

Act 167 of 2022 Sections 1 & 2

Update to the GMCB General Advisory Committee

Sarah Kinsler, Director of Health Systems Policy

Sarah Lindberg, Director of Health Systems Finances

February 6, 2023

Act 159 Section 4 Report: Hospital Sustainability Planning

February 1st, 2022



Rural Health Services Task Force

ACT 26 OF 2019
REPORT AND RECOMMENDATIONS
JANUARY 10, 2020

“We are not on a sustainable path. And if we don’t act now, with intentional payment and delivery redesign, market forces will take over. Some hospitals will go bankrupt, close, or come to the state for emergency relief as Springfield did, asking for and receiving millions of state dollars to keep its doors open. And it will be those hospitals serving our most vulnerable patients that will fall first. Other hospitals will divest of essential services—and it will likely be the least profitable services like primary care and mental health that will be shed first. It is already happening. ...We need to act swiftly and courageously... to ensure a sustainable, high quality health care system. [It] may sound like a large investment but **think of the cost of doing nothing.**”

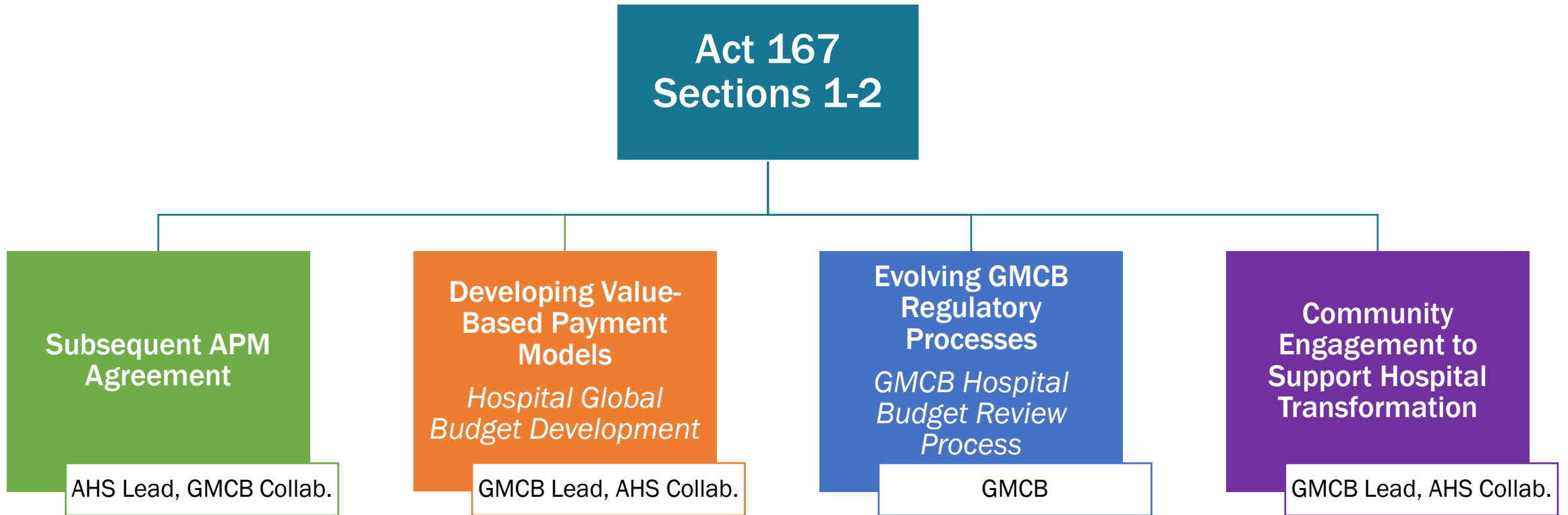
– *GMCB Member Jessica Holmes, PhD*
Joint Testimony to HHC/SHW on S.285
February 10, 2022

