Dear Legislators,

I hope you’ve enjoyed your summer and early fall. To help keep you and your constituents informed on the work of the Green Mountain Care Board (GMCB), I am providing an overview of the Board’s regulatory and policy development activities during this period. Key areas of work the Board focused on are:

1. Review of insurance premium rate requests;
2. Hospital budget review;
3. The review of several Certificate of Need (CON) applications;
4. Regulation and implementation activities related to the Vermont All-Payer ACO Model;
5. Health Resource Allocation Plan; and
6. Data and analytics.

The regulatory and policy work that the Board has accomplished throughout the summer has a direct impact on Vermonters. Our mission is to work to bend the health care cost curve while ensuring access to high quality care for all Vermonters. Please let me know if you have any questions about the descriptions below. I look forward to discussing the Board’s work with you over the coming months!

Sincerely,

Susan J. Barrett, JD
Executive Director Green Mountain Care Board

Summary of GMCB Activities, Summer-Fall 2018

1) Health Insurance Rate Review

Under 8 V.S.A. § 4062 and 18 V.S.A. § 9375(b)(6), the GMCB is required to review and decide on rate increases for comprehensive major medical health insurance plans. In July 2018, the GMCB reviewed requested rate increases from the two insurers participating in Vermont’s Individual and Small Group insurance (Vermont Health Connect) market: Blue Cross Blue Shield of Vermont (BCBSVT) and MVP.

- Blue Cross Blue Shield of Vermont (BCBSVT) requested a 9.6% average annual rate increase, with an effective average increase of 5.8%. The approved average annual rate increase was 6.9%, with an effective average increase of 3.2%.
  - Estimated Dollars Saved by Vermonters: $12.9 million.
- MVP requested a 10.9% average annual rate increase, with an effective average increase of 6.6%. The approved average annual rate increase was 6.4%, with an effective average increase of 1.9%
  - Estimated Dollars Saved by Vermonters: $6.5 million.
Total estimated savings for BCBSVT and MVP’s Individual and Small Group customers is $19.4 Million. Rate review decisions are available on the GMCB’s Rate Review website.

NOTES: The “effective” rate increases—the actual rate increases that will be experienced by Vermonters—take into account the availability of additional federal subsidy dollars resulting from changes made to Vermont law during the 2018 legislative session. Estimated savings are based on predicted 2019 enrollment.

(2) Hospital Budgets

Under 18 V.S.A. § 9375(b)(7), the GMCB is required to review and establish budgets for Vermont’s hospitals. Over the course of four days of hearings in August 2018, the Board heard from each hospital; the Board’s decisions were issued on September 28, 2018. A summary of the decisions is below:

- Hospitals initially requested a 2.9% increase in Net Patient Revenue (NPR) from the Board-approved Fiscal Year 2018 base to the hospitals’ submitted Fiscal Year 2019 budgets.
- After the Board approved adjustments for several hospitals (e.g., adjustments for accounting changes, provider transfers and acquisitions), the submissions reflected a 2.2% increase (approximately $56.5 million) in NPR.
- The Board approved a 2.1% NPR increase for Fiscal Year 2019 over the approved and adjusted Fiscal Year 2018 base ($52.8 million).
- Hospitals requested an estimated weighted average 3.1% increase in commercial rates, from approved Fiscal Year 2018 to Fiscal Year 2019 budgets. The Board approved a 2.7% estimated weighted average rate increase.

Hospitals’ FY2019 budget submissions and the Board’s orders are available on the GMCB website.

(3) Certificate of Need

Under 18 V.S.A. § 9434, the GMCB is required to review certain new health care projects and determine whether the project qualifies for a Certificate of Need (CON). In 2018, the Board has issued CONs for six projects:

- University of Vermont Medical Center (Replacement of Epic Health Information System)
- Rutland Regional Medical Center (Construction of New Medical Office Building)
- Kindred Healthcare (Corporate Restructure)
- University of Vermont Medical Center (Purchase of Real Estate in South Burlington)
- Morgan Orchards (Independent Living Facility)
- Northeastern Vermont Regional Hospital (Replacement of Mobile with Fixed MRI)

Application materials and decisions for all CONs reviewed in 2018 are available on the GMCB website.

