

Draft Outline of 2025 Senate Health & Welfare health care reform committee bill *February 19, 2025*

Thank you for sharing these ideas in outline form and providing the opportunity to offer input on the development of the details. The details matter and these are our comments on the concepts. This is an ambitious plan.

Our health care dollars are a precious resource and we need to balance our investment in planning and health care reform efforts and money that goes to direct patient care. We are a small, rural state that by definition is inefficient in our scale. Because of this, we must ruthlessly prioritize our investments. We also need to focus on what can be done quickly to make a real difference.

Parts 1 & 2 Delivery Plan & Evaluation of the Delivery Plan – Is this the most streamlined approach while also meeting the stated goals of timely, transparent and open to feedback? Please build upon our existing planning and oversight capabilities.

Part 3 VHCURES – VITL database integration – This is an example of where we need to prioritize our resources and scale our ambitions. Blue Cross VT does not support combining VHCURES (claims data) with clinical health records. A few of our concerns include:

- There are too many issues with the data for it to be used to improve the quality of care, be useful for real-time care delivery, or improve provider decisions in the clinical setting.
- Medicare prohibits access to personally identifiable Medicare claims information in VHCURES, according to the GMCB. As a result, at least a third of the records would be excluded.
- Many self-funded employers have elected to withhold their data, further diminishing the dataset.
- Mental health and substance use disorder data are treated differently in each data set and we are concerned about data on abortions and gender affirming care that is also sensitive and treated inconsistently in privacy policies.
- The multiple and serious data limitations render the entire project of minimal value for health care reform initiatives, providers, payers, or government entities.
- This is a tremendous cost for research purposes when there are so many other dire needs in the healthcare system.

Part 4 Hospital Budgets and Payment Reform

Reference-based pricing (RBP) – Blue Cross VT supports Reference-based pricing with some conditions:

- RBP needs to apply to all commercial payers and cannot favor some employer groups or Vermonters over others.
- Allow the GMCB to design and apply the most appropriate RBP approach. Refrain from prescribing in statute the how RBP should be utilized.
- Phase in RBP across hospitals and services beginning with services where large differences in prices are not justified – lab work, imaging, drug prices, etc. – but allow the GMCB determine how best to phase in RBP.
- Allow the GMCB to design complementary Payments for Clinical Services (included later in the outline) payment models.

TCOC and Hospital Budgets – Blue Cross VT is largely supportive of these efforts.

- Incentives within the hospital need to align with our health care reform incentives
- Paying providers in ways that award them for additional revenue generation in a FFS model is incompatible with
- Hospitals must manage to their annual budget; significant overages imperil our system. If hospitals are generating more revenue because they are truly increasing access, then they have the opportunity to gain efficiencies and reduce prices without impacting patient care.
- Huge profits are unacceptable in a largely non-profit health care system. Additionally, we cannot allow Wall Street bond ratings to dictate our choices. How much more are we charging in premiums to achieve modest interest rate savings? (see Kaufman Hall [Ratings Matter, Revisited](#) article)

Global Hospital Budgets/Independent implementation of AHEAD

Without Medicare participation and CMMI financial support does the AHEAD model still make sense for Vermont? Blue Cross VT is concerned about the resources that will be required to move forward with this proposal in the absence of federal an all payer program.

GMCB Regulatory Duties and Resources – Blue Cross VT supports adding resources to the GMCB and improving their ability to regulate the health care system effectively.

We oppose a statutory requirement to “decrease in hospital services result in decreased health insurance premiums.” We **do** support efforts to return savings to our members through lower premiums. Affordability is already a criteria for health insurance rate

review and this is a duplicative statutory requirement. Adding a very limited and prescriptive requirement does not allow any GMCB flexibility in decision-making.

- This only assumes premium reductions; the GMCB already includes hospital budget increases assumptions in premiums rates.
- This only works if hospitals adhere to the approved budgets. In practice, when hospitals have gone significantly over their budgets, and rates are built upon the approved amounts, the additional claims have drained member reserves at Blue Cross VT and impacted self-funded plans such as VEHI
- GMCB has alternatively required increase payments to Primary Care, rather than premium reductions.
- Reverse CON and hospital service lines – The current CON process does not capture some of the major hospital investments in new service lines (TEER and CAR-T) and the most important aspect of these decisions is the value to patients including the cost? Are these new services providing care in the most efficient manner or placing additional pressures on affordability?
- The bifurcation of DFR solvency oversight and GMCB rate review has created an imbalanced regulatory structure. Vermont is the only state in the country that includes affordability as a criteria for rate review which is an actuarial process.
- Recommend aligning audit requirements with the Act 167 Oliver Wyman report recommendations and the recent testimony. The audit requirements included appear to be more than is necessary to achieve the desired outcome.

Thank you for considering these recommendations. Blue Cross VT is committed to supporting our state's health care reform initiatives.