June 12, 2019

Via Email and US First Class Mail

Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, Vermont 05620

Re: Green Mountain Surgery Center GMCB-010-15con – Re: Satisfying Remaining Conditions Before Opening

Dear Donna,

ACTD LLC would like to respond to the Board's Statement of Decision and Order issued June 4, 2019. As the Board is aware from the implementation reports we have recently filed, our staffing and benefit costs have ramped up significantly over the past few months in preparation for opening this summer. Naturally, we are eager to open and start taking care of Vermonters. Please find below, and enclosed, additional information that we believe will allow the Board to conclude that we have satisfied the remaining conditions to open the ASC - namely Conditions 1-2, 8-9, 12, and 18 of the CON issued July 10, 2017.

Conditions 1, 8, 9: Our consumer-friendly website launched yesterday and is now up and accessible to the public. The website provides information about each physician planning to offer procedures/surgeries at the ASC, including, but not limited to the information required under Condition 1a – 1e. All the physicians listed on the website are fully credentialed at the Center and plan to perform procedures when the Center is open. As additional physicians become fully credentialed, and before they perform any procedures/surgeries at the Center, their profiles will be added to the website. The commercial/self-pay charges can be found on the 'Price & Quality' page of the website. For self-pay patients, they will receive a discount off of the standard charges and only be billed an amount that is equal to the lowest price billed to patients covered by commercial insurance. Patients can find this explanation of our self-pay policy on the 'Patients' FAQs page of the website under the question 'What if I don't have insurance?'

Conditions 2 and 18: Please find enclosed the Green Mountain Surgery Center's policy on Privileging & Credentialing of Providers, which describes how the Center ensures physician adherence to the shared-decision making, payment status non-discrimination and collaborative care policies.

Condition 12: GMSC has spent a lot of time and effort evaluating our costs and finalizing our charges in the two months since we last appeared before the Board. At that point, we had not

solidified our methodology for determining charges, and could not specifically articulate how we would meet our goals of delivering significant savings for payers and patients while also covering our costs. Nevertheless, we have always intended to offer prices that reflect our "inherent cost advantages over the only other surgical option in the area, a tertiary care hospital" and "give patients and payers (including governmental payers) significant savings compared to what they are currently required to pay hospitals in connection with the same cases, by the same doctors, on the same patients." (Application at page 23). Charges are the starting point for reimbursement discussions with commercial payers and commercial payers work to negotiate rates with providers that are below charges. Now that we have solidified our charges across the specialties that we plan to open with this summer (Gastroenterology and Plastic Surgery), we are able demonstrate in the tables below that our charges are significantly below charges in a hospital outpatient setting for the same services and that we are, therefore, in compliance with Condition 12.

The data shown on Table 1 below from the Vermont Department of Health, compiled at the Clinical Classification System ("CCS") category level shows the charges per hospital for each group of CPT codes and has been used by the state to develop a hospital 'System Average Gross Charge' per CCS category. This data is, and has been for the past several years, the only consistent publicly available data source on hospital charges for procedures. The charges for all of GMSC's gastroenterology procedure codes that we plan to open with fall into the 'Clinical Classification System' categories of CCS 9: 69 Esophageal dilation, CCS 9: CCS 9: 70 Upper gastrointestinal endoscopy/biopsy, and CCS 9: 76 Colonoscopy & biopsy. GMSC's gross charges across those categories are $1,525, $1,610 and $1,519 respectively; whereas the hospital system average gross charges are $4,726, $3,362 and $3,694, as shown in Table 1. Thus, on the "system" level, our charges to patients and commercial payers are 68%, 52% and 59% lower across the gastroenterology CCS categories than the charges for the same procedures/surgeries when they are performed in the hospital outpatient setting. GMSC's charges are also lower than the charges at each hospital, in particular the hospitals in the Northwest part of the state, which are shown in the first grouping on Table 1. Although our volume of plastic surgery cases will be extremely small compared to the volume of gastroenterology cases, we have also produced the same analysis of our charges versus charges in the hospital outpatient setting in Table 1 (A).

