



**STATE OF VERMONT**  
SENATE CHAMBER

October 18, 2019

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

Dear Chair Mullin:

As you know, the Vermont General Assembly has pursued legislation that sets Vermont on a path to health care reform that is intended to contain the growth in health care costs, promote high-quality health care services, and ensure that Vermonters have access to the services they need. We have embraced payment- and delivery system reforms that move away from a fee-for-service system and toward value-based payments, with a particular emphasis on access to primary care.

The Health Reform Oversight Committee is aware of recent correspondence between you and Governor Scott relating to the affordability of health care in Vermont, the rollout of the All-Payer ACO Model, and the potential impact of the Medicaid and Medicare cost shift on both. We have also been informed that OneCare Vermont's FY2020 budget submission to the Green Mountain Care Board includes \$13.1 million of "State Support" for "Healthcare Reform Investments." These issues can have serious policy and fiscal implications for Vermonters and the State. We need more information from you and the Board in order to evaluate certain of your positions and recommendations and OneCare's budget proposal.

***Delivery system reform (DSR) funding***

Your August 23, 2019 letter to Governor Scott and Deputy Secretary Maksym said, with respect to the level of DSR funding, that "the lack of support early in the Model for these reforms has made it difficult for the ACO to implement its programs."

1. What was the specific basis on which you made this statement?
2. What did not happen that would have happened if the amount of DSR funding had been greater?
3. Please provide a detailed description of how additional funds would have been expended and the expected benefit to Vermont patients and consumers.
4. Please explain the rationale for making this assertion now, and why you did not express it earlier if it was of such concern.

### ***Medicaid cost-shift***

Your August 23, 2019 letter to Governor Scott and Deputy Secretary Maksym said that “[t]he actual cost shift for Vermont hospitals in FY2018 was \$458 million with Medicaid accounting for \$207 million,” and you encouraged the Governor to propose using more taxpayer dollars to provide additional Medicaid funds to Vermont’s network of hospitals.

1. Was this recommendation intended to apply to *all* Vermont hospitals whose budgets the Green Mountain Care Board reviews, or just to a subset of them? If a subset, please tell us which hospitals and why they stand out.
2. How did you conclude that the people of Vermont would be better served by directing additional Medicaid funds to hospital-based services, rather than using the funds for primary care and prevention services, including mental health services and substance use disorder treatment? Is it the Board’s position that the taxpayers and patients of Vermont will receive greater benefit from additional hospital spending, rather than additional spending in these other areas?
3. Primary care practices, mental health agencies, dentists, and other providers who serve large numbers of Medicaid beneficiaries frequently struggle financially due to relatively low Medicaid reimbursement rates. Please explain why you have publicly advocated for increased reimbursements for hospitals, but not for these other providers.
4. If the cost-shift is a manifestation of a fee-for-service system, to what extent will it be phased out by the transition to value-based payments?

### ***Global Commitment waiver budget neutrality cap***

Spending up to the Global Commitment waiver’s budget neutrality cap exposes Vermont to risks, such as the impact on the Medicaid budget in the event of a recession. How close does the Board think Vermont can come to reaching the cap without taking an inappropriate risk?

### ***OneCare Vermont’s FY2020 budget submission***

1. What does the Board think OneCare Vermont intends to do with the additional \$13.1 million it seeks in its FY2020 budget submission? Does the Board believe that providing OneCare Vermont with an additional \$13.1 million in Medicaid funds is the most appropriate use of this scarce resource?
2. Please provide a detailed explanation of the administrative expenses at One Care and its analysis of whether this level of administrative spending is appropriate.
3. Please provide a plain language explanation of the benefits Vermonters have received to date through Medicaid investments in OneCare Vermont.

Thank you for your prompt attention to our questions and concerns. We would like to receive your responses as soon as possible; we assume you must have the information

readily available as it would have served as the basis for your August 23, 2019 letter to the Governor and Deputy Secretary Maksym. Please provide your responses no later than Monday, October 28, 2019 to allow the members of the Health Reform Oversight Committee to review the information in advance of the Committee's November 4, 2019 meeting. We look forward to reviewing your responses and to a continuing dialogue on these issues.

Sincerely,

/s/Senator Ann Cummings

/s/Senator Jane Kitchel

/s/Senator Ginny Lyons

/s/Senator Richard Westman

cc: Representative Janet Ancel  
Representative Bill Lippert  
Representative Ann Pugh  
Representative Kitty Toll  
Governor Phil Scott  
Mike Smith, Secretary (incoming), AHS  
Martha Maksym, Deputy Secretary, AHS  
Victoria Loner, CEO/COO, OneCare Vermont