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UVMHealth.org

GMCB
FY 2019 Budget
March 12, 2018

THE
University of Vermont
HEALTH NETWORK

Agenda

- Vermont is Leading The Nation In Move Toward Value-Based Payment
 - All of Our FY 2019 Budget Proposals Serve That Big Goal
- Basic Revenue Targets Should Be Adjusted to Account for Demographic Shifts
 - Vermont's Moving and Aging Population
- Separate Patient Revenue Growth Rates for FY19 Budget
 - ACO/APM Revenue Growth Should Be Regulated Through The ACO
 - Fee For Service Revenue Growth Should Be Separately Set at a Level That Recognizes Real Health Care Inflationary Pressures
- As Hospital Revenues Move Toward APM, Our Regulatory Approach Should Continue To Evolve

Vermont Leads the Nation Toward Value-Base Payment

Big Goal:

Integrated health system able to achieve the triple aim

- ✓ Improve patient experience of care
- ✓ Improve the health of populations
- ✓ Reduce per capita cost growth

GREEN MOUNTAIN CARE BOARD
VERMONT ALL-PAYER ACCOUNTABLE
CARE ORGANIZATION MODEL
SEPTEMBER 28, 2016

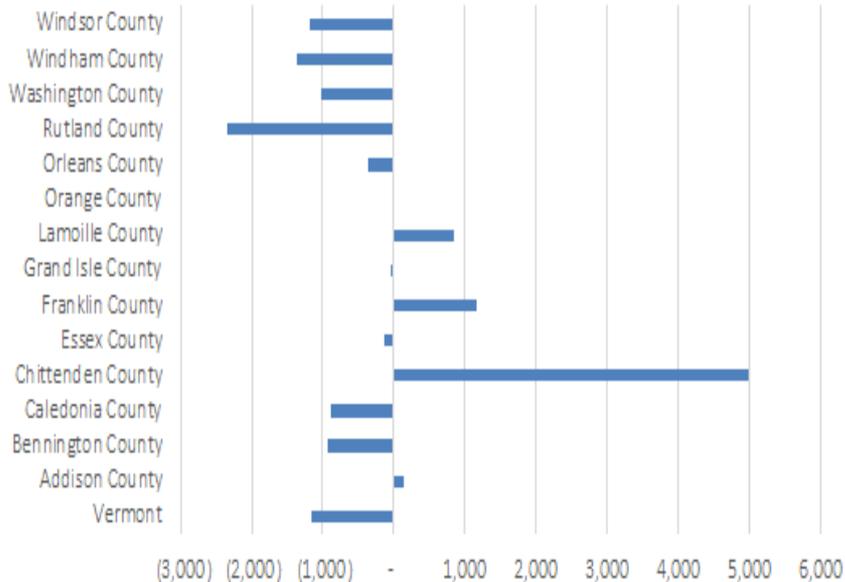
“There is no turning back to an unsustainable system that pays for procedures rather than value. In fact, the only option is to charge forward — for HHS to take bolder action, and for providers and payers to join with us.”

Alex M. Azar II
United States Secretary of Health and Human Services
March 5, 2018

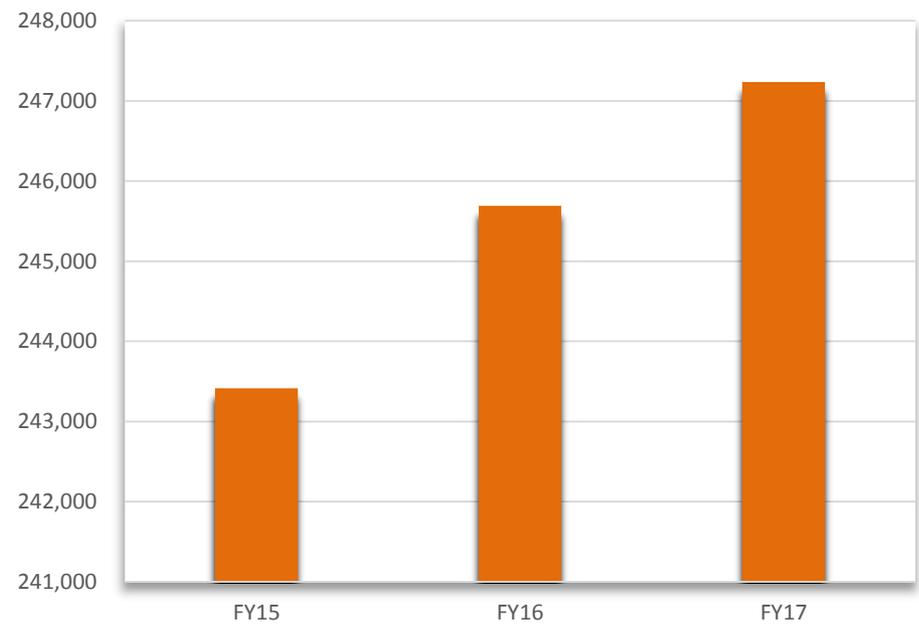
A Population Shift is Happening in VT

A real in-state population shift is occurring between counties and hospital services areas, resulting in more patients seeking care at UVMHC

VT Population Change from 2010 to 2016



Unique Patients Treated at UVMHC



2019 Base Revenue Targets Should Be Adjusted to Account for Demographic Shifts and Utilization Reality

- Since GMCB imposed revenue targets eight years ago, the budget process has been based on budget-to-budget revenue targets and did not provide an opportunity to capture movements like this
- During same period, more Vermonters have moved to Chittenden, Franklin, Lamoille, & Addison Counties
 - And more older Vermonters travel for specialized care at UVMHC
- UVMHC's base patient revenue should be adjusted by \$39.6M to account for choices Vermonters make about where to live and receive health care

Proper Base: FY 2017 Actuals

- UVMHC's FY 2017 actuals provide the proper base patient revenues for the FY 2019 budget guidance
- 2017 base is consistent with revenue models for the ACO
 - Important to fulfilling contractual commitments in APM
 - ACO will account for significant and increasing proportion of UVMHC revenues
- Can use the same FY17 basis to address FY18 patient revenues

Separate FY 2019 Revenue Targets for ACO/APM and FFS

- Fee-For-Service revenues & ACO/APM revenues are unique payment models which require separate regulatory processes for revenue targets
- Growth of ACO/APM revenues should be linked to OCV budget process
 - *Recognizes increased accountability resides with hospitals and providers*
 - *Recognizes hospitals assuming substantial risk*
 - *Focuses on PMPM, as opposed to NPR*
- Fee-For-Service revenue targets should account for real inflationary pressures and health reform efforts (which include significant required investments in mental health & substance abuse treatment)
 - *Growth of FFS revenues limited to 3.3%-3.4%*
 - *Normal health care inflation of 2.8%-2.9%*
 - *Health Reform Investments 0.5%*
- Set growth for one year, not two years, given fast evolving shift in payment and reform initiatives

Summary

- Base patient revenue targets must be re-aligned to where Vermonters live and their actual utilization of hospital services
 - Should also be aligned with ACO/APM
- FY2019 Budget revenue growth rates:
 - ACO/APM linked to OCV budget
 - FFS NPR tied to health care inflation and health reform, substance abuse & mental health investments
- Continue to move toward regulatory model that recognizes shift from FFS to PMPM risk-based prospective payments models
- Achieve the “Big Goal” of an integrated health system able to achieve the triple aim