We also show on our website under 'Medicare Prices' the Medicare Payment to Green Mountain Surgery Center versus the payment to a Hospital Outpatient Department for the same procedure. This comparison shows that payments for our common procedures range from 48% - 81% lower at the ASC, with an average of approximately 51% lower payments in the ASC.

Finally, to further illustrate the magnitude of savings that the ASC will produce, we can demonstrate that our charges are also 33% – 67% below the hospital charges in our primary service area for the 25 most common procedures, with an average of approximately 45% lower payments in the ASC, as shown in Table 2. (Note: only since the Centers for Medicare and Medicaid Services (CMS)'s final rule (CMS-1694-F) requiring that all hospitals make available a list of their current standard charges became effective on January 1, 2019 have prices from hospitals at the CPT code level even become available).

We hope, now that our charges are finalized and available to the public, the Board will find that we have lived up to our prediction that our charges for procedures would be “about half of hospital rates for Medicare/Medicaid and Commercial,” and that the Board will find the cost savings predictions that we made as part of the CON application and hearings, were justified. And as you can see in many instances the charges are actually less than half of the hospital charges, demonstrating that we have gone above and beyond to make this a more affordable setting for Vermonters.

In conclusion, we have worked hard over the last four years to bring our Center to the point of being ready to serve Vermonters. We are on the cusp of doing so – we have many patients scheduled for procedures/surgeries in early July who are looking forward to enjoying high quality care and affordable prices. We are truly excited and can't wait to open our doors to these patients soon.

Thank you for your consideration.

Sincerely,

Amy Cooper
Manager

Green Mountain
Surgery Center

TABLE 1 - Comparison of GMSC and Hospital Rates

*Based on "Current Procedural Terminology" (CPT) codes that define outpatient procedures for the period 10/1/16 - 9/30/17.
"Clinical Classification System" (CCS) groups similar CPT codes, sucah as all those affecting a given organ syste, of the body.
** Charges for hospitals having fewer than 15 cases are not shown.

GASTROENTEROLOGY

CCS High-level Goup*	CCS 9-69: Esophageal dilation	CCS 9-70: Upper gastrointestinal endoscopy, biopsy	CCS 9-76: Colonoscopy & biopsy
Green Mountain Surgery Center	$1,525	$1,610	$1,519
University of Vermont Medical Center	$5,275	$3,626	$3,884
Northwestern Medical Center		$2,223	$1,575
Central Vermont Medical Center	$4,289	$3,769	$4,540
Copley Hospital		$2,202	$2,192
Porter Medical Center		$4,078	$4,118
Brattleboro Memorial Hospital	$3,589	$3,378	$3,643
Gifford Medical Center		$3,677	$4,503
Grace Cottage Hospital			
Mt Ascutney Hospital		$2,944	$2,799
North Country Hospital		$5,297	$5,169
Northeastern Vermont Regional Hospital		$4,088	$4,686
Rutland Regional Medical Center	$4,960	$4,316	$4,674
Southwestern Vermont Medical Center		$2,224	$2,814
Sprigfield Hospital		$2,205	$2,340
System Average Gross Charges	$4,726	$3,362	$3,694
System Number of Cases	505	5,420	24,131

Hospital Data from:
ACT 53 Comparative Pricing - Vermont Department of Health
http://www.healthvermont.gov/sites/default/files/documents/pdf/HS_Stats_Table2A_2019.pdf
Table 2A - Hospital Pricing of Top 2017 Outpatient Procedures - Gross Charges

TABLE 1 (A) - Comparison of GMSC and Hospital Rates

*Based on "Current Procedural Terminology" (CPT) codes that define outpatient procedures for the period 10/1/16 - 9/30/17.
"Clinical Classification System" (CCS) groups similar CPT codes, sucah as all those affecting a given organ syste, of the body.
** Charges for hospitals having fewer than 15 cases are not shown.

