



Vermont Association of
Hospitals and Health Systems

March 18, 2019

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

Dear Chair Mullin:

First I want to reiterate that the FY 2020 guidance discussions created an excellent opportunity for all concerned parties to provide valuable input. We are grateful for the leadership and work of GMCB members and staff. In the spirit of this effective process and working together to achieve mutually-held health care reform goals, I suggest that we continue meeting on a regularly scheduled basis

I am writing now to comment on the FY 2020 Budget Guidance materials and discussion that took place at the March 27th GMCB meeting. In our March 5th comment letter, we outlined principles of regulatory predictability, the importance of adhering to reform goals and the need to implement tools for objective measurement of financial performance. We have made many gains, but there are three areas we believe should be addressed prior to finalizing the FY 2020 Budget Guidance:

1. ***GMCB should eliminate Appendix XI from the FY 2020 guidance.*** Regulatory predictability is an important principle we need to uphold. Although we believe the discussions and questions pertaining to the total cost of care are important and directionally correct, we suggest this information be discussed outside the budget process in a more inclusive fashion. As outlined in Appendix XI, the data is not hospital specific, is missing critical elements and has not been vetted. As a result, it is not a reliable data source. To include this in a budget decision process would add significant workload to already administratively burdened finance teams and, because of its lack of reliability, would add little or no discernable value. This data should not be included or used in the budget process.
2. ***GMCB should adopt a multi-year, 3.5% growth rate*** and, where necessary, allow for greater increases. The growth rate should be 3.5% without ranges or limits. We clearly understand the Board's goal of affordability— and share it as evidenced by almost all Vermont hospitals investing and participating in the APM. Limits on commercial rate do not necessarily affect affordability but can jeopardize the financial health of Vermont's already fragile hospital system.
3. ***GMCB should adopt Financial Benchmarks for all regulated hospitals.*** Including objective financial measures in the budget review process is an important part of developing a more comprehensive picture of financial health. When developing benchmarks or acceptable ranges of performance, it is very important to have appropriate peer groups against which to measure. We recommend using industry standards in Appendix IV, such as S&P ratios for debt ratings.

Including industry standards and developing acceptable ranges of performance will allow for more objective review for all types of Vermont's hospitals (CAH, PPS and Academic).

Thank you for considering our feedback on the draft guidance. We are pleased to be part of the process and to help create a health care system that continues to serve Vermonters well.

Sincerely,

A handwritten signature in black ink that reads "Jeff Tieman". The signature is written in a cursive, slightly slanted style.

Jeff Tieman

President and CEO