

# Green Mountain Care Board

November 30, 2023

# Agenda



- About GMCB
  - Owen Foster, GMCB Chair
- Update on hospital system transformation and community engagement process (2022 Acts and Resolves No. 167, Sec. 2)
  - *Owen Foster, GMCB Chair*
  - *Marisa Melamed, Associate Director of Health Systems Policy*
- Update on hospital financial status, hospital budget review, and alignment with Act 167 (2023 Acts and Resolves No. 78, Sec. E.345)
  - *Owen Foster, GMCB Chair*
  - *Alena Berube, Director of Health Systems Finance*

# ACT 167 COMMUNITY ENGAGEMENT UPDATE

Hospital system transformation and community engagement process (2022 Acts and Resolves No. 167, Sec. 2)

# Hospital Sustainability 2019-Present



## Trends of Rural Hospital Closures

- GMCB convenes Rural Health Services Task Force (Act 26 of 2019)
- GMCB requires 6 of 14 hospitals to develop sustainability plans

## Expanded Focus on Sustainability Planning

- GMCB requirement for sustainability planning expanded to all hospitals
- Legislature passes Act 159 requiring GMCB to provide recommendations to improve hospital sustainability

## GMCB Develops Recommendations

- GMCB's Act 159 Hospital Sustainability Report provides recommendations for hospital sustainability

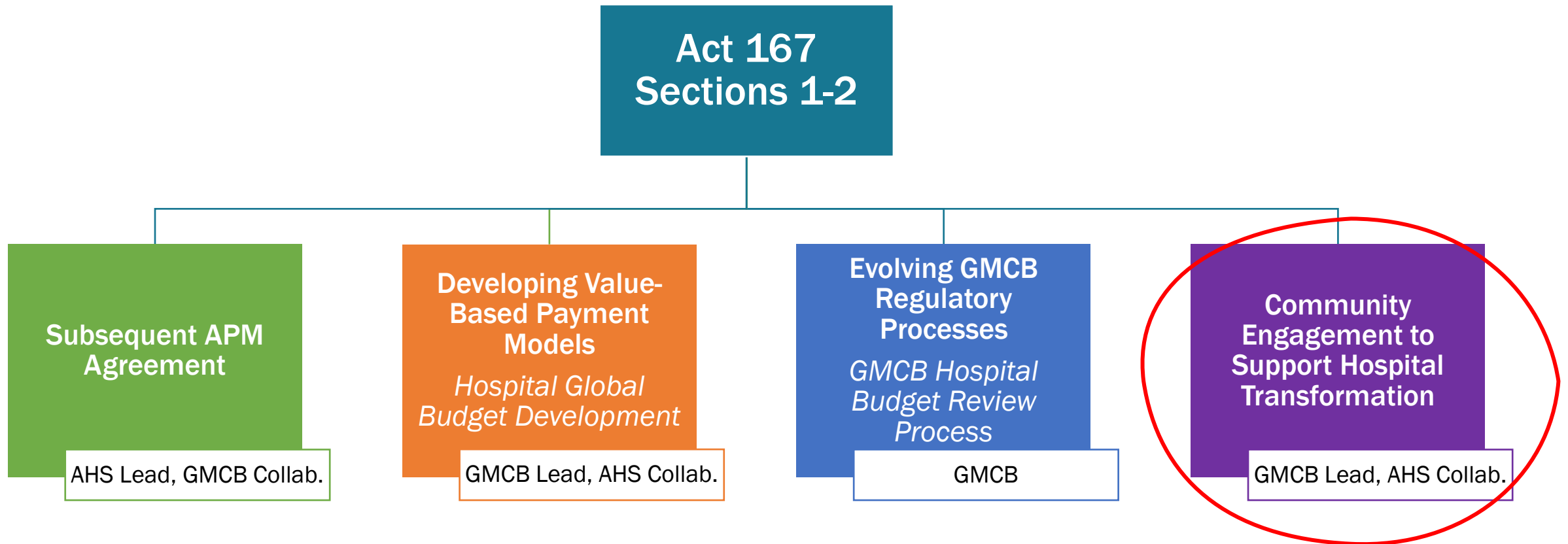
## Legislature Passes Act 167

- Act 167 Sec. 1 and 2 provide funding to implement the recommendations from the hospital sustainability report, including community engagement to support hospital transformation

## Act 167 Work Underway

- Act 167 outlined multiple work streams that support hospital sustainability
- This work is ongoing and will continue throughout 2024

# Act 167 (2022) Sections 1 and 2



Link to legislation: <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT167/ACT167%20As%20Enacted.pdf>

Link to GMCB Hospital Sustainability and Act 167 webpage: <https://gmcbboard.vermont.gov/hospitalsustainability>

# 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

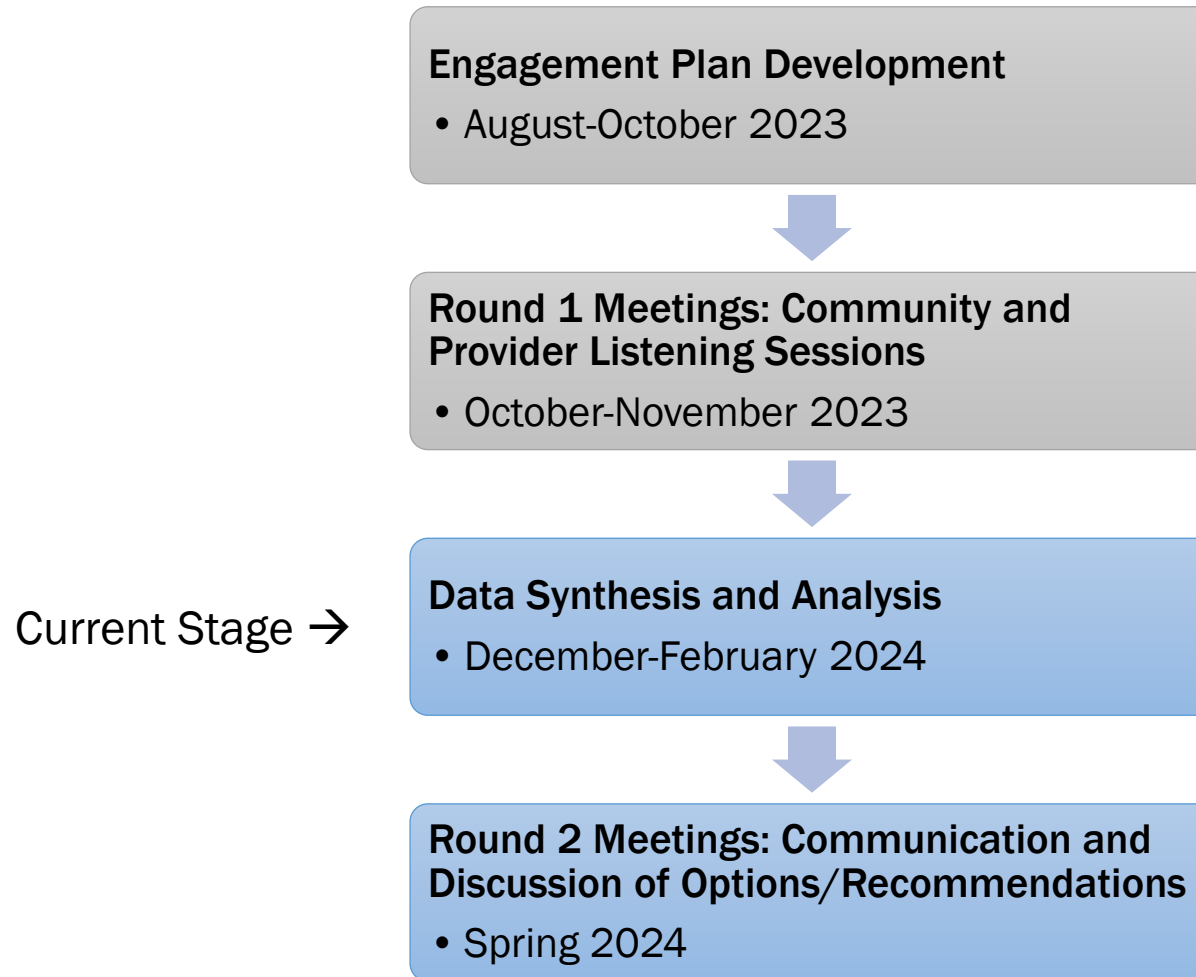


**Elizabeth Southerlan**

*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

# Statewide Community Engagement: Progress and Timeline



# Statewide Community Engagement: Numbers To Date



**1800+**  
participants

Across all stakeholder types and meetings<sup>1</sup>

**~52**  
Participants

On average per community meeting, including state-wide meetings

**100+**  
Organizations

Contacted

Meeting Type	# of Meetings	Estimated # of Attendees <sup>1</sup>
Stakeholder meetings on engagement plan	16	91 <sup>2</sup>
Hospital Leadership and Boards	28	235
Diverse Populations	13	96
State Partners	12	18
Community Leaders	3	6
Community Meetings ( <i>public HSA level</i> )	18	931
Provider Meetings ( <i>public HSA level</i> )	14	460
Provider interviews and sessions	15	128

1: The number of attendees provided is an estimate as there are pending meetings, and technical errors/malfunxions in producing some attendance reports;

2: The 91 participants are excluded from the 1.8K total as they are accounted for in the other meeting types

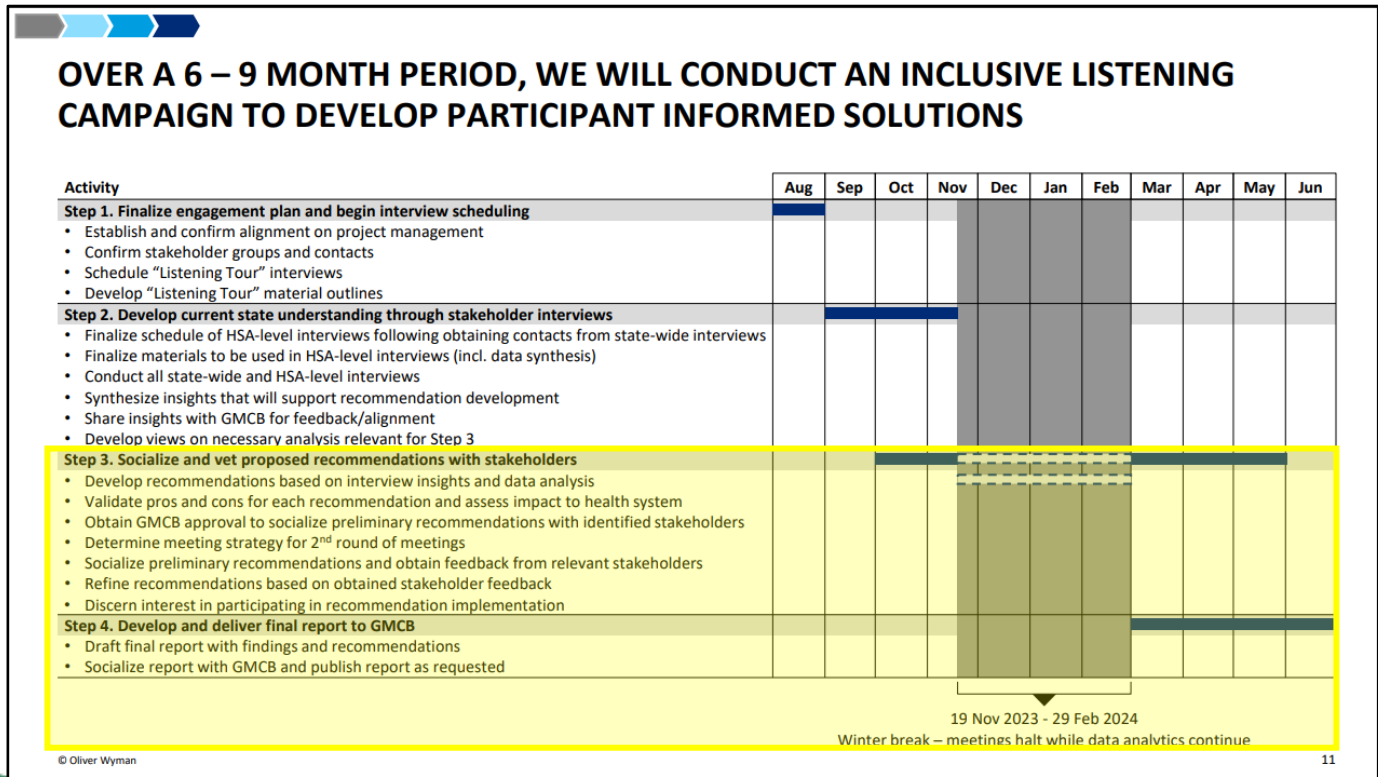


# Key themes from Round 1 (preliminary) and next steps:

- Hospital/provider operations
- Coordination between organizations
- Transport and infrastructure
- Workforce
- Financials
- Patient-centered care
- Healthcare services

The Oliver Wyman team is currently synthesizing Round 1 feedback. Qualitative and quantitative data will inform Round 2 conversations about options/recommendations.

