

HCA: OUR ROLE AND RECOMMENDATIONS FOR HOSPITAL BUDGET REGULATION



The Office of the Health Care Advocate (HCA)

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AGENDA

- Introduction
- The Role of the HCA in Hospital Budgets
- HCA Focus Areas
- Recent History
- Next Steps: The Need for Action on Prices

HCA ROLE

- **I 8 V.S.A. § 9602:** The Office of the Health Care Advocate is established as an independent voice for Vermonters that is dedicated to promoting access to high-quality, affordable health care for all.



HCA ROLE IN HOSPITAL BUDGET REVIEW

- **18 V.S.A. § 9456 (3)(A)** The Office of the Health Care Advocate shall have the right to receive copies of all materials related to the hospital budget review and may:
 - (i) ask questions of employees of the Green Mountain Care Board related to the Board's hospital budget review;
 - (ii) submit written questions to the Board that the Board will ask of hospitals in advance of any hearing held in conjunction with the Board's hospital review;
 - (iii) submit written comments for the Board's consideration; and
 - (iv) ask questions and provide testimony in any hearing held in conjunction with the Board's hospital budget review.

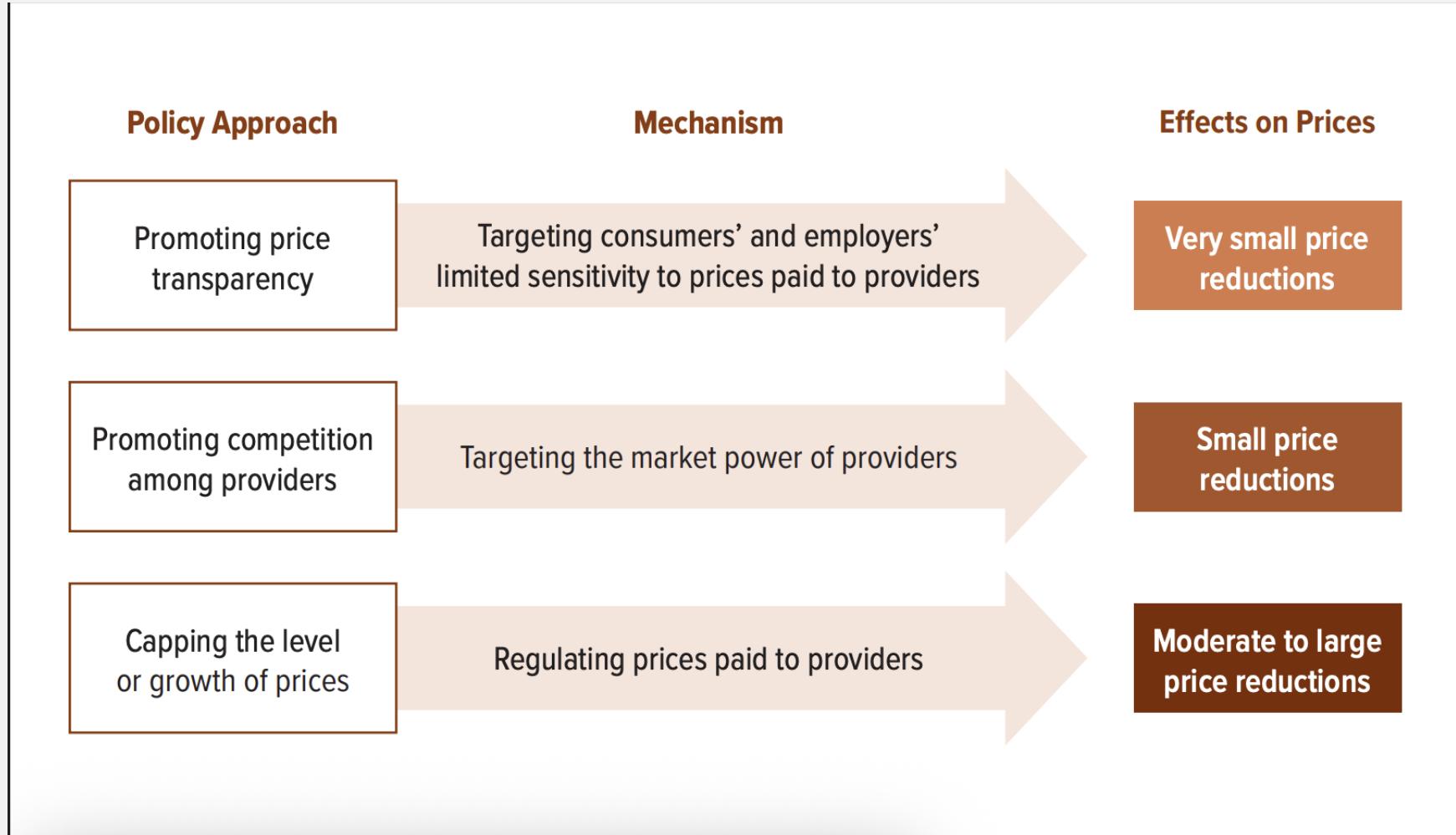
FOCUS AREAS FOR THE HCA

- Emphasize the importance of high quality, transparent, and standardized data
 - *Ex. Recommend the GMCB review audited financial data, not just hospital self-reported data and analyze cash flows (ex. UVMHN subsidizing NY hospitals)*
- Focus on root causes of high costs and barriers to access to care
- Recommend direct action to reduce costs to Vermonters (ex. hospital prices)
- Standardize and expand access to Patient Financial Assistance and reduce Bad Debt
- Shift away from regulating predominantly based on Net Patient Revenue
- Regulate hospitals differently depending on type and location
 - *Ex. Grace Cottage Hospital is set up and paid differently from UVM Medical Center*

ABANDONING HEALTH CARE MYTHS

- Hospitals and health insurers will voluntarily reduce prices and premiums to align with state, regional or national benchmarks.
- Hospitals will move care out into the community against their financial interests.
- Concentrating resources in one hospital system, while leaving rural hospitals and independent providers behind, will yield sufficient efficiencies, quality improvements, or cost reductions for Vermonters.
- All 14 Vermont hospitals should be regulated the same way.
- Absent enforceable regulatory intervention, carriers can be pressured to successfully “negotiate better” given market dynamics and coverage in Vermont.
- Market competition can and will solve Vermont’s health care affordability crisis.
- Paying non-clinical hospital executives excessive salaries and variable compensation is needed to find top talent that will produce results aligned with Vermont’s health care reform principles.

CONGRESSIONAL BUDGET OFFICE ANALYSIS ON HOW TO REDUCE HEALTH CARE COSTS



A NEW PATH FORWARD

- We need to define what constitutes "success" in terms of hospital prices moving forward
