

Health Care Reform in Vermont

BRENDAN KRAUSE, DIRECTOR, OFFICE OF HEALTH CARE REFORM
FRAN HODGINS, ADMINISTRATIVE SERVICES DIRECTOR, OFFICE OF HEALTH CARE REFORM
HOUSE COMMITTEE ON HEALTH CARE, SENATE COMMITTEE ON HEALTH AND WELFARE
APRIL 23, 2025

What is Driving Reform?

- Health insurance costs and out-of-pocket limits have gone up significantly over the past 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.
- People with low incomes in rural areas have a hard time getting healthcare and often need help with things like housing and transportation.

At the same time, Vermont's population is aging and there are fewer working-age Vermonters.

Federal Landscape & Vermont's Medicaid Program

NATIONAL | *News*

Medicaid cuts rippling through rural America could bring hospital closures, job losses

D.C. BUREAU, GOV & POLITICS, HEALTH CARE | Mar 21, 2025 | 11:12 am ET | By Jennifer Shutt

History Repeats? Faced With Medicaid Cuts, States Reduced Support For Older Adults And Disabled People

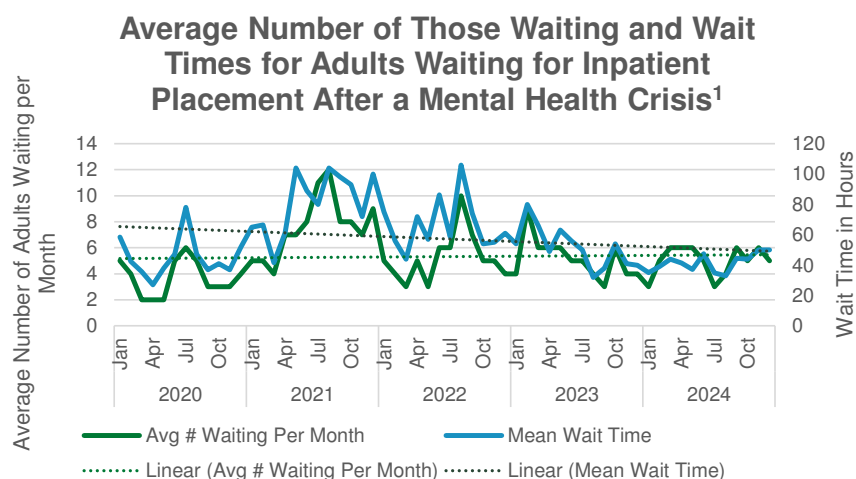
[Jessica Schubel](#), [Alison Barkoff](#), [H. Stephen Kaye](#), [Marc A. Cohen](#), [Jane Tavares](#)

APRIL 16, 2025

10.1377/forefront.20250414.154091

Case Study: Transformation is possible

Consistent with Act 167, AHS has already taken action to stabilize the health care system and identify alternative payment and delivery system approaches – and these initiatives have already had impacts.

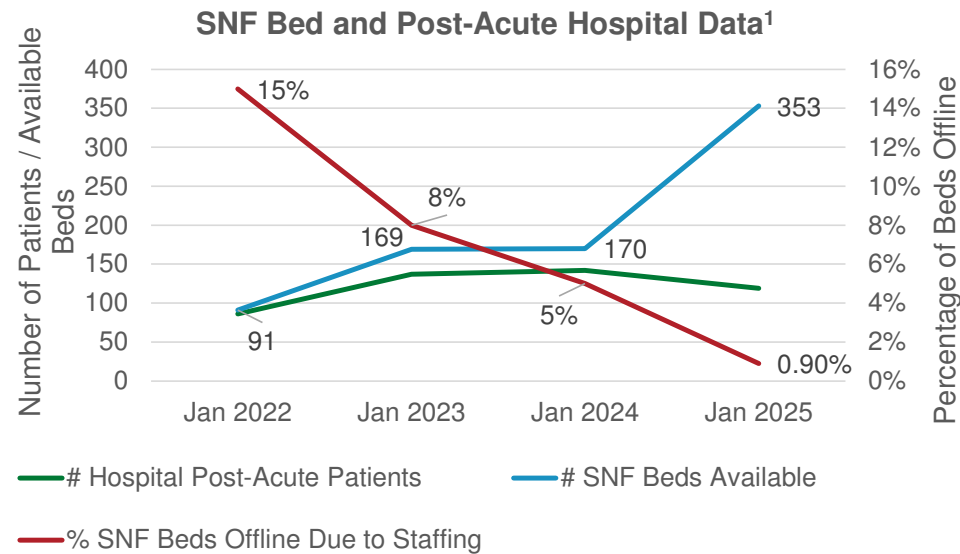


Steps Taken:

- **Expansion of available mental health resources,**
- Extraordinary **financial relief** for mental health providers
- **Innovation for substance use disorder treatment,** including support co-occurring treatment at hubs and creation of "hublets" in treatment deserts

Case Study: Transformation is Possible

Consistent with Act 167, AHS has already taken action to stabilize the health care system and identify alternative payment and delivery system approaches – and these initiatives have already had impacts.



