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Kevin Mullin, Chair
Green Mountain Care Board
144 State Street, Montpelier, VT 05602

To Chair Mullin and Members of the Green Mountain Care Board:

The Office of the Health Care Advocate (HCA) submits written comments regarding the midyear charge increase requests from Rutland Regional Medical Center (RRMC), Vermont Medical Center (UVMHC), and Central Vermont Medical Center (CVMC). We urge the Green Mountain Care Board (GMCB) to reject the midyear charge increase requests for RRMC and UVMHC in the interest of short and long-term consumer affordability, health insurance market stability, and working towards state health reform goals.

We recognize the current financial position of RRMC and UVMHC is partly a reflection of critical investments made in the health care workforce – which we support - related to the ongoing COVID-19 pandemic. However, the HCA has serious concerns that granting midyear charge requests – particularly ones in the 9-10% range – risks pushing Vermont closer to a “death spiral” dynamic with regards to health insurance coverage. According to representative data from the most recently available Vermont Household Health Insurance Survey, cost is the primary reason that Vermonters are uninsured (3%) or underinsured (40%). Charge requests will certainly be passed on to consumers through higher health insurance premiums. This will have direct and immediate impacts on consumers in multiple ways: a) Vermonters with a higher actuarial value plan may be forced to switch to a lower-quality plan with more out-of-pocket cost exposure due to increased premium b) Vermonters with a lower actuarial value plan may purchase an even lower quality plan, with consequently higher out of pocket cost exposure or simply forgo purchasing health insurance altogether c) Uninsured Vermonters will continue to remain uninsured, with high out of pocket cost exposure. All these scenarios directly conflict with the Triple Aim and harm Vermonters’ ability to get the right care at the right time.

The current dynamic of relying on charge increases to ensure hospital solvency has been – and continues to be – an unsustainable method for the state’s health care system. Approval of these mid-year increases will inevitably result in charges being baked into the base hospital charge rate used in the annual hospital budget process. This will make it far more difficult and costly to implement global budgets for Vermont’s hospitals because these higher charge rates will be a starting point for budget negotiations. It is worth noting that UVMHC, CVMC, and RRMC ask the GMCB to assume that rejecting their requests will inevitably result in deep cuts to medical service lines. This may be; however, this argument is difficult to accept absent any meaningful discussion or alternative contingency plans from the hospitals as to why this is the case.

Third, mid-year approvals outside of the annual hospital budget process raise substantial concerns about both the Green Mountain Care Board’s (Board) regulatory processes and the ability of Vermonters to understand how and why Vermont hospitals are increasing their rates. The annual Board process is widely publicized predictably timed, entails in-depth hearings on charge increase requests, and is subject to

substantial staff review. Off-cycle requests result in a substantial erosion of all of these critically important processes.

Lastly, it bears noting that UVMHN has repeatedly failed to prepare accurate budgets as evidenced by both past NPR overages and the need to “rebase” NPR. It now seeks to use mid-year adjustment presumably because it may feel that it has exhausted the Board’s and the public’s patience with its repeated budget failures. Further, as mentioned previously, a mid-year request has the advantage that it is subject to less review and public engagement. Rewarding repeated failure does not encourage a person or entity to change improper practices.

Thank you for your consideration. Please contact us at hcpolicystaff@vtlegalaid.org with any questions.

Sincerely,

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