# Act 167 of 2022

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Vermont Agency of Human Services

***Senate Committee on Health and Welfare***
***February 4, 2025***

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# AHS Health Care Reform Overview


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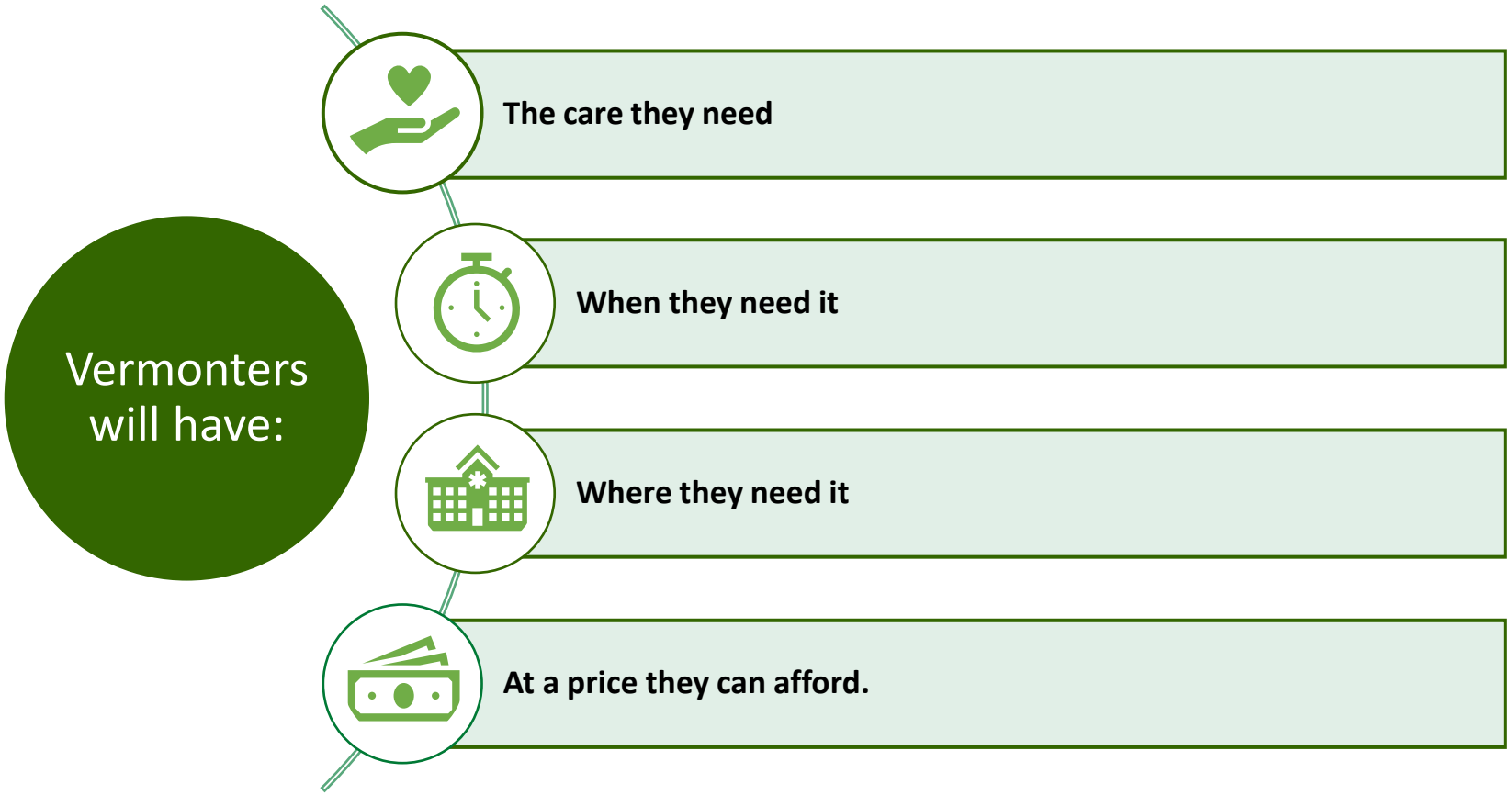
# Health Care Reform Vision

