

Act 167 (2022): A Brief History & Why Hospital System Transformation is Necessary to Preserve Vermonters' Access to Essential Services

June 19th, 2024

A brief reminder...



What is Act 167 “Hospital System Transformation” community engagement?

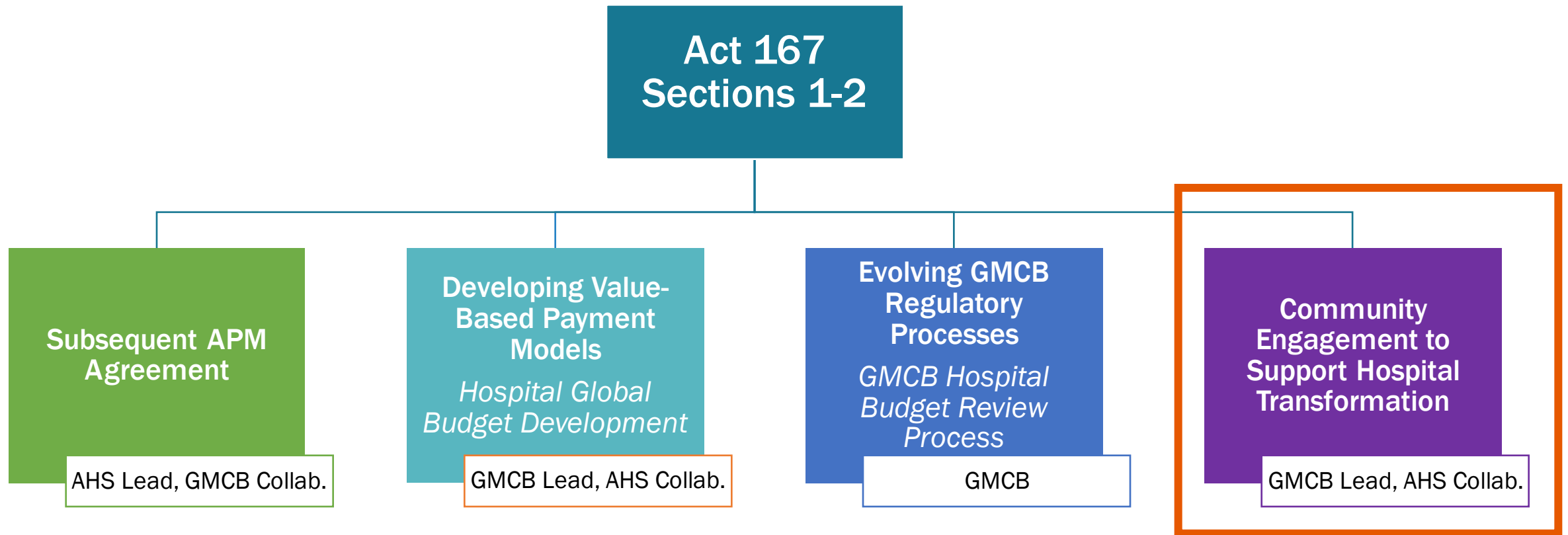
Why is hospital system transformation necessary to ensure Vermonters’ access to essential health care services? (and why was this work initiated in the first place?)

How will we move forward? (and what are next steps?)

WHAT...

What is Act 167 “Hospital System Transformation” community engagement?

Act 167 (2022) Sections 1 and 2



Link to legislation: <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT167/ACT167%20As%20Enacted.pdf>

Link to GMCB Hospital Sustainability and Act 167 webpage: <https://gmcbboard.vermont.gov/hospitalsustainability>

Statewide Community Engagement: Progress and Timeline

Engagement Plan Development

- August - October 2023



Round 1 Meetings: Community and Provider Listening Sessions

- October - November 2023



Data Synthesis and Analysis

- December - May 2024



Current Stage →

Round 2 Meetings: Communication and Discussion of Options/Recommendations

- Summer 2024

Statewide Community Engagement: Numbers: Fall 2023



~1800+
Participants

Across all stakeholder types and meetings¹

~52
Participants

On average per community meeting, including state-wide meetings

100+
Organizations

Contacted

93+
Public Comments

Received

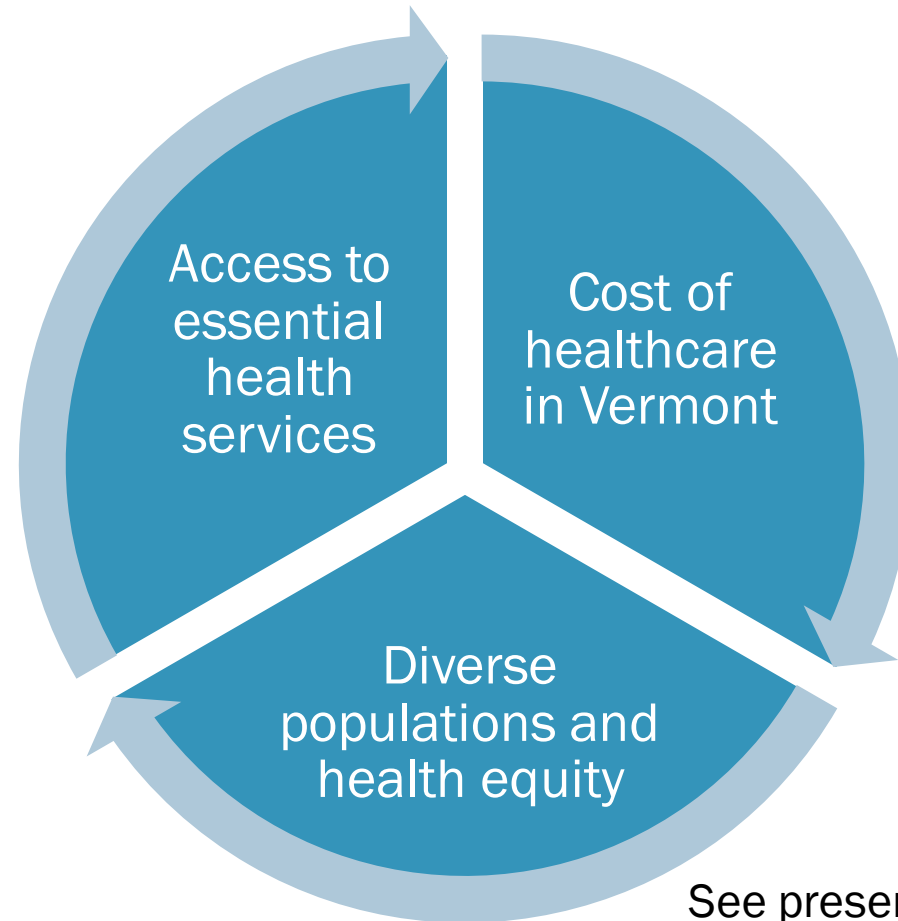
Meeting Type	# of Meetings	Estimated # of Attendees ¹
Stakeholder meetings on engagement plan	16	91 ²
Hospital Leadership and Boards	28	235
Diverse Populations	13	96
State Partners	12	18
Community Leaders	3	6
Community Meetings (<i>public HSA level</i>)	18	931
Provider Meetings (<i>public HSA level</i>)	14	460
Provider interviews and sessions	15	128

