

VERMONT LEGAL AID, INC.

OFFICE OF THE HEALTH CARE ADVOCATE

264 NORTH WINOOSKI AVE.
BURLINGTON, VERMONT 05401
(800) 917-7787 (TOLL FREE HOTLINE)
(802) 863-7152 (FAX)

OFFICES:

BURLINGTON
RUTLAND
ST. JOHNSBURY

OFFICES:

MONTPELIER
SPRINGFIELD

March 9, 2018

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

Re: Hospital Budget Policy Proposals

Dear Chair Mullin,

The Office of the Health Care Advocate (HCA) is writing to comment on two recent proposals presented at Green Mountain Care Board meetings:

- The Green Mountain Care Board (the Board)'s proposal to decrease the Hospital Budget Guidance net patient revenue (NPR) increase cap for 2019 as compared to recent years, and
- The University of Vermont Medical Center (UVMMC)'s proposal to address its 2017 budget overage by foregoing rate increases in 2019.

The HCA asks the Board to reduce the hospital budget NPR increase cap for 2019.

We appreciate the Board's ongoing efforts to slow the growth of health care costs in Vermont. These efforts directly affect the affordability of health care for consumers through both health insurance rates and the prices of services provided at the state's hospitals. We support the Board's proposal to set a lower cap on hospital net patient revenue growth for fiscal year 2019 than in recent years and ask the Board to fully enforce its NPR caps.

We appreciate the Board's consideration of affordability to Vermonters in setting the 2019 NPR increase cap. Given the substantial overages demonstrated by hospitals in recent years, we believe it is necessary to aim lower than the all-payer model trend rate. There is clearly significant work to be done by Vermont's hospitals to slow the growth of health care costs and meet the goals of the all-payer model.

Aggressively limiting the hospitals' NPR growth should encourage the hospitals to invest in areas that will prevent costly hospital care, and to carefully consider the commercial rates they set. These changes would benefit Vermonters as well as the state. We ask the Board to continue to lower the NPR increase cap in future years and to ensure that the cap is meaningful by strictly enforcing it.

The Board should require UVMMC to reduce its 2018 commercial rates.

We ask the Board to require UVMMC to reduce its commercial rates for 2018, effective immediately, to rectify its 2017 overage. We do not believe UVMMC's proposal to address its 2017 budget overage simply by foregoing a future rate increase is sufficient. An NPR increase cap is only meaningful if there is a significant consequence to exceeding it. The excess revenue collected by UVMMC in 2017 should be returned to Vermont ratepayers completely and as promptly as possible.

Until UVMMC's rates go down, Vermonters will continue to overpay for UVMMC services and for health insurance premiums. Cutting UVMMC's 2018 commercial rates will have immediate and ongoing benefits for Vermonters. Vermonters with deductibles and/or coinsurance who receive care at UVMMC in 2018 will save money on out of pocket costs. Further, the Board can, and should, ensure through its rate review and hospital budget processes that future health insurance premiums and hospital commercial rates adequately reflect these lower rates.

Thank you for considering these comments. Please feel free to contact us with any questions.

Sincerely,

s\ Mike Fisher, Chief Health Care Advocate

s\ Julia Shaw, Health Care Policy Analyst

s\ Kaili Kuiper, Staff Attorney