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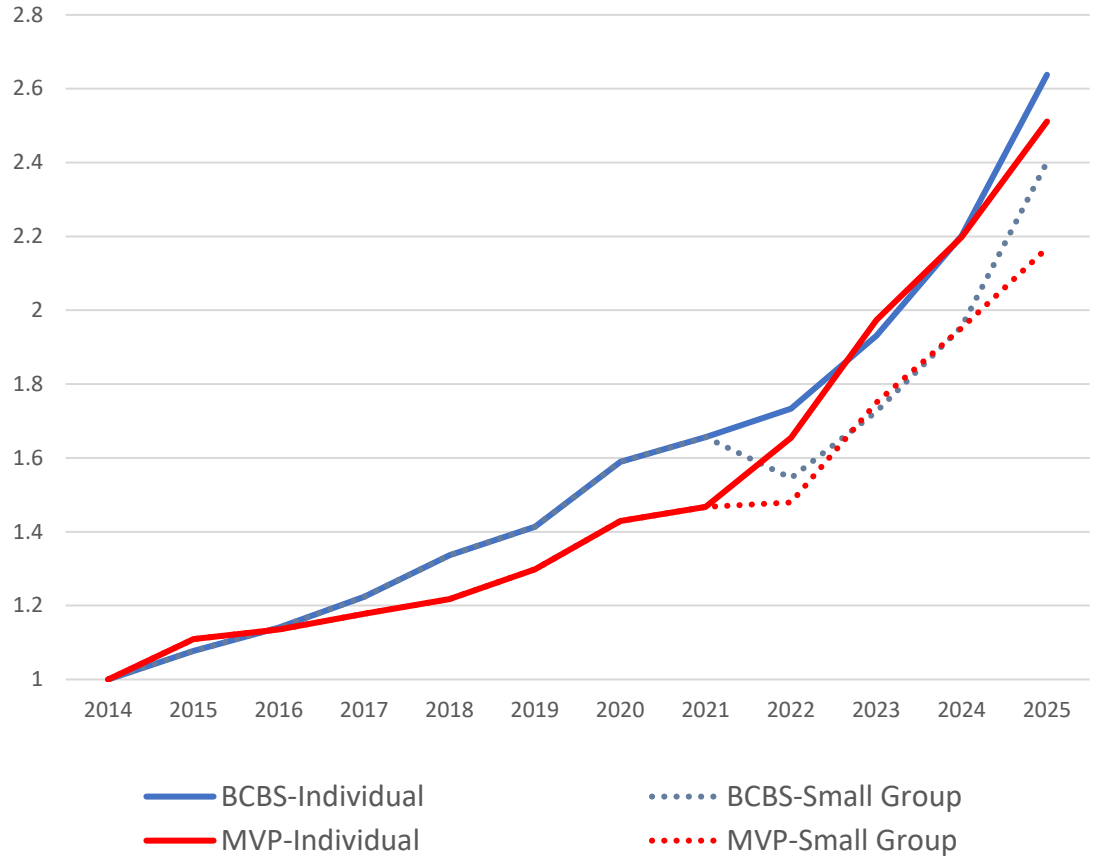
# Context for Reform: VT's Current Health Care System

