June 4, 2024

Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Re: University of Vermont Health Network comments on Methods for Vermont Hospital Global Payment Program.

Dear Chair Foster and Members of the Green Mountain Care Board:

On behalf of the University of Vermont Health Network (UVMHN), we are writing to provide public comment regarding the Green Mountain Care Board's (GMCB's) Global Budget Methods Paper for the States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model. We appreciate the continued evaluation of the Center for Medicare and Medicaid Innovation's (CMMI's) AHEAD model, which aims to improve population health, advance equity by reducing disparities in health outcomes, and curb health care cost growth. UVMHN shares these values with the State of Vermont and CMMI, and we believe that in order to achieve these goals the AHEAD model must ensure financial stability for our entire health system, which includes hospitals, primary care providers, and community-based services.

UVMHN previously provided comments in its non-binding Letter of Intent on March 14, 2024, highlighting three key priority areas, summarized below:

1. **Administration**:

For the AHEAD model to succeed, its oversight through CMMI and the Agency of Human Services (AHS) must be transparent and actuarially certified, with guidance from a representative body of clinical and financial experts.

2. **Financial Stability**:

One of the main goals of the AHEAD model, as outlined by CMMI, is to provide financial stability for hospitals by supporting a sustainable health care delivery system that allows us to reinvest in essential services for patients across our rural state.

Stakeholders, including AHS and GMCB, have spent considerable time discussing the requirements for a sustainable system that meets the needs of both current and future

Vermonters. The comments included in this letter elaborate on these needs in line with our prior feedback.

3. **Data and Reporting**:

The AHEAD model must offer regular, all-payer claims data directly to participating providers, along with the necessary regulatory waivers to utilize this data for improving patient health outcomes.

We acknowledge and appreciate the efforts of AHS, the GMCB, and stakeholders in developing a Vermont-specific model that aligns with CMMI's principles while enhancing the base AHEAD model. However, there are still many aspects of the model that lack clarity, preventing comprehensive modeling and risk assessment.

Based on what we know today, we submit the following comments pertaining to the financial model, showcasing areas of alignment and challenges that need to be considered to ensure our collective goal of a sustainable Vermont health care system. We feel it is necessary to acknowledge that we will likely weigh-in further on the proposed methodology as more information becomes available.

Areas of Alignment:

1. Demographic Adjustment (5.4.2):

While additional detail is still needed, applying demographic adjustments is logical given anticipated population changes. Recognizing demographic shifts is essential for accurately forecasting health care needs and ensuring that the model adapts to the evolving composition of the population in Vermont.

2. Base Budget Year Options (5.2):

Allowing for different base budget year options provides hospitals with the ability to select a period that best reflects their financial and operational realities, thereby fostering a more accurate and fair budgeting process.

3. Social Risk Adjustment Factor (5.4.3):

The inclusion of social risk adjustments is a positive step towards ensuring equity in health care. By accounting for social determinants of health, the model aims to allocate resources more effectively to populations with greater needs, thereby improving overall health outcomes and reducing disparities.

Areas Requiring Additional Consideration:

1. Payer Participation (Pages 4-5):

Full participation by all payers is crucial for the model's success. However, there is a significant concern regarding the different standards set for commercial payer targets compared to Medicare

and Medicaid. Focusing commercial payers on affordability creates a disconnect from a true global approach, as Medicare and Medicaid targets are based on sustainability and access, with an aim to limit cost shifting. To achieve a cohesive system, all payers should operate under similar standards that promote overall sustainability and access to care.

2. Vermont Health Reform Investment (5.3.2):

We agree on the idea of leveraging savings from Vermont's long and successful history of health care reform with Medicare. However, the proposed pooling method does not provide direct inflation adjustments in hospitals' base budgets. Without this direct infusion of funding in the baseline calculation, hospitals may face further underfunding, exacerbating current issues with access and potentially impacting quality in the future. Moreover, a pooling model could introduce additional costs and uncertainty, which contradicts the principles of the AHEAD model. Ensuring direct adjustments in base budgets is crucial to maintaining financial stability and quality of care. Further, we have grave concerns about program or initiative sustainability after (or if) the initial pool is exhausted.

3. Inflation Updates (5.4.1):

The model should consider the Vermont Secular Utilization Trend, defined as Vermont's actual utilization trend as measured by RVUs, which has historically exceeded the CMS Market Basket trend. Vermont's older population and higher utilization rates necessitate a state-specific inflation trend to ensure hospitals can support the intensity and actual utilization of services. By reflecting the actual cost and utilization patterns, the model can better align with the real-world needs of Vermont's health care system and promote financial stability.

4. Service Line Adjustments (5.4.2):

Annual reviews of the Market Shift calculation are necessary to reflect real-time service changes, rather than relying on a 3–5-year optional review. Given the dynamic nature of health care services and the impact of policy changes such as Act 167, it is essential to have an annual review process to accurately account for increases and decreases in service utilization. This approach will ensure that hospital budgets are adjusted in a timely manner, aligning with the actual shifts in service demand and utilization.

Broader Areas of Concern Needing More Information:

1. Medicare Policy Updates (5.4.4.1):

Clarification is required regarding what significant changes would cause adjustments to the Global Budget Revenue and why these funds are included. The lack of definition around these triggers creates uncertainty and makes it difficult to assess the potential impact on hospital budgets. Detailed guidelines and criteria for these adjustments are necessary to provide clarity and stability in the budgeting process.

2. Total Cost of Care Adjustment (5.4.1.3):

The model lacks clarity on attribution at the HSA (Health Service Area) level, benchmark setting, and performance measurement. Furthermore, hospitals cannot successfully manage Total Cost of Care (TCOC) unless claims data is transmitted directly to them or a hospital partner. Providing clear definitions and access to relevant data is essential for hospitals to monitor and manage their performance under the TCOC framework.

In summary, to achieve sustainability and alignment with the goals of the Vermont Hospital Global Payment Program, the following key areas need to be addressed: ensuring payer programs align with Medicare without setting divergent standards for commercial payers; providing direct inflation adjustments in hospitals' base budgets; reflecting Vermont-specific utilization trends in the inflation updates; implementing annual reviews for service line adjustments; and clarifying Medicare policy updates and TCOC adjustments to reduce uncertainty. These modifications are crucial to support negotiations with CMMI and ensure that hospitals are not disadvantaged under the AHEAD model compared to the Fee-For-Service system. We thank you for the opportunity to comment on a model that would impact Vermont's health care system for the next decade.

Sincerely,

Rick Vincent
Executive Vice President for Finance & CFO
University of Vermont Health Network