 - What price is appropriate for each type of hospital
 - By what time frame
- Such a price point should be developed by relying on high quality, non-partisan, objective data
- Differentiate between measureable and immeasurable goals
 - Approach with limited/no impact: "We should engage in an iterative process to evolve over time"
 - Approach with real impact: "Excessive hospital prices must be reduced by 10% of Medicare every year until they align with Vermonters actual ability to pay"

RESOURCES & REFERENCES

- HCA Recommendations to the GMCB for Hospital Budget Review:
 - [2022](#)
 - [2023](#)
 - [2024](#)
 - [2025](#)
- [RAND Hospital Price Transparency Study](#)
- [Hospital Price Interactive Tool](#)
- [NASHP Cost Tool](#)
- [GMCB Referenced Based Pricing](#)
- [Congressional Budget Office Study on Reducing Costs](#)

SNAPSHOTS OF HCA PUBLIC COMMENTS: 2022-2023

- **2022:**
 - “The current paradigm of spiraling costs — and corresponding blame shifting between providers and carriers — only hurts Vermont families and small businesses”
- **2023:**
 - “The HCA recommends that the Board exercise its enforcement authority under GMCB Rule 3.400 to conduct an independent review of UVMHN due to its demonstrated inability to control cost growth or conform to budget guidance in most years”
 - “It is essential that Vermonters have access to the only tertiary academic medical center in the state, which is staffed by some of the best nurses, technicians, and doctors in the world who deliver excellent care. Yet such a network is of no value if people cannot afford to receive care there.”

SNAPSHOTS OF HCA PUBLIC COMMENTS: 2024

- “To prevent an impending financial disaster for Vermonters and Vermont families, small businesses, the insurance market, and the state budget, the Board must go further than reducing commercial rate and NPR increases.”
- “The Board should focus on the impact that UVMMC’s high prices on both Vermonters and the Vermont health care system. UVMMC is expensive both nationally and relative to other hospitals in the [GMCB] Guidance peer group. UVMMC is the highest priced hospital in the Guidance peer group regarding relative price for outpatient services and standardized price for outpatient services. UVMMC is also in the highest deciles nationally in relative price and standardized price for outpatient services.”

SNAPSHOTS OF HCA PUBLIC COMMENTS: 2025

- “The HCA implores the GMCB to recognize the fact that Vermont’s hospital and health insurance industry are unwilling and/or unable to voluntarily reduce prices and costs to anywhere close to levels that Vermonters can afford. The time to boldly intervene on behalf of the public is now.”
- “Despite its already dominant market position and earning over \$347 million in excess revenues (profit) in just two years, UVMMC still somehow deems it justifiable to propose a budget that would allow it to retain a price position higher than all its peers in most categories. For these reasons, the GMCB must reduce UVMMC’s commercial rate by at least -17.5%.”