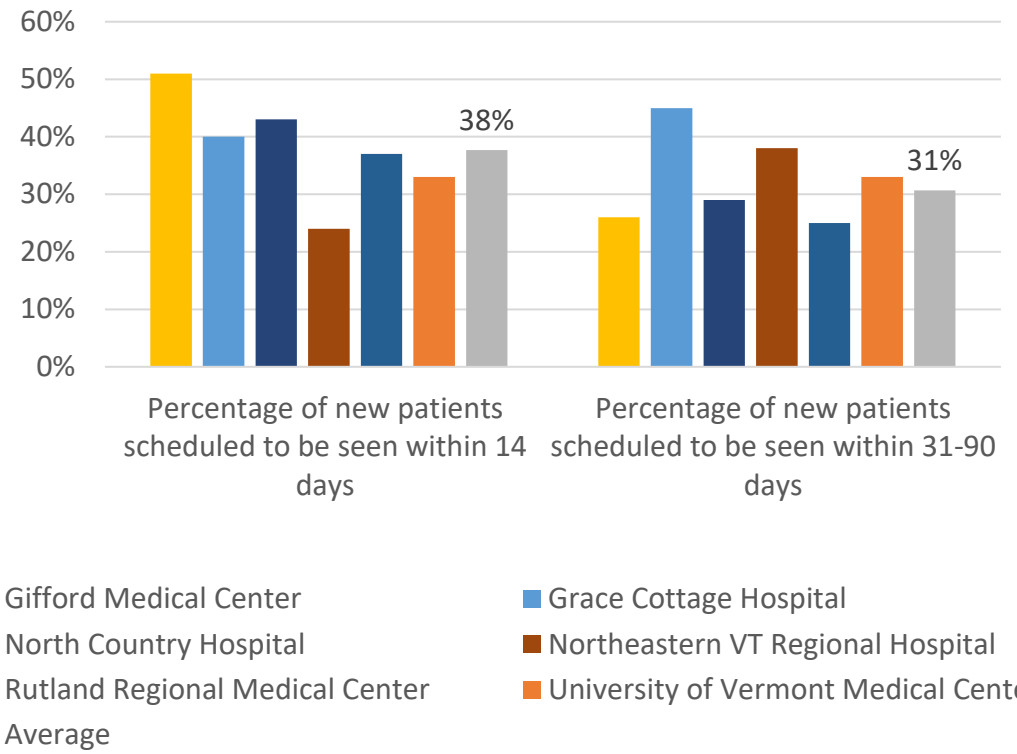
- Vermont's health care system faces challenges in affordability, sustainability, access, and equity
  - Health insurance premiums and out-of-pocket maximums have risen dramatically in the past 5-10 years
  - More than half of the state's hospitals are operating at a loss
  - Vermont's health insurers 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

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

GMCB-approved VT Insurer Premium Changes[1]




Select VT Hospital Aggregated Wait Times, FY25[2]