Community members and providers reported challenges and bright spots within these key themes in Round 1.

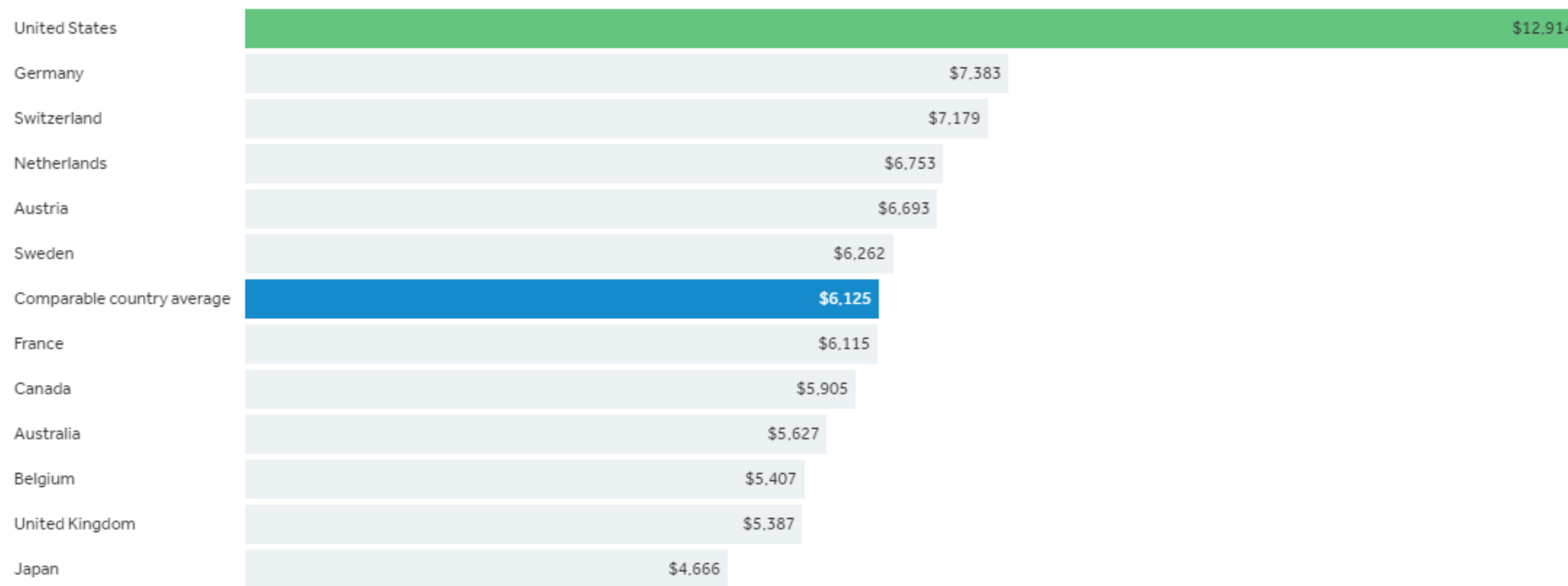


# HOSPITAL BUDGET UPDATES

2023 Acts and Resolves No. 78, Sec. E.345

# US Spends More on Health Care per Capita than Any Peer Country

Health consumption expenditures per capita, U.S. dollars, PPP adjusted, 2021 or nearest year

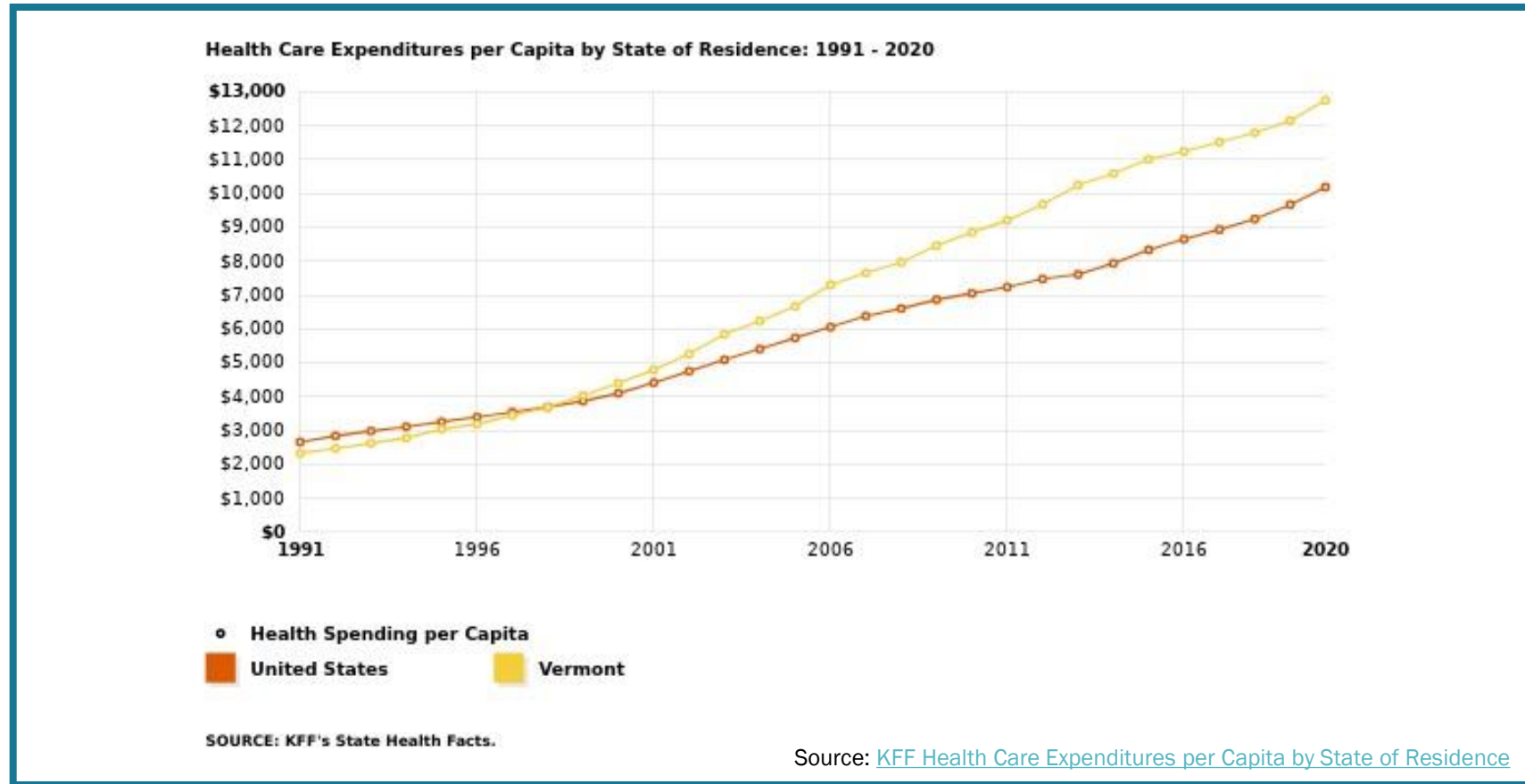


Notes: U.S. value obtained from National Health Expenditure data. Data from Australia, Belgium, Japan and Switzerland are from 2020. Data for Austria, Canada, France, Germany, Netherlands, Sweden, and the United Kingdom are provisional. Data from Canada represents a difference in methodology from the prior year. Health consumption does not include investments in structures, equipment, or research.

Source: KFF analysis of [National Health Expenditure \(NHE\)](#) and [OECD data](#) • [Get the data](#) • [PNG](#)

Peterson-KFF  
**Health System Tracker**

# Vermont Health Care Spending per Capita

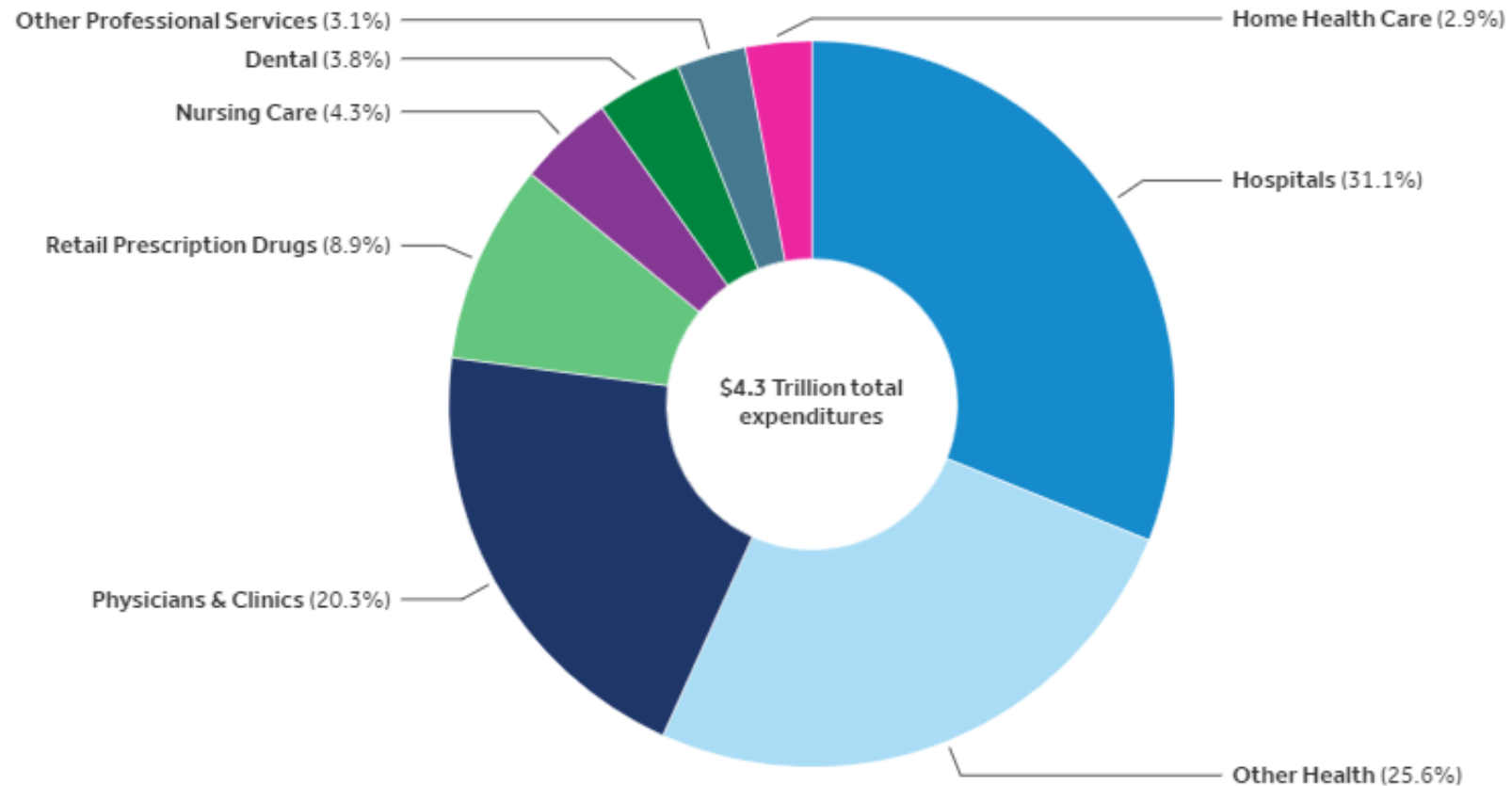


## Notes

The Centers for Medicare and Medicaid Services (CMS) Office of the Actuary produces Health Expenditures by State of Residence and Health Expenditures by State of Provider every five years. The State Health Expenditure Accounts are a subcomponent of the National Health Expenditure Accounts (NHEA), the official government estimates of health spending in the United States. Additional information on data and methods is available [here](#).

