

**Green Mountain Care Board**  
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### **GREEN MOUNTAIN CARE BOARD ESTABLISHES 2020 HOSPITAL BUDGETS**

**Montpelier, VT** – The Green Mountain Care Board (“the Board”) approved Fiscal Year (FY) 2020 budgets for Vermont’s 14 regulated hospitals. The Board provided the hospitals with instructions outlining budget parameters and submission guidelines that included a target of 3.5% for growth in net patient revenue from the FY 2019 base to FY 2020 budgets.

Over several weeks this August, the Board held public hospital budget hearings during which six of the 14 hospitals reported a negative operating margin for FY 2019. Hospitals cited several factors contributing to these losses, including an aging demographic with more costly health care needs; the increasing reliance on high cost temporary workers to offset local workforce shortages; an increase in bad debt and free care connected to uninsured and underinsured patients (including those with high deductibles); the growing cost of prescription drugs; and an unfavorable payer mix, reflecting an increased reliance on government funded plans. Despite these challenges, Vermont hospitals expressed their continued commitment to moving away from an episodic fee-for-service system focused on treating sickness to a value-based system focused on prevention, wellness, and health.

At a series of public meetings, and after a thorough review of the budgets by the Board’s staff and input from the Office of the Health Care Advocate and Vermonters, the Board approved an estimated weighted average increase in hospital charges of 3.1%. The Board also reduced the system-wide increase in net patient revenue from a requested 4.6% to 4.3%, totaling \$7.3 million.

“With the closure of 113 rural hospitals nationally since 2010, the rural health care crisis continues. This, paired with workforce shortages, aging demographics, and skyrocketing costs of prescription drugs, drives up the cost of health care in Vermont. It is imperative, now more than ever, that we band together in support of a value-based system to continue addressing the underlying cost of health care and to sustainably, predictably, and transparently manage growth in Vermont. The Board will continue to monitor total costs of care at the hospitals and press these institutions to improve efficiencies and coordinate care to reduce costs for Vermonters. The Board is committed to limiting growth in hospitals’ costs while ensuring access to high quality health care for all Vermonters,” said Board Chair Kevin Mullin.

The Board will issue written hospital budget decisions and orders no later than October 1, 2019. Information about the hospital budget review process and materials submitted by each hospital are available on the Board’s website at <https://gmcbboard.vermont.gov/content/2020-Budget>.

