VERMONT
GREEN MOUNTAIN CARE BOARD

Act 167: Community Engagement to Support Hospital Transformation - Update

February 4, 2025

Jessica Holmes, PhD, GMCB Board Member
Hilary Watson, Senior Health Policy Analyst, GMCB

Act 167: Section 2

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The Green Mountain Care Board, in collaboration with the Director of Health Care Reform in the Agency of Human Services, shall develop and conduct **a data-informed, patient-focused, community-inclusive engagement process** for Vermont's hospitals to:

- reduce inefficiencies
- lower costs
- improve population health outcomes
- reduce health inequities
- increase access to essential services while maintaining sufficient capacity for emergency management

Act 167 (of 2022)

Vermont is Experiencing Unprecedented Challenges in Health Care

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Affordability

Hospital Margins

Access

Quality

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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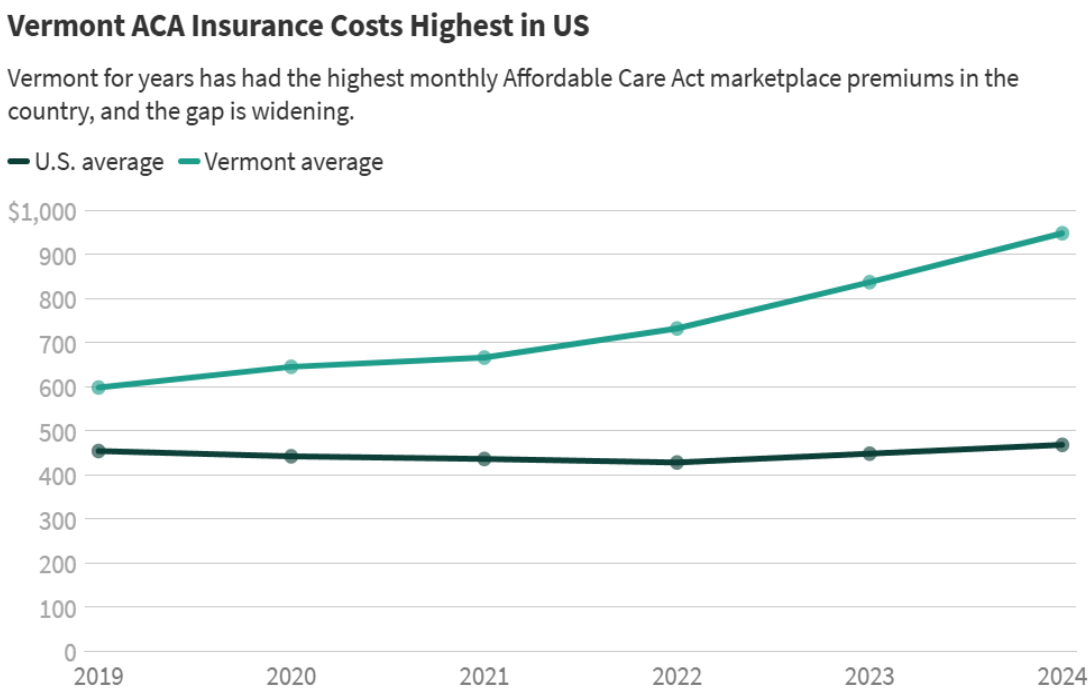

Source: https://kffhealthnews.org/news/article/vermont-low-uninsured-rate-high-costs-long-waits/

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-VT'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

Operating Margins 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.

BECKER'S

Hospital CFO Report

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Financial Management

705 hospitals at risk of closure, state by state

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

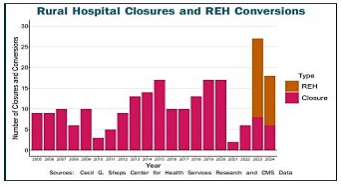
CENTER FOR HEALTHCARE QUALITY & PAYMENT REFORM

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.