1: The number of attendees provided is an estimate based on all available attendance reports; Figure totals all meetings attendees per meeting excluding meetings vetting the engagement plan and excludes GMCB and core team members.

2: The 91 participants are excluded from the 1.8K total as they are accounted for in the other meeting types

Phase 1: Key themes from fall 2023 listening sessions

Community members and providers reported challenges and bright spots within these key themes



See presentation to the GMCB January 17, 2024: [PowerPoint Presentation \(vermont.gov\)](https://www.vermont.gov)

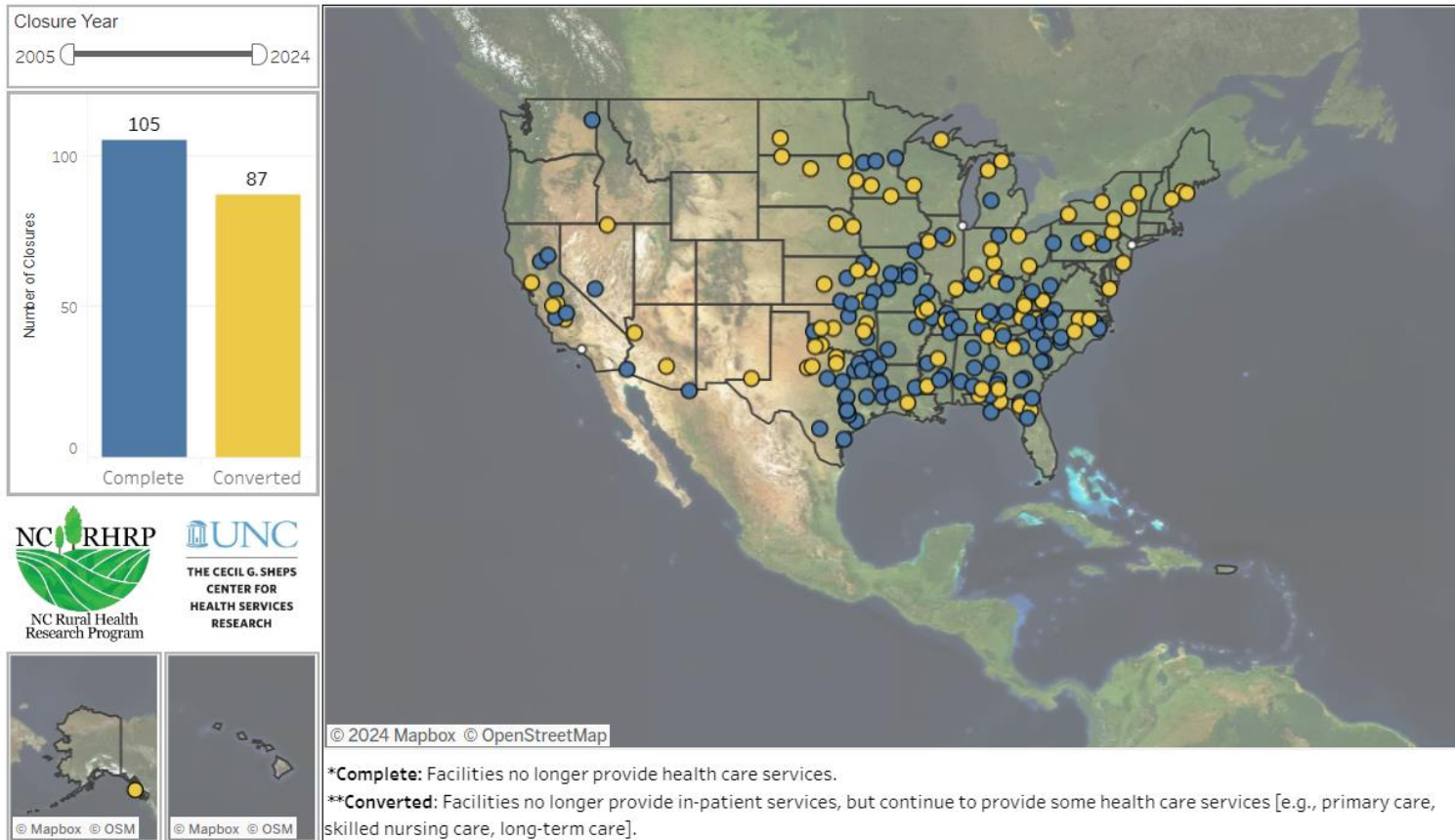
WHY...

Why is hospital system transformation necessary to ensure Vermonters' access to essential health care services? (and why was this work initiated in the first place?)