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



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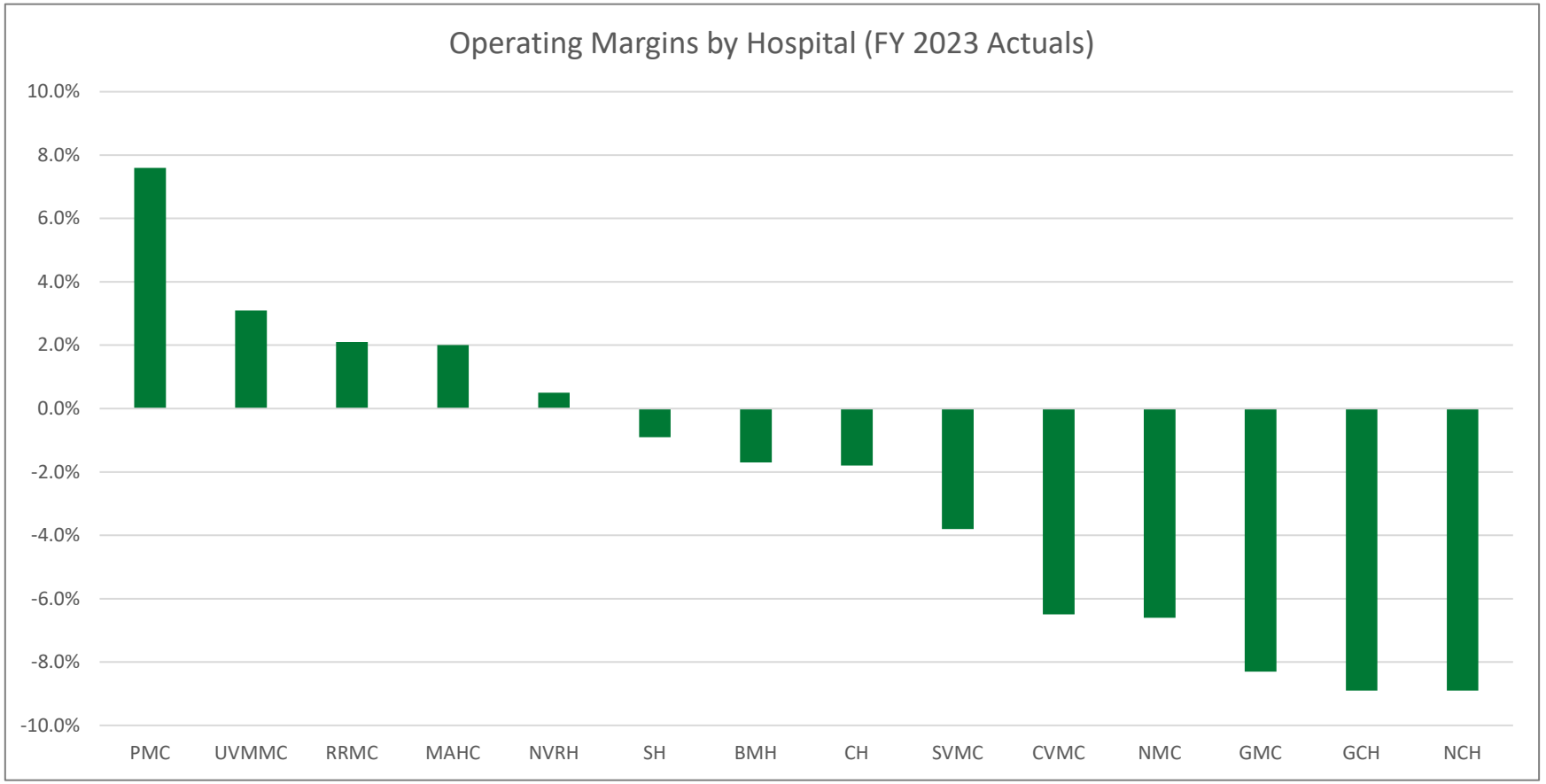
# VT's Current Health Care System: Hospital Operating Margins




