

Hospital Budget Review Process

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Many of Vermont's Challenges Are Not New



Some findings from the 1975 Daniels commission report:

- There were too many specialists and not enough generalists in Vermont.
- The structure of health insurance was enormously complex, administrative costs of the system were very high, and lots of money flowed out of the state in the form of insurance company profits.
- Widespread variation existed in utilization patterns of health care resources and costs.
- Malpractice costs were rising and leading to defensive medicine.
- There was a large and growing demand by the public for all sort of health care resources, without regards to costs.
- The health care system was fragile in rural areas.
- The state lacked the necessary data to plan and monitor the system.

From Davis, H. (1999). Health Care. In Sherman, M. (Ed.), *Vermont State Government Since 1965* (pp. 373). Burlington, VT: The University of Vermont

Brief History of Hospital Budget Oversight



1992

Vermont Health Care Authority

Merged Health Policy Council, Health Data Council, and Certificate of Need Review Board

1995

Banking, Insurance, Securities, and Health Care Administration (BISCHA)

Established authority to limit hospital budgets

2011

Green Mountain Care Board

BISHCA renamed to Dept of Financial Regulation

Assessing GMCB Hospital Oversight

Scope and Goals



- The GMCB is undertaking a dedicated scope of work to review and update its regulation of hospital budgets.
- Goals include:
 - developing objective metrics for hospitals' financial health,
 - improving evaluation of hospital performance (e.g. care quality, access to care, cost efficiency)
 - exploring additional alignment among GMCB's regulatory duties,
 - building a consistent, predictable process
 - reducing administrative burden where feasible.

Assessing GMCB Hospital Oversight

Essential Questions



- How can the GMCB better assess access, affordability, and meaningful outcomes?
- What does a healthy hospital look like?
- What information should be used to make hospital budget decisions versus regulatory monitoring?
 - Which should be assessed at a corporate vs. hospital level?
 - What are the appropriate benchmarks?
- Which comparisons make sense for all Vermont hospitals? Which are conducive to peer group comparison?
- How should the regulatory approach consider hospitals that exceed or fail to realize their budget?
- How should solvency be assessed for risk-bearing hospitals and what is the regulatory role in assessing appropriate amounts of risk?

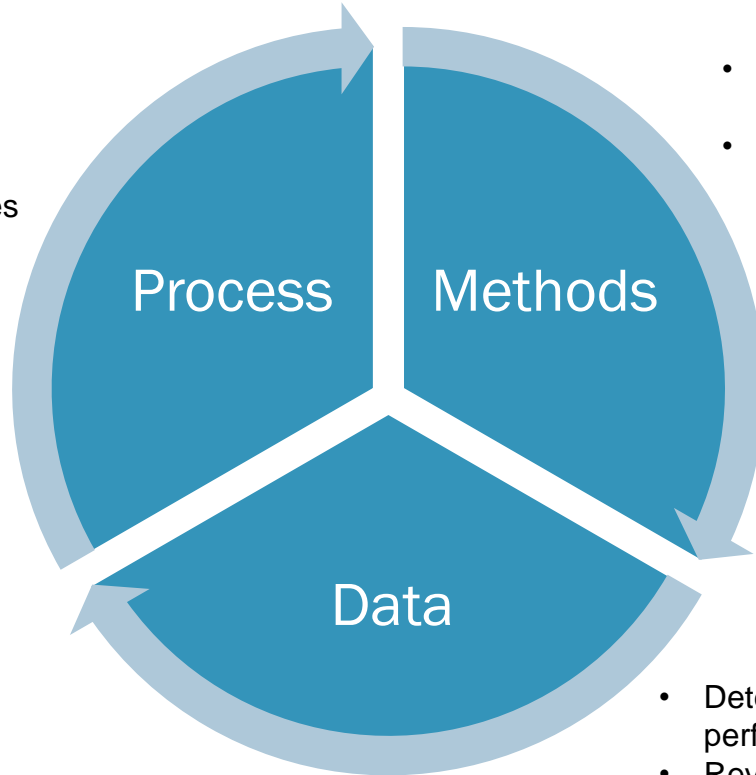
Assessing GMCB Hospital Oversight Project Support



- [Mathematica Policy Research \(MPR\) won the competitive bid to assist the GMCB with this scope of work.](#)
- Their related experience includes:
 - Vermont All-Payer Model since 2019
 - Pennsylvania Rural Health Model since 2019
 - Maryland Total Cost Model support since 2014
 - Washington State CHART model support since 2022
 - HRSA Technical Assistance to Support Rural Emergency Hospital (REH)
- GMCB staff are working closely with MPR to outline the goals and methods for hospital budget regulation, identify areas for process improvement, determine key data benchmarks.