Hospital system transformation is necessary to simultaneously address two key problems:

1. Hospitals' financial health, particularly for rural hospitals, is poor and continuing to deteriorate
2. Increasing commercial prices to sustain hospitals is no longer a viable option, given the affordability crisis

Rural Hospitals Have Been Struggling



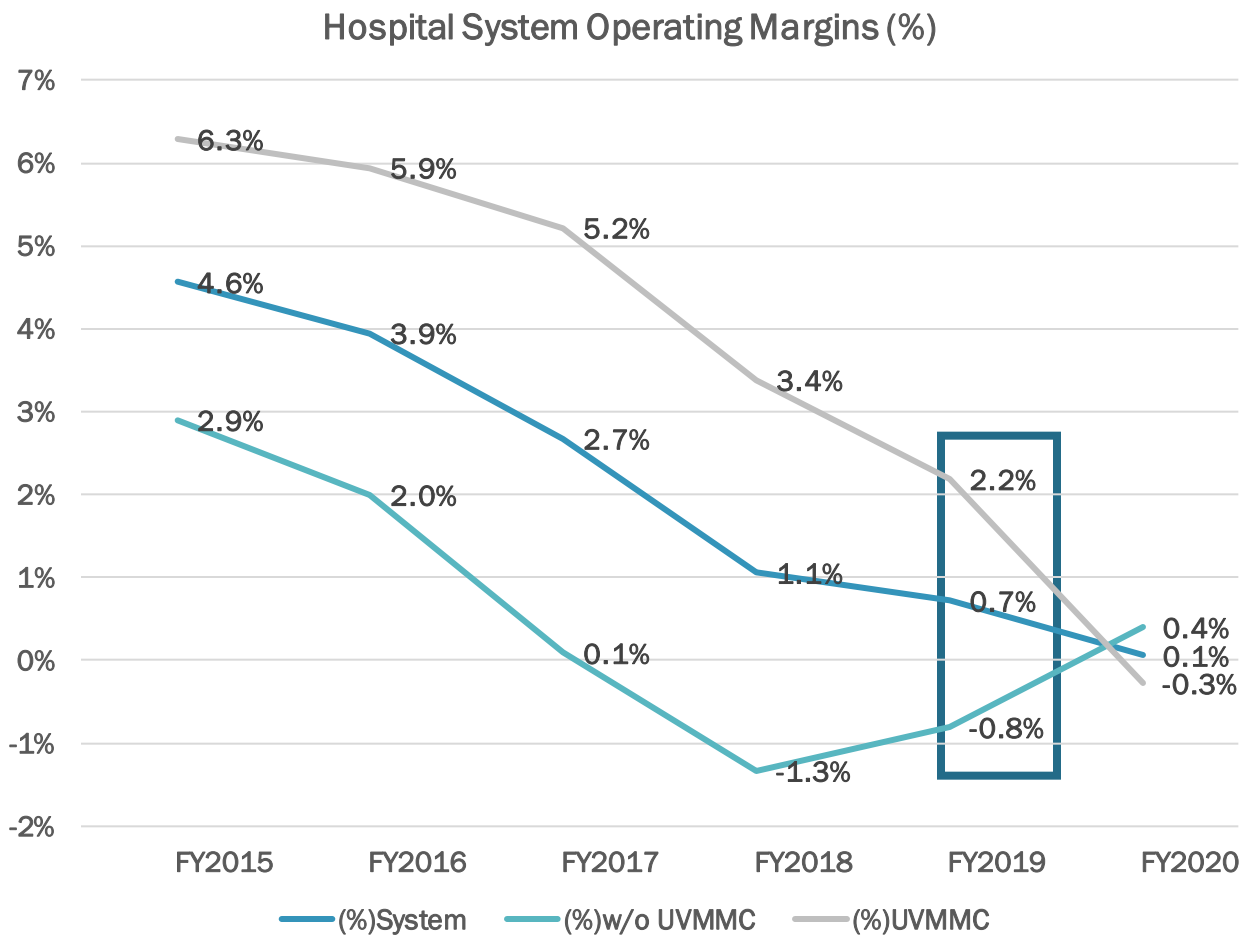
192 closures since 2005 (149 since 2010)

Designation: 39% PPS, 35% CAH

Rurality: 40% small rural, 34% large rural, 23% isolated

Source: <https://www.shepscenter.unc.edu/programs-projects/rural-health/rural-hospital-closures/>

Vermont hospital system has experienced a significant decline in financial health...



*Note FY2020 includes COVID Relief Funds and Expenses

Vermont's Springfield Hospital Files For Bankruptcy

Vermont Public | By Howard Weiss-Tisman
Published June 27, 2019 at 10:19 AM EDT



▶ LISTEN • 3:29



VT Hospital Operating Margin



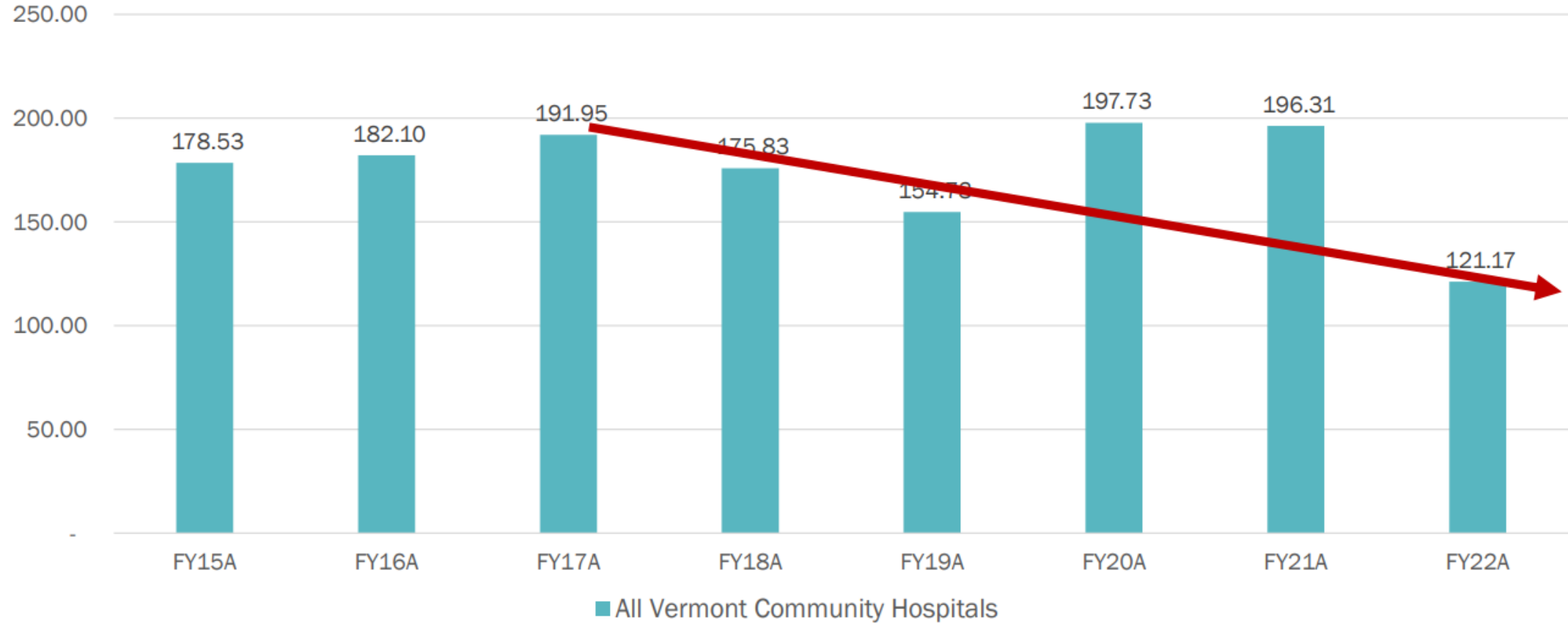
Vermont Hospitals Actual Operating Margin

