



Vermont Association of  
Hospitals and Health Systems

March 5, 2019

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

Dear Chair Mullin:

I am writing to comment on the Green Mountain Care Board's FY 2020 draft budget guidance. I want to thank you—along with the entire GMCB staff—for the opportunity to participate in development of the guidance document.

As discussed at the outset of this work, the VAHHS Board of Trustees had concerns about the FY 2019 budget process, specifically related to the lack of predictability and careful consideration of all dimensions of Vermont's reforms goals (quality, access and cost).

We continue to strongly believe that the following principles should guide the regulatory and budget processes:

1. **Regulatory process that is predictable** – It is critical that no surprise criteria are introduced—both after the guidance is finalized and during the budget hearing process. If a hospital submits a budget that meets the guidance, that budget should be approved as submitted. It is unfortunate that the Office of the Health Care Advocate, although a participant in the workgroup discussion, did not make available their questions to include in the guidance. *We request the Board review all HCA questions with the goal of allowing the relevant inquires while eliminating others that are duplicative in nature and/or lack relevance to the decision-making process.*
2. **Regulatory process that adheres to and advances reform goals** – At a minimum, GMCB should adopt a multi-year, 3.5% growth rate. Vermont hospitals face the same workforce and payment pressures as other hospitals around the country and are further challenged by funding Vermont's reform work and the rigorous regulatory apparatus that governs them. *We recommend that the Board evaluate how to align the target guidance with terms of the APM.* The APM payment model is designed to place providers at utilization risk while holding them harmless to revenue increases associated with new attribution. The current way in which the 3.5% target is measured may unintentionally penalize organizations that have increased scale.
3. **Regulatory process that thoroughly reflects hospital financial health and investments** – When making decisions, *GMCB should employ objective measures and take into consideration the unique circumstances that each hospital manages.* We support the inclusion of the financial ratios as a way to accomplish this and believe this method of analyzing hospitals should be the model to determine financial health.

Specifically on the 2020 draft guidance, following are VAHHS' three main areas of comment:

- 1) ***Added Narrative Requirements:*** The added narrative requirements may be viewed as clarifying information to the budget submission process; however it must be noted that a primary objective of the guidance review was to limit or reduce these requirements. VAHHS and our members remain concerned about the amount of information, along with the level of detail, being required. What was once an annual budget process has now become an ongoing regulatory procedure. Our organizations have limited resources, and the time they need for the regulatory process takes time away from the day-to-day work of running an effective, efficient operation. *We recommend the GMCB continue to look for process improvements to eliminate unnecessary or redundant requirements.*
- 2) ***Removed Narrative Requirements:*** Three of the eliminated requirements remain significant bodies of work that technically were not eliminated but moved to April or off-cycle from the budget submission process. *This is a step in the right direction, and we ask the GMCB to ensure that moving these requirements to another time during the year helps to reduce, not enhance, administrative mandates.*
- 3) ***Additional Budget Enforcement Remedies:*** Under the Green Mountain Care Board Hospital Budget Review Rule, the Board's annual guidance establishes the benchmarks against which hospitals are to be evaluated. The Budget Performance section found in Paragraph 6 of the 2020 draft guidance goes beyond setting benchmarks for hospital budgets and proposes remedies for budget adjustment. In keeping with the current rule and efforts to streamline the budget guidance, the Board's annual guidance must be limited to establishing the benchmarks against which hospitals' budgets will be evaluated. *Paragraph 6 should be removed.*

We all agree that affordable, high-quality care for all Vermonters is the desired goal of our collective reform efforts—which have produced great results in Vermont. We cannot lose sight of the fact that it took decades to reach where we are now. Similarly, it will take significant time, patience and commitment to achieve our current health reform goals. This work will be derailed if we try to achieve too much too fast or expect immediate systematic results that will take years to fully materialize.

While many of Vermont's hospitals are financially challenged, they continue to provide some of the best care in the country while meeting demands of workforce, payment inadequacy, mental health, improving operational efficiencies and investing in delivery system reform. Now is not the time to increase regulatory requirements or limit the opportunity for sufficient revenues.

Thank you for considering our feedback on the draft guidance. We were pleased to be part of the process and to help achieve our shared health system transformation goals. For success, we must continue to work together and stay in productive dialogue so that we can appreciate all perspectives.

Sincerely,



Jeff Tieman

President and CEO