

VERMONT LEGAL AID, INC.

OFFICE OF THE HEALTH CARE ADVOCATE

264 NORTH WINOOSKI AVE.
BURLINGTON, VERMONT 05401
(800) 917-7787 (TOLL FREE HOTLINE)
(802) 863-7152 (FAX)

OFFICES:

BURLINGTON
RUTLAND
ST. JOHNSBURY

OFFICES:

MONTPELIER
SPRINGFIELD

September 7, 2018

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

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

The Office of the Health Care Advocate (HCA) appreciates your efforts to bend the health care cost curve in Vermont, and recognizes the difficulty of reforming the health care system through numerous discrete regulatory processes. As health care costs continue to grow unsustainably and Vermonters bear an increasing proportion of the cost of care, we ask the Board to do more to improve efficiency in Vermont's health care system, to slow health care cost growth, and to ensure that savings are passed on to consumers.

We have all heard the health care entities that the Board regulates (insurers, hospitals, and Accountable Care Organizations (ACOs)) point fingers at each other and say that they are not at fault for skyrocketing health care costs. We understand and recognize that no single entity is responsible for all health care cost increases. However, each sector must take responsibility for the role it plays in this fragmented and unsustainable system.

As you complete your review of the fiscal year 2019 hospital budgets, we ask you to consider the following comments:

1) Proposed commercial rate increases must be carefully analyzed before being set by the Board as these rates establish the costs that will be experienced by Vermonters in fiscal year 2019.

- Vermont's hospitals are requesting commercial rate increases between 2% and 7.9%, with the largest hospital, University of Vermont Medical Center, requesting a 4% rate increase. If approved, Vermonters will feel the pain of these rate increases.
- Despite the Board's order in insurance rate review decisions directing insurers to negotiate lower rates with hospitals, we heard during the hospital budget review hearings that hospitals consider the commercial rates approved in their budget orders to be set rates.
- We ask the Board to clarify its intention and to consider consumer affordability when setting the hospitals' fiscal year 2019 rates.

2) We ask the Board not to allow UVM Medical Center to raise its prices.

- We have seen UVM Medical Center exceed its budget year after year. The hospital's budget has increased over 20% from 2014 to its 2019 proposal. It is clear that UVM

Medical Center's commercial rate has been too high and that the hospital is not doing enough to improve efficiency.

- We understand that executive pay is a relatively small portion of UVM Medical Center's budget. However, the salaries of the non-profit hospital's top executives are clearly exorbitant and out of line with Vermont norms. This tells us a lot about the culture and priorities of the institution and its leaders. Vermonters should not be required to pay more for their care to subsidize these misguided priorities.
- Earlier this year UVM Medical Center committed to a 0% rate increase for fiscal year 2019, clearly indicating that the hospital does not need a rate increase. UVM Medical Center did not sufficiently justify its 4% commercial rate increase request in its budget materials or presentation.
- The Board should not approve any commercial rate increase for UVM Medical Center until it demonstrates at least two years of compliance with its budget orders and good faith efforts to remove waste in its operations and to improve efficiency.

3) Hospitals should be working with patients who can't afford their care by offering sliding scale pricing and payment plans that are in line with Vermonters' ability to pay rather than sending people to collections and credit agencies.

- Health care is already unaffordable for Vermonters and commercial rate increases are unsustainable. Many Vermonters struggling to pay their premiums and out of pocket costs do not qualify for hospitals' free and discounted care programs, yet cannot afford the care that they need.
- Strong-arming patients into making payments they can't afford often means people will forego other necessities such as food and shelter which have direct impacts on health. Ruining patients' credit can prevent them from accessing housing and transportation, which are essential to maintaining employment and health.
- As rates go up, fewer people will be able to afford their care.

4) If Vermont and its hospitals continue to shift costs onto people with commercial health insurance, Vermonters who buy insurance may not benefit from the all-payer model even if Vermont achieves the model's cost growth targets.

- Vermont's all-payer model and ACO programs rely on patients getting the care that they need before an emergency occurs. This will be increasingly difficult as more people are unable to afford basic health care services.
- As demonstrated by Northwestern Medical Center, hospitals participating in the Medicare ACO program can expect a higher Medicare trend and should have factored this in to their budget proposals.

5) The Board has a responsibility to advocate for increased Medicaid reimbursement rates to take pressure off low and middle income Vermonters who have to buy commercial insurance plans.

- Every year that the state fails to adequately fund Medicaid reimbursement, more of the state's health care costs are pushed onto the segment of Vermonters who comply with the law and buy commercial insurance plans, despite their high premiums and out of pocket costs.

- The cost shift is a hidden tax that is unfairly distributed and disproportionately affects low to middle income Vermonters who are already in financially precarious situations.
- Some of these same Vermonters will end up in significant debt or avoiding services even if they keep up with their premiums because of hospitals' high prices and insurance plans' high out of pocket costs.
- We heard the compelling story of one such patient at Central Vermont Medical Center's hearing. When patients can't access basic services like physical therapy due to exorbitant hospital prices and costly insurance plans with poor coverage, their health deteriorates and emergencies are more likely to occur.

6) Vermont's hospitals need to do more to bring costs down and care for our population as efficiently as possible.

- Hospitals should exist to care for Vermonters, not to generate revenue. Hospitals and the state need to work together to ensure that each community has the services it needs, without unnecessarily duplicating services and creating induced demand.
- Expanding or offering new specialty services should not be considered a health care reform investment and these service expansions should be scrutinized by the Board.
- Hospitals should work harder to save money on energy efficiency efforts and health care reform investments, and to eliminate operational inefficiencies.
- Administrative costs including executive compensation should be examined and brought in line with Vermont's economic context.

7) Hospitals must invest more in harm reduction services for their communities and commit to helping people be as healthy as possible wherever they are in their journey with substance use.

- The opiate use epidemic continues in Vermont and hospitals are not doing enough to serve those affected by opiates. There is no excuse for basic harm reduction services being unavailable in any Vermont community.
- Medication-assisted treatment (MAT) is one important aspect of addressing opiate use and we are glad to see hospitals starting to improve access to services in this area.
- However, people currently and formerly using opiates need a full range of harm reduction, treatment, and wrap-around service options.

We ask the Board to consider Vermonters and the real affordability challenges they face when setting the hospitals' allowable rates and profits.

Please do not hesitate to contact us with any questions or concerns.

Sincerely,

s\ Michael Fisher, Chief Health Care Advocate

s\ Julia Shaw, Health Care Policy Analyst