Background on Hospital Sustainability Planning



- | | |
|-------------|--|
| 2019 | <ul style="list-style-type: none">• Per Act 26 of 2019, the Rural Health Services Task Force was created “to evaluate the current state of rural health care in Vermont and identify ways to sustain the system and to ensure it provides access to affordable, high-quality health care services”; Green Mountain Care Board (GMCB) convened the Task Force and produced a report in early 2020: Rural Health Services Task Force Report, Act 26 of 2019• GMCB requires hospitals to develop sustainability plans due to persistently low and declining margins, Springfield bankruptcy, and rural hospital closures nationally; initially, 6 of 14 hospitals are required to provide sustainability plans |
| 2020 | <ul style="list-style-type: none">• Requirement for Sustainability Plans expanded to all 14 hospitals following COVID-19 Public Health Emergency• Legislature passes Act 159 of 2020 requiring GMCB to provide recommendations for improving hospital sustainability |
| 2021 | <ul style="list-style-type: none">• GMCB Hospital Sustainability Report, Act 159 Section 4 |
| 2022 | <ul style="list-style-type: none">• In response to findings of Hospital Sustainability Report, Legislature passes Act 167 of 2022 (formerly S.285), which in Sections 1-3 provides GMCB and AHS with funding for:<ul style="list-style-type: none">• Section 1(a): Development of a proposal for a subsequent All-Payer Model Agreement (led by AHS in collaboration with GMCB)• Section 1(b)(1): Development of value-based payments for hospitals, accountable care organizations, or both (led by GMCB in collaboration with AHS)• Section 1(b)(2)-(3): Alignment of GMCB regulatory processes with value-based payment models; recommend a methodology for determining the allowable rate of growth in Vermont hospital budgets (GMCB)• Section 2: Lead a community engagement process to drive hospital system transformation, including data/analyses and engagement with Vermont communities and hospitals (led by GMCB in collaboration with AHS) |

Act 167 Sections 1 and 2



UPDATE ON ACT 167 SECTION 1:

All-Payer Model

Developing Value-Based Payment Models: Hospital

Global Budgets

Evolving GMCB Regulatory Processes: Hospital

Budget Review Process

Section 1 – All-Payer Model



Statutory Reference: Section 1(a); AHS in collaboration with GMCB

- GMCB collaborates closely with the Agency of Human Services (AHS) on work to implement the current All-Payer Model (APM) agreement and develop/negotiate potential future federal-state models with federal partners at the Centers for Medicare and Medicaid Innovation (CMMI), with AHS in the lead role
 - GMCB has been an active participant and planning partner in AHS's Health Care Reform Work Group with key stakeholders, including agenda development, meeting preparation, and meeting discussions
- In December 2022, a short-term extension of the current APM agreement was signed by the Governor, Secretary of AHS, and Chair of GMCB, providing a bridge to a potential future federal-state model; any subsequent federal state model would likely begin in 2025 if Vermont chooses to participate ([APM Extension Materials](#))
- AHS provided more information in [recent testimony to HHC and SHW](#)

UPDATE ON ACT 167 SECTION 1:

All-Payer Model

Developing Value-Based Payment Models: Hospital
Global Budgets

Evolving GMCB Regulatory Processes: Hospital
Budget Review Process

Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



Statutory Reference: Section 1(b)(1); GMCB in collaboration with AHS

“...build on successful health care delivery system reform efforts by developing value-based payments, including global payments, from all payers to Vermont hospitals or accountable care organizations, or both...”

AHS and GMCB collaborated to host stakeholder meetings to gather input about potential payment models

Health Care Reform Work Group/Global Budget Subgroup: In Summer 2022, AHS convened a stakeholder group (Health Care Reform Work Group); GMCB has participated on some topics. In Fall 2022, members of a sub-group provided high-level input to AHS and GMCB on future Medicare alternative payment methodologies, focusing on high-level areas where Vermont would seek flexibility

Hospital Global Budget Technical Advisory Group: In January 2023, GMCB and AHS are co-convening a group of technical experts as a sub-group of the Health Care Reform Work Group to develop a methodology for a potential global budget payment model for hospitals

Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



Hospital Global Budget Technical Advisory Group

- Co-chaired by GMCB and AHS
- Membership selected based on technical expertise, knowledge of current provider payment models and contracting:
 - Hospital CFOs
 - Hospital health equity representative
 - Payer representatives with actuarial and/or provider contracting responsibilities (including DVHA)
 - OneCare Vermont payment model development staff
 - Office of the Health Care Advocate
 - Union representative
 - Provider representatives
 - Staff from GMCB, AHS/DVHA, DFR staff
- [Materials will be posted publicly to the GMCB website](#)

Section 1 – Developing Value-Based Payment Models: Hospital Global Budgets



- Through Fall 2023, the Hospital Global Budget Technical Advisory Group will use data and analyses to work through key payment model design questions related to a potential hospital global payment model, including:
 - Defining scope (population, services, and included providers)
 - Calculating baseline budget
 - Defining potential necessary budget adjustments and adjustment methodologies
 - Could include adjustments for general trends (e.g., inflation); exogenous factors (e.g., a public health emergency or natural disaster); utilization changes; quality, equity, and financial performance; risk mitigation.
 - Payer participation
 - Provider participation
 - Strategies to support care transformation and quality under a global budget
 - Program administration
 - Evaluation and monitoring

UPDATE ON ACT 167 SECTION 1:

All-Payer Model

Developing Value-Based Payment Models: Hospital

Global Budgets

Evolving GMCB Regulatory Processes: Hospital

Budget Review Process

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



Statutory Reference: Section 1(b); GMCB

(2) determine how best to incorporate value-based payments, including global payments to hospitals or accountable care organizations, or both, into the Board’s hospital budget review, accountable care organization certification and budget review, and other regulatory processes, including assessing the impacts of regulatory processes on the financial sustainability of Vermont hospitals and identifying potential opportunities to use regulatory processes to improve hospitals’ financial health;

(3) recommend a methodology for determining the allowable rate of growth in Vermont hospital budgets, which may include the use of national and regional indicators of growth in the health care economy and other appropriate benchmarks, such as the Hospital Producer Price Index, Medical Consumer Price Index, bond-rating metrics, and labor cost indicators, as well as other metrics that incorporate differentials as appropriate to reflect the unique needs of hospitals in highly rural and sparsely populated areas of the State; and

(4) consider the appropriate role of global budgets for Vermont hospitals.

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



- Annually by October 1, the GMCB has the responsibility to review and establish budgets for Vermont's 14 community hospitals. Beginning in FY24, the Brattleboro Retreat is also subject to the same review.
- In its review, the GMCB considers local health care needs and resources, utilization and quality data, hospital administrative costs, and other data, as well as presentations from hospitals and comments from members of the public.

18 V.S.A. § 9375(b)(7); 18 V.S.A. § 9456

[More details on the GMCB's Hospital Budget Review Process](#)

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



Initial Focus: Hospital Budget Oversight

- Work predates Act 167
- The GMCB is undertaking a dedicated scope of work to review and update its regulation of hospital budgets, supported by a contract with Mathematica Policy Research
- Goals include:
 - Developing objective metrics for hospitals' financial health
 - Improving evaluation of hospital performance (e.g., care quality, access to care, cost efficiency)
 - Exploring additional alignment among GMCB's regulatory duties
 - Building a consistent, predictable process
 - Reducing administrative burden where feasible