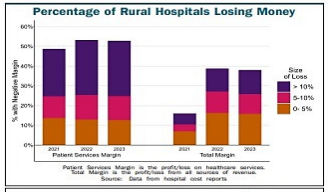


Hundreds More Rural Hospitals Could Close in the Near Future

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%)

Hospital Quality Considerations

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Hospital	CMS Star Rating (CY 2023)	Leapfrog Grades (Fall 2024)
Brattleboro Memorial Hospital	4/5	C
Central Vermont Medical Center	3/5	D
Copley Hospital	2/5	
Gifford Medical Center	3/5	
Grace Cottage Hospital	–	
Mt. Ascutney Hospital and Health Center	–	
North Country Hospital	3/5	
Northeastern Vermont Regional Hospital	1/5	
Northwestern Medical Center	3/5	D
Porter Medical Center	2/5	
Rutland Regional Medical Center	2/5	C
Southwestern Vermont Medical Center	4/5	C
Springfield Hospital	–	
The University of Vermont Medical Center	4/5	D

Source: CMS Star Ratings; Leapfrog

Hospital system transformation is critical to address the following:

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1. Hospital (and other providers') financial health is poor and continuing to deteriorate
2. Reliance on commercial prices to sustain the system is no longer a viable strategy, given the affordability crisis and the shrinking commercial population
3. Despite the high expenditures on healthcare, many Vermonters lack access to care and by some measures, hospital quality is declining

Oliver Wyman Expertise

- Clinician leader & facilitator
- Executive leadership in healthcare systems
- Rural hospitals
- Examining health disparity and overcoming health equity barriers (Southerlan)
- 3 years experience in VT with COVID data modeling and health services wait time report (Hamory)

Bruce H. Hamory, MD FACP

Partner & Chief Medical Officer, Healthcare & Life Sciences

- Helps providers, health systems and countries to redesign their delivery systems to improve value by improving quality and reducing costs
- Has worked with many groups to improve their operations, design appropriate physician compensation and institute new systems of care and management to improve performance
- Prior to joining Oliver Wyman, he was Executive Vice President, System Chief Medical Officer at Geisinger, and was previously Executive Director of Penn States' Hershey Medical Center and COO for the campus
- Has over 50 years of experience in health care practice, teaching, leadership, and redesign of systems for improvement

Elizabeth Southerlan

Managing Director, Healthcare & Life Sciences

- Has more than 15 years of experience partnering with healthcare provider systems to identify and deliver value from expansion opportunities
- Provides strategic guidance to healthcare leaders in a range of areas: corporate and operational strategy, organizational strategic design, health equity strategy and operationalization, product and service line design and launch, M&A strategy and execution, strategic transformation, contracting and renegotiation strategy, and operational performance improvement
- Earned a bachelor's degree in industrial engineering from The Pennsylvania State University and a master's degree in systems engineering and management from the Massachusetts Institute of Technology

Taken from Oliver Wyman's Act 167 Final Report

SCOPE AND APPROACH: TO IMPROVE THE VERMONT HEALTHCARE DELIVERY SYSTEM, WE SOUGHT OUT INPUT FROM COMMUNITY STAKEHOLDERS OVER 12 MONTHS

Act 167 (of 2022) requires GMCB, in collaboration with the Agency of Human Services, to develop and conduct a data-informed, patient-focused, community-inclusive engagement process for Vermont's hospitals to **reduce inefficiencies, lower costs, improve population health outcomes, reduce health inequities, and increase access to essential services**

Green Mountain Care Board: *Community and Provider Engagement*

Agency of Human Services: *System Transformation*

Aug-Sept 2023	*Sept-Nov 2023*	*March – July 2024*	*Aug – Sep 2024*	*Sept 2024 - ?*
Step 1. Finalize engagement plan and interview scheduling	Step 2. Develop current state understanding in 1st round interviews	Step 3. Develop solution options, vet with community	**Step 4. Develop and deliver final report**	**Step 5. Transform healthcare delivery system**
Identify and schedule interviews with key stakeholders: • Hospital leaders • Provider organizations • Community leaders and members • Diverse populations • State of Vermont partners and Legislators • Health related organizations	Obtain community perspective on: • Hospital Service Area (HSA) characteristics • Hospital & healthcare delivery system performance • Community needs • Desired health system future state	• Develop solutions to address current needs and reach the desired future state while considering Act 167 goals – *In conjunction with analytics contractor* • Obtain stakeholder perspective on the impact of recommendations on hospital performance and healthcare delivery	• Document and socialize confirmed current state understanding, designed future state, and recommended steps to achieve future state (including pros and cons) • Publish report	• Devise action plan and budget allocations • Implement chosen healthcare delivery system transformations
	Completed Phases		***Focus of This Report***	

