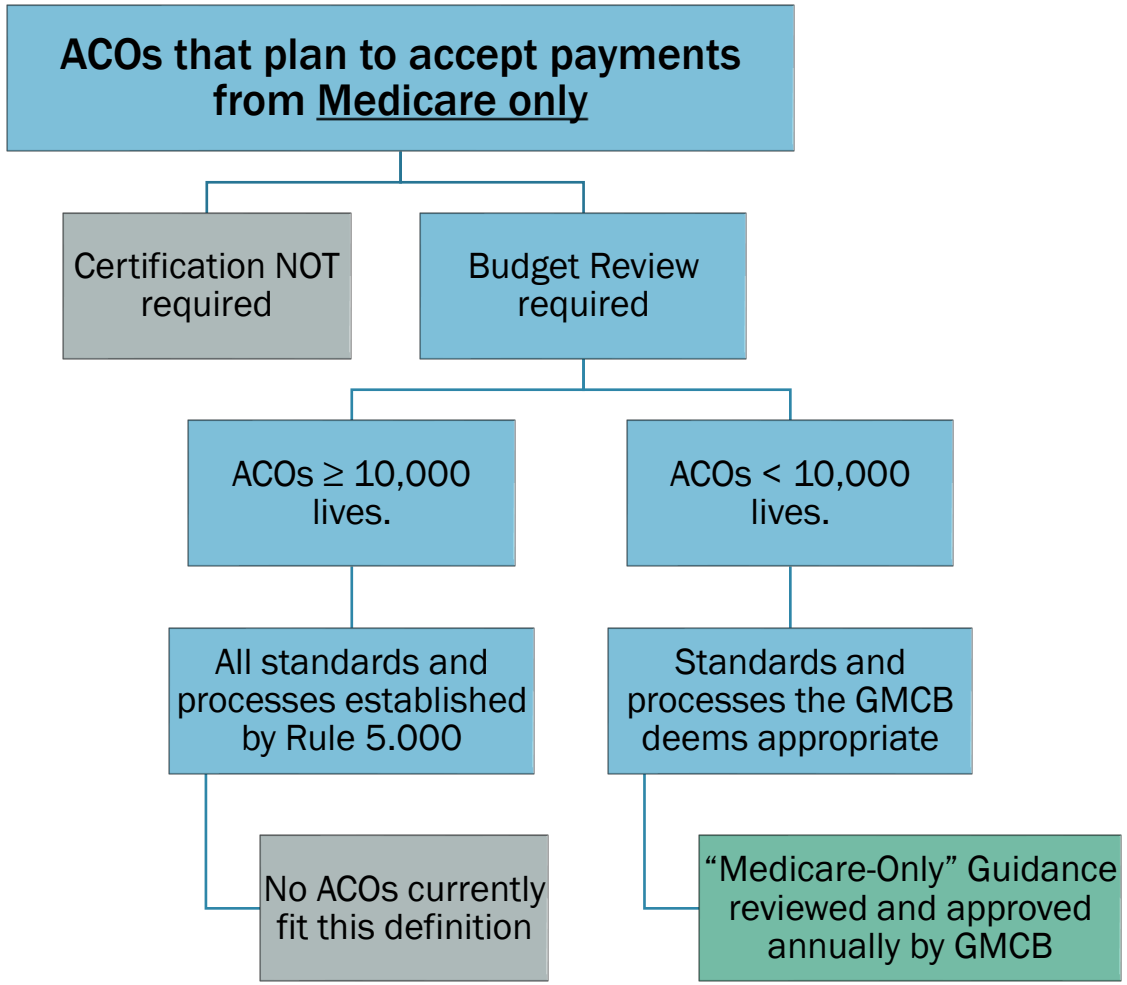

# All-Payer Model

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GMCB has mandated OneCare's health care savings exceed its administrative costs; specifically:

*"Over the duration of the APM Agreement, OneCare's administrative expenses must be less than the healthcare savings, including an estimate of cost avoidance and the value of improved health, projected to be generated through the Model."*

## Discussion

The analyses in this memo demonstrate a range of results, from $42.28 million in losses for Medicaid and commercial payers up to $21.43 million in savings for Medicaid. When removing 2020 from any of these analyses, savings significantly decrease, and losses significantly increase.