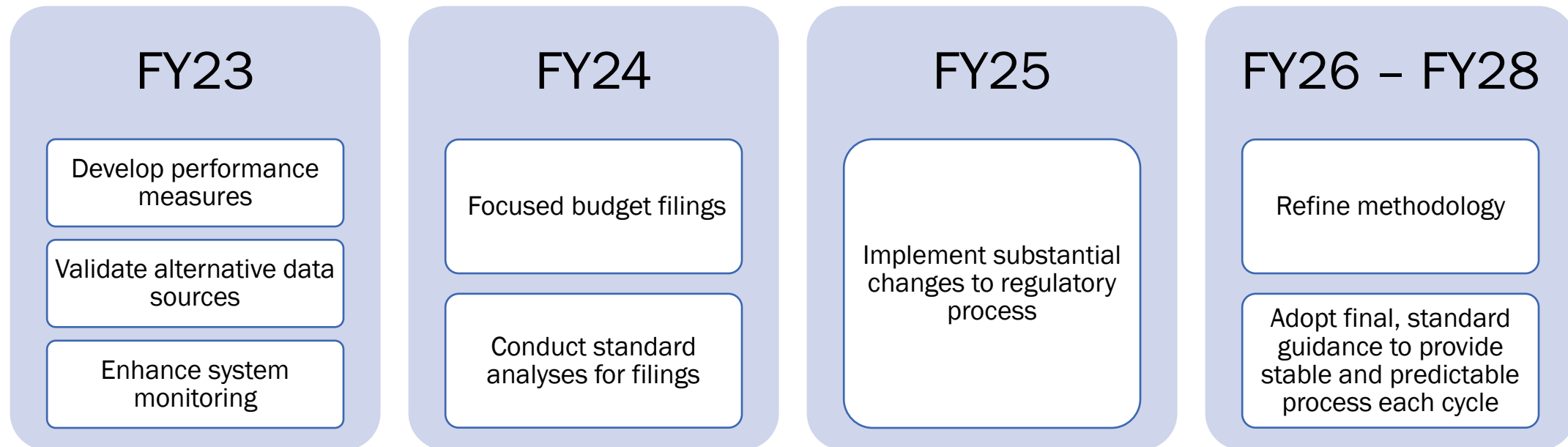
Future focus: Recommended methodology for determining the allowable rate of growth in Vermont hospital budgets; appropriate role of global budgets for Vermont's hospitals

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process



TIMELINE: Hospital Fiscal Year (FY) 2023-2028

NOTE: Hospital FY runs from October 1-September 30; FY23 = October 2022-September 2023



Current status: Engaging in individual interviews with GMCB Members, regulated entities, and the Health Care Advocate to gather feedback about the current regulatory approach

