

Green Mountain Care Board  
144 State Street  
Montpelier, Vermont 05602

July 16, 2020

Dear Green Mountain Care Board (GMCB) Members,

The Vermont Digger recently published three Articles and/or Commentaries regarding the status of the healthcare system in Vermont. These include an Article by Bill Schubart questioning the need for the current number of hospitals in Vermont; a report on the State Auditor's findings regarding OneCare VT; and a report that BC/BS recently lost nearly 50% of its employee pension portfolio. Each of these articles raises serious concerns about the health of our healthcare system and the role of the GMCB in exercising its regulatory authority to ensure that healthcare is affordable for Vermonters and that the system is sustainable in the long run.

In May 2020, I also submitted a commentary to the Vermont Digger pointing out how the Coronavirus pandemic has revealed many of the shortcomings in Vermont's healthcare payment and delivery system. I suggested in that Article that now may be the time for the Board to be more aggressive in exercising its regulatory and planning authority to address those shortcomings. I noted a number of areas that I think should be addressed, but I did not have the opportunity to be as detailed as I would have liked, so let me take that opportunity now. Here are the questions I think the Board should publicly address:

1. How many "full-service" hospitals do we need in Vermont? What services should each of the hospitals provide? Are there opportunities for cost reduction and improved efficiencies throughout the system?
  - I do not necessarily agree with Mr. Schubart that Vermont has too many hospitals. However, I do think that Vermont hospitals, particularly the small Critical Access Hospitals (CAHs) should be asked to identify and consider discontinuing low volume high cost, high risk services and develop formal referral relationships with nearby facilities as an alternative to offering the services at the hospital? This could be done in exchange for offering the CAH's guaranteed global budgets for a multi-year period.
  - Should OneCare Vermont, which bears a significant degree of financial risk on behalf of the hospitals, have a role in recommending and/or commenting on individual hospital budget requests for increases or decreases in rates or services?
  - Vermont hospitals' costs have exceeded revenues for four of the past five years. Should the GMCB establish specific growth limits on the annual increase of hospital costs?
  - Should the GMCB establish stronger measures for holding hospitals accountable when they exceed their budgets on Net Patient Revenue (NPR) and/or cost?
  
2. The All-Payer Model Agreement requires that 70% of all Vermonters and 90% of Medicare Beneficiaries be attributed to the ACO by 2022. What steps can be taken now to accelerate this attribution process to meet this target?
  - Should the GMCB, AHS, and the Governor's office be more proactive in explaining to hospitals, state employees, school boards, teachers' unions, and the public why it is so important to meet this goal and to develop a plan to accelerate the attribution of lives to providers affiliated with the ACO?
  - What is the plan to encourage our state's largest insurer, BC/BS Vermont to work more closely with OneCare to create more incentives to encourage its self-insured subscribers to move more attributed lives to the ACO in order to meet the 2022 scale targets of the All-Payer Model Agreement?

3. Why do insurance rates continue to rise when the hospitals and other healthcare providers have only been able to offer limited services for the past 5 months?

- Insurance companies have been collecting health insurance premiums for the past year based on assumptions of utilization that were anticipated over a year ago. The Coronavirus required that hospitals cancel all elective surgeries and that doctors' visits, dental visits, etc. be canceled or made 'virtual'. This has resulted in insurance companies collecting full premiums with very little payout to providers.

i. Where have these premium dollars gone, and will most, if not all of it, be returned to consumers or paid to the healthcare providers to offset their losses?

ii. Why is the state allocating \$300 million dollars of Federal subsidy money to the hospitals when the health insurance companies may have a good share of that money in their pockets?

iii. Do the insurance companies believe that Vermont's healthcare industry has the capacity to nearly double its utilization next year to eliminate this backlog of cases? If so, is this assumption built into its current request for rate increases?

iv. What are the utilization projections for this coming year that would require another increase in premiums?

v. What will it take to accelerate the process to move a substantial portion of private insurance payments away from fee-for service to fixed payment models, including hospital global budgets, based on historical utilization or enrolled beneficiaries/members, similar to what Medicare and Medicaid is doing now?

vi. Have Medicaid and Medicare continued to pay OneCare its contracted prospective amounts during the pandemic? If they have, and assuming OneCare has distributed the payments to its providers per the terms of the agreement, will be a reconciliation of payments back to Medicaid and/or Medicare if the providers cannot document sufficient (phantom) billings to justify the payments due to restrictions on their ability to provide services. I would hope not, but I'm curious about the terms of these payment agreements.

4. Is the GMCB prepared to hold the hospitals and the payers accountable for meeting the financial and quality goals of the All-Payer Model?

- The state Auditor has raised serious questions regarding the GMCB's willingness to hold the ACO and the hospitals accountable for the financial and quality goals established in the All-Payer model. Is the Board planning to address the Auditor's concerns in a public forum? The GMCB is now beginning, or is in the process of, reviewing hospital budgets and insurance rate increases for the coming year. Now is the time to address the above questions before another year passes and our healthcare system becomes less affordable and less accessible for more and more Vermonters.

I would be happy to address the Board personally regarding these issues if you think that would be useful.

Thank you for your consideration,  
Richard Slusky