	FY19	FY20	FY21	FY22	FY23
Brattleboro Memorial Hospital	0.8%	0.6%	-1.7%	-3.8%	-1.7%
Central Vermont Medical Center	-2.1%	-0.6%	-1.0%	-6.5%	-6.5%
Copley Hospital	-3.2%	-3.9%	5.1%	-0.7%	-1.8%
Gifford Medical Center	-0.8%	2.5%	8.8%	7.0%	-8.3%
Grace Cottage Hospital	-6.7%	1.1%	8.0%	-6.8%	-8.9%
Mt. Ascutney Hospital & Health Center	0.2%	0.7%	9.1%	1.7%	2.0%
North Country Hospital	1.9%	3.7%	4.6%	-10.3%	-8.9%
Northeastern VT Regional Hospital	1.8%	1.3%	2.9%	0.2%	0.5%
Northwestern Medical Center	-8.0%	-0.9%	4.7%	-4.3%	-6.6%
Porter Medical Center	5.1%	4.0%	7.7%	3.1%	7.6%
Rutland Regional Medical Center	0.4%	0.2%	2.2%	-3.8%	2.1%
Southwestern VT Medical Center	3.3%	2.8%	4.5%	-0.2%	-3.8%
Springfield Hospital	-18.4%	-11.2%	1.2%	5.4%	-0.9%
The University of Vermont Medical Center	2.2%	-0.3%	2.3%	-1.2%	3.1%
All Vermont Community Hospitals	0.7%	0.1%	2.8%	-3.3%	0.3%

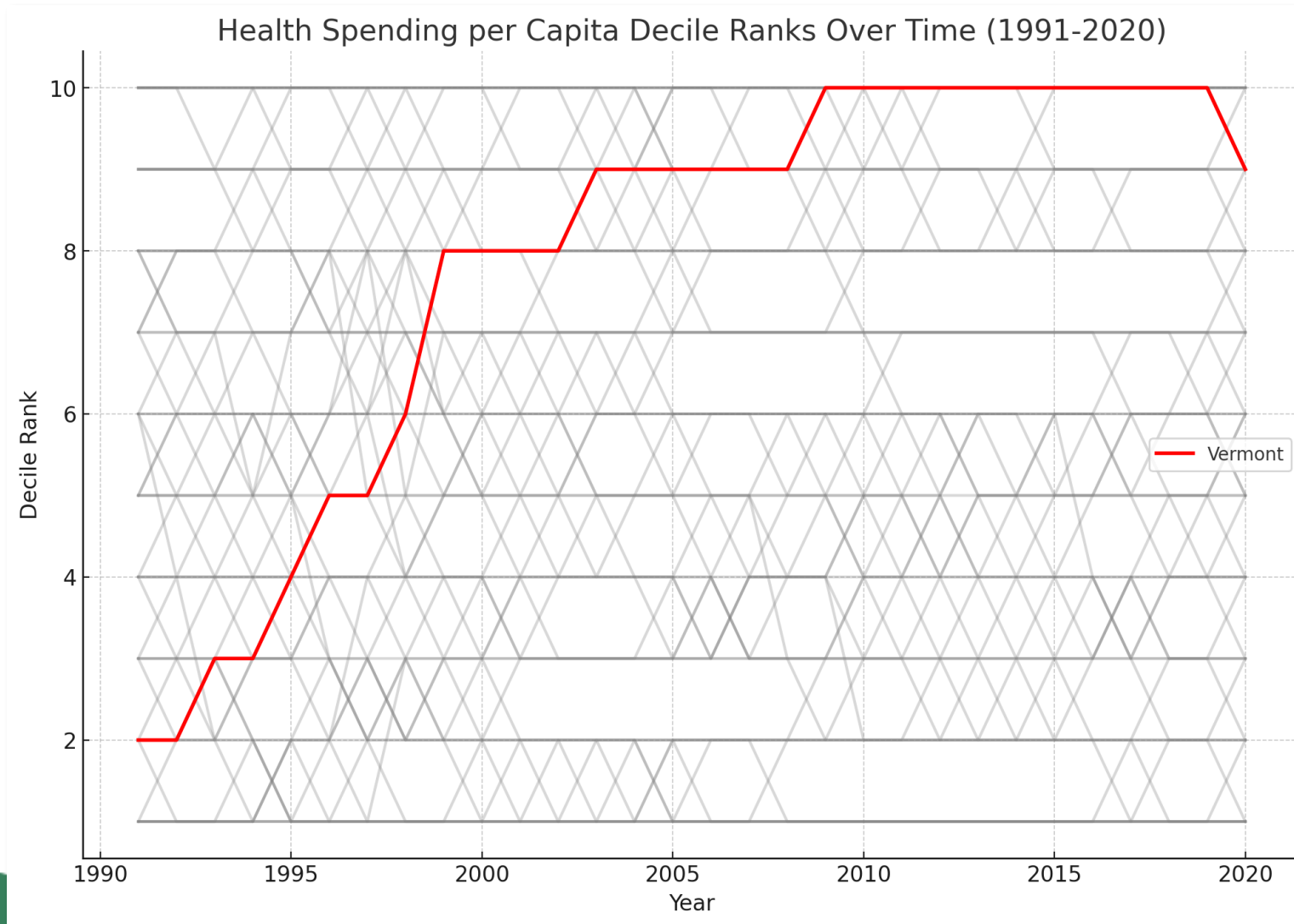
9 out of 14 hospitals ended with negative operating margins in FY2023.

