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Green Mountain Care Board
144 State Street
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Dear Members of the Green Mountain Care Board,

We appreciate the GMCB's effort to move toward a more aligned regulatory system. The current disjunction among the insurance rate review, hospital budgets, and All Payer Model (APM) review processes have caused harm to the stability of the state health care system, and have undermined recent health care reform efforts.

White Paper One: Current State

The most significant issue from the health insurance rate review perspective is that the hospital budget decision occurs after the insurance rates are finalized. The systematic underfunding of health insurance premiums puts the entire health care system in jeopardy, and the misalignment of the GMCB regulatory timeline adds to the risk of premiums that are inadequate each year. On September 30, Board Member Pelham said, "We are trying to solve for affordability. Rate review should accede hospitals so the hospitals know what to expect." Yet hospital budget submissions exceed both the 3.5% APM goals and the hospital budget assumptions included in the insurance rates. The consequences only further destabilize the system, putting more pressure on what he called a "relatively small piece of the payer pie", as well as Vermont's uninsured.

White Paper Two: Timeline

Despite this, requiring all Vermont hospitals to shift fiscal years ([Recommendations 1A and 1B](#)) could be administratively costly, complicated, and therefore likely an unrealistic proposal. To this end, we would like to propose an alternative. The rate review process allows a post-decision window in which the rate can be changed – after a motion to reconsider or an appeal of the rates. A practical solution would be to include the filed hospital budgets initially, followed by a post-budget decision adjustment to the commercial insurance rate to reflect the approved hospital budgets. Another benefit would be that it would make clear the impact of hospital budgets on insurance premium rates—a current source of deep disconnection to both policy makers and the public.

A second area for improvement is the alignment between health insurance rate review and the efforts of the state's All Payer Model. In the commercial payer piece of the APM, health care reform is consistently jeopardized by the GMCB rate decisions. To move away from fee for service and toward capitated payments and other stated health care reform goals requires resources, investment, and realistic actuarial projections. Each time the GMCB lowers health insurance rates below actuarially-justified levels, health care reform becomes more challenging. If the projections are unrealistically low, reforms are undermined and the possibility of achieving Vermont's goals are diminished.

BCBSVT does not have a comment on the second recommendation, but wholeheartedly supports the third – “*Continue to Improve Communication of Hospital Budget Impacts on QHP Filings.*”

White Paper Three: Policy Alignment

Of larger concern is policy alignment across all of the GMCB's regulatory work and we eagerly anticipate the third White Paper in your series. A preliminary suggestion for your consideration is to apply consistent standards for evaluation across all of the GMCB regulatory processes. The four standards for rate review are affordability, access to care, promoting quality care, and ensuring solvency. These same standards must be considered across all of the GMCB's regulatory work if these are the desired outcomes across the health care system. How can premium affordability be achieved if it is not one of the factors in each and every regulatory process?

Thank you for considering our suggestions for improving and aligning the state health care regulatory structure.

Sincerely,

Sara Teachout
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Blue Cross and Blue Shield of Vermont