# Hospitals: one third of total health care spending in the US

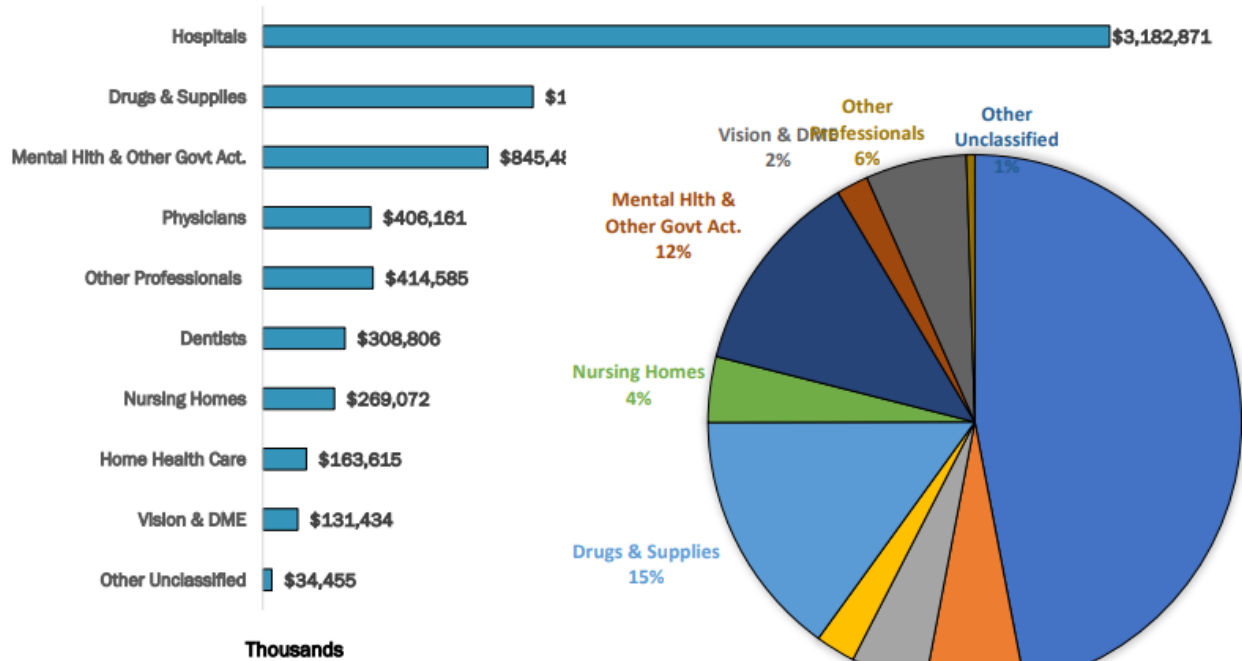
Relative contributions to total national health expenditures, by service type, 2021



Source: <https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/>

# Hospitals Make Up Almost Half of Health Care Dollars Spent in Vermont

2020 In- and Out-of-State Revenues for Patients Receiving Services by Provider Category: (\$6.4 billion)

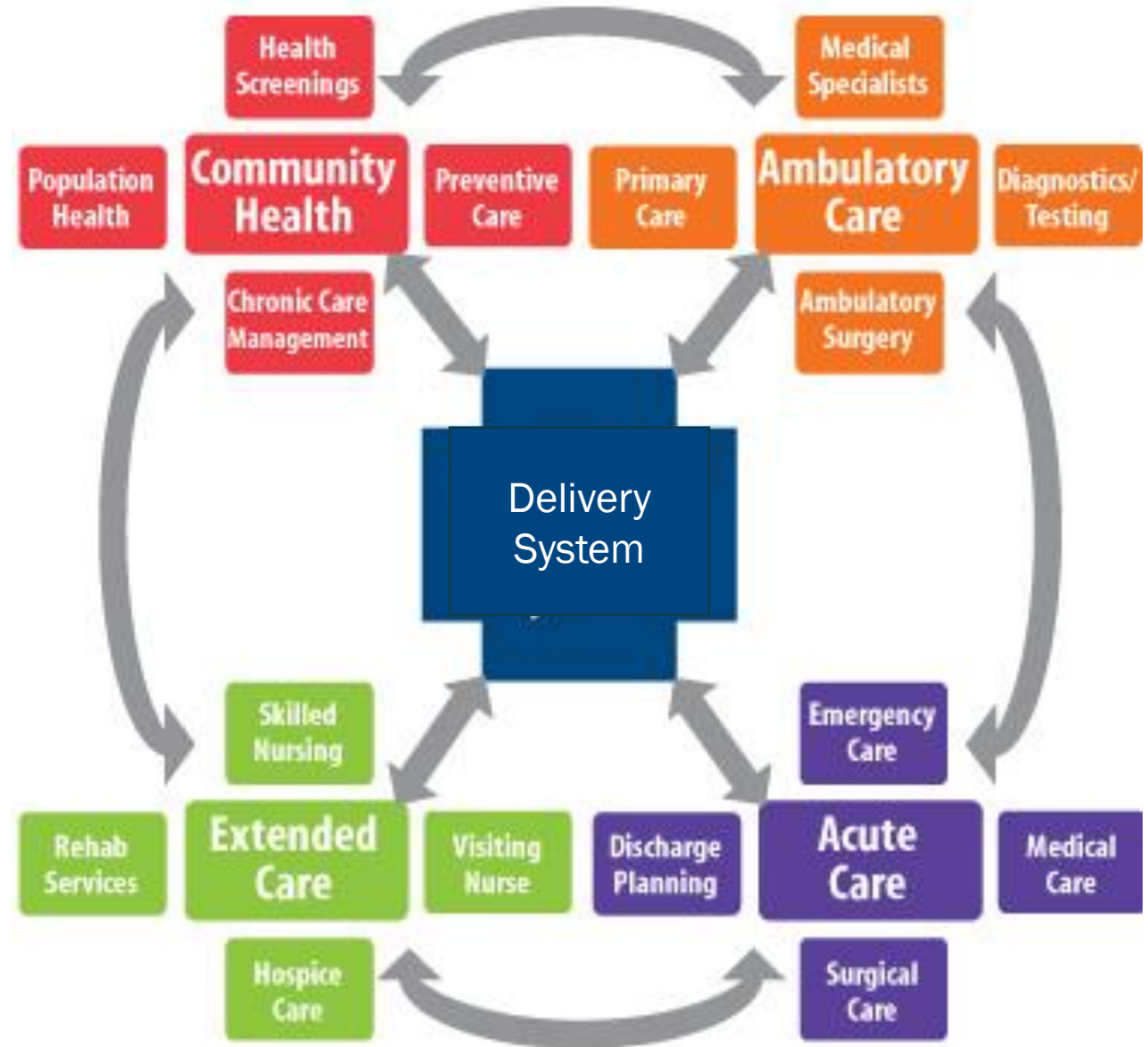


47%  
of health care dollars spend in Vermont go to hospitals

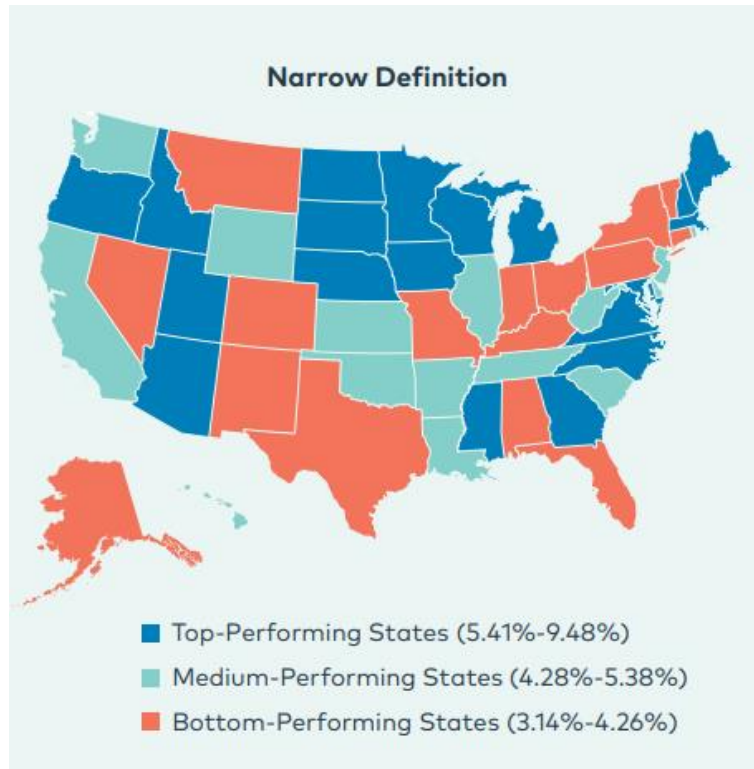
*Note: categorical definitions here are not equivalent to those on the previous slide and cannot currently be directly compared*

Source: 2020 Vermont Health Care Expenditure Analysis  
[https://gmcboard.vermont.gov/sites/gmcb/files/documents/2020\\_VT\\_Health\\_Care\\_Expenditure\\_Analysis\\_Final\\_May\\_9\\_2022.pdf](https://gmcboard.vermont.gov/sites/gmcb/files/documents/2020_VT_Health_Care_Expenditure_Analysis_Final_May_9_2022.pdf)

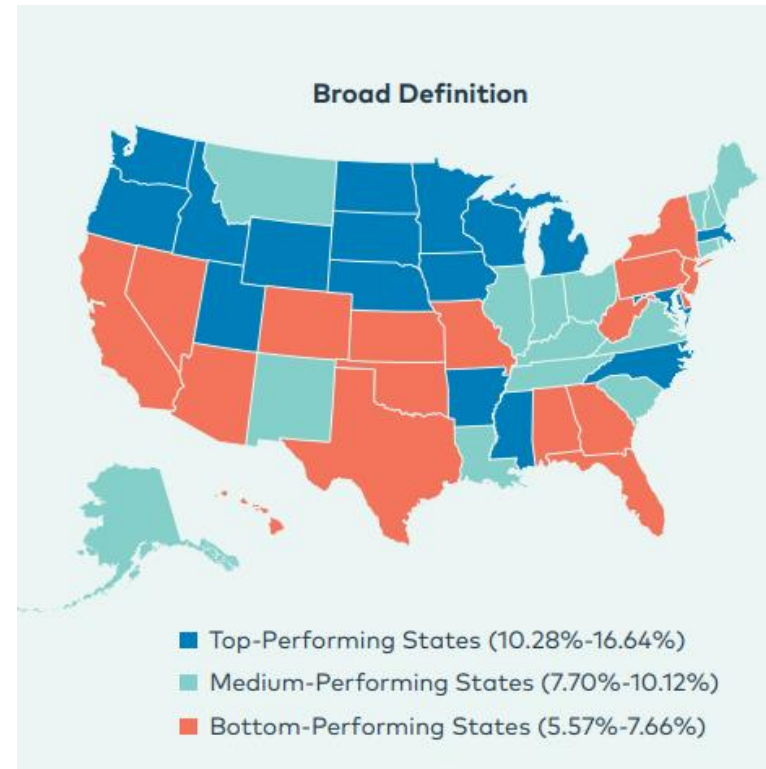
Hospitals are one component of an interdependent delivery system...