Work completed throughout the project can be found on the GMCB website here

Taken from Oliver Wyman's Act 167 Final Report

WE WORKED WITH STATE AGENCIES, HOSPITALS, COMMUNITY PROVIDERS AND PATIENTS TO BETTER UNDERSTAND CURRENT AND FUTURE NEEDS OF VT'S HEALTHCARE SYSTEM

3100+ PARTICIPANTS — Across all stakeholder types and meetings[1]

~68 PARTICIPANTS — On average per Ph2 community meeting, including state-wide meetings

100+ ORGANIZATIONS — Contacted

120 PUBLIC COMMENTS — Received

14 HOSPITALS — Visited in person

Meeting Type	# of Meetings	Estimated # of Attendees[1]
Stakeholder meetings on engagement plan	16	91[2]
Hospital Leadership and Boards	57	243
Diverse Populations	15	96
State Partners	45	109
Community Leaders	10	29
Community Meetings *(public HSA level)*	50	1947
Provider Meetings	35	596
Payers / insurer meetings	3	5

1. The number of attendees provided is an estimate as there are pending meetings, and technical errors/malfunctions in producing some attendance reports;
2. The 91 participants are excluded from the total as they are accounted for in the other meeting types

Taken from Oliver Wyman's Act 167 Final Report

SIMILAR COMMENTS WERE MADE IN OTHER COMMUNITIES ACROSS THE STATE

The lack of housing is a problem making it hard to attract providers, and impossible for patients who have nowhere to be discharged

Keeping staff is a function of addressing the cost of living, inflation, and ability to find affordable housing, and these have all been difficult

There isn't enough transportation to other hospitals if the community needs a major surgery or other locally inaccessible service

Getting patients home has been a challenge because the hospitals sending the patients back are also experiencing challenges arranging transportation

When I go to the urgent care clinic, I may not see a provider because of the workforce shortages

It's difficult to find primary care providers, and difficult to communicate between physicians in the community and in other hospitals

Many individuals don't go to care because the premiums and out of pockets are too high

I can no longer afford the procedures or medications – only option is not to take my medications

No one tells patients about financial services or campaigns available to support their broader health and social needs

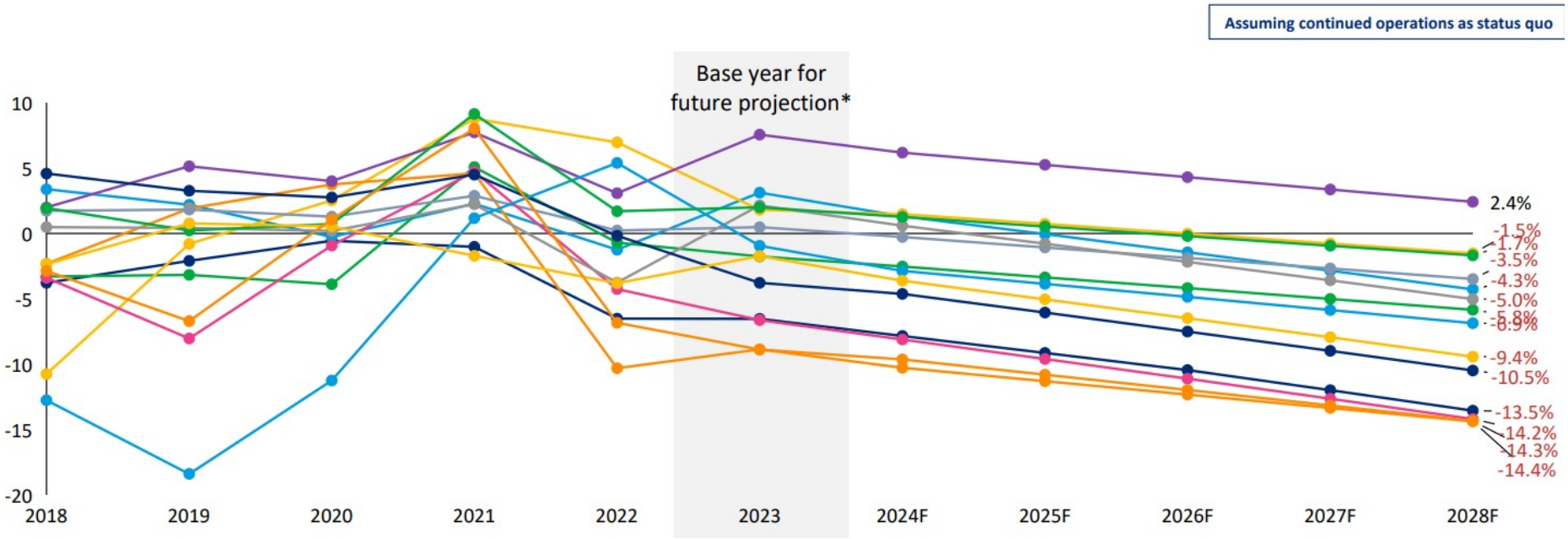
Gender-affirming and reproductive health access is an issue and there needs to be greater availability

