

An act relating to health care payment and delivery system reform (25-0907)

Agency of Human Services

March 13, 2025

Overall Position: Supportive of Direction

- **AHS Authority over Medicaid.** Want to ensure AHS retains full authority of Medicaid Program, including Medicaid rate setting, payment reform efforts, and hospital global budgets.
- **Focus on hospitals.** Clarify that the jurisdiction of bill is specific to hospitals and should exclude non-hospital services.
- **Commercial rates.** GMCB's authority over rate setting and payment reform will be specific to commercial payers.
- **System Alignment.** Timing should allow for hospital global budget implementation to sync up with AHEAD.

Section 1: GMCB Duties

- **AHS Authority over Medicaid**
 - Strike "Medicaid" as this is not within GMCB's authority
- **Reference-based Pricing & Rate Setting**
 - Clarify referenced-based pricing is specific to hospitals
 - Clarify rate setting is specific to commercial rates for hospitals
 - Referenced-based pricing to be implemented no later than 2027, providing flexibility on timing, recognizing GMCB's resource limitations

Slide 3

SRO I think in truth this is ideally 2026 and NLT 2027 – not sure if that's worth saying or not b/c I know GMCB can't do it by 2026. So I guess not worth saying.

Rosenblum, Sarah, 2025-03-12T16:24:55.560

HEO 0 [@Ogelby, Monica She/Her] and [@Hawgood, Elizabeth] follow up with Jenney

Hawgood, Elizabeth, 2025-03-12T19:29:19.459

Section 2: Payment Amounts; Methods

- **Referenced-Based Pricing**
 - Still run risk of uncontrolled utilization in the absence of global budgets or caps.
 - Need to ensure there won't be an increase in “balance-billing” practices whereby hospitals seek payment directly from patients to offset lower insurer reimbursement.
- **Alignment of Methodologies**
 - If pursuing AHEAD Model, should prioritize alignment of hospital global budget implementation with AHEAD State Agreement requirements
 - Percentages of Medicare NPR required annually
- **Hospital Global Budgets**
 - Medicaid implementing in 2026
 - Participation in AHEAD requires hospital global budget implementation for at least 10% of fee-for-service Medicare net patient revenue in the State by in 2027
 - AHEAD requirements not tied to minimum number of participating hospitals

Section 3: Duties

- AHS is generally neutral on this Section and has no specific comments.

SRO

Slide 5

SRO I don't think we have any comments on 3?
Rosenblum, Sarah, 2025-03-12T16:50:12.674

HEO 0 I don't have any comments on this section in the current or historical mark up
Hawgood, Elizabeth, 2025-03-12T17:07:45.154

Section 4: Budget Review

Mark up:

- Support incorporating item (b)(7) on incentives into hospital budget proposals instead
- Global budgets to be implemented no later than 2028, providing flexibility on timing, recognizing GMCB's resource limitations HEO
- Support greater flexibility in (e)(2) to allow GMCB to triage closures and service line reductions, and support an exemption for closures and reductions made as part of Act 167 and Act 51 transformation work

Slide 6

HE0 Modify when we hear from Jenney re: AHEAD
Hawgood, Elizabeth, 2025-03-12T19:35:52.050

Section 5: Hospital Network Financial Operations

- AHS is generally neutral on this Section and has no specific comments.

Slide 7

SRO I don't think we have any comments on Section 5?
Rosenblum, Sarah, 2025-03-12T16:51:10.025

HEO 0 I don't see any on either version
Hawgood, Elizabeth, 2025-03-12T17:49:47.336

Section 6: Statewide Health Care Delivery Plan

- AHS is supportive and ready to lead this work in close collaboration with our partners, including GMCB.
 - Support GMCB contributing the hospital elements of the plan and GMCB and DFR contributing to the insurance elements of the plan.
- Opportunity to build on a variety of work currently underway at AHS and with partner organizations
 - Specifically, but not limited to: Hospitals, Long-term care, Substance Use Disorders, Mental Health, Emergency Medical Services and Primary Care
 - In response to Act 51, AHS is in progress developing short-, medium- and long-term hospital transformation plans with our contractor, Rural Health Redesign Center. The plans will be completed in December 2025
- Given the amount of work in progress and the speed with which it is moving, AHS proposes not restricting the plan to a word processing document to allow for appropriate flexibility in content and format.
- AHS proposes developing a plan as soon as possible and revising it annually thereafter with a formal update every 5 years.

Section 7: Health Care Delivery Advisory Committee

Mark up:

- Include the State Medicaid Director on the Advisory Committee
- Allow AHS members to send a designee
- The Health Care Short-Term Transformation Workgroup is currently tasked with similar responsibilities. The Workgroup focuses on short-term risk management and rapid response to address pressing issues in Vermont's health care system, particularly related to financial solvency and access.

Section 8: Integration of Health Care Data

- The Agency of Human Services is well positioned to collaborate with the Health Information Exchange Steering Committee, including a variety of stakeholders.
- (b)(2) this includes a couple of concepts; removal would provide clarification.
- (b)(4), "best practices" is covered by "standards".
- (b)(5) Proposed language builds on Medicaid Data Warehouse and Analytics Solution successes to scale beyond the Medicaid population to include additional clinical, claims, social drivers of health, etc. data sets (more data on more people). Would prefer to not reference a specific system.
- (b)(6) The interoperability of the Unified Health Data Space is with a variety of data sources, not specific electronic health records, would like to clarify that.
- (b)(10) We would like flexibility around additional opportunities for future development of the Unified Health Data Space, with a focus on adding additional data types and increasing the populations represented.

Section 9: Retaining ACO Capabilities

Mark up:

- Support striking this section. Work is underway with GMCB and OCV to maintain functionality.
 - AHS and OCV meet regularly to discuss transition planning