Table 5: Summary of Results

| METHOD | Page | RESULT | RESULT w/o 2020 |
|---|---|---|---|
| 1a. OneCare's Administrative Expenses Compared to Performance against all-payer target | Pg 7 | $14.67 million in savings | $51.22 million in losses |
| 1b. OneCare's Administrative Expenses Compared to Performance against Medicaid and Commercial Insurer-blended target (Medicare omitted) | Pg 7 | $42.28 million in losses | $89.56 million in losses |
| 1c. Medicaid's contribution towards Administrative Expenses against Performance against Medicaid Target | Pg 8 | $21.43 million in savings | $9.99 million in savings |
| 2. OneCare's Administrative Expenses Compared to all-payer settlement | Pg 9 | $39.52 million in losses | $46.18 million in losses |
| 3. OneCare's Administrative Expenses Compared to all-payer settlement [OneCare's submission] | Pg 11 | $18.23 million in savings | $32.38 million in losses |

Continued analysis of any of these or other methods will require additional analytics support. One consideration that could be explored is the effect on health care pricing on the observed financial performance of OneCare. While reducing utilization and improving outcomes are two goals of the ACO, financial performance could ultimately be a reflection of, or at least impacted by, what providers are charging for health care services rather than a sign of decreased utilization and improved health.

OneCare Vermont ROI Analysis (5.13.24) (002).pdf

# OneCare Vermont
# FY24 & FY25 Budget Decisions

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2024

- Reduced requested administrative budget by $957,245 (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.
- Required OneCare to hold an additional 1% of Medicare risk at the entity level and increase risk corridor from 3% to 4%.

2025

- Reduced requested administrative budget by $1,457,713 (11.4%) and reallocated to provider types across the spectrum of care (including primary care).
- Required that OneCare report on close-out activities; GMCB will continue to monitor throughout wind down.

# GMCB OneCare Decisions

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HEALTH

## Court says OneCare must provide executive compensation information to Vermont regulators

OneCare had challenged a subpoena issued by the Green Mountain Care Board last year seeking information on how the accountable care organization's executives were paid. A superior court judge ordered OneCare to comply.

## State Supreme Court rules state regulators can limit executive pay at OneCare Vermont

**Dan D'Ambrosio**
Burlington Free Press

Published 5:11 a.m. ET July 10, 2024

The Green Mountain Care Board was within its authority to require OneCare Vermont to cap executive compensation and to obtain affidavits from its member hospitals attesting that money OneCare was providing for primary care was in fact being used for primary care, the Vermont Supreme Court ruled on Friday.

OneCare appealed both actions taken by the Care Board to the Court, which rejected OneCare's argument that the the Care Board was exceeding its statutory and regulatory authority in taking the actions.

NEWS

# Health Care Bill Would Slash Pay of Hospital Execs

Under the proposed measure, Vermont hospital executives could be paid no more than 10 times what their facility's lowest wage earner makes.

By COLIN FLANDERS

Published January 23, 2025 at 5:22 p.m.

Health Care Bill Would Slash Pay of Hospital Execs | Seven Days

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" .. Vermont is scrambling to slow the growth of hospital budgets in response to rapidly increasing health insurance costs. Average health care premiums in the state rank among the highest in the nation, and local businesses and taxpayers are bracing for another year of increases."

# Looking Ahead

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- Act 167 Transformation
- Division of Planning & Evaluation
- Reference-Based Pricing
- Certificate of Need (CON) changes
- AHEAD Global Budget Model
- Prescription Drug Regulatory Options
- others….

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HE *News in pursuit of truth*

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# Consultant deems Vermont health care system 'badly broken'

In a presentation to the Green Mountain Care Board, the consultant called for an urgent — if not yet specific — transformation of the state's hospital and broader health care system.

By Peter D'Auria
June 20, 2024, 3:41 pm

"The needs for structural reform of the Vermont health care system and systems cannot be overemphasized," Hamory told the Green Mountain Care Board and Agency of Human Services officials during his presentation. Without significant changes in the next three to five years, he predicted, "hospital systems and the state will see deep financial deficits."

BECKER'S

# Hospital CFO Report

VERMONT

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## Financial Management

# 705 hospitals at risk of closure, state by state

Molly Gamble (Twitter) - Friday, November 22nd, 2024

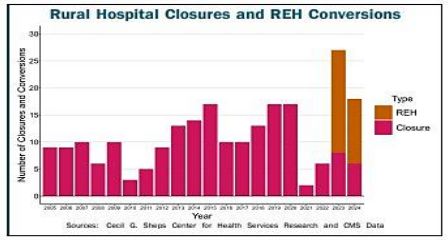
CENTER FOR HEALTHCARE QUALITY & PAYMENT REFORM

## RURAL HOSPITALS AT RISK OF CLOSING

### Millions of Americans No Longer Have Hospital Care in Their Community

Over the past two decades, nearly 200 rural hospitals have closed. As a result, the millions of Americans who live in those communities no longer have access to an emergency room, inpatient care, and many other hospital services that citizens in most of the rest of the country take for granted.