Source: Green Mountain Care Board



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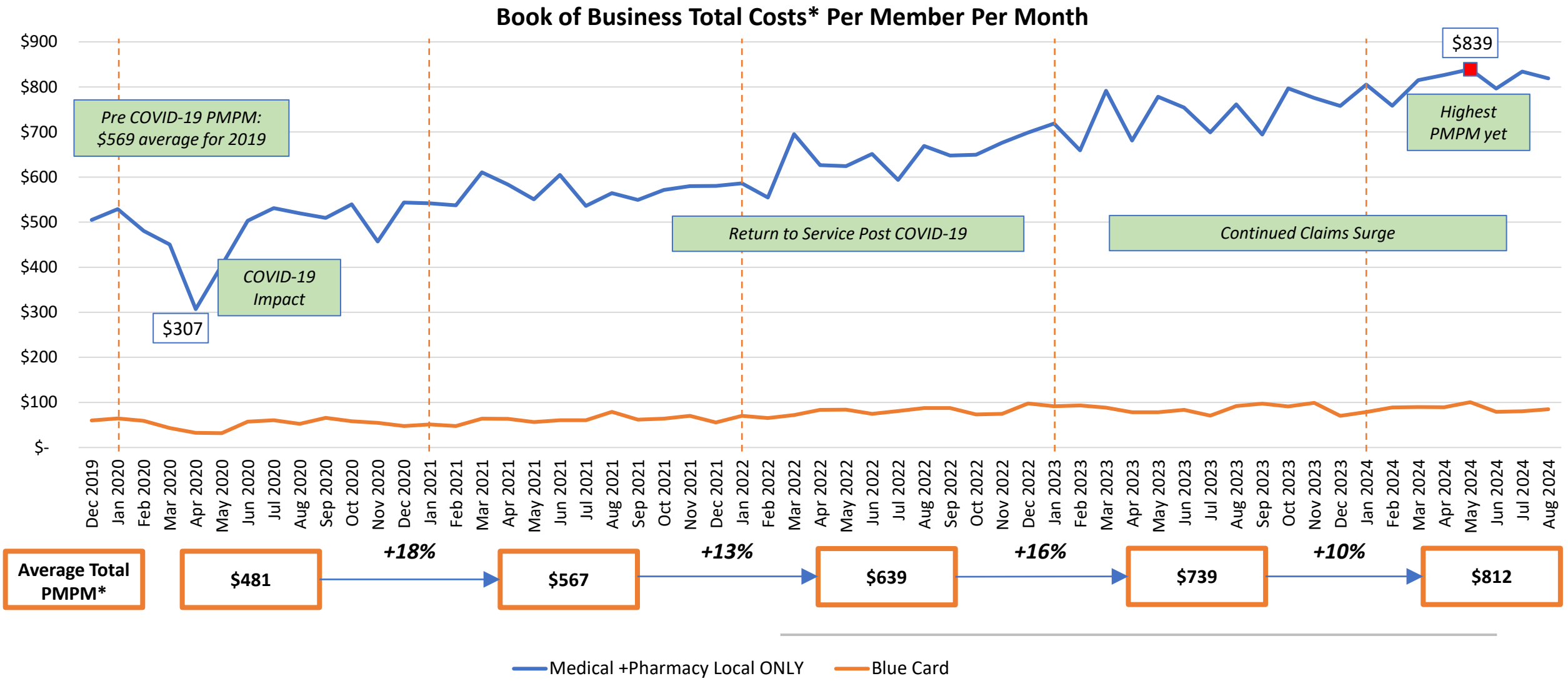
# Average annual per member per month medical and pharmacy costs have increased from $481 to $812 since 2020 for local claims only, excluding Medicare primary and FEP. Blue Card claims trend does not exhibit the same escalation.




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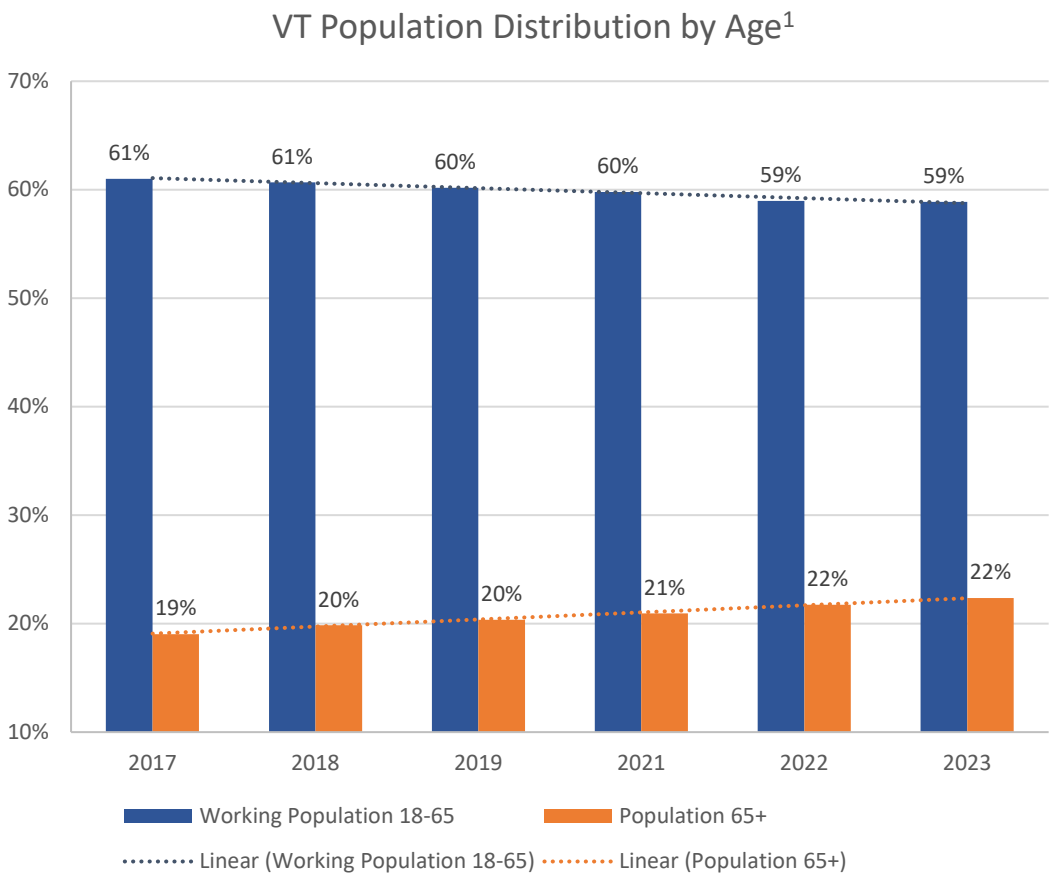
# VT's Current Health Care System: Aging Demographics and Health-related Social Needs




