

## Hospital Global Budget Technical Advisory Group (TAG)

### Hospital Global Budget Design Goals

Revised April 2023

Act 167 of 2022 requires the Green Mountain Care Board (GMCB), in collaboration with the Agency of Human Services (AHS), to "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, that will:

*“(A) help move the hospitals away from a fee-for-service model;*

*(B) provide hospitals with predictable, sustainable funding that is aligned across multiple payers, consistent with the principles set forth in 18 V.S.A. § 9371, and sufficient to enable the hospitals to deliver high-quality, affordable health care services to patients;*

*(C) take into consideration the necessary costs and operating expenses of providing services and not be based solely on historical charges; and*

*(D) take into consideration Vermont’s rural nature, including that many areas of the State are remote and sparsely populated” (see [Act 167 of 2022, Section 1\(b\)\(1\)](#)).*

In January 2023, GMCB and AHS co-convened a group of technical experts as a sub-group of AHS's Health Care Reform Work Group to develop a methodology for a potential global budget payment model for hospitals. The group, known as the Hospital Global Budget Technical Advisory Group (TAG), is co-chaired by GMCB and AHS.

In the context of the statutory goals included above, the Hospital Global Budget TAG has identified a set of principles and design goals for a potential new hospital global budget payment model:

### Principles

- Transparency: The major components of the hospital global budget payment model, inclusive of ongoing objectives, measurements, and evaluation, will be shared publicly in a way that is understandable to all.
- Data-Driven Decision-Making: Payment model development and ongoing monitoring will be informed by quantitative and qualitative data.
- Ongoing Measurement and Adjustments: The global budget model will include processes to measure results, including progress on achieving the desired goals, and allow for adjustments to the model as necessary.
- Recognize Variation in Hospital Readiness: Vermont’s hospitals have varied resources and internal capabilities – including financial resources, infrastructure, and human resources/workforce – with which to implement a global budget model or accept global payments; any payment model will need to be flexible and adaptive in light of this reality.
- Balancing Competing Priorities: Vermont recognizes that in the context of limited resources (financial and workforce), the goals of access, quality, consumer affordability, and provider sustainability can be in tension, and that to best serve Vermonters we must achieve a balance between these factors that maximizes the benefits to individuals served by Vermont’s health care systems. In addition, Vermont recognizes that these goals are interrelated – affordability impacts access, for example – and that those dynamics will differ in the short- and long-term.
- One Component of a Multi-Faceted Approach to Health System Improvement: A hospital global budget or global payment model should support achievement of our goals and is not a goal in and of itself; at the same time, a payment model change cannot achieve all of Vermont’s goals for our state’s health care system.

## Design Goals

1. Create financial predictability and sustainability for hospitals to have the workforce and capital investment resources needed to meet the needs of the communities they serve.
2. Create a payment model that supports delivery of the right care, in the right place, and at the right time. This includes financial flexibility, means for collaboration between hospitals and community providers, budgetary mechanisms, and reporting that supports hospitals in moving resources from delivery of avoidable or unnecessary acute care to high-quality care in other community-based settings, with the long-term aims of improving the health of Vermonters; preventing illness; expanding affordable access to primary, mental health, and home health care; and reducing the need for low-value or preventable services.
3. Support and incentivize increased efficiency in administration and clinical care by reducing – and when possible, eliminating – unnecessary costs and effort associated with administrative processes, which can be barriers to high-quality clinical care and provider well-being. A multi-payer global budget payment model will not eliminate administrative effort or processes, and some administrative processes are necessary for provision of high-quality care and may be required for ongoing health system monitoring.
4. Establish hospital spending levels that achieve a balance between consumer affordability, access to care, and system sustainability that maximizes the benefits to individuals and communities served by Vermont's health care systems.
5. Improve health care quality, equity, and outcomes for individuals served by Vermont's health care system in accordance with an improvement and accountability framework that prioritizes patient and community needs – both directly through the global budget model and in coordination with other State and provider efforts to improve Vermont's health care system – while containing cost growth and reducing unnecessary costs wherever possible.
6. Maximize available government funding to minimize cost-shifting to commercial insurance rate payers and their insured members.