

August 23, 2023

Owen Foster, Chairperson  
Green Mountain Care Board  
144 State Street  
Montpelier, Vermont 05602

**RE: Vermont-NEA and Vermont State Employee Association Comments on FY24 Hospital Budget Rate Setting**

On behalf of approximately 60,000 Vermonters, active and retired state and school employees and their dependents, for whom ensuring consistent access to affordable, high-quality health care is one of our most pressing concerns, Vermont-NEA and the Vermont-State Employees Association urge the Green Mountain Care Board to approve FY24 hospital budgets consistent with the parameters of its [FY2024 Hospital Budget Guidance](#).

This position is anchored to the belief that the Green Mountain Care Board is the most important state governmental body in the service of the public's right to affordable medical services and commercial insurance benefits. This right cannot be assured unless Vermont hospitals take concerted efforts to lower their prices, reduce currently high levels of potentially avoidable care, and play a constructive role to resolve the crises of affordability and access to health care in our local communities. They can demonstrate immediately a good-faith commitment to the pursuit of these ends by operating in accordance with the Board's FY24 hospital budget guidance. Success in this endeavor, combined over time with bold systemic reforms that tackle exorbitant prices, market consolidation, staffing shortages, and administrative waste, will permit the state to invest hospital savings in community-based primary care, mental health and home health services, nursing care, and other medical and wellness interventions that keep patients and families healthy, and lower costs for workers and their employers.

Hospital care accounts by far for the lion's share of our insurance pools' medical expenses, and UVMHC and CVMC treat large numbers of our members and their families. It is staggering, therefore, to consider the financial implications for these workers and their dependents, and for the State of Vermont and public schools, of the increase requests of these two institutions alone of [23.8 percent](#) and [21.4 percent](#), respectively, from their FY22 actual to FY24 proposed budgets. For UVMHC, this year's rate request totals an additional [\\$195 million](#); on top of last year's budget, it amounts to a two-year increase of [\\$356 million](#). If UVMHC's submission is approved, in tandem with several others that exceed the Board's budgetary guidance, the sharp spike in commercial insurance rates to follow will wreak havoc on the ability of state government and public schools to fill open positions, retain quality personnel, improve wages and working conditions, and comprehensively address acute social and programmatic needs caused or exacerbated by the pandemic. To state the obvious, our members, along with many thousands of Vermonters they serve, will see a decline in their standard of living when premiums rise to unacceptable levels, as they have done in recent years.

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Staying with a focus on UVMHN, its budget submission highlights what it calls a “shortfall” in Medicare and Medicaid reimbursements and declares this “necessitates” rate increases from commercial payers of 13.45% for UVMHC, 10.95% for CVMC, and 6.86% for Porter Medical Center. *Please do not be swayed by this cost-shifting argument.* In a well-reasoned presentation to the board on April 12, [Chris Whaley](#) of RAND asserted there is “no correlation” between hospital prices and reimbursements from Medicare and Medicaid or the cost of care for uncompensated patients. Likewise, Board member Thom Walsh, in a detailed expose in the “[Washington Monthly](#)” this June, convincingly demolished the myth of the Medicare/Medicaid “cost shift” that hospitals and commercial carriers have exploited for decades to explain and justify higher prices and variances in charges. An empirically rich report from the Office of the Health Care Advocate in 2022, “[Fact or Fiction? Evaluating the Evidence on the Cost Shift,](#)” answers the question its title poses this way: *In summary, based on our review of the evidence, we conclude that the “cost shift” argument lacks sufficient supporting evidence to merit being used in policy decisions.*

Respectfully, we must take issue with UVMHN’s self-congratulatory narrative in its budget submission regarding the reduction in personnel costs associated with so-called “travelers” or “traveling workers.” There is small comfort in learning that the average, “all-inclusive fee” paid to private-sector staffing agencies has declined since FY22 from \$201 per hour to \$130 per hour. This modest drop in a profligate expenditure sidesteps an inconvenient truth: the practice of subcontracting for non-unionized employees is attributable to the failure of UVMHN’s executive leadership over many years to take effective measures in collaboration with its nurses’ union and other entities to ensure workforce sustainability without resorting to for-profit subcontractors.

Our unions were impressed by the presentation of [Marilyn Bartlett](#) (senior policy fellow with the National Academy for State Health Policy) and [Christine Deacon](#) (health policy expert with VerSan Consulting) on reference-based pricing for hospital care benchmarked to Medicare rates.<sup>1</sup> These experts, along with RAND’s Chris Whaley, argued persuasively that this benchmarking methodology can be instrumental in determining fair hospital reimbursements at lower rates without jeopardizing the scope or quality of essential services.

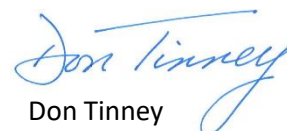
Our unions value and respect the critical role hospitals play in keeping our members, their families, and all Vermonters healthy and safe. *But our hospitals can and must operate at significantly higher levels of efficiency and quality, and at much lower cost.* The analysts who testified before the board this year at your invitation, including Jeffrey Stensland of the Medicare Payment Advisory Committee, demonstrated that these goals can be achieved with visionary health care leadership and data-driven planning, an ironclad commitment to affordable access to high-quality care, and strong regulatory oversight.

Once more, we urge the board to hold all hospitals accountable to the terms of your FY2024 Budgetary Guidance. Thank you.

Sincerely,



Aimee Towne  
President, Vermont State Employees Association



Don Tinney  
President, Vermont-NEA

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<sup>1</sup> In its budget submission, UVMHN says UVMHC’s Standardized Outpatient Price (OP) for commercial payers is 356 percent of Medicare’s OP; and CVMC’s Standardized OP price for commercial payers comes in at 279 percent of Medicare’s. UVMHC’s Standardized Inpatient Price for commercial payers is 256 percent of Medicare’s reimbursement.