**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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# 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*<br>• *Workforce development* | • *Appropriate costs and care*<br>• *Reimbursing value over volume* | • *Health information exchange*<br>• *Statewide electronic health record* |
| **Health-related Social Needs & Social Determinants of Health** | | |
| **Legislation & Regulation** | | |

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# Care Transformation & Act 167


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# Act 167 and Act 51: Hospital Transformation

## 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.

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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.

- Per Act 167/51, Health care transformation aims to:
  - Improve affordability
  - Increase access to essential services
  - Improve health care quality and experience of care
  - Improve health outcomes for individuals and all Vermonters, including reducing inequities

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

# AHS Approach to Act 51

**Goal:** To 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 staff, to establish a care transformation roadmap and within a 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. For example:

**Gifford Medical Center**

- Participating in UVM and Dartmouth transfer center including accepting additional transfers from Dartmouth Hitchcock Medical Center
- Participating in conversations about regional goals for OB/GYN
- Closed two under-utilized services lines:
  - Urogynocology
  - Chiropractic Services

**Rutland Regional Medical Center:**

- Considering options for dialysis (inpatient, outpatient, and home)
- Reconceptualizing existing Intensive Care Unit to support the complex care delivery associated with inpatient dialysis

- AHS also recently met on-site with CEOs from **North Country Hospital** and **Northeastern Vermont Regional Hospital** to discuss transformation opportunities across the two hospital regions.



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# Additional Support for Care Transformation

- In the fall of 2024, AHS released a Request for Proposal (RFP) for a vendor to provide technical assistance and support care transformation planning at Vermont hospitals and primary care practices.
- A scoring committee comprised of AHS and GMCB staff, as well as a Vermont hospital CEO, selected **Rural Health Redesign Center** as the successful bidder.
- The goal of this work will be to optimize Vermont's response to the recommendations from the Act 167 report as well as support the implementation of the AHEAD Model.

# Additional Support for Care Transformation (cont'd)

- RHRC has extensive experience providing technical assistance to at-risk hospitals in rural communities and has a deep understanding of the health care landscape in Vermont.
  - Notably, RHRC administered the Pennsylvania Rural Health Model (PARHM)
- RHRC is subcontracting with the Vermont Program for Quality in Health Care (VPQHC) and Mathematica Policy Research.
- RHRC is already engaging with 9 of the 14 Vermont hospitals through the HRSA-sponsored Northern Border Region Technical Assistance Center.