Vermont Hospital System Days Cash on Hand

Days Cash on Hand – All Vermont Community Hospitals



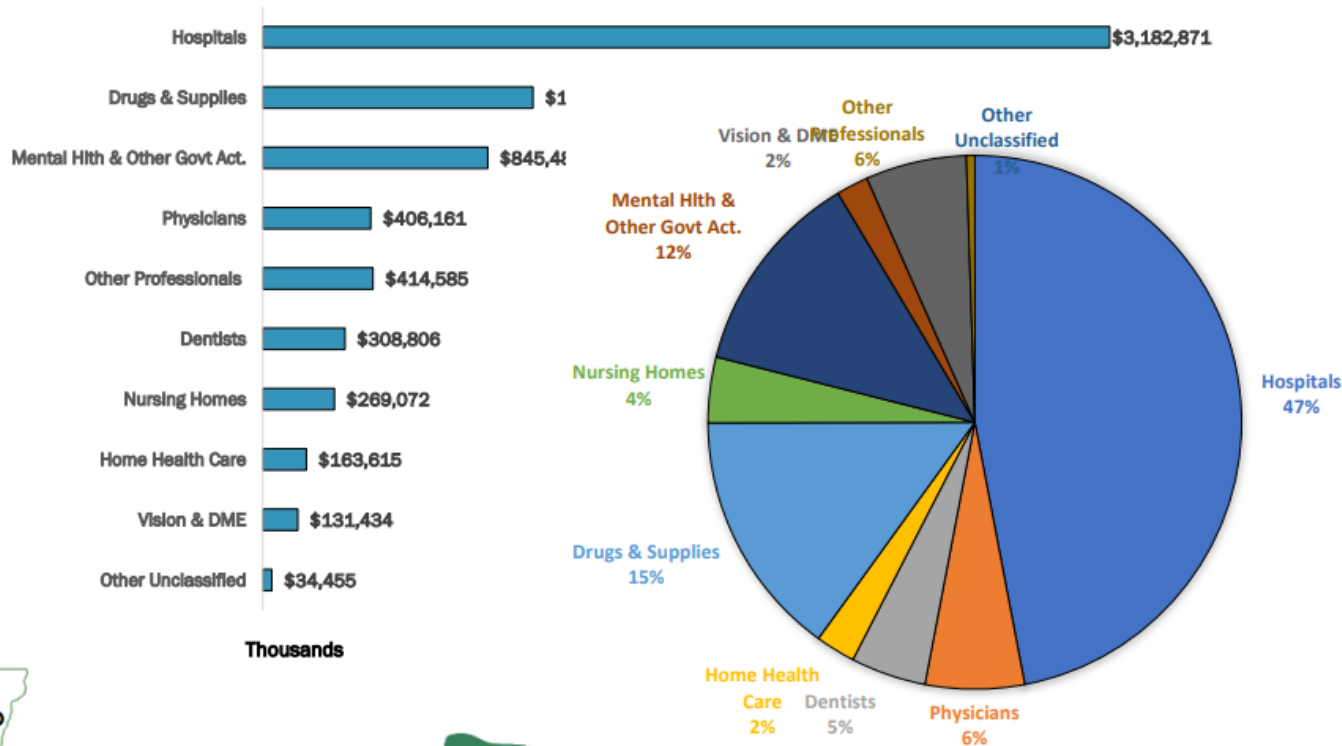
Vermont per capita health care spending has grown and is now among the highest in the US



Over the last several decades, Vermont has increased from the bottom decile to the top decile in terms of state per capita health care spending.

