

Date: March 11, 2025

To: Chair Virginia Lyons and members of Senate Health and Welfare

From: HealthFirst, Susan Ridzon, HealthFirst Executive Director, sr@vermonthhealthfirst.org

Re: Written comments on Senate Health & Welfare health care reform committee bill (dr req 25-0907 draft 1.3, 2/28/25)

Overall Impressions: We strongly support the sections aimed at controlling Vermont's hospital spending through the use of reference-based pricing (RBP) and hospital global budgets (HGB). We also appreciate and support the presumed intent to support non-hospital providers and services. We would like to see more detail on how Vermont will invest in such high value services, especially primary care, as this is absolutely essential to any reform effort aiming to reduce overall hospital spending. This is particularly important as primary care practices are face a [financial cliff](#) in 2026. Lastly, while we understand it is challenging to operationalize, we think the timeline for HGBs is too long considering Vermont's current healthcare crisis. We urge stakeholders to find a way to expedite this work so that it can at least be started in the one or two hospitals responsible for the bulk of Vermont's hospital spending.

Detailed Comments

Section 1 – Hospital Budgets and Payment Reform

- [We support inclusion of reference-based pricing \(RBP\) and hospital global budget \(HGB\) language into existing statute.](#) As many are aware, Vermont's health care spending per capita far exceeds that of the U.S. – and almost half of that spending goes to hospitals¹. It makes sense to use these proven levers to manage overall hospital spending. Taken together, we believe RBP and HGB will help Vermont control costs and bring more fair and transparent pricing, while ensuring access to high quality services.

Section 2 – Payment Amounts; Methods

- Page 3, lines 2-9. [We suggest moving up the implementation of RBP and HGB by at least a year to FY2027, earlier if possible, for at least the one or two hospital\(s\) responsible for the bulk of Vermont's spending.](#) Our system is already in severe crisis, and we must make meaningful changes now. We believe a gradual approach is warranted and believe that benefit is likely even if starting with relatively small changes and gradually expanding over time. We understand that the work comes with a heavy lift and needs to be thoughtfully implemented. However, it's our hope that GMCB's existing hospital budget process as well as the extensive work hospitals and other stakeholders have done in preparation for the AHEAD model will allow for an earlier implementation.
- Page 5, lines 16-18. [We propose that you add price transparency as one of the purposes of reference-based pricing.](#)
 - **Proposed language:** *"The purposes of reference-based pricing are to contain costs and to move health care professionals toward a site-neutral and price transparent pricing structure..."*

- Page 5, lines 18-21. We suggest that you add language that will allow the Board to also consider the provider's business structure and how it affects the provider's relative ability/inability to sustain their operations in the current environment. For example, independent practices are not able to benefit from circumstances that many other healthcare related entities are able to such as tax-exempt status, access to other funding streams, lower cost large group health insurance, etc. They also are not considered eligible employers for the Department of Education's Loan Forgiveness program unlike non-profit hospitals and FQHCs. This puts independent practices at a severe recruiting disadvantage as they are unable to offer compensation packages substantial enough to attract clinicians who can otherwise have their loans forgiven by working elsewhere. Such disparities should be considered when establishing RBP.
 - **Proposed language:** "...while also allowing the Board to differentiate prices among health care professionals based on factors such as demographics, population health in a given hospital service area, and a specific provider's role, business structure and relative ability to sustain operations in Vermont's health care system. "
- Page 5, line 21 to page 6, lines 1-3. We believe the GMCB also should consult with healthcare providers and other stakeholders, in addition to payers and AHS, on ways to approach RBP to achieve all payer alignment on design and implementation of the program. Looping providers into the conversation will help to address practice-level practicalities and ideally will minimize RBP complexity and administrative burden for affected providers/practices.
- Page 6, lines 4-11. We support and appreciate inclusion of the language allowing for growth rate separate from Medicare rates to protect against federal funding pressures that may impact Medicare rates. Medicare rates have decreased every year for the past five years and 33% since 2000. This is another factor threatening the viability of independent practice.
- Page 6, lines 12-15. We seek clarity on exactly which services, and which insured populations, RBP would apply to. In general, we support language that allows for GMCB to establish RBP. Ideally, HGB would be instituted at the same time so that the tools work together to address affordability, price transparency and access, while providing stable revenue streams to hospitals.
- Page 6, lines 16-21. We have questions and comments about this section that states, "The Board, in consultation with the Blueprint for Health and with other State agencies as appropriate, shall implement reference-based pricing for nonhospital services...".
 - **What might be included in "nonhospital" services? Would this include primary care, dental care, mental healthcare, etc.**
 - **How would RBP be implemented for services delivered by non-regulated entities?**
 - **Recommend that the Board also consult those providing the services subject to RBP.**

Sections 3 & 4 – Hospital Duties and Budget Review

- Page 9, lines 4-11. We support the intent to strengthen independents and other non-hospital and community-based providers, as well as other parts of the system at large. We suggest that

the GMCB solicit the input of front line and support workers to help determine what incentives might be impactful, how they can be best coordinated. We also strongly believe that more basic foundational investments, beyond incentives are needed to bolster the access and availability of high value services like primary care, home health, mental health care, and more.

Section 6 – Development of Statewide Health Care Delivery Plan

- We support having a statewide health care delivery plan. However, we question the need for another long planning process when much of the work has been done through Act 167 and other efforts, and the system is already in severe crisis. This section also does not clarify who/what entity will ultimately be responsible for determining the plan and how it will be achieved.

Section 7 – Health Care Delivery Advisory Committee

- We support a multi-stakeholder Advisory committee that includes independent and other providers. We suggest that others affected by Vermont’s high healthcare prices be included as well, such as small employers and unions, and that the committee’s work be transparent and viewable by the public.

Section 9 – Retaining ACO Capabilities

- We support the ability for the state to retain some ACO capabilities, such as designing and implementing different payment reform programs.

Section 10 – GMCB Appropriations

- We support provision of sufficient resources needed to achieve the stated goals. To date, Vermont has opted for a highly regulated healthcare system with GMCB being the regulatory body. In our view, the current GMCB is acting in a data driven, transparent and sensible way to drive positive change in our system. Such work requires adequate resources. Such resources should be used as efficiently as possible and should not be allocated at the expense of depriving investment into primary care and other high value sectors of our healthcare system that are vastly underfunded. Such investments are of paramount importance if Vermont is to stem its current healthcare crisis.

Thank you for considering our comments. We appreciate the committee’s work on this bill. Feel free to reach out if we can be of assistance.

¹<https://gmcboard.vermont.gov/sites/gmcb/files/documents/FY25%20Hospital%20Budget%20Guidance%20Overview%20212024%20FINAL.pdf>