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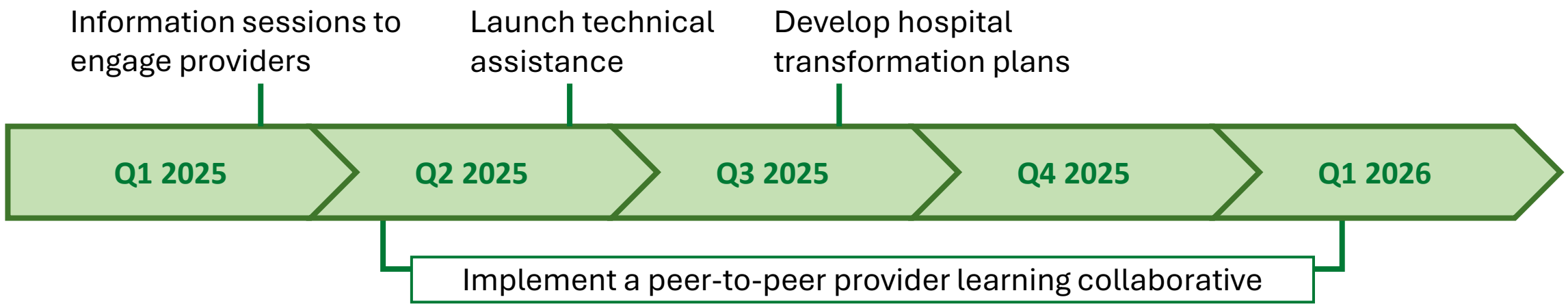
# Additional Support for Health Care Transformation

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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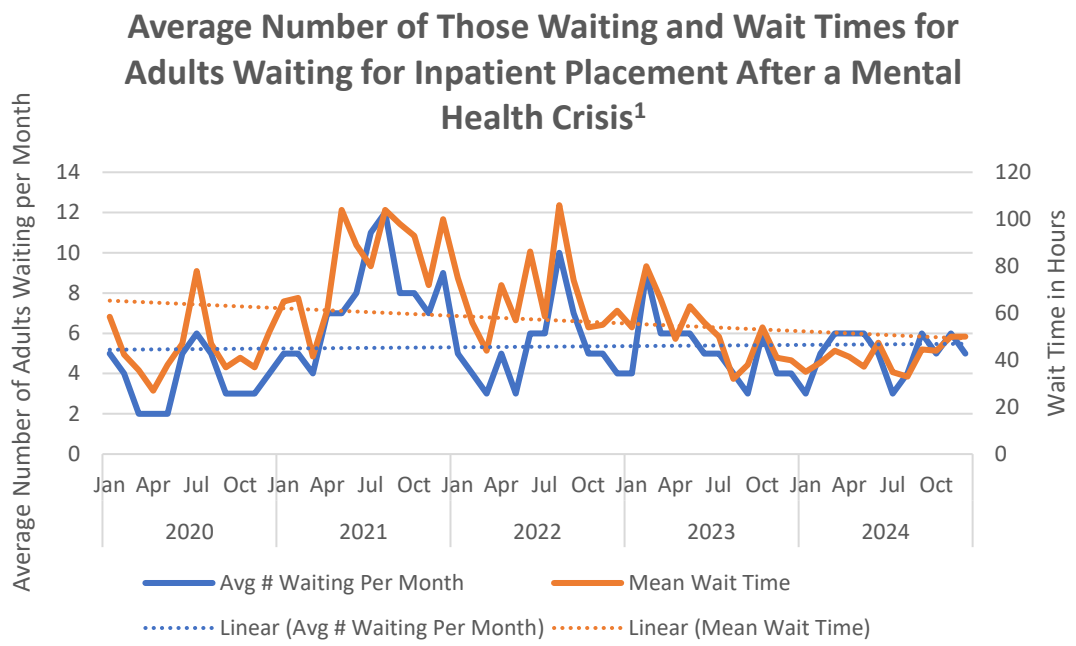
# Case Study 1: Transformation is Possible

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,** including 988, mobile crisis, mental health urgent care, Brattleboro retreat stabilization, expanding hospital level youth mental health beds, adding psychiatric residential treatment beds in Vermont for youth, enhanced transport to Brattleboro Retreat
- 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 desserts