Hospitals Make Up Almost Half of Health Care Dollars Spent in Vermont

2020 In- and Out-of-State Revenues for Patients Receiving Services by Provider Category: (\$6.4 billion)



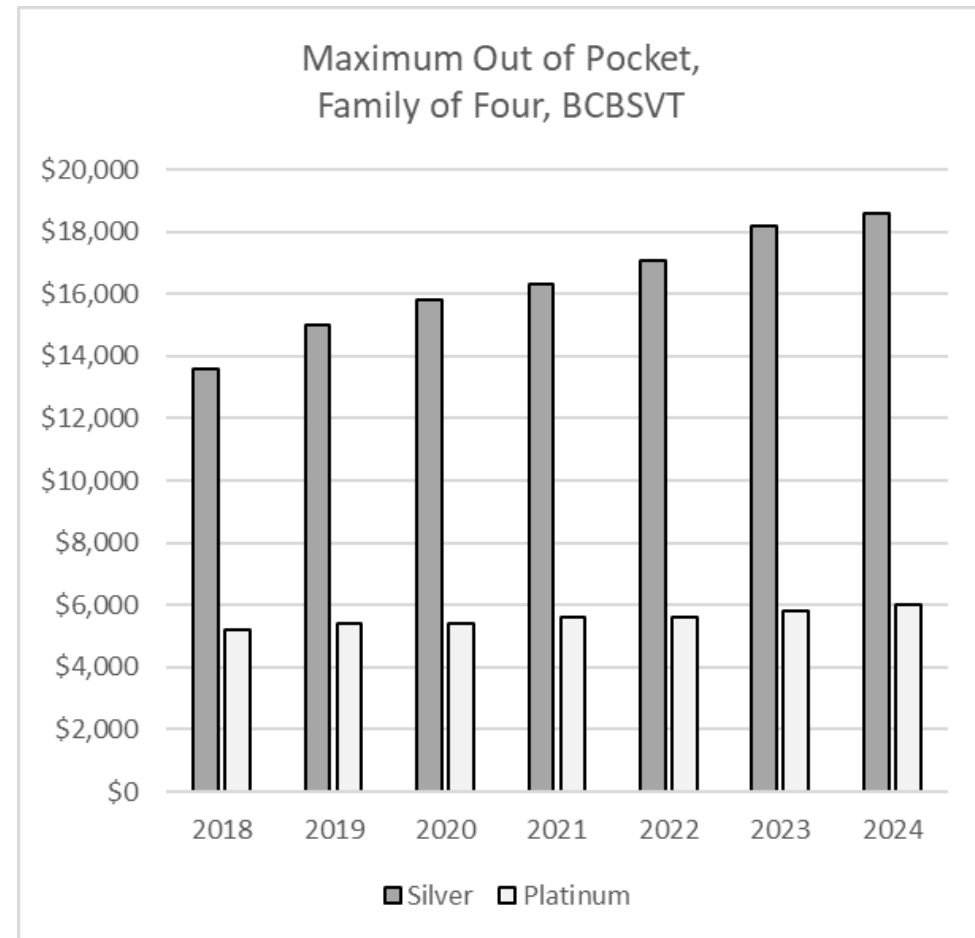
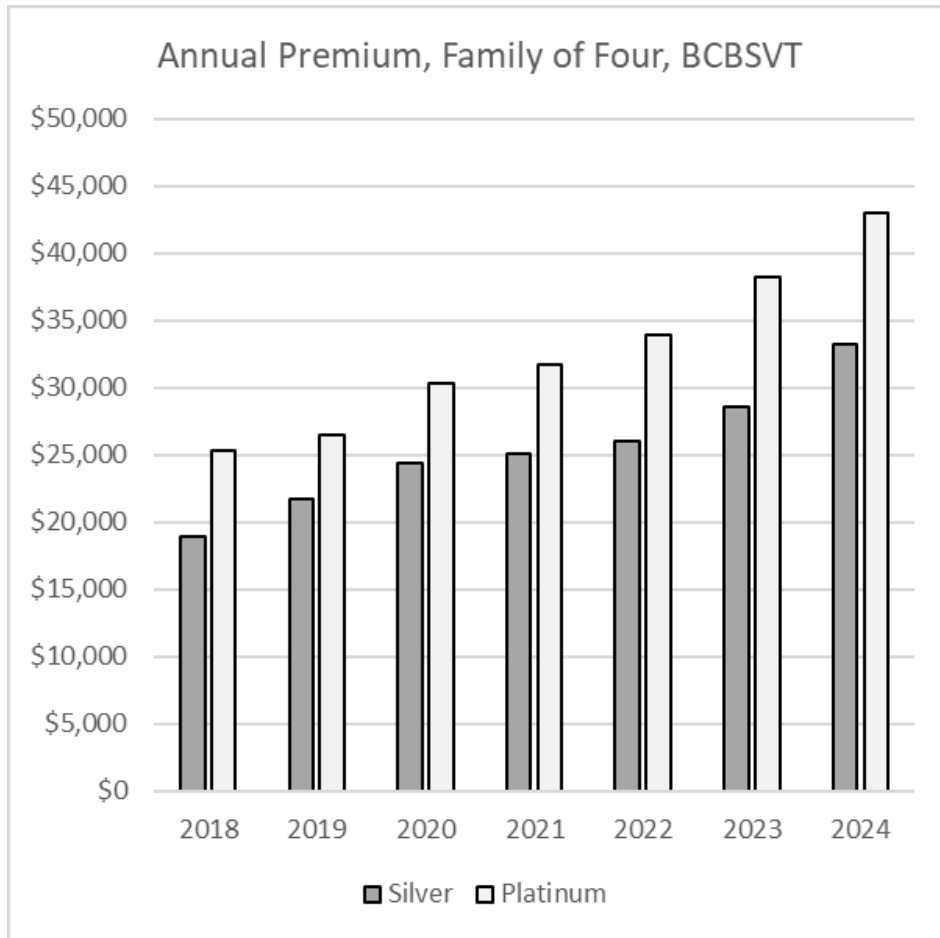
47%
of health care dollars spend in Vermont go to hospitals

Note: categorical definitions here are not equivalent to those on the previous slides and cannot currently be directly compared

Source: 2020 Vermont Health Care Expenditure Analysis
https://gmcbboard.vermont.gov/sites/gmcb/files/documents/2020_VT_Health_Care_Expenditure_Analysis_Final_May_9_2022.pdf