Care Delivery Transformation is Critical

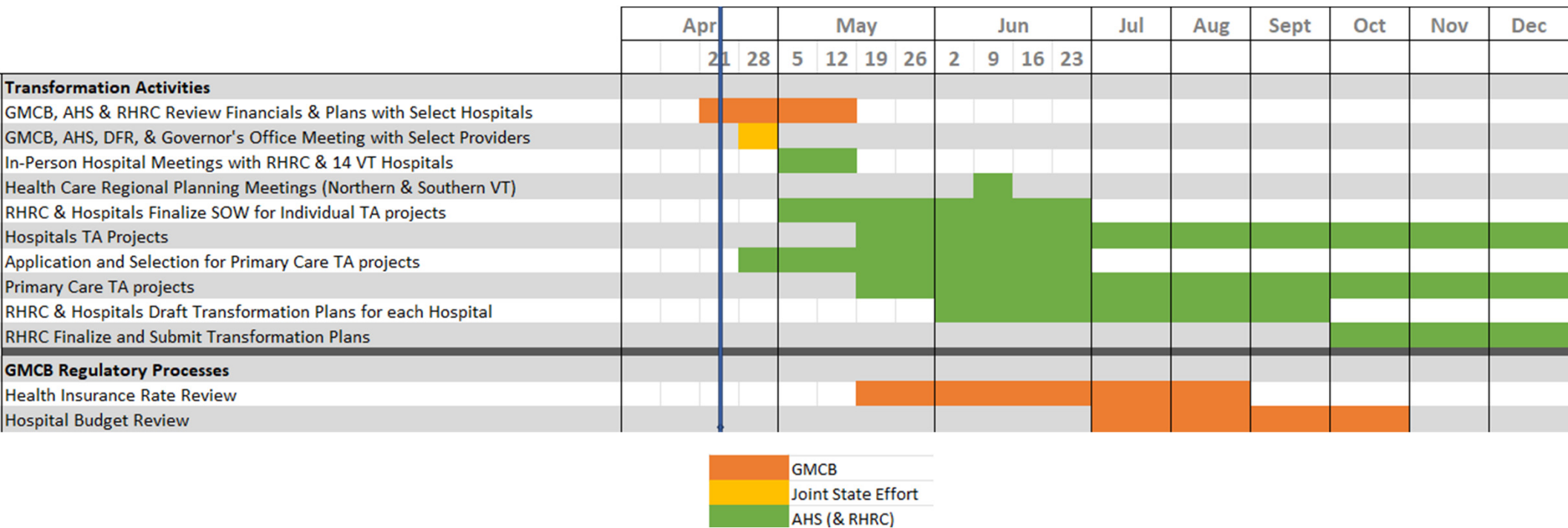
Where we are today

- GMCB led a community engagement process to understand the challenges in Vermont's hospitals and healthcare system.
- AHS is building on what GMCB learned to inform transformation planning and provide targeted technical assistance to providers.
- State partners are collaborating to address short, medium, and long-term transformation planning.

Act 167 system transformation goals:

- Reduce inefficiencies
- Lower costs
- Improve health outcomes
- Reduce health inequities
- Increase access to essential services

Upcoming Care Transformation Activities



Short-term Transformation Efforts

- In March 2025, GMCB, AHS, DFR, and the Health Care Advocate convened a short-term transformation working group to address immediate crises facing Vermont's health care landscape.
- Upcoming priorities to address financial stability:
 - Working with five hospitals with concerning financial positions at the close of FY2024 and Q1 FY2025 to review financial data and discuss ongoing or anticipated changes each organization is taking to improve financial solvency.
 - Convening representatives from Vermont's health care system to share updates regarding the state's current health care landscape and develop strategies to protect Vermonters from unreasonable increases in health insurance premiums while preserving essential community services.

Ongoing Support for Transformation Planning

- AHS is supporting Vermont hospitals' and primary care practices' care delivery transformation planning.
- Directed by AHS, the Rural Health Redesign Center will provide technical assistance and support transformation planning.
- This process will look at recommendations from the community engagement work led by the GMCB and will work closely with hospitals and primary care practices to create plans that work best for Vermont.



Support for Hospital Transformation

AHS and RHRC will:

- Support hospitals in assessing the feasibility, impact, and operational considerations of participating in health care transformation.
- Provide technical assistance, with a focus on:
 - Service Line Analysis
 - Operational Efficiency Analysis
 - Staffing Analysis
 - Collaboration/Affiliation Analysis
 - Global Budget Modeling
 - Financial Assessment
- Support the development of hospital transformation plans, which will include short-, medium- and long-term actions.
 - Financial sustainability will be a required component of transformation planning.