# Vermont Primary Care Spend



Vermont (Narrow Definition): **3.82%**



Vermont (Broad Definition): **7.99%**

*In 2019, Vermont ranked the 7<sup>th</sup> lowest for primary care spend using the narrow definition, when using the broader definition, Vermont was still in the bottom half of states, ranking 31 out of 50.*

Source: [https://thepcc.org/sites/default/files/resources/PCC\\_Primary\\_Care\\_Spending\\_2020.pdf](https://thepcc.org/sites/default/files/resources/PCC_Primary_Care_Spending_2020.pdf)

Other related: [New England States' All-Payer Report on Primary Care Payments](#) and [Act 17: An act relating to determining the proportion of health care spending allocated to primary care](#)



# NATIONAL & LOCAL TRENDS IN HOSPITAL PERFORMANCE

## 2022 Worst Financial Year for Hospitals and Health Systems Since start of Pandemic

*Despite modest improvements for hospital bottom lines—and increased provider productivity towards the end of the year—2022 defined by financial pressures*

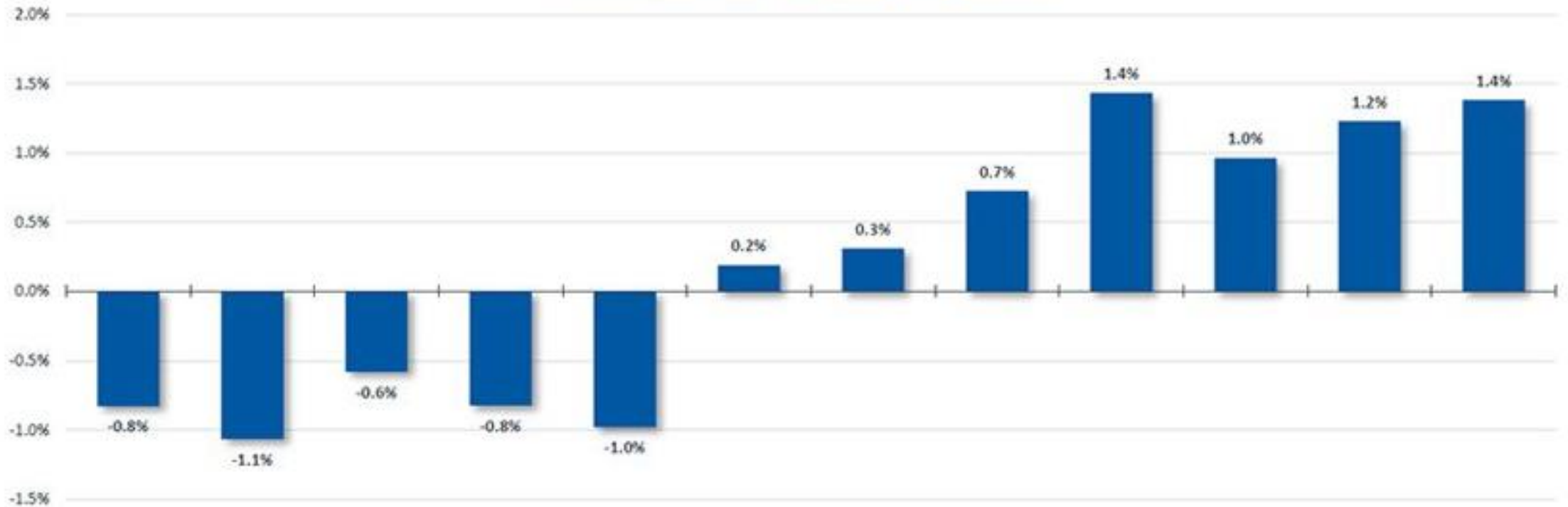
**CHICAGO – January 30<sup>TH</sup>, 2023** – Last year was the worst financial year for hospitals and health systems since the start of the COVID-19 pandemic, according to the latest data from Kaufman Hall. Negative margins persisted for most of the year as the healthcare sector faced rapidly increasing labor expenses, the analysis shows.

The new data show modest margin improvements for hospitals at the end of 2022 and increased provider productivity within physician groups due to increased patient volumes.

Source: <https://www.kaufmanhall.com/news/2022-worst-financial-year-hospitals-and-health-systems-start-pandemic>

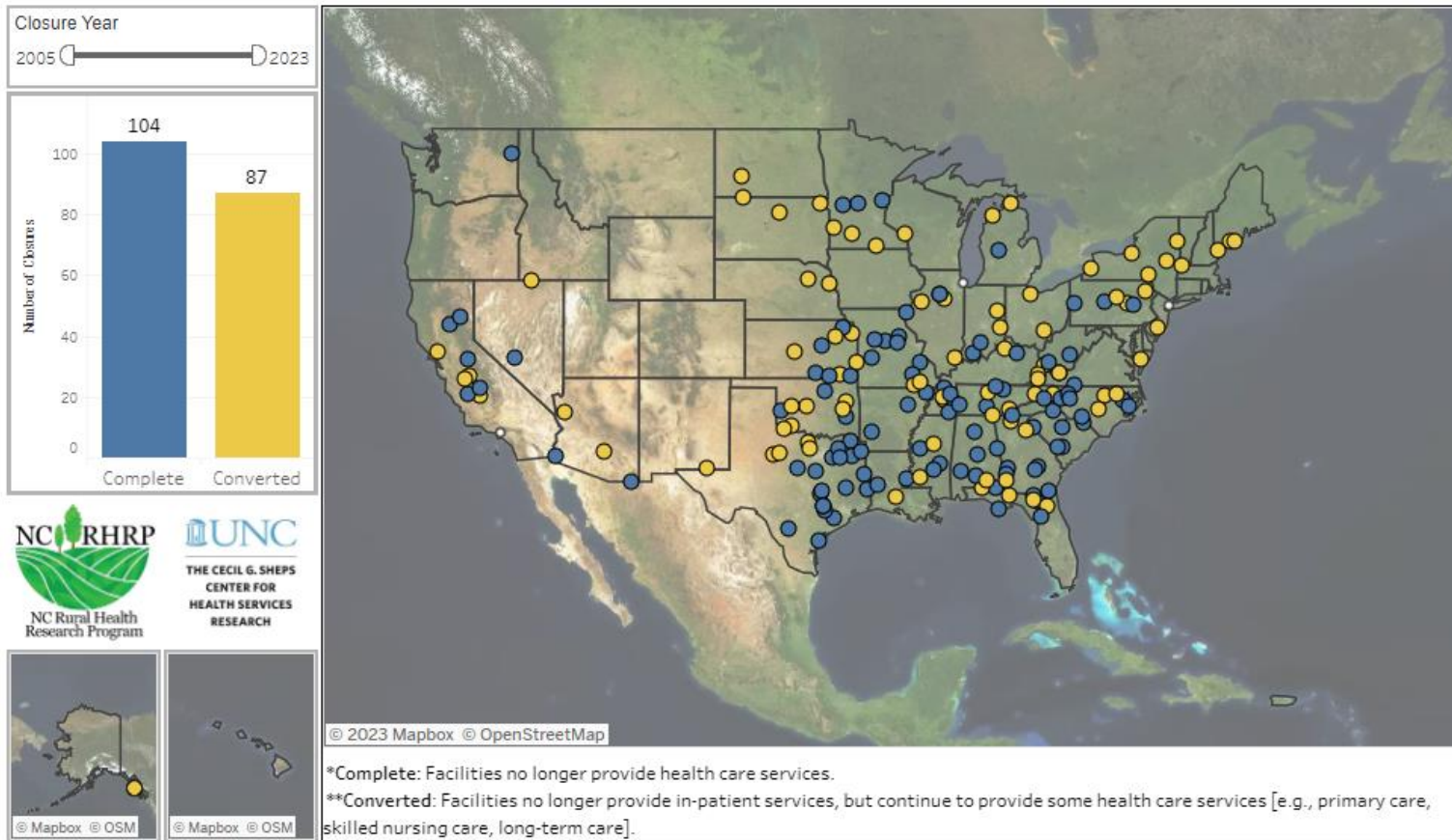
# National Context: Hospital Margins Rebound in 2023

Kaufman Hall CYTD Operating Margin Index



Operating Margin % = (Operating Revenues – Operating Expenses)/Operating Revenues

# Rural Hospitals Have Been Struggling



191 closures since 2005  
(148 since 2010)

**Designation:** 39% PPS,  
35% CAH

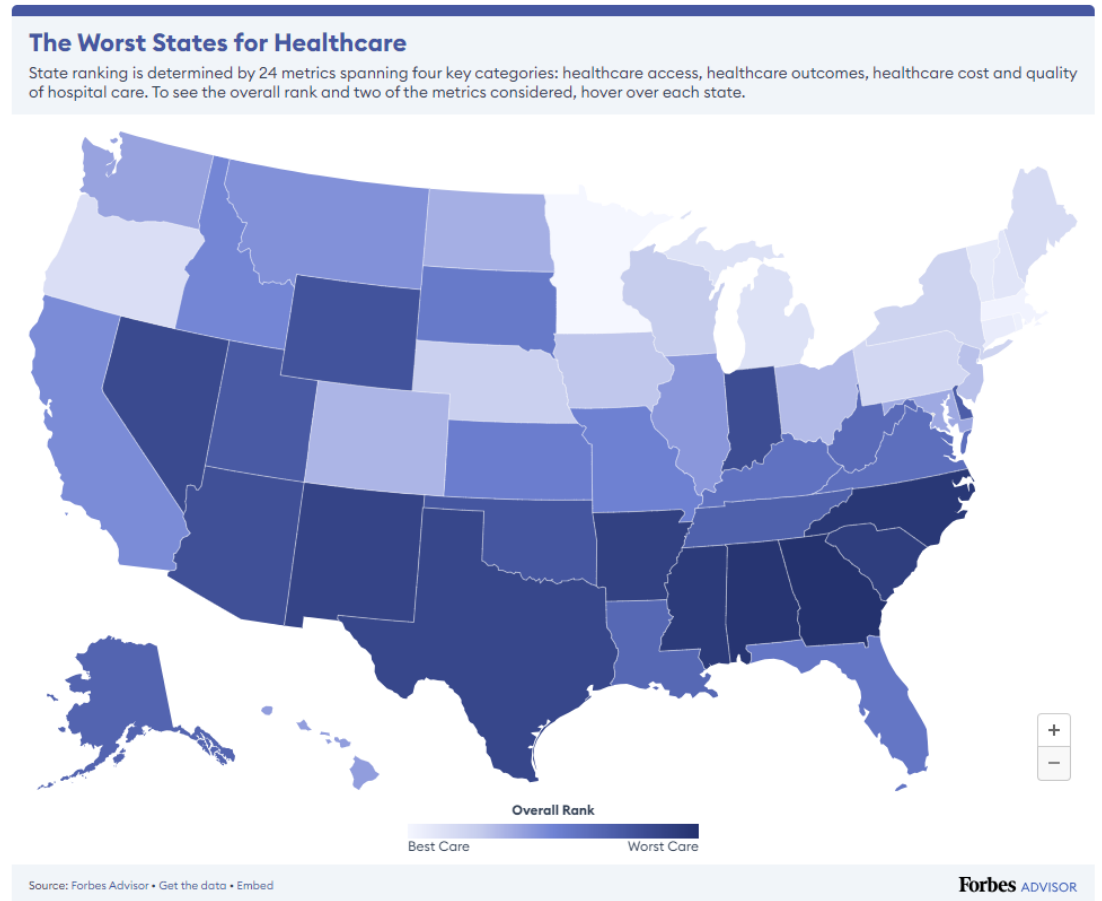
**Rurality:** 40% small rural,  
34% large rural, 23%  
isolated

Source: <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

# Forbes Study Ranks Vermont 5<sup>th</sup> Best State for Healthcare



- **Vermont has low mortality rates:**
  - Ranked lowest for infant mortality rate, influenza and pneumonia mortality rate, and kidney disease mortality rate.
  - Ranked fourth lowest diabetes mortality rate and sixth lowest stroke mortality rate
- **Access:** Vermont was sixth best in the category assessing healthcare access, as measured by **insurance coverage** and the **number of clinical staff per 100k residents**.