Health Care Landscape Trends

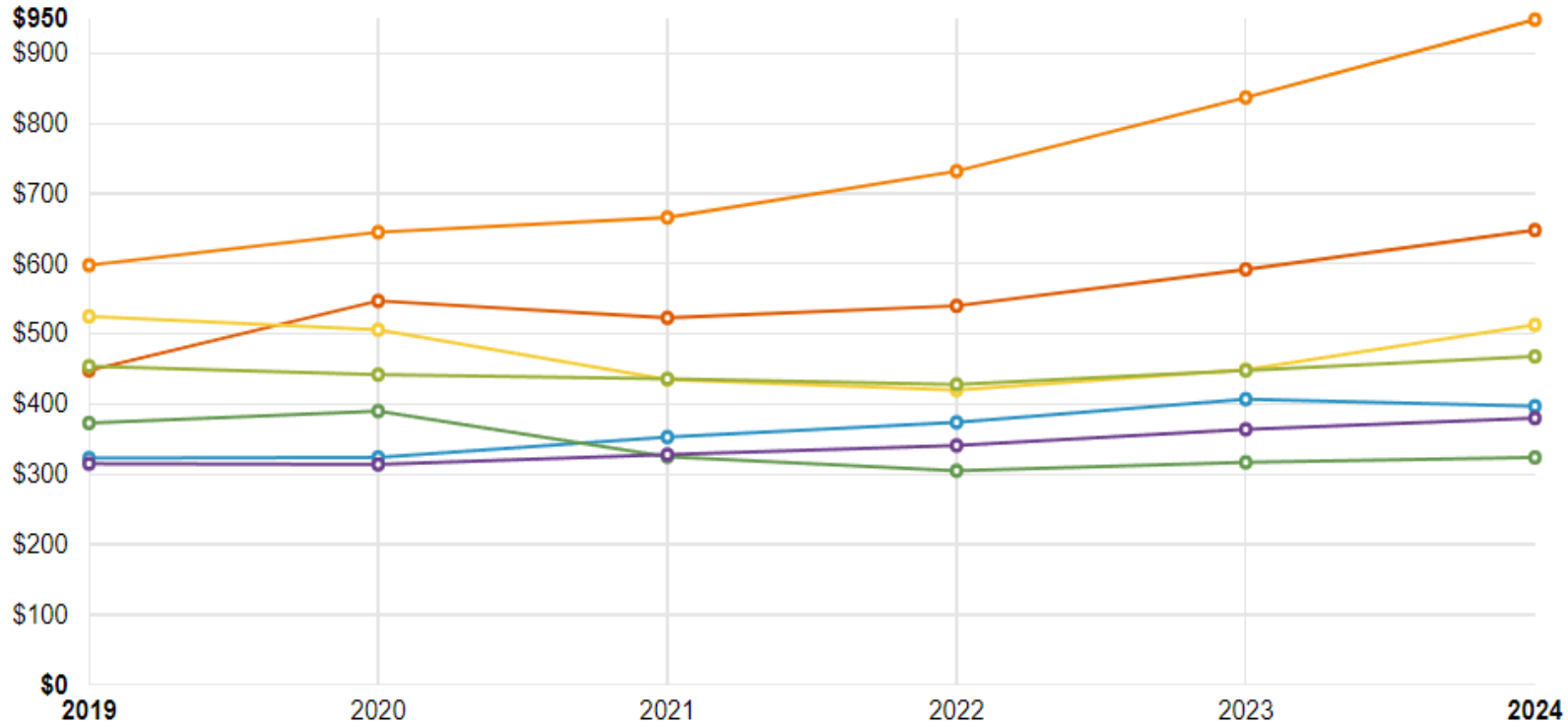
Affordability



Note. Most VHC users are eligible for subsidies or tax credits. Most uninsured Vermonters are for VHC plan subsidies. Enhanced subsidies from APRA will continue through 2025.

Marketplace Premium Averages

Vermont is Higher than National Average



Ave Lowest-Cost Silver Premium (2024)	
Vermont	\$948
Connecticut	\$648
Maine	\$513
United States	\$468
Massachusetts	\$397
Rhode Island	\$380
New Hampshire	\$324



Cumulative Average Change to QHP Rates



Cumulative Average Change to Rate (<u>2018 base year</u>)				
	MVP - I	MVP - SG	BCBS - I	BCBS - SG
2019	6.6%		5.8%	
2020	17.4%		18.9%	
2021	20.5%		23.9%	
2022	35.8%	21.5%	29.7%	15.6%
2023	61.9%	60.6%	44.5%	29.1%
2024	80.4%	60.2%	64.6%	46.2%

QHP = Qualified Health Plan
 I = Individual
 SG = Small Group

Requested and Approved QHP Rates

Requested Change to Written Premium				
	MVP	BCBSVT	VISG Total	
2019	\$ 15,734,195	\$ 26,021,143	\$ 41,755,338	
2020	\$ 19,024,976	\$ 47,134,181	\$ 66,159,157	
2021	\$ 18,270,092	\$ 18,557,919	\$ 36,828,011	
2022	\$ 25,959,935	\$ (1,555,793)	\$ 24,404,142	
2023	\$ 63,522,070	\$ 46,571,562	\$ 110,093,632	
2024	\$ 30,667,082	\$ 56,258,681	\$ 86,925,763	
Total	\$ 173,178,350	\$ 192,987,693	\$ 366,166,043	

Approved Change to Written Premium				
	MVP	BCBSVT	VISG Total	
2019	\$ 9,590,309	\$ 20,082,027	\$ 29,672,336	
2020	\$ 17,700,895	\$ 37,571,380	\$ 55,272,275	
2021	\$ 6,745,291	\$ 12,170,952	\$ 18,916,243	
2022	\$ 14,955,765	\$ (3,948,557)	\$ 11,007,208	
2023	\$ 49,815,415	\$ 35,427,192	\$ 85,242,607	
2024	\$ 28,674,243	\$ 51,330,177	\$ 80,004,420	
Total	\$ 127,481,918	\$ 152,633,171	\$ 280,115,089	

