



March 28, 2022

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

NFP does not support the Green Mountain Care Board's approval of any mid-year hospital rate increases. As benefit advisors to hundreds of Vermont employers, we have an intimate view of the instability and harm that mid-year increases would inject into the marketplace.

The hospital budgeting process is designed to permit hospitals and those dealing with them to plan for the year. The rippling effects of hospital rate increases should not be underestimated – they ultimately impact every Vermonter – individuals purchasing health insurance, those without health insurance, employers offering health insurance, and their employees. These are Vermonters who are also struggling with the very same issues that hospitals are, but without the scale, expertise, and reserves to support them.

A mid-year hospital rate increase would require organizations that have self-funded health plans to absorb significant unanticipated claim costs – at the same time they are dealing with their own similar, and often more significant, industry pressures including, availability and cost of staff, availability and cost of materials, Covid disruption, and inflation. Are these really the Vermonters we should be asking to bail out the hospitals? Or, should hospitals be required to manage their businesses as others do?

While those with fully funded health plans will theoretically not be impacted by a mid-year rate increase until next year, the exponential impact is very likely to push more individuals and employers away from health insurance altogether – further exacerbating the already untenable cost shift and instability in the marketplace.

In light of these impacts, the GMCB should not entertain mid-year hospital rate increases. However, if it does, the review should be no less rigorous than the standard hospital budget process.

Thank you for your consideration of these important issues.

Sincerely,

Mitchell R. Fleischer
Managing Director

Christine M. Oliver
Senior Vice President