

March 19, 2024

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

Blue Cross and Blue Shield of Vermont does not support a mid-year commercial rate increase for Copley Hospital as it does not meet the narrow scope and high standard set for mid-year changes. Allowing adjustments to hospital budgets mid-year must be reserved for “exceptional or unforeseen” situations that have severe financial consequences. This has not been demonstrated in the materials submitted for this request. The GMCB needs to hold hospitals accountable for meeting their annual budgets for the entire year and for balancing both cost pressures and expenses.

This past summer the Green Mountain Care Board carefully reviewed and considered hospital budgets, including Copley’s, and made tough decisions that resulted in significant increases for Vermont rate payers. These decisions result in higher out-of-pocket costs for patients, higher claims costs for employers, and higher health insurance premiums. Mid-year increases are even more detrimental than annual approvals because of the collective inability to prepare and budget for these changes.

Approval of this mid-year hospital request is in the context of this year’s Vermont school budgets, of which one third were voted down this month. Vermonters are struggling to afford their tax bills, and a significant portion of those increases are due to health care costs. Household budgets are being stretched to a breaking point statewide.

Increases like these require Vermont’s self-funded employers, which make up a majority of the commercial health insurance marketplace, to pay higher unanticipated hospital claims costs for their employees when mid-year changes are approved. These employers include school districts, businesses, not-for-profit organizations, municipalities and state government, who all must budget for their yearly expenses. Health care costs are a substantial and growing part of their budget equation.

Mid-year rate increases impact fully insured members with an immediate increase in their out-of-pocket expenses, and because premiums are fixed and non-adjustable for the full plan year, hospital price increases will result in compounding costs in the subsequent calendar year. Equally alarming, we are foregoing the ability to have a portion of these costs offset for individuals through federal advanced premium tax credits, as these are also set annually based on the Benchmark Silver Plan premium. Finally, health plans must absorb the hospital price increases for fully-insured members with reserves, placing additional pressures on solvency, and higher premiums in subsequent years.

No other entities in our health care system are allowed to increase prices mid-way through the year and these should only be approved for exceptional circumstances.

Sincerely,

Sara Teachout  
Corporate Director, Government and Media Relation