Elements of a Hospital Transformation Plan

Core components

- Identification and prioritization of key goals for each hospital, including financial sustainability.
- Consideration of regional, state and federal landscape.
- Identification of action steps, costs, timelines and responsible parties.
- Implementation support and ongoing monitoring.

Areas of Review for Transformation planning:

- Financial Performance
- Operational Efficiencies
- Quality & Patient Safety
- Access
- Workforce

Current Status with RHRC's Hospital Engagement

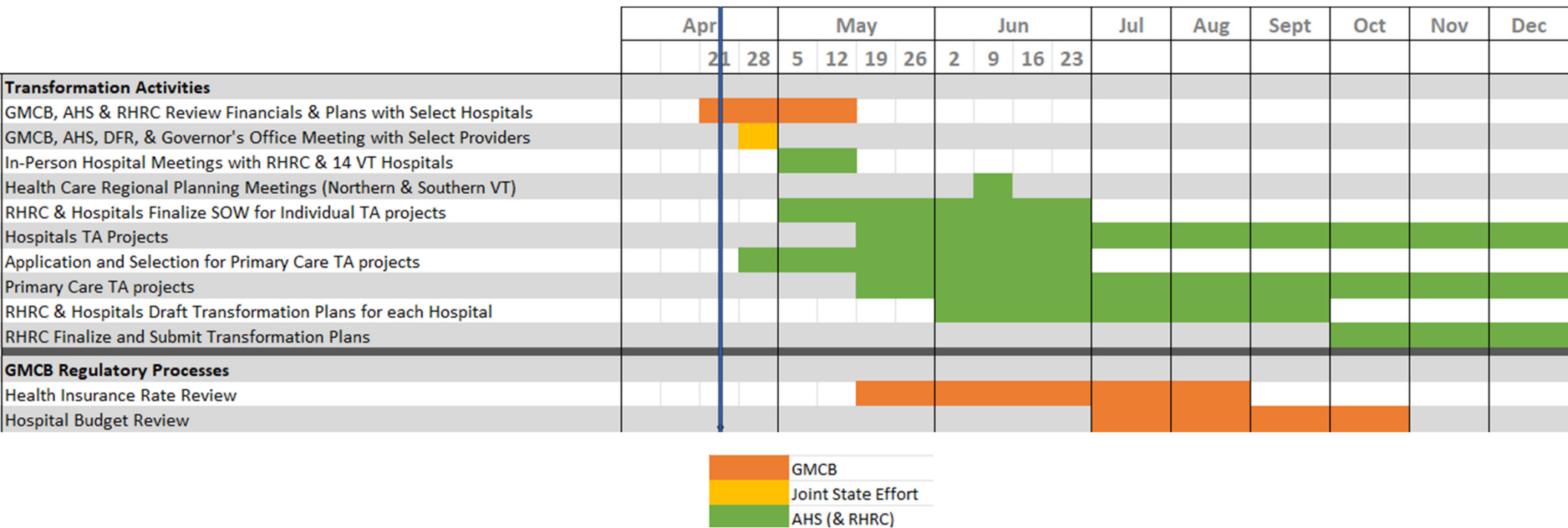
- All 14 hospitals expressed interest in participating in the care transformation work with RHRC.
 - Introductory calls began on 2/24/25 and were held with each participating hospital's leadership team to introduce the RHRC and the process for transformation.
- A data request form was sent to each participating hospital; data has been received from majority of hospitals.
- RHRC is planning for on-site visits with 11 hospitals May 6-May 16th; additional on-site visit to three UVM hospitals planned for June 11-13th (pending availability).
- In-person regional stakeholder meetings scheduled for June 9 (Southern) and June 10 (Northern).
 - Laying out the vision – early findings from RHRC
 - Aligning on goals
 - Identifying essential services in each region
 - Identifying elements of success and next steps

Support for Primary Care

AHS and RHRC will:

- Provide technical assistance, with a focus on:
 - Financial health
 - Population health and access models
 - Team-based care staffing plans, and
 - Digital transformation strategy
- Support the analysis, planning, and implementation process for defining:
 - Strategies to adapt to changing healthcare needs and reimbursement models
 - Care delivery models that reflect the population's need for case management, disease management, supported self-care, and prevention and wellness promotion services
 - Best practices for financial management and fiscal governance functions of the organization
 - Opportunities to sustain or enhance/increase practice capacity to serve patients requiring primary care services.

Upcoming Care Transformation Activities



Appendix

Health Care Reform Vision



Our goal is for Vermonters to get...

- The care they need
- When they need it
- Where they need it
- At a price they can afford



How do we get there?

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