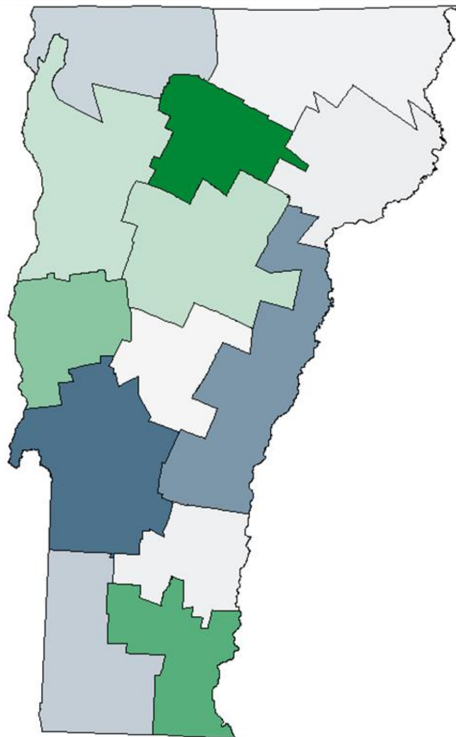

Draft legislative proposals on certificate of need and the health resource allocation plan

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Stakeholder Process

- Numerous stakeholder meetings June through November 2017.
- Gathered and considered feedback.
- Proposals put forward to change CON legislation and to consider HRAP changes.
- Following slides highlight the proposed changes informed by the stakeholder engagement process.
- Senate draft deadline is December 8 – this is the beginning, not the final product.

Health Resource Allocation Plan (HRAP)

- Statutorily-required four-year plan that includes:
  - Principles to be used in allocating resources and establishing priorities for health services.
  - Inventory of supply and distribution of health facilities and services.
  - Recommendations for appropriate supply and distribution of resources, programs and services.
  - First published 2005 and updated 2009.

HRAP Proposal(s)

- Current HRAP statute describes a static inventory of a specified set of health care goods and services, with focus on supply; is not a driver of solutions; does not measure gaps or underlying need.

- Suggest more general resource allocation language to allow flexibility and relevancy:
    - Improved tool/product to help GMCB members with analysis and decision-making around Certificate of Need applications, hospital budgets, and ACO budgets in context of larger system.
    - Utilize existing data sources more meaningfully.
    - More dynamic and up-to-date.

HRAP Proposal(s)

- Two potential proposals under consideration.
  - Amend or replace current HRAP

- Both options include VDH requested language change from State Health Plan to State Health <u>Improvement</u> Plan.

- Recommend starting with HRAP amended language proposal for introduction.

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What is in the draft proposal for HRAP?

Revised content: ("the what")

- Report on Vermont's health goods, services, and resources.

- Informs Board's regulatory processes, cost containment and statewide quality of care efforts, health care payment and delivery system reform initiatives, and any allocation of health resources within the State.

- Clarifies and updates "health resources" definition:
  - personnel, equipment and infrastructure necessary to deliver hospital, nursing home, and other inpatient services;
  - home health and mental health services;
  - treatment and prevention services for alcohol and other drug abuse;
  - emergency care;
  - ambulatory care services, including primary care services;
  - health screening and early intervention services;
  - and may include personnel, equipment and infrastructure necessary to address the social determinants of health.

What is in the draft proposal for HRAP?

Revised process: ("the how")

- Report published on GMCB website.

- Identification of priorities utilizing existing data sources such as
  - state health improvement plan,
  - community health needs assessments,
  - workforce data, etc.

- Use existing data sources to conduct analysis of gaps between supply and need.

- Public comment via usual GMCB meetings/advisory committee/website mechanisms.

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Some of the Many Health-Related Data Sources that Currently Exist

- Vermont State Health Improvement Plan
- State Health Assessment Plan - Healthy Vermonters 2020
- Hospital Community Health Needs Assessment Reports
- Hospital Report Card
- Vermont Hospitals Report
- Vermont Health Care Expenditure Analysis
- Inventory of Quality Activities in Vermont
- Inventory of Vermont Communities Health-related Resources
- Inventory and Analysis of Existing Vermont Health Data Final Report
- Vermont Health Data Inventory
- Health Care Workforce Microsimulation Demand Model
- SIM Population Health Plan

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RFP posted for vendor support

Scope of Work:

- Review best practices and tools/approaches in other states.
- Evaluate existing health-related data sources in Vermont to assess quality and usefulness, and to identify key gaps in data that could or should be collected.
- Research cost-effective approaches to compiling data from disparate sources into a useable format, including cost estimates.
- Provide recommendations for creation of dynamic web-based tool to regularly assess the allocation of health care resources in the state.

What is in the draft proposals for CON?

- Clarify Board delegation to staff.
- Increase monetary thresholds (hospital only).
- Exclude vs. expedite review of certain capital expenditures.
- Align criteria with statewide health care reform goals and principles.
- Revise enforcement authority.

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Clarify Board delegation to staff

- Needed to address issues raised in a Vermont Supreme Court case.

Increase monetary thresholds (hospital only)

- Diagnostic and therapeutic equipment from $1M to $1.5M
- New health care service or technology annual operating expenses from $500,000 to $1M
- Periodically adjust thresholds based on cumulative consumer price index rate of medical inflation.

By or on behalf of a hospital			
	Capital	**Equipment**	**New Service**
Vermont	$3,000,000	$1,000,000	$500,000
MEAN	$5,991,772	$1,942,137	$1,188,811
MEDIAN	$3,000,000	$1,500,000	$1,000,000
RANGE (low)	$300,000	$250,000	$150,000
RANGE (high)	$50,000,000	$6,000,000	$3,242,028

Source: 2016 National Directory State Certificate of Need Programs Health Planning Agencies, American Health Planning Association

Exclude vs. expedite review of certain capital expenditures

- Exclude certain capital expenditures from CON review for review in the hospital budget process only.
  - Routine replacement of non-medical equipment

- Projects presumed to be expedited.
  - Repair, renovation, or replacement of building infrastructure
  - Routine replacement of medical equipment

- Health Care Advocate, competing applicant, or interested party may waive the requirement for a public hearing, but continue to participate.

Align criteria with statewide health care reform goals and principles

- Consider health care payment and delivery reform initiatives.
- Address current and future community needs.
- Consistent with appropriate allocation of health care resources, including appropriate utilization of services.

Revise enforcement authority

- Removes “knowingly” violates.
- Increase penalties.
  - One-time violation increased to $75,000 from $40,000
  - Continuing violation increased to $200,000 from $100,000
    - Retains 1/10th of 1% of gross annual revenues

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Additional issues – not in draft

- Purchase or transfer of ownership of nursing homes
  - Some stakeholders will request exclusion of all nursing home projects.

- Urgent care centers currently excluded under physician office exemption.

- Review of Health Information Technology – HIT report from Secretary of Administration in November.

Additional feedback to the Board

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