(4) Vermont All-Payer ACO Model

Under 18 V.S.A. § 9382, the GMCB is required to oversee the state’s accountable care organizations (ACOs), including certifying compliance with statute via GMCB’s Rule 5.000 and annually reviewing ACOs’ budgets. Activities in 2018 have included:

- Continued monitoring of OneCare Vermont’s 2018 budget and ACO certification
- 2019 ACO Budget review, with guidance issued July 24, 2018, and ACO budget submission received October 1, 2018
The GMCB is also a co-signer of the All-Payer ACO Model Agreement between Vermont and the federal government, and has significant responsibilities related to program development and implementation. In summer and fall 2018, tasks have included:

- Preparing to set financial targets for ACOs participating in the 2019 VT Medicare ACO Initiative
- Finalize specifications for total cost of care and other measures described in the All-Payer ACO Model Agreement, in order to support reporting to federal partners
- Work with federal partners on potential agreement changes, including consensus changes to quality measure sets, a plan to tie Medicare financial targets to quality performance, and several operational changes

In the final quarter of 2018, the GMCB will review the 2019 ACO budget; set financial targets for ACOs participating in the 2019 Vermont Medicare ACO Initiative; develop and submit first reports due to federal partners under the APM Agreement (Q1 2018 Total Cost of Care Report); and prepare for future reporting required under the APM agreement. Additional information about the Board’s activities related to ACO certification and budget review and All-Payer ACO Model program development and implementation is available on the GMCB website and in the GMCB’s most recent quarterly report to the Legislature.

(5) Health Resource Allocation Plan

Act 167 of 2018 revised the statutory requirements for the Health Resource Allocation Plan (HRAP). The HRAP is required to identify Vermont’s critical health needs, goods, services, and resources. Health resources are investments into the State’s health care system, including investments in personnel, equipment, and infrastructure necessary to deliver:

- Hospital, nursing home, and other inpatient services;
- Ambulatory care, including primary care, mental health, screening and early intervention, and substance use disorder services;
- Home and community-based services; and
- Emergency care, including ambulance services.

Health resources may also include investments in personnel, equipment, and infrastructure necessary to address the social determinants of health.

GMCB staff and Board Members are working together to re-envision HRAP as an up-to-date, sustainable, and dynamic resource that enables more informed health resource allocation decision-making across the state using state and national data. The GMCB is seeking to develop an HRAP that identifies gaps and excess in health care services availability and accessibility and considers the underlying health needs across communities in Vermont. Work to develop this new resource, guided by Act 167, began in Summer 2018; GMCB’s goal for releasing the new HRAP is early 2020.

(6) Data and Analytics

Over the past year, the GMCB has sought to increase internal capacity and reduce reliance on external contractors by building a dedicated data and analytics team.

- **Data Stewardship**: GMCB data staff are stewards of two of the state’s major health care data sets: the Vermont Health Care Uniform Reporting and Evaluation System (VHCURES – Vermont’s all-payer claims database) and the Vermont Uniform Hospital Discharge Data Set (VUHDDS)
• **Data Governance Council**: GMCB convenes a seven-member Data Governance Council made up of key stakeholders to improve the quality and utility of GMCB data resources, to ensure financial sustainability of the data programs, manage data security risks, and ensure appropriate access to data to support research of benefit to Vermonters and the broader public.

• **Data Analysis to Inform Policymaking**: Data staff gather data, design studies, and perform analyses to inform the Board’s activities, including its regulatory decisions. New reporting resources and data visualization efforts (see below) support these goals. One recent project is linked below:
  o [Interactive Visualization – 2016 Vermont Health Care Expenditure Analysis](#)

For more information on the GMCB Data Team’s work, visit the [GMCB website](#).