In addition, 31 hospitals eliminated inpatient services in 2023 and 2024 in order to qualify for federal grants that are only available for Rural Emergency Hospitals (REHs). Every year, more than 7,000 rural residents had received inpatient care in those hospitals, but now seriously ill individuals in their communities will have to be transferred to a hospital far from home in order to receive the services they need.

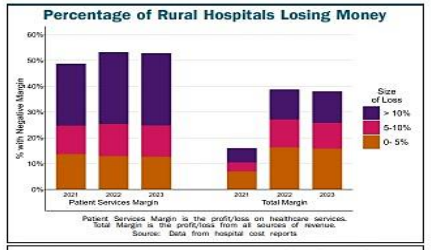



### Hundreds More Rural Hospitals Could Close in the Near Future

More than 700 rural hospitals – over 30% of all rural hospitals in the country – are at risk of closing because of the serious financial problems they are experiencing. Over half (364) of these rural hospitals are at *immediate* risk of closing because of the severity of their financial problems. (See RuralHospitals.org for the methodology used to estimate risk of closing.)

- **Losses on Patient Services:** The majority of rural hospitals in the country are losing money delivering patient services. It costs more to deliver health care in small rural communities than in urban areas, and many health insurance plans do not pay enough to cover these costs.
- **Insufficient Revenues From Other Sources to Offset Losses:** Many hospitals have managed to remain open despite
- **Low Financial Reserves:** The hospitals at greatest risk of closing have more debts than assets, or they do not have adequate net assets (i.e., assets other than buildings & equipment, minus debt) to offset their losses on patient services for more than a few years.

Rural hospitals are at risk of closing in almost every state. In the majority of states, over 25% of rural hospitals are at risk of closing, and in 10 states, over 50% are at risk.





### Rural Hospital Closures Harm Patients and the Nation's Economy

Most at-risk hospitals are in isolated rural communities, where closure of the hospital would force residents of the community to travel a long distance for emergency or inpatient care. Moreover, in many cases, the hospital is the only place where residents can get laboratory tests or imaging studies, and it may

**Vermont**

8 hospitals at risk of closing (62%)

4 at immediate risk of closing in next 2-3 years (31%)

# 2024 Reference-Based Pricing Report

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**Key findings:**

- Vermont hospital payments for VSEA and VEHI members averaged 289% of Medicare rates during the study period. Adjusting these payments to 200% of Medicare could have saved the VSEA/VEHI health plans approximately $400 million during the study period, with $79 million of savings estimated in 2022.
- Outpatient services accounted for the majority of estimated savings ($321 million), with the remainder from inpatient services ($78 million).
- Critical Access Hospitals (CAH) and Prospective Payment System (PPS) hospitals showed varying impacts, with most savings occurring at PPS hospitals.
- VEHI and VSEA collectively represent approximately 59,000 beneficiaries.

Commercial prices at some Vermont hospitals are high, and moving to reference-based pricing could mitigate the need for ongoing large tax increases and protect the affordability of healthcare for Vermont teachers and State employees. Moreover, reference-based pricing could protect the solvency of the VSEA and VEHI and the richness of benefits offered. At the same time, Vermont hospitals are experiencing financial strain and if reference-based pricing is pursued the State should do so in a manner consistent with ensuring healthcare access and quality in our communities and to ensure hospitals receive fair and adequate compensation.

Reference-Based Pricing Report

# Prescription Drug Regulatory Options

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Act 134 (S.98) directs GMCB to explore and create a framework and methodology for implementing a program to regulate prescription drug costs in Vermont, with a final report due on or before January 15, 2026.

We are conducting the following activities:

- National Landscape Review: Assessing prescription drug pricing strategies in other states and at the federal level for their strengths, weaknesses, and applicability to Vermont.
    - Examples: Medicare Drug Price Negotiation, Prescription Drug Affordability Boards, Upper Payment Limits, Price and Market Transparency, International Drug Importation, PBM Reform, Multi-State Drug Purchasing Pools, etc.

- Data Analytics: Analyses on impact of policy options on costs, medication access, and administrative burden.

*See* Preliminary Report on Implementing a Vermont Prescription Drug Cost Regulation Program (Submitted to the Legislature January 15, 2025)

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# QUESTIONS/COMMENTS?