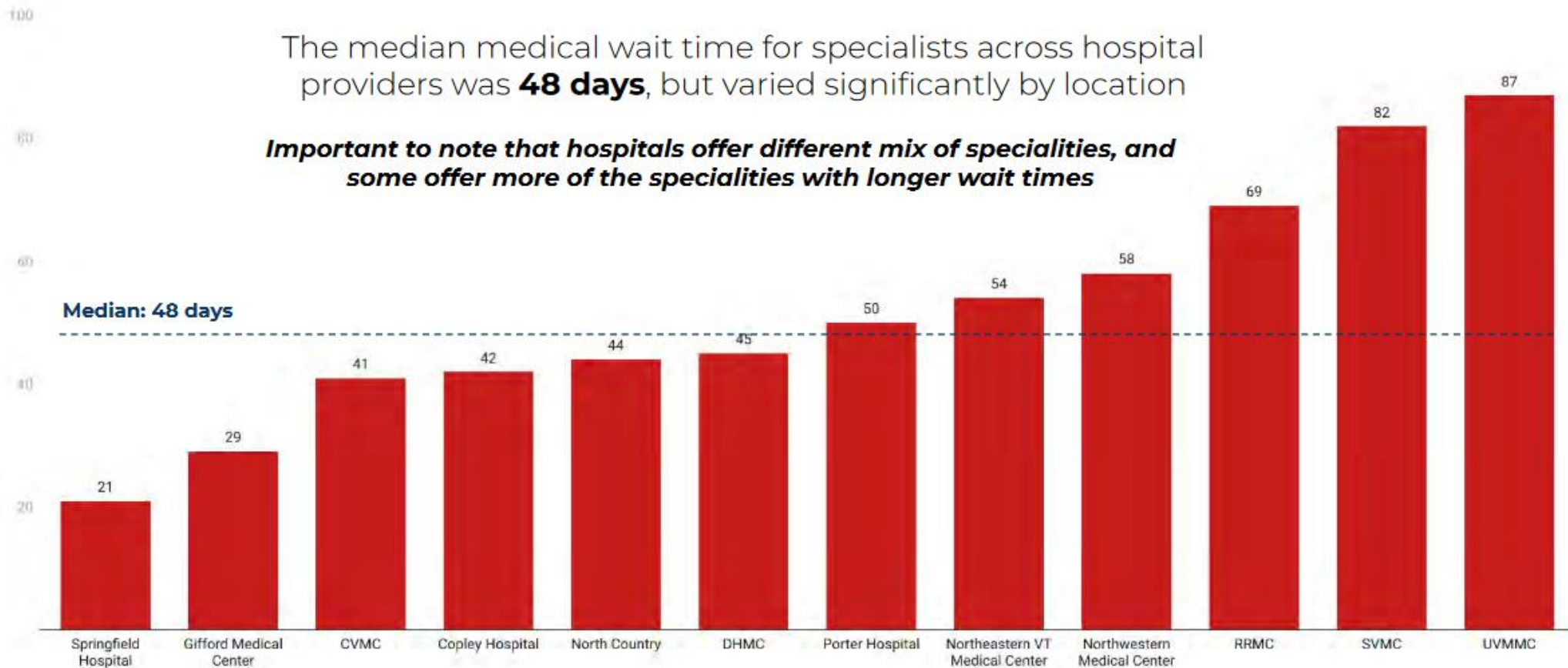


Source: Forbes [The Worst \(And Best\) States For Healthcare, Ranked](#)

# Access to Vermont Hospitals: Median Wait Times

## Secret Shopper: Wait Time for Specialist Appointment by Site

Median wait time in days



# Health Care Landscape Trends

## Affordability in Vermont



**Low Uninsured Rate:** 2.6% in Vermont compared to 8.6% nationally in 2020.<sup>1</sup>

**Many remain underinsured** and face high out-of-pocket costs that impede access to care.

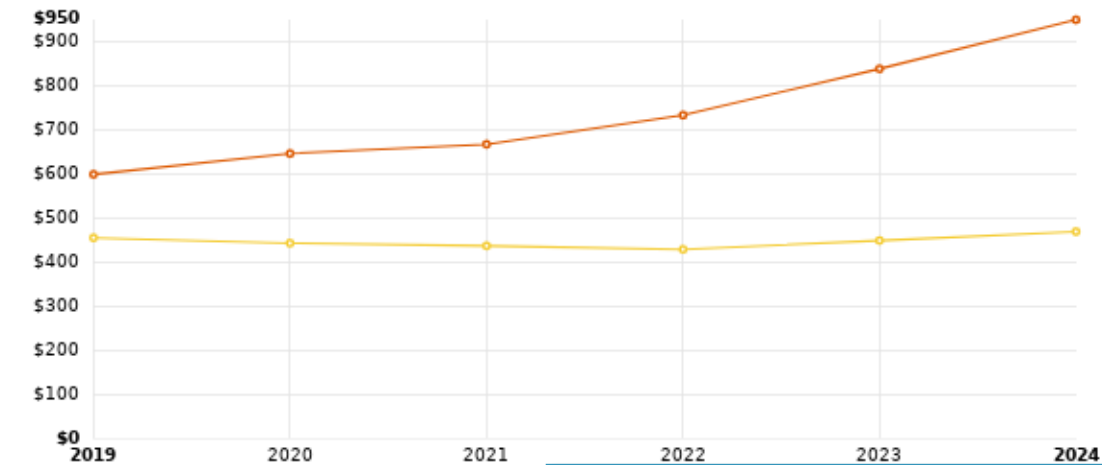
40% insured Vermonters under 65 considered underinsured (medical expenses are more than their income can bear)<sup>2</sup>

1. Kaiser Family Foundation Health Insurance Coverage Data. 2020. [Found here.](#)
2. [2021 Vermont Household Health Insurance Survey.](#)

# Vermont Average Premiums Are Higher Than National Average



Average Marketplace Premiums by Metal Tier, 2018-2024: Average Lowest-Cost Silver Premium, 2019 - 2024



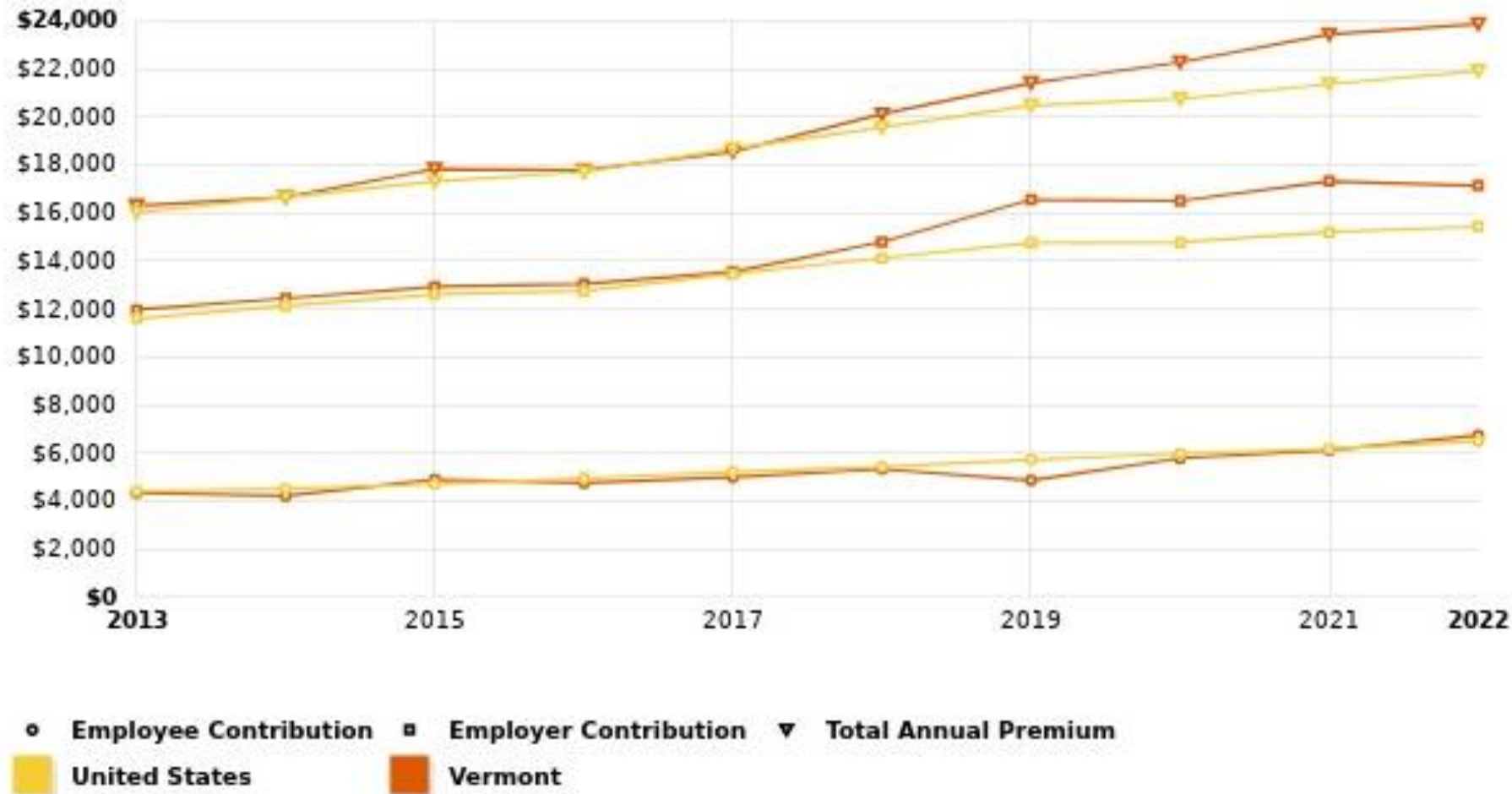
● Average Lowest-Cost Silver Premium  
■ United States    ■ Vermont

SOURCE: KFF's State Health Facts.

Location	2019	2020	2021	2022	2023	2024
	Average Lowest-Cost Silver Premium	Average Lowest-Cost Silver Premium	Average Lowest-Cost Silver Premium	Average Lowest-Cost Silver Premium	Average Lowest-Cost Silver Premium	Average Lowest-Cost Silver Premium
United States	\$454	\$442	\$436	\$428	\$448	\$468
Vermont	\$598	\$645	\$470	\$732	\$837	\$948



Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance: 2013 - 2022



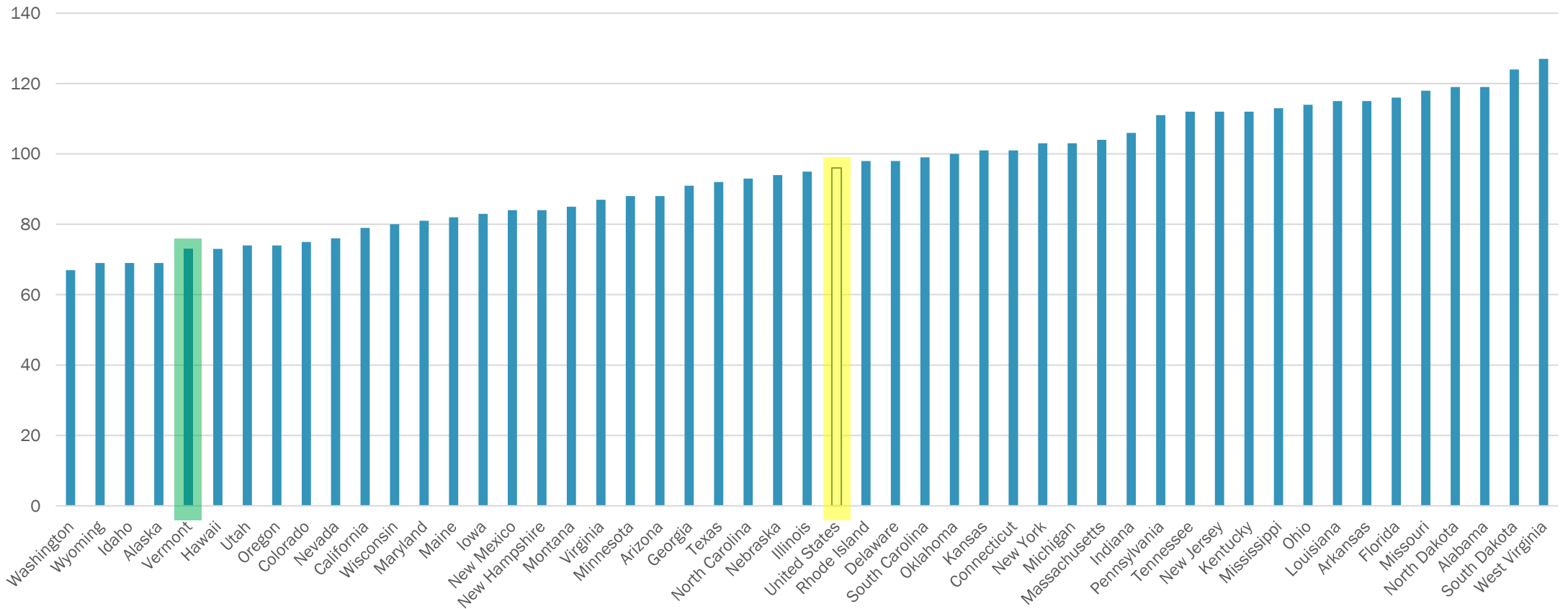
*Average annual family premiums and employer contributions are growing faster than the national average.*