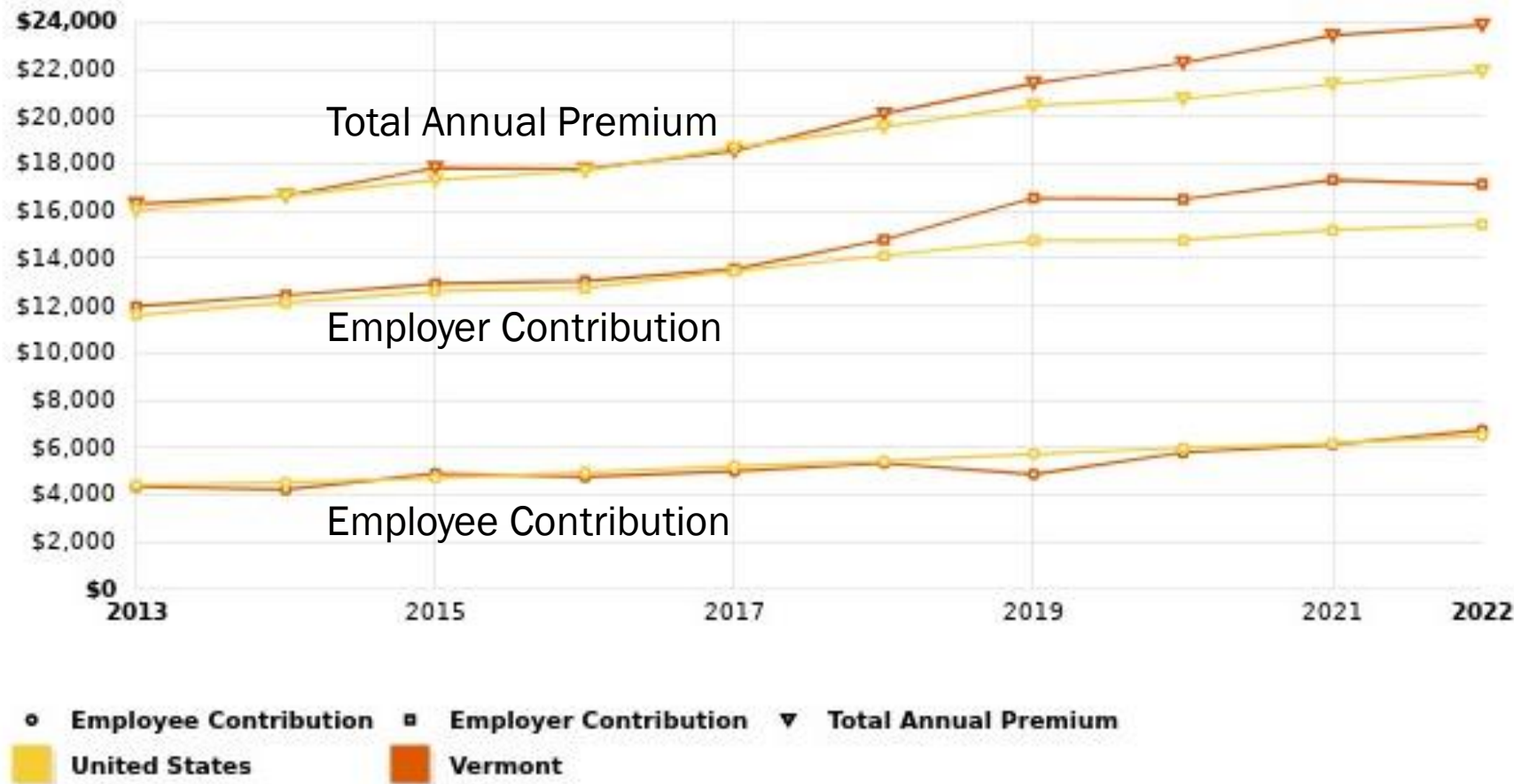
*The cumulative difference between the Requested and Approved Premium Rates over this period of time is **23.5%**.*

QHP = Qualified Health Plan
 VISG = Vermont Individual and Small Group

Employer-Based Insurance Premiums

Vermont is Higher Than National Average

Average Annual Family Premium per Enrolled Employee For Employer-Based Health Insurance: 2013 - 2022



Employee contributions are growing with the national average, but Employer contributions are growing faster than the national average.

Source: <https://www.kff.org/health-costs/state-indicator/>

Hospital Levers to Improve Financial Health



- Increase Commercial Prices
- Reduce Operational Costs
- Increase Volume of Services

OR

- Request Financial Relief (from State, Donors)...



Hospitals have limited capacity to solve these issues alone. To solve Vermont's challenges with hospital financial sustainability and affordability will require systems transformation.

Hospital Sustainability & Affordability 2019-Present



Trends of Rural Hospital Closures

- GMCB convenes Rural Health Services Task Force (Act 26 of 2019)
- GMCB requires 6 of 14 hospitals to develop sustainability plans

Expanded Focus on Sustainability Planning

- GMCB requirement for sustainability planning expanded to all hospitals
- Legislature passes Act 159 requiring GMCB to provide recommendations to improve hospital sustainability

GMCB Develops Recommendations

- GMCB's Act 159 Hospital Sustainability Report provides recommendations for balancing hospital sustainability, affordability, access, and quality.

Legislature Passes Act 167

- Act 167 Sec. 1 and 2 provide funding to implement the recommendations from the hospital sustainability report, including community engagement to support hospital transformation

Act 167 Work Underway

- Act 167 outlined multiple work streams that support hospital sustainability
- This work is ongoing and will continue throughout 2024

History of Act 167: GMCB Recommendations (2022)



In its [February 2022 report to the legislature](#), the GMCB recommended that the legislature appropriate funding to:

- 1) Design and implement Hospital Global Payments
 - ...that are predictable, flexible, and sufficient to equitably deliver high-quality, affordable care to Vermonters;
- 2) Health systems optimization experts to facilitate a community-engaged redesign of our health care system to reduce inefficiencies, lower costs and improve health outcomes; and
- 3) Provide the resources necessary for hospitals and communities to transform Vermont's delivery system.

Additionally, GMCB recognized the need for critical investments in **Primary Care, Mental Health and Medicaid Payment Rates.**

HOW...

How will we move forward? (and what are next steps?)

Act 51 of 2023: AHS to lead Implementation of Hospital Transformation



- (a) The Agency of Human Services shall engage in transformation planning with up to four hospitals, or other number of hospitals if possible with alternate funds, to reduce inefficiencies, lower costs, improve population health outcomes, reduce health inequities, and increase access to essential services while maintaining sufficient capacity for emergency management. The transformation planning shall be informed by the data analysis and community engagement required in Sec. 2 of this act. The Secretary of Human Services or designee and the Chair and staff of the Green Mountain Care Board shall consult with each other on the engagements in this section and the data analysis and community engagement required in Sec. 2 of this act to ensure the work is aligned.
- (b) On or before February 15, 2024, the Agency of Human Services shall update the Senate Committee on Health and Welfare and the House Committee on Health Care on the progress of this work.

Important upcoming dates:

Wednesday, June 19th
Green Mountain Care Board Meeting

- Overview of Oliver Wyman's state-level recommendations

Tuesday, July 9th – Monday, August 5th:
Community Health Care meetings in each HSA

Monday, July 8th:
Green Mountain Care Board Meeting

Overview of HSA recommendations

September 2024:
Green Mountain Care Board Meeting

Final recommendations