PLASTIC SURGERY

CCS High-level Goup*	CCS 3-19: Other therapeutic procedures on eyelids	CCS 5-33: Other therapeutic procedures on nose, mouth & pharanx	CCS 12-132: Other therapeutic procedures, female organs	CCS 14:160 Other therapeutic procedures on muscles & tendons	CCS 15-170: Excision of skin lesion	CCS 15-172: Skin graft
Green Mountain Surgery Center	$2,520	$5,805	$4,407	$3,788	$1,187	$2,814
University of Vermont Medical Center	$5,922	$12,338	$9,502	$8,348	$2,121	$8,055
Northwestern Medical Center			$6,123	$5,154	$1,515	
Central Vermont Medical Center		$12,681		$10,693	$5,130	
Copley Hospital			$11,434	$17,921	$1,971	
Porter Medical Center	$5,543	$11,184		$19,444	$6,329	
Brattleboro Memorial Hospital			$12,056	$8,257	$2,018	$3,628
Gifford Medical Center				$24,895	$9,269	
Grace Cottage Hospital						
Mt Ascutney Hospital						
North Country Hospital		$7,750	$17,697	$12,156	$6,252	
Northeastern Vermont Regional Hospital				$17,356	$8,433	
Rutland Regional Medical Center	$1,164	$5,758	$6,945	$7,363	$3,380	$12,401
Southwestern Vermont Medical Center			$10,557	$12,357	$4,536	$8,548
Sprigfield Hospital				$4,010	$5,320	
System Average Gross Charges	$5,558	$10,759	$10,350	$10,580	$2,417	$7,781
System Number of Cases	370	346	369	2,640	4,556	659

Hospital Data from:
ACT 53 Comparative Pricing - Vermont Department of Health
http://www.healthvermont.gov/sites/default/files/documents/pdf/HS_Stats_Table2A_2019.pdf
Table 2A - Hospital Pricing of Top 2017 Outpatient Procedures - Gross Charges

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TABLE 2 - Comparison of GMSC and UVMMC Hospital Charges

Procedure CPT Code	Description	GMSC Charge	UVMMC Charge 1/1/2019	UVMMC Charge 2/15/2019	GMSC % Savings	UVMMC % Change Jan-Feb 2019
45330	Sigmoidoscopy, flexible, diagnostic, including specime	$ 525	$ 1,584	$ 1,584	67%	0%
G0105	Colon cancer screening	$ 1,550	$ 3,161	$ 3,161	51%	0%
G0121	Colon cancer screening	$ 1,550	$ 3,161	$ 3,161	51%	0%
45378	Diagnostic colonoscopy	$ 1,550	$ 3,161	$ 2,826	45%	-11%
43239	Upper gastrointestinal endoscopy with biopsy	$ 1,500	$ 2,919	$ 2,610	43%	-11%
44386	Endoscopic evaluation of small intestinal pouch- with biopsy	$ 1,500	$ 2,797	$ 2,797	46%	0%
44382	Biopsy of small bowel	$ 1,600	$ 2,923	$ 2,923	45%	0%
44380	Diagnostic examination of small bowel using an endoscope	$ 1,500	$ 2,734	$ 2,734	45%	0%
45385	Colonoscopy with removal of polyps	$ 1,800	$ 3,251	$ 3,335	46%	3%
44361	Small bowel endoscopy with biopsy	$ 1,800	$ 3,227	$ 3,227	44%	0%
43235	Diagnostic examination of esophagus using an endoscope	$ 1,500	$ 2,688	$ 2,535	41%	-6%
43255	Upper gastrointestinal endoscopy with control of bleeding	$ 1,750	$ 3,088	$ 2,779	37%	-10%
43249	Dilation of esophagus using an endoscope	$ 1,750	$ 3,088	$ 2,767	37%	-10%
45380	Colonoscopy and biopsy	$ 1,800	$ 3,166	$ 3,140	43%	-1%
43236	Injections of esophagus, stomach, and/or upper small bowel	$ 1,500	$ 2,547	$ 2,547	41%	0%
45341	Sigmoidoscopy, flexible, diagnostic, with ultrasound	$ 1,500	$ 2,533	$ 2,533	41%	0%
45331	Sigmoidoscopy, flexible, diagnostic, with biopsy	$ 1,200	$ 1,813	$ 1,813	34%	0%
45381	Injections of large bowel using an endoscope	$ 1,200	$ 2,884	$ 2,950	59%	2%
44360	Small bowel endoscopy	$ 1,650	$ 2,660	$ 2,660	38%	0%
43251	Upper gastrointestinal endoscopy with removal of tumor	$ 1,800	$ 2,989	$ 2,690	33%	-10%
45386	Balloon dilation of large bowel using an endoscope	$ 1,300	$ 2,775	$ 2,775	53%	0%
45390	Colonoscopy, flexible; with endoscopic mucosal resection	$ 1,400	$ 3,213	$ 3,237	57%	1%
45340	Sigmoidoscopy, flexible, diagnostic, with dilation by ballon	$ 1,050	$ 2,183	$ 2,183	52%	0%
45349	Sigmoidoscopy, flexible; with endoscopic mucosal resection	$ 1,200	$ 2,410	$ 2,410	50%	0%
43248	Dilation of esophagus using an endoscope	$ 1,300	$ 3,088	$ 2,111	38%	-32%