Section 1 – Evolving GMCB Regulatory Processes: Hospital Budget Review Process

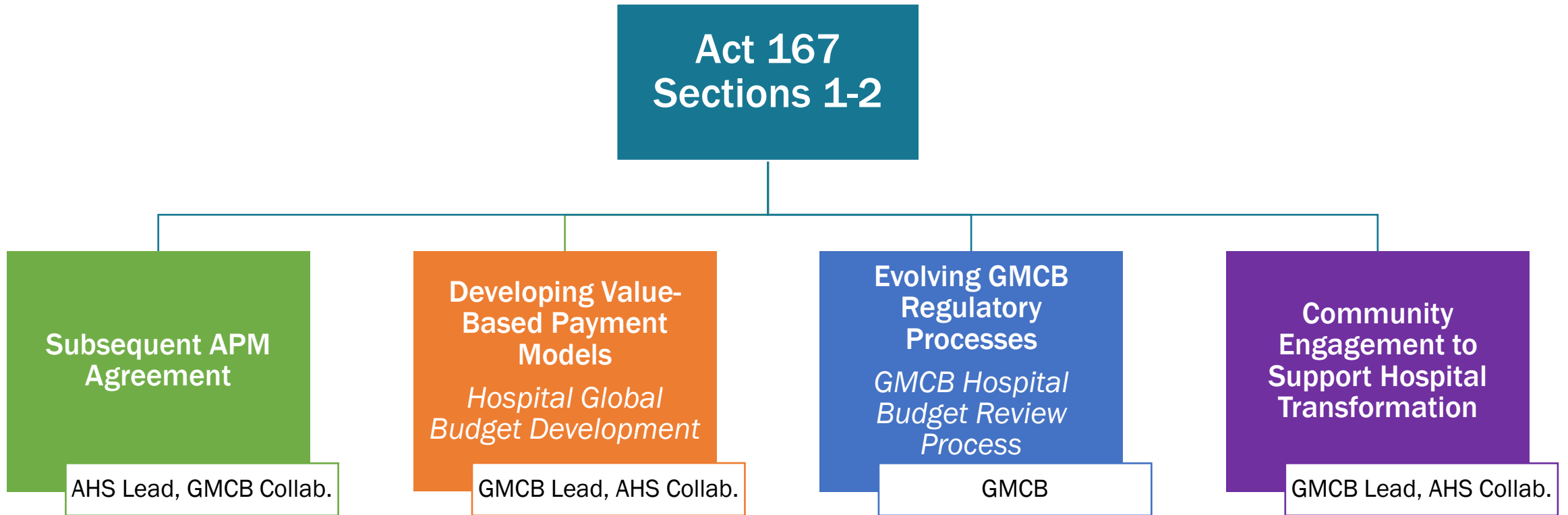


- **Looking ahead:**
 - Determination of how to incorporate value-based payments into hospital budget regulation; must include assessment of how the regulatory process impacts Vermont hospitals' financial sustainability, as well as opportunities to improve their financial health.
 - Recommendation for methodology to determine the allowable rate of growth in Vermont hospital budgets.
 - Consideration of the appropriate role of global budgets for Vermont hospitals.
- GMCB will consider adjustments to other regulatory processes as needed to reflect new value-based payment models and characteristics of any future federal-state model

UPDATE ON ACT 167 SECTION 2:

Community Engagement to Support Hospital Transformation

Act 167 Sections 1 and 2



Section 2 – Community Engagement to Support Hospital Transformation



Statutory Reference: Section 2; GMCB in collaboration with AHS

- Act 167 of 2022, Sec. 2 defines a community engagement process for hospital system transformation with the goals of reducing inefficiencies, lowering costs, improving population health outcomes, reducing health inequities, and increasing access to essential services while maintaining sufficient capacity for emergency management.
- Stakeholder participants will include hospitals and other health and human services providers, payers, the State of Vermont, and the public at large.

Section 2 – Community Engagement to Support Hospital Transformation



Task 1: Data analysis	<ul style="list-style-type: none">• Deliverables include state-wide and community-specific analyses or data profiles; resource estimates for reforms identified through Tasks 2 and 3.• Data and analyses from GMCB, AHS, hospitals, other providers and communities will be leveraged to develop the deliverables.
Task 2: Community and provider engagement in every health service area (HSA)	<ul style="list-style-type: none">• Deliverables include designing and facilitating a multi-stage stakeholder and community engagement process for all HSAs.• The goals of the process are to:<ul style="list-style-type: none">• Gain a deeper understanding of unmet health care needs and better assess local health system strengths and weaknesses, and• Share with stakeholders and communities the data and insights learned in Task 1.
Task 3: Technical assistance and a learning collaborative for a cohort of hospitals	<ul style="list-style-type: none">• Deliverables include providing technical assistance to a voluntary cohort (~4 hospitals or regions) to develop an actionable transformation plan, and facilitating a learning collaborative for participating hospitals.• While funding for provider technical assistance was eliminated in the final Act 167 budget, the State hopes to be able to complete all of these tasks. GMCB and AHS agree that it is critical to provide support to participating hospitals to develop successful and actionable plans.

Section 2 – Community Engagement to Support Hospital Transformation



Next Steps (following contract execution): 2-Year Contract

Months 1-6

*Estimated timing:
Spring to Fall 2023*

- Tasks 1 and 2, data analysis and broad community engagement
- Develop data profiles, using existing data and analyses when possible
 - Host town hall meetings and other forums with Vermonters, community leaders, and targeted sub-populations
 - Engage with hospital leadership and Boards of Directors

Months 7-24

*Estimated timing: Fall
2023 to Spring 2025*

- Task 3, technical assistance to support hospitals in developing Localized Transformation Plans
- Identify participating hospitals and begin individual technical assistance
 - Convene learning collaborative to support group learning and share best practices

Discussion Questions

- What does a sustainable hospital look like?
- What steps should be taken to improve sustainability for hospitals and for non-hospitals?
- How do efforts to ensure sustainability of hospitals impact other care providers (Independent practices, PCPs, DAs, mental health, home health, and other health care providers)?
- What do you see as some of the most significant obstacles to achieving hospital sustainability?
- How do you improve sustainability without harming affordability?
- From your point of view, where should hospital transformation efforts focus to start?