

VERMONT ASSOCIATION OF
HOSPITALS AND HEALTH SYSTEMS



March 22, 2018

Kevin Mullin, Chairman
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Dear Chair Mullin,

As the Green Mountain Care Board nears completion of FY19 budget guidance, we want to make clear our opposition to an insufficient NPSR target that will threaten the hospital-led innovation, investment and integration of Vermont's patient care. Hospitals will not compromise their missions, or sacrifice quality or patient safety, to meet a revenue target.

The current NPSR draft proposal of 2.75 percent directly threatens the transformative work being done under the All-Payer Model (APM). A signed contract with the federal government, the APM calls for an ambitious and historically low 3.5 percent per-capita growth rate. Hospitals need a stable regulatory environment, secure financial footing and the space to innovate to achieve the goals of the APM. Recent GMCB proposals backtrack on the target set by the APM—and break with the APM's tough but predictable growth rate.

Hospital and regulator efforts to control expenses and build sustainable budgets have produced nearly \$600 million in expense savings over the last seven years. Now, Vermont's hospitals are making strategic investments in primary care and prevention, care coordination and community collaboration—advancing health reform objectives and assuming real financial risk in the process. We are dedicated to continuing the work of bending the cost curve, but without adequate resources and the ability to make the proper investments, that promise becomes much harder to fulfill.

Anything below a 3.4% target jeopardizes the progress we are making and attempts to move us too far too fast when we are already on a productive and promising path. Vermont's non-profit hospitals are driven by the needs of our patients and communities, and hospital budgets are built to ensure that Vermonters have the right place to turn when they need compassionate, trusted care.

Our constituencies expect us to be reliable caregivers, stable employers, and vital contributors to community development. These expectations do not go away, no matter the financial situation of our hospitals. As a result, hospitals will work towards the budget guidance adopted by the Board, but will also carefully evaluate possible implications.

I hope the Green Mountain Care Board will hear our call for a reasonable and responsible path forward that incrementally and wisely advances the progress we have already achieved together. Vermonters are relying on us to get this right. Thank you for your careful consideration.

Respectfully,

Jeff Tieman
President and CEO

Jill Berry Bowen
CEO, Northwestern Medical Center