

To: GMCB
From: Sharon Gutwin
Date: March 22, 2023
Re: Hospital Budgets

Hospital budget increases with cries of unsustainability is indicative of the limitations and failures of a hospital-based healthcare system. Consolidation and taking on more services have not helped the hospitals nor those paying for it. Access to care and quality have gone down while costs go up. It is this **system** of care that is unsustainable. We must sustain hospitals in their role of injury and disease, but not in monopolization. Regulation focused on hospital budgets in expansion while attempting to rein in overall cost is not helping hospitals and instead becoming increasingly detrimental to the entire healthcare system.

Recommendations

- Compare costs of hospital-based services provide vs. same services in non-hospital-based settings. Cost-shifting is less the reason. <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2781591>
- Site-neutral Payments

Hospitals should be paid adequately for services we rely on a hospital to provide. Cost of services should be actual costs, not shared with other services. Accurate accounting leads better to accurate payments.

Going to site-neutral payments incentivizes better service, efficiencies, innovations, collaborations. Insurers ask for this, independent healthcare providers want this, patients being surprised with higher hospital bills need this. The only resistance comes from hospitals in their effort to keep the status quo. They have become accustomed to receiving exorbitantly higher payments.
<https://www.siteneutral.org/>

“Medicare Payment Advisory Commission (MedPAC) issued its June 2022 Report to Congress.¹ **MedPAC reiterates its recommendation that Medicare should base ambulatory payment rates on the safest and most efficient setting for a particular service (i.e., lowest-paid setting), rather than the current system, which incentivizes care delivery in the highest-paid setting.**

Background

Since 2014, MedPAC has recommended several variations of this policy across 23 reports, which hospital and health system associations have vigorously opposed.² **‘Site-neutral’ payment would give patients more flexibility in selecting sites of care, while reimbursement across settings would remain relatively consistent.** Unequal ambulatory payment rates lead to increased spending without a differential impact on patient outcomes.³ Of particular interest to MedPAC is the increase in spending that results from the acquisition of ambulatory providers by a hospital, even though the setting, staffing, and quality of the care delivered to patients does not change.”

<https://www.trillianthealth.com/insights.site.neutral.payments>

I respect the challenge the GMCB faces. It is what we face nationally. I do believe if any state can successfully create a more sustainable, high quality, fair healthcare system, it is Vermont. I applaud the GMCB’s noticeable attentiveness to the complexities with a high level of determination to the mission.

Respectfully, Sharon