SOURCE: KFF's State Health Facts.  
<https://www.kff.org/health-costs/state-indicator/>

# Hospital Admissions Per 1,000 Residents by State

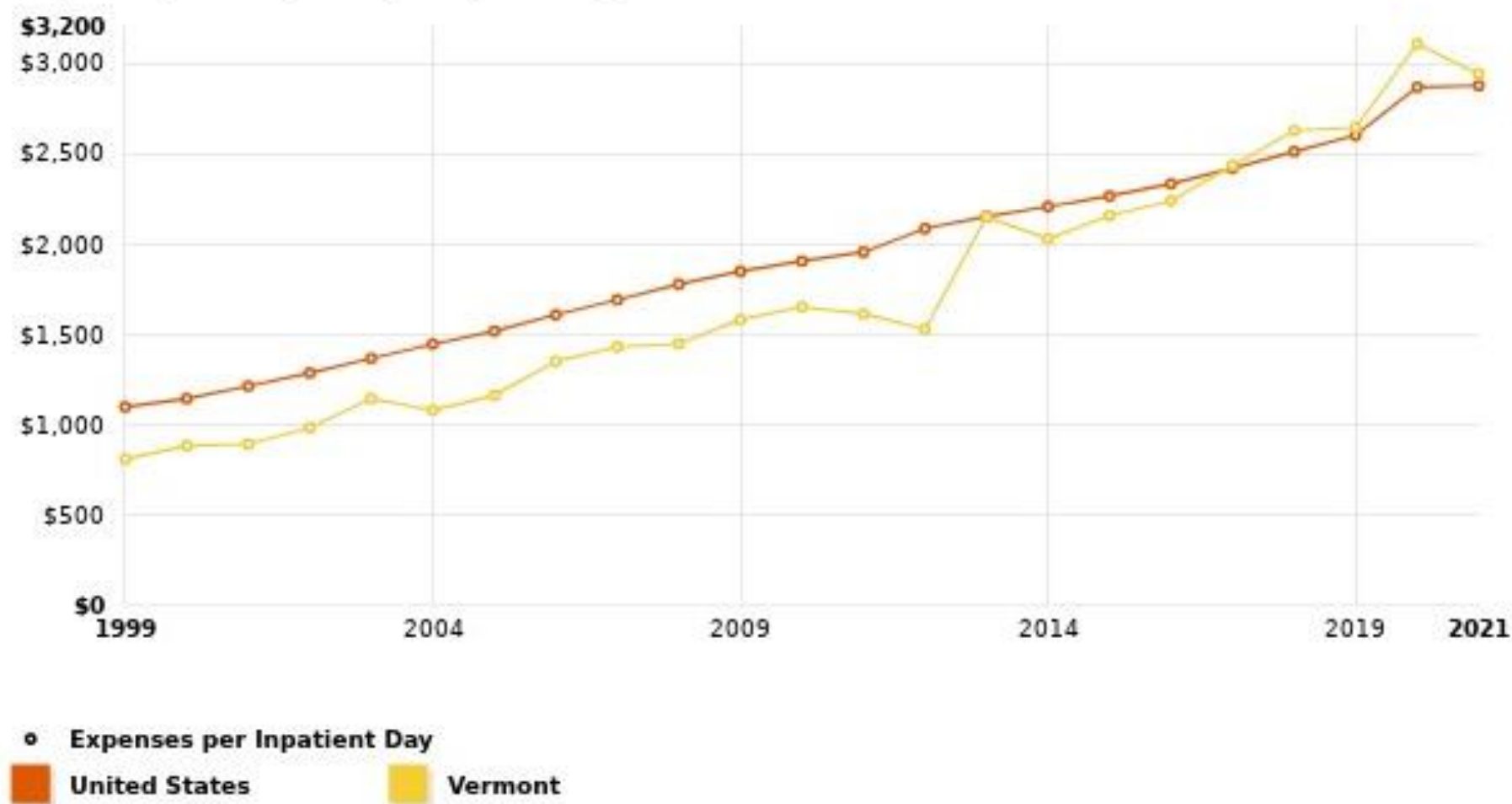


Total Hospital Admissions Per 1,000 Residents, 2021



Source: KFF [Hospital Admissions per 1,000 Population by Ownership Type](#)

Hospital Adjusted Expenses per Inpatient Day: 1999 - 2021



*Vermont's hospital adjusted expenses per inpatient day is growing faster than the national average.*

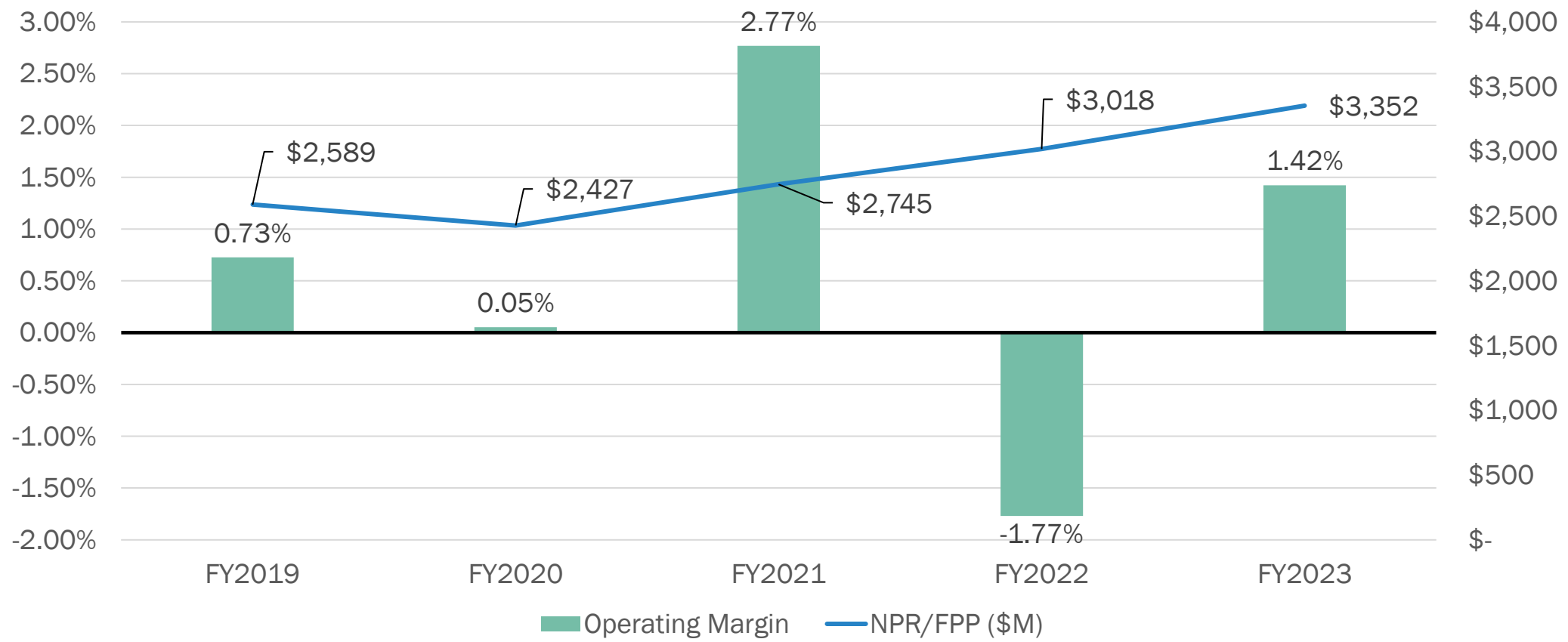
SOURCE: KFF's State Health Facts.  
<https://www.kff.org/health-costs/state-indicator/>

# HOSPITAL BUDGET REVIEW UPDATE

# FY2023 Non-Audited Actuals\*



NPR/FPP and Operating Margin



\*Figures are based on Q4 submitted non-audited actuals for all hospitals except one (having requested an extension), whose are based on annualized June YTD figures.  
 Note: NPR/FPP (NPR=Net Patient Revenue; and FPP= Fixed Prospective Payments) represent all revenues for patient services

# Continuous Improvement of the Hospital Budget Review: Goals

1. Establish objective metrics for hospitals' financial health
2. Improve evaluation of hospital performance  
(e.g. care quality, access to care, cost efficiency and productivity)
3. Alignment of GMCB regulatory processes
4. Increase consistency and predictability of the regulatory process
5. Minimize administrative burden as appropriate

# FY2024 Hospital Budget Review



Refocus to better **balance hospital sustainability and affordability**

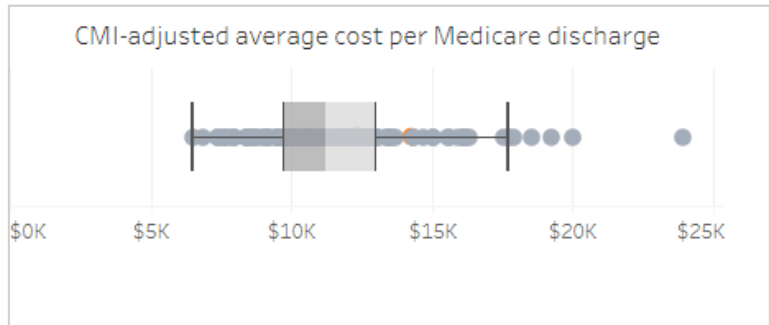
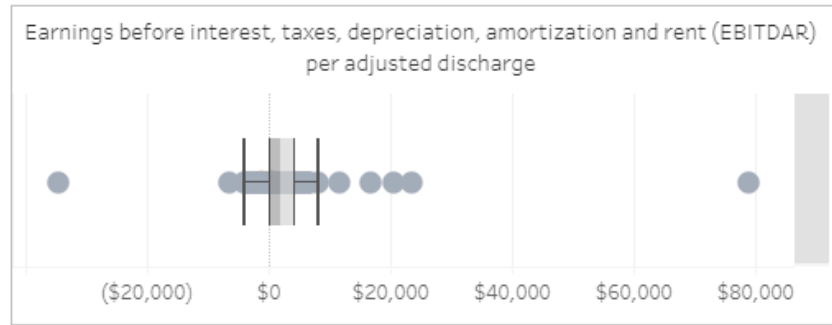
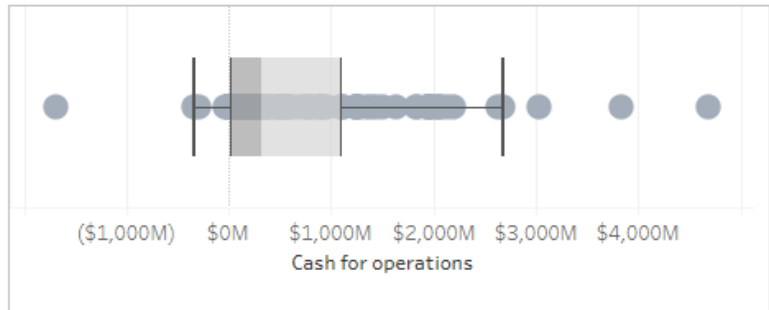
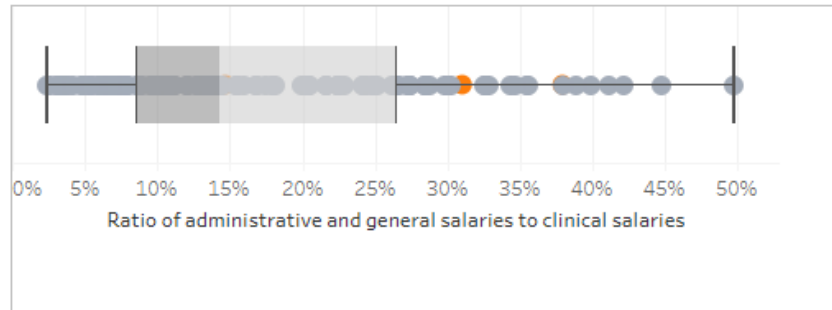
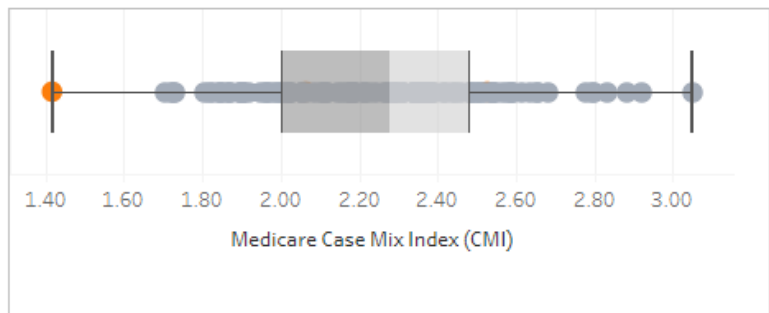
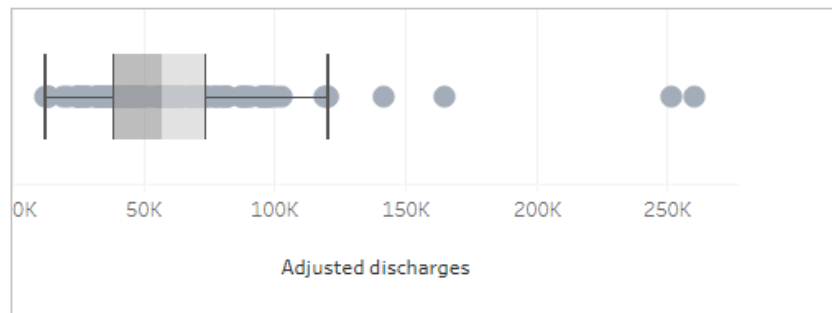
1. Established a two-year **Net Patient Revenue** target of **8.6%**, based on APM growth target, which aims to bring VT health care spending in line with economic growth
2. Capped hospital **commercial rate increases by payer**, creating a more direct link between hospital budget review and insurance rate review

