



September 7, 2021

Interim Commissioner Adaline Strumolo
Department of Vermont Health Access
280 State Drive
Waterbury, VT 05671

Dear Interim Commissioner Strumolo:

Thank you for your partnership on the many initiatives we are undertaking together, and especially for your leadership as we transition away from fee-for-service health care payments toward value-based care. To have Vermont's Medicaid agency at the front of the pack on this monumental and necessary shift speaks to the leadership of our State, and this has provided us with a level of predictability in our Medicaid revenue that we greatly appreciate.

The University of Vermont Health Network submitted our FY 2022 budgets for the University of Vermont Medical Center, Central Vermont Medical Center, and Porter Hospital to the Green Mountain Care Board (GMCB) on July 1. The assumptions in the FY 2022 budgets include a 0.0% increase in Medicaid payment rates, along with an increase in Medicare payment rates between 0.0% to 2.5%. Our budget requests, if approved, necessitate a combined average commercial rate increase of 7.03%, which funds inflationary pressures – many of which are unavoidable – and makes up for traditionally lower-than-inflation payment rates from government payers.

Specifically, our budget request necessitates the following aggregate commercial insurance rate increases for services provided by our Vermont hospitals:

- UVM Medical Center 7.05%
- Central Vermont Medical Center 7.41%
- Porter Hospital 5.86%

The GMCB consistently has expressed concern about cost-shifting from Medicare and Medicaid to commercial ratepayers, and this year was no exception. While we would have preferred to look at this issue over time in specific detail, the disruptions caused by COVID-19 to utilization and payments make that very difficult. There are currently no inflationary increases built into Vermont Medicaid's FY 2022 budget, and costs for treating Medicaid enrollees have risen just as they have for other populations. As a result, and continuing a trend we've seen in years past, the effect of no Medicaid inflationary increases for our hospitals will result in approximately \$5.6M of increased burden due to the cost shift onto commercial ratepayers in FY 2022. These increases fall squarely on Vermont families and small employers who already struggle to maintain coverage.

We therefore respectfully request an increase in payment rates from the Vermont Medicaid program. An increase in Medicaid rates would partially offset the need for commercial rate increases and provide much-needed resources to maintain or improve access to the highest-quality care for Vermonters who are served by the Medicaid program. We recognize that our request, if implemented, would be contained in the State budget approved for July 1, 2022. These enhanced rates then could be applied beginning in the fourth quarter of our FY 2022 budget.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Brumsted". The signature is fluid and cursive, with the first name "John" being the most prominent.

John R. Brumsted
President and Chief Executive Officer
The University of Vermont Health Network

Cc:

Kevin Mullin, Chair, GMCB
Jessica Holmes, Board Member
Robin Lunge, Board Member
Tom Pelham, Board Member
Maureen Usifer, Board Member
Patrick Rooney, Director of Health Systems Finances, GMCB