

# **Update on Act 159 of 2020, Section 4: Hospital Sustainability Planning**

September 1<sup>st</sup>, 2021

Kevin Mullin, Chair

# Act 159 of 2020 - Sec 4



“The Green Mountain Care Board shall consider ways to increase the financial sustainability of Vermont hospitals in order to achieve population-based health improvements while maintaining community access to services.”

# Act 159: Defining the work...

Hospital financial sustainability: How can we ensure that hospital revenues (provider reimbursement) are sufficient to cover the costs of operating a system that strikes the appropriate balance between efficiency and access in rural Vermont?

How can sustainable hospital reimbursement ensure:

1. Access to essential services for all Vermont communities
2. Efficient and economic delivery of services
3. Improved health outcomes (population health) for Vermonters

# Project Approach

## Part 1 – Current State and Gap Analysis

1. Hospital financial health
2. Provider reimbursement and variation in prices and costs
3. Community access to essential services and hospital system needs to improve health outcomes of Vermonters, including an assessment of hospital system capacity and quality

## Part 2 – Hospital Engagement

Part 3 – Potential paths forward to improve hospital sustainability and preparedness for value-based care

# Proposed Revised Timeline



Activity	Date*	Complete
Board votes to require sustainability planning for 6/14 hospitals	September 2019	✓
COVID-19 State of Emergency Declared	March 13, 2020*	✓
Board staff propose draft framework	February/July 2020	✓
Board votes to extend sustainability planning to all hospitals	September 2020	✓
Update #1 - HROC	Nov 13, 2020	✓
Stage 1 – Current State & Gap Analysis (Part 1)	Spring 2021	✓
Update #2 - House Health Care, Senate Health & Welfare, Senate Finance	April 1, 2021	✓
Stage 2 – Hospital Engagement (Part 1): review analytic methodologies	Spring 2021	✓
Stage 1 – Current State & Gap Analysis (Part 2)	Summer → Summer/Fall 2021	WIP
<b>Update # 3 – House Health Care, Senate Health &amp; Welfare, Senate Finance</b>	<b>Sept 1, 2021</b>	<b>Today</b>
Stage 2 – Hospital Engagement (Part 2): follow-up questions to current state and gap analysis	Summer/Fall → Fall/Winter 2021	WIP
Stage 3 – Potential Paths Forward/Policy Options	Fall → Fall/Winter 2021	WIP
Final Report to House Health Care, Senate Health & Welfare, Senate Finance	Nov 15, 2021 → Jan 15, 2022	

\* <https://governor.vermont.gov/press-release/governor-phil-scott-declares-state-emergency-implement-new-covid-19-community>

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*While report development is well underway, the **extended timeline** is critical in order to allow Vermont **hospitals** the time and space they need to prioritize their response to the **delta variant**. We hope that they will soon have the bandwidth to partner with us again as we kick off an important conversation on the future of **rural hospitals** and ensuring not only their **sustainability**, but Vermonters’ continued **access to essential services** and the improvement of **health outcomes**. We also expect that this timeline will allow us to consider any relevant goals or **priorities** established by the **affordability task force**.*

# Appendix I

## Goals for the Sustainability Planning Framework

1. Engage in a robust **conversation** on maintaining **access to essential services in our communities**, preparing for a shift to **value-based care**, and understanding the threats to the **sustainability** of our rural health care system;
2. Encourage **hospital leadership, boards, and communities to work together** to address sustainability challenges and the shift to value-based care;
3. Identify **hospital-led strategies** for sustainability, including efforts to “right-size” hospital operations, particularly in the face of Vermont’s demographic challenges and making the shift to value-based care;
4. Identify “**external**” **barriers** to sustainability and making a successful shift to value-based care that are more aptly addressed by other stakeholders, policy-makers, or regulatory bodies, and generate insights to inform the state’s approach to planning for- and designing a proposal for a subsequent **All-Payer Model Agreement (APM 2.0)**.