Individual quotes from HSA-level community calls held Aug-Nov 2023

Taken from Oliver Wyman's Act 167 Final Report

THE TREND OF DECLINING FINANCES IS EXPECTED TO CONTINUE, WITH ALL BUT ONE HOSPITAL PROJECTED TO REPORT A LOSS IN 2028

Vermont hospital operating margin forecasts, assuming 3.5% non-340B revenue growth and 5% expense growth annually
(%, 2018-2028F)



*Gifford Medical Center using hypothetical 2023 jump-off assuming 1.84% operating margin for FY2023

Taken from Oliver Wyman's Act 167 Final Report

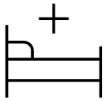
EXECUTIVE SUMMARY: HEALTH SYSTEM TRANSFORMATION IS URGENTLY NEEDED ACROSS THE STATE, SYSTEM AND HOSPITAL LEVELS

At the state-level, Vermont must support development of infrastructure and legislation to enable future provider-level transformation work

- Foundational infrastructure including a robust workforce, greater access to transportation, and an affordable housing supply are all tightly linked to hospitals through various access points (e.g., staffing, inter-facility transfers, boarders, avoidable ED visits)
- Agency of Human Services sub-units and community-based care models will require reconfiguration to better coordinate health and social service needs at the community and individual level
- Current administrative processes and requirements should be streamlined to minimize the provider burden (e.g., simplify prior authorization process and state agency documentation)

At the system-level, new regional specialized centers of care are recommended to drive hospital efficiency and shift care outside of the hospital setting

- Regional centers for different specialties should be identified to support acute, complex medical / surgical needs in a targeted and coordinated manner vs. managed in the community
- Community-based care, primary care, mental health care, and housing capacity should be increased to divert care to lower cost settings
- Healthcare workforce affected by system changes could be redistributed or retrained to perform services needed by the community



At the hospital-level, hospitals should consider reconfiguring their services based on their financial position and community population needs

- Several hospitals are at risk of closing their inpatient beds and should consider repurposing their facilities and clinical staff through several options e.g., Rural Emergency Hospital, Community Ambulatory Care Center, Care at Home support program
- Regional specialized centers will need to adapt services to accommodate new patient volumes and changing population health needs
- UVM needs to examine current overhead and administrative costs, especially the proportion of providers supporting non-patient care activities

Taken from Oliver Wyman's Act 167 Final Report

NEW APPROACHES NEED TO BE CONSIDERED TO DRIVE SIGNIFICANT TRANSFORMATION AT THE STATE, SYSTEM, AND HOSPITAL LEVELS

How should the approach change?

	Current Approach	VS	New Approach
Scope	Hospital-Centered/Point Solutions		**Systematic Redesign**
Timing	Post-Crisis Remedy		**Pre-Planned Transformation**
Design Considerations	Individual Stakeholders		**Community-Driven**

Act 167 Hospital Transformation - An incredible opportunity for Vermont but we must act now

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- Statewide, Holistic Approach
- Intentional Redesign
- Address current challenges
- Prepare for future needs

- BUT Time to act is now!
- Risk of Inaction: market forces will lead to service disruptions and hospital closures

UVM Health Network to close CVMC Inpatient Psychiatric Center amid budget cuts

Share

NBC5 Updated: 1:17 PM EST

Infinite Scroll Ena

Alexis Crandall
Anchor/Reporter

Michael Cusanelli
Digital Content Manager

BERLIN, Vt. — The University of Vermont Health Network will close a series of administ
clinical services across the state, including Central Vermont Medical Center's Inpatient Psychia
an

Lamoille Health Partners turns to Copley amid financial crisis

A search for fiscal solvency has meant turning to its health care neighbor, Copley Hospital. The two providers share many patients but have had a sometimes strained relationship in recent years.