Increased **evidenced-based regulation** through greater reliance on data and benchmarks to peers and national trends; see [Budget Review Tool](#).

Green Mountain Care Board FY24 Hospital Budget Review Tool

- OVERVIEW
- FY24 Budget
- Financial
- Labor
- Utilization
- Migration
- Cost Report**
- Cost coverage
- RAND
- Methods

Peer Group: Assoc of American Medical Colleges Hospitals  
 Rural AAMC University Affiliates: (All)  
 Vermont hospital toggle: OOS, VT/Regional AMCs





# FY24 Hospital Budget Requests



Hospital	NPR + FPP FY24B to FY22A (2 year rate)	Commercial Price FY24B to FY23P (1 year rate)	Operating Expense FY24B to FY23P (1 year rate)
Brattleboro Memorial Hospital	19.90%	1.10%	1.70%
Central Vermont Medical Center	21.40%	11.00%	7.09%
Copley Hospital	21.60%	11.30%	8.52%
Gifford Medical Center	7.20%	8.60%	0.71%
Grace Cottage Hospital	16.40%	2.00%	6.21%
Mt. Ascutney Hospital & Health Ctr	12.40%	3.40%	7.19%
North Country Hospital	21.20%	4.30%	1.20%
Northeastern VT Regional Hospital	9.00%	12.80%	8.12%
Northwestern Medical Center	10.30%	4.50%	0.35%
Porter Medical Center	28.40%	6.90%	8.81%
Rutland Regional Medical Center	7.70%	1.50%	-0.65%
Southwestern VT Medical Center	9.00%	3.90%	3.23%
Springfield Hospital	15.60%	3.40%	5.24%
The University of Vermont Medical Center	23.80%	13.50%	7.33%
<b>SYSTEM</b>	<b>19.3%</b>	<b>9.84%</b>	<b>5.71%</b>

**Labor expenses**  
 •Gifford recently implemented a wage analysis. They continue to review and adjust compensation based on market conditions and recently implemented a position control mechanism to optimize appropriate staffing levels.  
 •Rutland reduced positions and benchmarks compensation to the median of similar hospitals. They are conducting a market analysis and recently implemented processes to evaluate and establish the CEO's salary.

Year	Median Household Income (VT)	Medicare Market Basket: Inpatient Hospital	Inflation (Hospital PPI*)	System-Wide Hospital Rate Requests**
2021	3.2%	4.9%	4.6%	6.8%
2022	5.5%	5.7%	2.1%	6.0% <sup>†</sup>
2023	4.7%***	3.4%***	3.2%	10.6%
2024	3.9%***	3.0%***	n/a	10.6%

<sup>†</sup> Initial change in charge requests. Three hospitals (Rutland, UVMHC, and CVMC) submitted mid-year requests. Factoring in those requests, the overall requests for 2022 were 12.2% for system-wide and 16.1% for UVMHC.

\*US Bureau of Labor Statistics, Series PCU622110622110. Provider Price Index industry data for General medical and surgical hospitals, not seasonally adjusted

\*\* Change in Charge Requests

\*\*\* Forecasted Values.

Sources: Median Household Income for 2021-2022 is from the U.S. Census Bureau and 2023-2029 forecasted by Moody's Analytics. Medicare Market Basket Data is sourced from the IHS Global Inc. (IGI) 2023Q1 Forecast released by CMS, OACT, National Health Statistics Group.

# Requested and Approved QHP Rates



Requested Change to Written Premium				
		MVP	BCBSVT	VISG Total
2019	\$	15,734,195	\$ 26,021,143	\$ 41,755,338
2020	\$	19,024,976	\$ 47,134,181	\$ 66,159,157
2021	\$	18,270,092	\$ 18,557,919	\$ 36,828,011
2022	\$	25,959,935	\$ (1,555,793)	\$ 24,404,142
2023	\$	63,522,070	\$ 46,571,562	\$ 110,093,632
2024	\$	30,667,082	\$ 56,258,681	\$ 86,925,763
<b>Total</b>	\$	173,178,350	\$ 192,987,693	\$ 366,166,043

Approved Change to Written Premium				
		MVP	BCBSVT	VISG Total
2019	\$	9,590,309	\$ 20,082,027	\$ 29,672,336
2020	\$	17,700,895	\$ 37,571,380	\$ 55,272,275
2021	\$	6,745,291	\$ 12,170,952	\$ 18,916,243
2022	\$	14,955,765	\$ (3,948,557)	\$ 11,007,208
2023	\$	49,815,415	\$ 35,427,192	\$ 85,242,607
2024	\$	28,674,243	\$ 51,330,177	\$ 80,004,420
<b>Total</b>	\$	127,481,918	\$ 152,633,171	\$ 280,115,089

QHP = Qualified Health Plan  
 VISG = Vermont Individual and Small Group

# Cumulative Average Change to QHP Rates



Cumulative Average Change to Rate (2018 base year)				
	MVP - I	MVP - SG	BCBS - I	BCBS - SG
2019	6.6%		5.8%	
2020	17.4%		18.9%	
2021	20.5%		23.9%	
2022	35.8%	21.5%	29.7%	15.6%
2023	61.9%	60.6%	44.5%	29.1%
2024	80.4%	60.2%	64.6%	46.2%

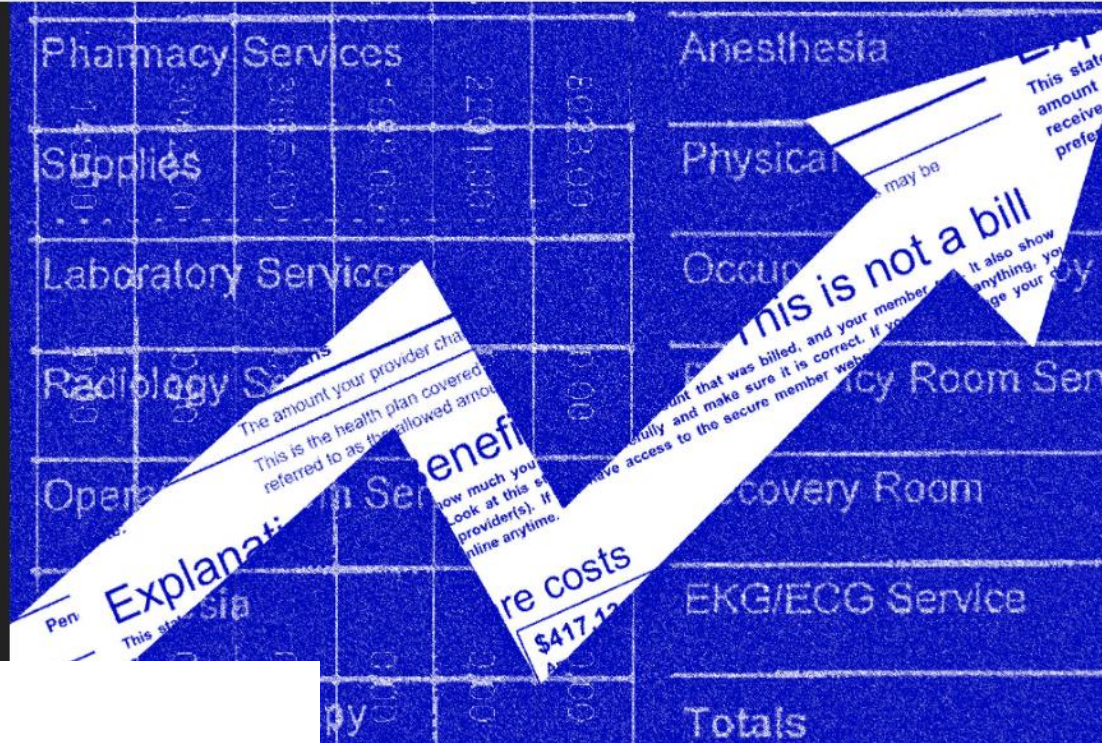
QHP = Qualified Health Plan  
 I = Individual  
 SG = Small Group



◆ WSJ NEWS EXCLUSIVE

## Health-Insurance Costs Are Taking Biggest Jumps in Years

Employers and workers are expected to see an increase of about 6.5% or higher in health-plan costs next year



By [Anna Wilde Mathews](#) [Follow](#)

Updated Sept. 7, 2023 4:08 pm ET



Save



920



Listen (7 min)