UVMMC Charges Downloaded from:
https://www.uvmhealth.org/medcenter/Pages/Patients-and-Visitors/Billing-Insurance-and-Registration.aspx

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Addendum to Letter: Further Discussion of Reimbursement Comparisons

There are several complicating factors that make any commercial reimbursement comparisons beyond a comparison of charges very difficult, or near impossible, to produce. These factors help to explain why charge comparison data is the best data to use to confirm that the ASC will produce savings.

1. Hospitals routinely bill for additional services provided during a procedure, which ASCs also provide, but do not bill for. Each hospital, and each insurer they contract with, may have a different set of ancillary services that are routinely billed and reimbursed for during an outpatient procedure alongside the main procedure CPT code. These services may include charges for medications provided (often identified as 'Pharmacy' charges), charges for moderate sedation services that do not meet the threshold of separate Anesthesia charges, and charges for recovery room time. A review of recent patient Explanation of Benefits (EOBs) across several commercial insurers shows that hospitals in Vermont bill for some or all of these services in addition to the procedure code (a selection of redacted EOBs is enclosed). Therefore, a comprehensive analysis of cost savings at the ASC would have to account for all the related services a hospital bills for at the time of a procedure and compare it to the ASC's total billed charges.
2. Given the wide variation in commercial pricing and billing methodologies, the time that it would take to for an insurer to pull together total procedure-episode cost data for each hospital, for each procedure, and verify the analysis, could not be accomplished in any reasonable time frame.
3. Additionally, hospital charges and reimbursements may change frequently, certainly more often than annually (as shown in Table 2), further complicating the analysis that would be required to do any real-time comparisons.
4. Another factor that would have to be considered are the costs of labor and real estate, the two main drivers of facility costs, which vary considerably among different regions in the state. It is typical for providers in urban regions to have higher costs and charges, and for public and private payers to pay more to urban facilities to reflect their higher costs.[1] [2]

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[1] https://www.npr.org/sections/health-shots/2019/05/31/728283462/richer-medicare-payments-for-rural-hospitals-could-come-at-urban-centers-expense

[2] Price Variation Analysis, August 31, 2014 at 36. https://gmcboard.vermont.gov/documents/payment-reform/price-variation-analysis