By News & Citizen
December 13, 2024, 8:26 am

UVM Health Network announces sweeping cuts to programs, jobs

UVM Health Network Announces Service Cuts, Blames Regulators

The cuts include the closure of an inpatient mental health unit and a gradual 50-bed reduction at the University of Vermont Medical Center.

By COLIN FLANDERS

Published November 14, 2024 at 1:09 p.m.

Federal Pressures on VT

House G.O.P. Floats Medicaid Cuts and More to Finance Trump's Huge Agenda

President Trump wants a massive tax cut and immigration crackdown bill. Now Republicans must decide what to cut to pay for it.

GOP plan to cut Medicaid expansion could cost coverage for 900,000 Illinoisans, Dems say

Illinois has a "trigger" law that would automatically end Affordable Care Act Medicaid expansions in the state if federal funding is cut — which means 931,169 Illinoisans would lose their health coverage.

By Tina Sfondeles | Jan 29, 2025, 7:00am EST

Republican plans to cut Medicaid could cost 22 million Americans their health care

Russell Payne

Wed, January 29, 2025 at 10:16 AM EST · 3 min read

FEATURED

'Devastating': Medicaid Cuts in Republican Crosshairs, With Nursing Homes Seen as Bearing Major Pain

By **Zahida Siddiqi** | January 28, 2025

CONGRESS

House GOP puts Medicaid, ACA, climate measures on chopping block

The menu of potential spending offsets has been circulated by House Budget Chair Jodey Arrington.

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JUST RELEASED 2/3/25:

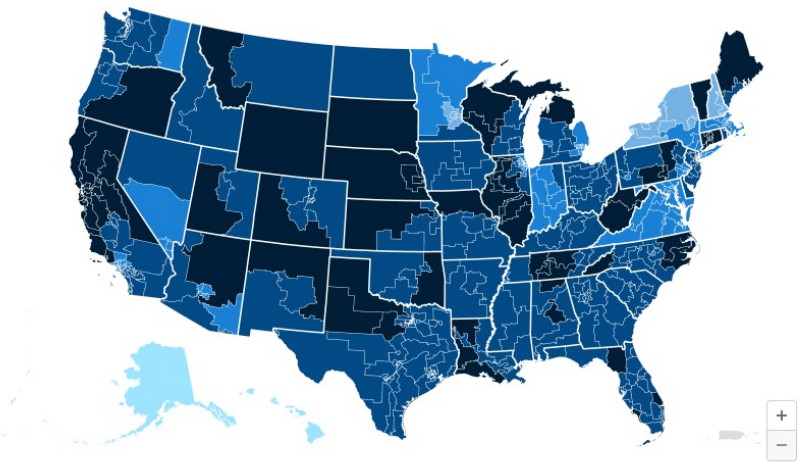
KFF estimates average monthly premiums of benchmark Silver plan for a 60 year old couple making 82k/yr (~400% of FPL) will increase 340% if enhanced subsidies sunset at the end of 2025.

Premium Payments for Subsidized Enrollees Will Increase Nationwide if Enhanced ACA Subsidies Expire

Percent Increase in Average Monthly Premium Payments for Benchmark Silver Plan Without Enhanced Subsidies, 60-Year Old Couple Making $82,000, 2025

Average | 60-Year Old Couple, $82,000 | 40-Year-Old, $31,000

< 100% | 100%–150% | 150%–200% | 200%–300% | ≥ 300%



Note: Data for average increases in premium payments are only available in states that use HealthCare.gov. A couple making $82,000 in Alaska and Hawaii would make under 400% of poverty under state-specific poverty guidelines and remain eligible for financial assistance. A 40-year old individual making $31,000 in DC would be eligible for Medicaid. Premiums do not reflect state-provided subsidies. See methods section for details.

Source: KFF analysis of Census data, CMS data, Missouri Census Data Center Geocorr 2022 tool, plan selection data from state regulators and 2024 Open Enrollment Period Public Use Files, and premium data from Healthcare.gov, state regulators, or insurer filings • Get the data • Download PNG

KFF

Next Steps: AHS-led Hospital Transformation Planning Effort (ACT 51)

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