

March 18, 2021

Dear Chair Mullin and Green Mountain Care Board,

Thank you for the opportunity to share public comment at yesterday's Board meeting. As you could tell from the significant participation by hospitals large and small, and from every part of Vermont, this is a very important issue and it comes at a critical moment for our hospitals. You heard that one year and one week into the COVID-19 pandemic, our delivery system and workforce are stretched to their limits. Now is the time for a budget review process that reflects the current reality.

Significantly simplifying the process is essential to hospitals' ability to manage ongoing impacts of the pandemic and plan for recovery in the months and years ahead. Following is what we ask the Board to adopt:

#### Budget guidance

1. **NPR/FPP increase should be based on health care inflation.** We recommend using a number tied to the current health care environment. [Here are source materials](#) from CMS' National Health Expenditure report; table 1 is total health expenditures and table 6 is hospital expenditures. According to CMS, looking forward over the next three years health care inflation will amount to approximately six percent. It is essential that we move away from arbitrary ceilings and have the ability to produce realistic budgets that cover inflation.

It is important to look forward rather than backward; repeating history will produce a system-wide margin that stays below 1%. Ultimately this scenario leads to reduced access and poorer quality. Hospitals must have stable margins that allow them to invest in workforce, equipment, supplies, aging infrastructure and readiness for future challenges.

2. **There should be no ceiling on change in charge.** All hospitals have different payer mix, contracts and circumstances; regulatory guidelines must reflect this reality. Further, this would be a new requirement introduced without review, discussion or analysis of effects. In this context, hospitals manage their expense structure with an aim at affordability, access and quality. The board should eliminate the reference in the guidance document that speaks to its ability to adjust operating expenses.
3. **There should be no penalty associated with hospitals' receipt of CARES Act funding.** Hospitals should not be punished in any way for receiving critical relief dollars that may have prevented some from catastrophic financial circumstances. For recovery and stability, hospitals need all available funding.
4. **Presumptive approval should avoid specific parameters and instead involve evaluation of each budget on its merits.**

Simplified process:

1. **Hospitals should be granted relief from the budget hearing process**, and GMCB should use existing authority to monitor hospitals' financial performance. This would occur during the current monthly review already in place.
2. **Hospitals' Adaptive submissions should be abbreviated** and limited based on high-level submission excluding items like departmental information.
3. **Questions should be limited** to financial reconciliation issues by the GMCB budget staff.

As we have previously stated, these are anything but ordinary times. We accept a regulatory process that continues to hold hospitals accountable as stewards of limited health care dollars as this proposal does. We must also have a process that enables hospitals to focus on their responsibility to lead our state out of this public health crisis while continuing to ensure that Vermonters have access to high-quality health care services close to home.

Thank you for your consideration.

Sincerely,



Jeff Tieman  
President & CEO, VAHHS

Sincerely,



Steven R. Gordon  
President & CEO, Brattleboro Memorial Hospital  
Chairman VAHHS Board of Trustees