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March 28, 2017

Green Mountain Care Board
89 Main Street, Third Floor, City Center
Montpelier, VT 05620

Re: HCA Fiscal Year 2018 Hospital Budget Guidance Comments

Dear Members of the Green Mountain Care Board,

Thank you for soliciting comments on the proposed FY 2018 Hospital Budget Guidance. The Office of the Health Care Advocate (HCA) appreciates the Green Mountain Care Board (the Board)'s efforts to control hospital revenue growth while maintaining or improving access to care and quality of care for Vermonters. The comments below are in response to Mike Davis' presentation to the Board on March 23, 2017 entitled "Vermont Hospital Budgets Proposed Budget Guidelines for FY 2018."

The HCA requests that the Board break out the 0.4% net patient revenue growth allowable for new health care reform investments as the Board has done in previous years. The HCA also suggests that the Board clearly define what should be counted as a health care reform investment so that the hospitals are consistent in their reporting regardless of their overall net patient revenue growth (i.e., whether they are below, at, or above the cap). Hospital net patient revenue should not be allowed to grow by 3.4% without significant new investments in health care reform initiatives. A hospital should not be allowed to exceed 3.0% net patient revenue growth unless its budget includes health care reform investments that are not included in the hospital's base (FY17) budget.

The HCA supports use of a dashboard of metrics as the primary basis for the Board's hospital budget approvals. In addition to the metrics included in the draft, the dashboard should include:

- Measures of quality and access (e.g., comparable scores on readmission and patient experience metrics)
- Payer mix
- Health care reform investments
- Bad debt and free/discounted care

The HCA strongly supports inclusion of FY17 inpatient, outpatient, and physician price information in the FY18 budget review process in order to improve hospital price transparency. The budget review process provides a unique opportunity for the Board to consider hospitals' entire financial picture and the system as a whole, and pricing is an important factor.

The HCA supports the Board implementing a more formal budget review hearing process with a structured approach. We advocate for a standard presentation template for hospitals that covers the dashboard (including the items listed above), the ways in which the hospital is addressing the needs identified in its Community Health Needs Assessment, health care reform initiatives including ACO activities, efforts to improve access to mental health and substance abuse services, pricing, and any unusual budget pressures. The hospitals should be limited to a defined presentation time and the presentation should focus on questions remaining after submission of the written budget materials. The short available hearing time should not be used for presentation of general information about the hospital or hospital marketing materials.

The HCA opposes the Board waiving the hospital budget review hearing for any hospital. The public hearing component of the hospital budget review process is essential for transparency to Vermonters. However, the HCA supports streamlining the budget review hearings as described above.

Thank you for your consideration of our comments. Please feel free to contact Julia Shaw with any questions or concerns.

Sincerely,

s\ Julia Shaw
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s\ Lila Richardson
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