[1] Analysis conducted by the Vermont Department of Mental Health Research & Statistics Unit. Analysis based on data maintained by the VPCH admissions department from paperwork submitted by crisis, designated agency, and hospital screeners. Wait times are defined from determination of need for admission to disposition, less time for medical clearance, for persons on court ordered forensic observations, on warrant for immediate examination, or applications for emergency exam. Wait times are point in time and based on month of disposition for persons who had a disposition to a psychiatric inpatient unit. Average number waiting per day is based on the same VPCH admissions' unit data entry.



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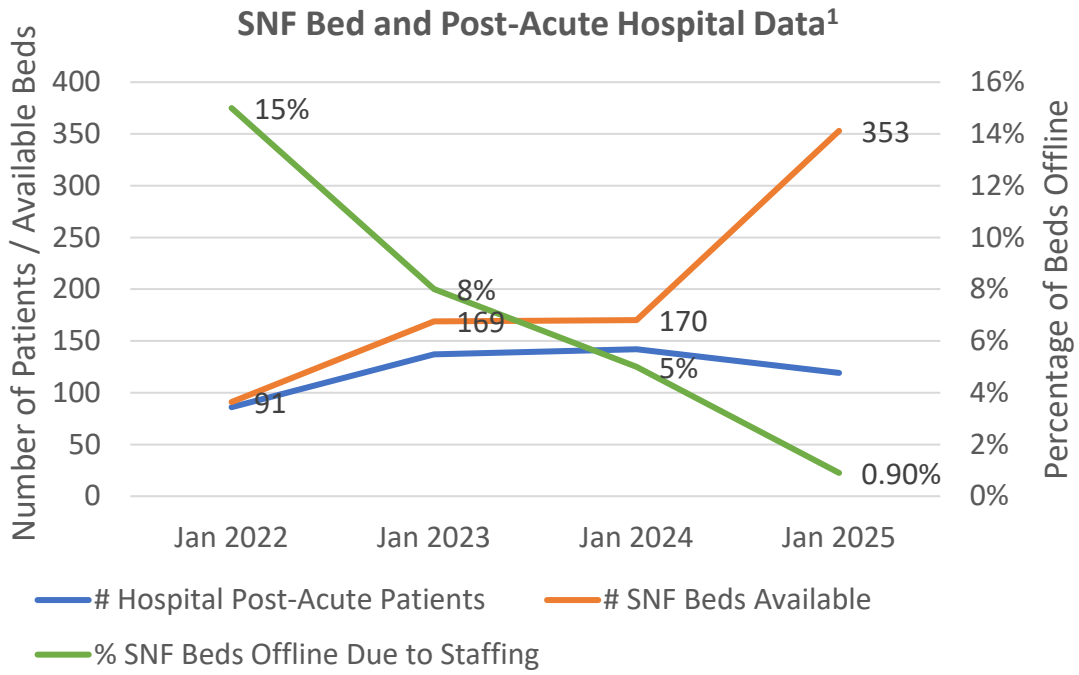
# Case Study 2: Transformation is Possible

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

**Steps Taken:**

- **Medicaid rate stabilization** for nursing facilities, residential care, assisting live and home and community-based services (HCBS)
- Emergency and extraordinary **financial relief** for long-term facilities and skilled nursing facilities (SNFs)
- Establishment of **VT Healthcare Emergency Preparedness Coalition**, which has since conducted a root cause analysis and developed a hospital and SNF "playbook" for complex discharges
- Contract finalized with **iCare Health Network** to provide specialize are to people who would otherwise be difficult to place and remain in hospitals, jail or out of state facilities for lack of in-state options.




[1] Data Sources: VDH VTEM Resource Hospital Database and SNF self-reported bed survey data. NOTE: SNF Beds available includes 35 beds dedicated to complex care at MissionCare at Bennington.



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# Committee Questions and Further Discussion



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