

March 22, 2022

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

Blue Cross and Blue Shield of Vermont does not support the Green Mountain Care Board's approval of any hospital mid-year commercial rate increases. Allowing adjustments to hospital budgets mid-year should be reserved for truly dire situations which have not been demonstrated in the materials submitted this year. The GMCB needs to hold hospitals accountable for meeting their annual budgets and balancing both costs pressures and expenses. No other entity in our health care system has the ability to shore up their financial projections with enormous price increases on Vermonters, authorized through a regulatory process, halfway through the year.

We remember last summer's rate review public hearing – the voices were clear and their stories are consistent in their message – Vermonters are outraged and asking why their costs are increasing year over year. As a member of the Green Mountain Care Board you must draw a very clear line between hospital budget increases and the out-of-pocket costs for patients, higher claims costs for employers, and the premium increases that will follow this decision. Mid-year increases are even more detrimental than annual approvals because of our collective inability to prepare.

Vermont's self-funded employers, which are the majority of the commercial health insurance marketplace, would need to absorb millions in new unanticipated claims costs for their employees. These employers are simultaneously weathering the exact same cost pressures as the hospitals including rising inflation on inputs, rapidly increasing workforce costs, recovering from the past COVID-pandemic losses, and juggling an extremely uncertain economic future. Shifting these costs from hospitals to other employers – many of whom may not have the resources to offset the costs is poor public policy.

Mid-year rate increases impact fully-insured members with an immediate increase in their out-of-pocket expenses. Because premiums are fixed for the full plan year and cannot be adjusted, hospital price increases will result in compounding costs in the subsequent calendar year. Furthermore, 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.

Just recently, your staff provided an eye-opening snapshot of the [2021 hospital financial results](#) that demonstrated a very strong year for 13 of our hospitals. Systemwide, these

three Vermont hospitals are retaining well over \$1 billion in surplus revenues from ratepayers. At the end of their FY2021, RRMC had a surplus of \$261 millionⁱ. CVMC has current assets of \$51.5 million and Board designated assets of \$62.0 million for a total of \$113.5. UVMHC holds \$525.5 in current assets and \$623.7 in Board designated assets for a total of \$1.2 billionⁱⁱ.

Member Holmes said just last week that “Medicaid and Medicare reimbursements are not keeping pace with inflation and the current strategy of relying on commercial rates paid by the privately insured to cover these rising health care costs is no longer viable or sustainable. Even if the GNCB approved higher and higher commercial rates, there are not enough privately insured Vermonters to afford them.” We wholeheartedly agree that continuing to pass these costs along unconditionally to the shrinking pool of commercial payers is not an option.

The GNCB needs to hold hospitals accountable for meeting their annual budgets and balancing both costs pressures and expenses. No one is emerging from the pandemic unscathed. These hospitals should use the next six months to manage to their budgets instead of immediately raising consumer prices based on projections. Vermonters and employers all have limited resources and do not have the ability to ask their employer for 9-10% wage increases. Hospitals should not have that ability either.

Sincerely,

Sara Teachout
Corporate Director, Government and Media Relations

ⁱ [RRMC Independent Auditor's Report and Financial Statements](#)

ⁱⁱ [UVMHC and Subsidiaries Consolidated Financial Statements](#) (page 54)