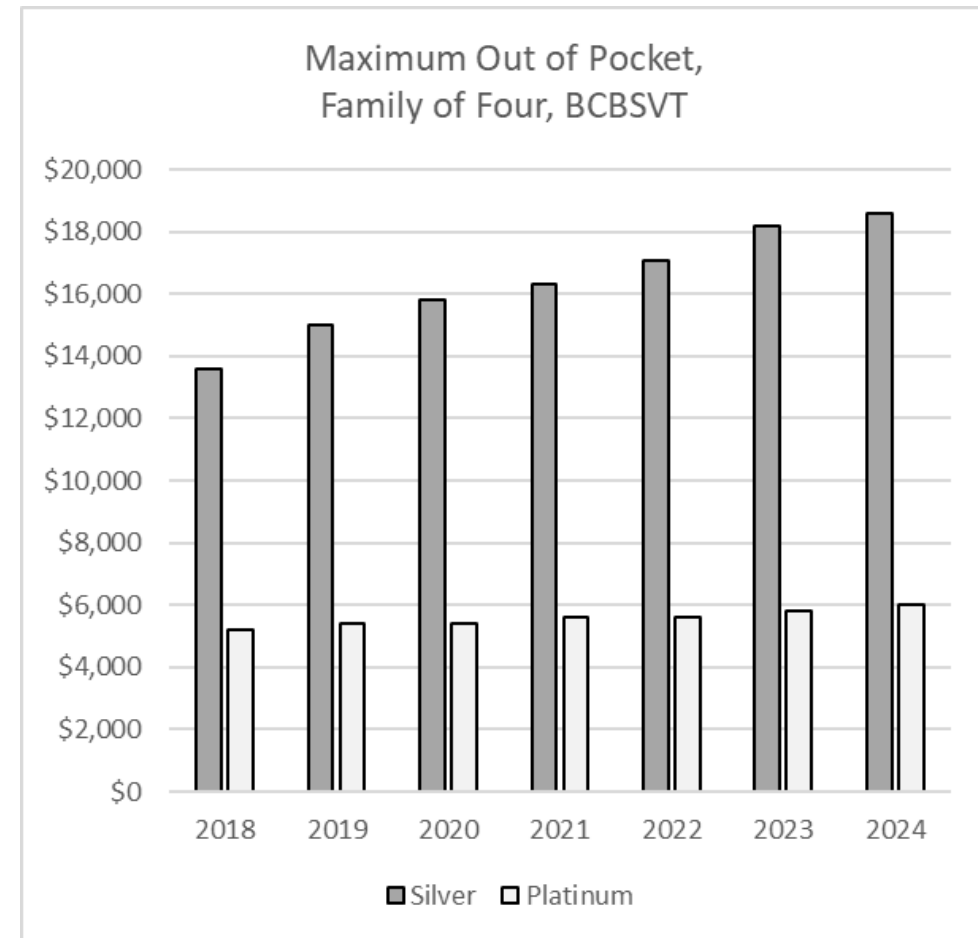
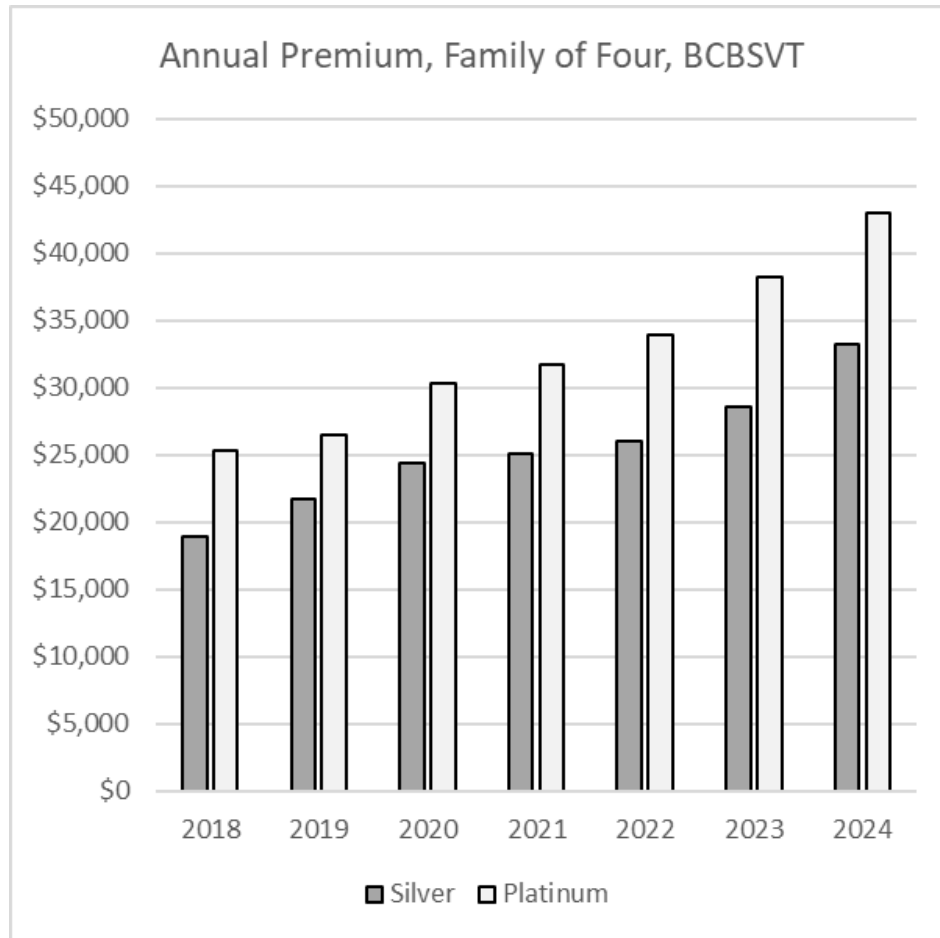


Health-insurance costs are climbing at the steepest rate in years, with some projecting the biggest increase in more than a decade will wallop businesses and their workers in 2024.

Costs for employer coverage are expected to surge around 6.5% for 2024,

# Health Care Landscape Trends

## Affordability



**Note.** Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies. Enhanced subsidies from APRA will continue through 2025.

# FY2024 Hospital Budget Decisions



Charge Increases					
Hospital	FY23 Approved	FY24 Submitted	FY24 Approved	2-Year Submitted	2-Year Approved
System-Wide	10.5%	10.6%	4.1%	21.1%*	14.6%*
Brattleboro Memorial Hospital	14.6%	1.5%	1.5%	16.1%	16.1%
Central Vermont Medical Center (CVMC)**	10.0%	10.0%	5.0%	20.0%	15.0%

Charge Increases (continued)					
Hospital	FY23 Approved	FY24 Submitted	FY24 Approved	2-Year Submitted	2-Year Approved
Copley Hospital	12.0%	15.0%	8.0%	27.0%	20.0%
Gifford Medical Center	3.7%	3.6%	3.6%	7.3%	7.3%
Grace Cottage Hospital	5.0%	4.0%	4.0%	9.0%	9.0%
Mt Ascutney Hospital and Health Center	4.7%	5.1%	5.1%	9.8%	9.8%
North Country Hospital	12.2%	4.5%	4.0%	16.7%	16.2%
Northeastern Vermont Regional Hospital (NVRH)	10.8%	15.0%	8.0%	25.8%	18.8%
Northwestern Medical Center	9.0%	6.0%	6.0%	15.0%	15.0%
Porter Hospital**	3.5%	5.0%	3.1%	8.5%	6.6%
Rutland Regional Medical Center	17.4%	5.6%	5.6%	23.0%	23.0%
Southwestern Vermont Medical Center	9.5%	6.6%	6.6%	16.1%	16.1%
Springfield Hospital	10.0%	7.0%	6.0%	17.0%	16.0%
University of Vermont Medical Center (UVMHC)**	10.1%	10.0%	3.1%	20.1%	13.2%

GMCB made adjustments to seven hospitals' budgets to limit the rate increases that impact commercially insured patients, representing a 7.8% reduction (**\$145 million**) from submitted budgets.

Source: Press Release [GMCB ESTABLISHES FY24 HOSPITAL BUDGETS BALANCING AFFORDABILITY AND SUSTAINABILITY](#)

\*The 2-year Medicare inpatient market basket growth is 7.0% from FY22-FY24. The 2-year median wage growth in Vermont is 8.6% from CY22-CY24. The weighted system-wide 2-year GMCB-approved charge increases from FY13-FY22 (including mid-year) is 8.8%.  
 \*\* For FY23, the UVMHC hospitals used commercial effective rates as their approved rate increases, which were: 12.50% for CVMC, 11.50% for Porter Hospital, and 14.77% for UVMHC.

# NPR + FPP Approved vs. Submitted



Hospitals	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Brattleboro Memorial Hospital	-	(164,000)	-	(97,012)	(18)	(1,323,196)	(1,283,242)	(1,820,443)	-	(2,469,448)	-	-
Central Vermont Medical Center	-	(809,000)	-	-	(1,389,660)	(31,044)	-	-	(932,382)	(1,917,742)	-	(16,919,056)
Copley Hospital	(384,572)	-	-	(482,052)	-	(1,638,974)	(1,836,660)	-	(368,445)	(734,249)	-	-
Gifford Medical Center	-	-	-	-	-	16,619	-	-	-	-	-	-
Grace Cottage Hospital	-	-	-	-	-	-	-	(998,848)	(362,846)	(281,500)	-	-
Mt. Ascutney Hospital & Health Ctr	-	-	-	-	-	287,028	-	(1,251,758)	-	-	-	-
North Country Hospital	-	-	-	-	-	(596,182)	-	-	-	(895,024)	-	(496,000)
Northeastern VT Regional Hospital	-	(344,315)	-	(392,000)	-	(190,101)	(411,692)	(186,650)	-	-	-	(8,381,484)
Northwestern Medical Center	-	-	-	(475,500)	(931,081)	(1,375,708)	-	-	(4,677,512)	-	-	-
Porter Medical Center	(465,931)	-	-	-	1	463,665	-	-	-	-	-	-
Rutland Regional Medical Center	-	-	-	-	-	(583,948)	-	-	-	-	-	-
Southwestern VT Medical Center	-	-	-	-	(429,951)	-	-	-	-	-	-	-
Springfield Hospital	-	-	(292,000)	-	-	-	-	10,000	(918,621)	(2,990,690)	-	(516,000)
The University of Vermont Medical Center	-	(3,772,014)	-	-	(2,451,429)	(1,255,121)	-	(3,076,000)	(9,317,899)	-	-	-
<b>Total Submitted</b>	<b>2,123,718,898</b>	<b>2,186,359,996</b>	<b>2,229,352,637</b>	<b>2,308,927,609</b>	<b>2,421,244,641</b>	<b>2,502,528,545</b>	<b>2,611,028,468</b>	<b>2,724,666,167</b>	<b>2,807,046,674</b>	<b>2,968,094,825</b>	<b>3,274,821,586</b>	<b>3,604,812,678</b>
<b>Total Approved</b>	<b>2,122,868,395</b>	<b>2,181,270,667</b>	<b>2,229,060,637</b>	<b>2,307,481,045</b>	<b>2,416,042,503</b>	<b>2,496,301,583</b>	<b>2,607,496,874</b>	<b>2,717,342,468</b>	<b>2,790,468,969</b>	<b>2,958,806,172</b>	<b>3,274,821,586</b>	<b>3,578,500,138</b>
<b>Percent Approved</b>	<b>99.96%</b>	<b>99.77%</b>	<b>99.99%</b>	<b>99.94%</b>	<b>99.79%</b>	<b>99.75%</b>	<b>99.86%</b>	<b>99.73%</b>	<b>99.41%</b>	<b>99.69%</b>	<b>100%</b>	<b>99%</b>

*Note: approved amounts include adjustment for transfers and mid-year modifications*



# FY2025 Hospital Budget Review Planning



The Board does not approve the FY25 guidance until March 2024, however staff are contemplating:

1. Approval without modification will require hitting ***benchmarks*** for ***Net Patient Revenue, Commercial Prices, and Operating Efficiency***.
2. Continue evolution of a more ***patient centered*** regulatory framework, incorporating a more robust understanding of a community's access, quality, and affordability of care.
3. Continue to ***improve data collection*** and ***analytic processes***, standardizing and automating where appropriate.
4. Solicit initial thoughts from hospitals on transformation and lessons learned from ***Act 167 community engagement*** discussions and recommendations.

# Act 167 of 2022 Section 1(b)



Using a stakeholder process (Sec1(a)(3)), GMCB, in collaboration with AHS, shall develop **all-payer value-based payments** (could be global payments) that will:

- A. help move the hospitals away from a fee-for-service model;
- B. provide hospitals with predictable, sustainable funding that is aligned across multiple payers, consistent with the principles set forth in 18 V.S.A. § 9371, and sufficient to enable the hospitals to deliver high-quality, affordable health care services to patients;
- C. take into consideration the necessary costs and operating expenses of providing services and not be based solely on historical charges; and
- D. take into consideration Vermont's rural nature, including that many areas of the State are remote and sparsely populated;

And determine how to incorporate such payments into the Board's regulatory processes...

# QUESTIONS?

# Hospital Budget Review Timeline

## March - April

- Budget **guidance** issued for upcoming fiscal year\*
- **Enforcement** review for previous year's budget order\*

## April - July

- Hospitals develop proposed budgets
- Hospitals **submit budgets** on or before 6/1

## July - August

- Board **reviews** hospitals' **budget** submissions
- Hospitals **present budgets** to the Board at a series of public hearings

## September - October

- Board publicly **deliberates** to approve, modify, or deny budgets by 9/15\*
- **Budget orders** delivered before start of Hospital **Fiscal Year 10/1**

*\*requires Board vote*