MPR's Overall Approach: Hospital Budget Review Assessment Framework

- Document management
- Dashboard to summarize information
- Shorten timelines to produce the budget review documents



- Goals of hospital budget regulation
- Approach to regulate hospital budgets



What is working/where would you like to see a change?

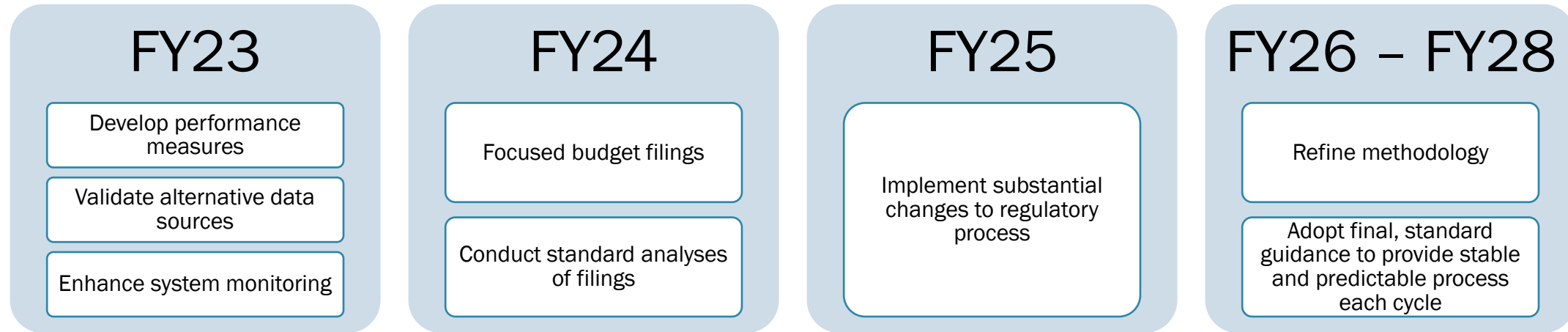
- Determine key performance indicators
- Review data collection tool
- Reduce administrative burden on hospitals, staff, board members

Reference Slide: Annual Process



- **March:** Board provides hospitals with written guidance for the upcoming budget cycle.
- **July 1:** Hospital Budgets due to the GMCB.
- **August:** Hospital Budget Hearings.
- **September:** Board publicly deliberates to approve, modify, or deny budgets by September 15.
- **October:** Budget orders delivered to hospitals by October 1 (start of hospital fiscal year).

Assessing GMCB Hospital Oversight Project Timeline



- Mathematica is currently engaging in individual interviews with GMCB Members, regulated entities, and the Health Care Advocate to gather feedback about the current regulatory approach.
- Project will involve substantial collaboration, including the Health Care Advocate, Department of Financial Regulation, Agency of Human Services, health insurers, and health care consumers.
- Staff anticipate required revisions to the Hospital Budget Rule to allow some process modifications.
 - For example, the current rule limits the waiver from hearings to 4 hospitals.

Assessing GMCB Hospital Oversight Relationship to Act 167 Duties



- Act 167 of 2022 includes some related activities:
 - Development of value-based payments
 - This will be completed in collaboration with the Agency of Human Services and include the stakeholder process supporting the development of a proposal for a future All-Payer Model.
 - Determination of how to incorporate value-based payments into hospital budget regulation
 - Must include assessment of how the regulatory process impacts Vermont hospitals' financial sustainability, as well as opportunities to improve their financial health.
 - Recommendation for methodology to determine the allowable rate of growth in Vermont hospital budgets.
 - Consideration of the appropriate role of global budgets for Vermont hospitals.