



HOSPITAL AND HEALTH SYSTEMS

Hotline

• VERMONT ASSOCIATION OF HOSPITALS AND HEALTH SYSTEMS • 148 MAIN STREET • MONTPELIER, VERMONT 05602 • 802-223-3461 •

May-June 2003 PRESIDENT'S MESSAGE



This year's active legislative session kept VAHHS busy at the Statehouse. Now that the session is over, we offer sincere thanks to legislators and to the Governor and his staff for working so hard to listen and develop laws that are balanced and fair. On the whole, we believe that the bills passed this session will help us address some of the significant challenges

facing our health care delivery system.

One significant piece of legislation passed this year was H.128, "An Act Relating To Hospital and Health Care System Accountability, Capital Spending And Annual Budgets." This sweeping law revives an old paradigm for how we think about Vermont's health care system and resurrects the idea of creating a "statewide" view of Vermont's healthcare industry. In H.128, BISHCA is charged with creating a Health Resource Allocation Plan (HRAP). This plan will identify Vermont needs in health care services, programs, and facilities, estimate the resources available to meet those needs and determine priorities for addressing those needs on a statewide basis. Permits (certificates of need) for new services or facilities will have to be consistent with the HRAP.

Hospitals will also have a major role in creating a broader, improved vision of healthcare in Vermont. Working with other community members, they will create four-year Community Needs Assessments (CNAs) that will identify and prioritize the health care needs of the community. CNAs will be updated every two years and will be used as building blocks for the HRAP. Hospitals will also annually publish Community Reports containing measures of quality, patient safety, financial performance and comparative charges for high volume services. Both the needs assessments and community reports will use a common format approved by BISHCA.

The details of H.128 will continue to unfold as this new law moves through the regulatory and implementation process. One very positive byproduct of this legislation is that it will bring many healthcare stakeholders together to talk about what we want our healthcare system to look like - for us, for our communities, and for our children.

As we plan for the future, we must be armed with accurate information. It is vital that our conversations be guided by a clear understanding of the dynamics of our health care system - how it works, why it sometimes doesn't work, and the stressors that threaten its long-term stability. To that end, VAHHS has commissioned a three-part economic study to evaluate the viability of our health care network and to propose workable, intelligent strategies to keep our health care system strong.

The first installment of this study is about to be released. Entitled *Building a Healthy Future: Global Trends Affecting Vermont's Health Care Systems*, this document will give Vermonters information about how we currently pay for health care and why the financial health of our provider network is at risk. It documents the global challenges facing our health care system, such as our aging population, growing demands on health care resources, and shrinking public resources to meet that demand. This document also illustrates why financial stability is critical for future planning and innovation. The information in this document - and in

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VAHHS' SUMMER MEDICARE OUTLOOK

Medicare reform is once again center-stage this month as legislators continue their work in hot and steamy Washington, D.C. Just as the economic stimulus/tax cut initiative dominated congressional attention in May, Medicare reform is sure to dominate in June. And, like the debate over tax cuts, reforming Medicare will most fraught with controversy. Buoyed by President Bush's avowed support for "increased Medicare funding for rural health providers" (more on that below), the Senate Finance Committee is poised to move first—perhaps as early as week of June 9—on its version of a Medicare reform package. Based on this year's budget resolution, however, the package will require more than a simple majority—about 10 votes more—for passage. It's a sizeable hurdle to clear, given the overly partisan atmosphere in Washington these days. Whether Republicans will be able to keep their members in line and "pick off" several Democrats remains to be seen. But, with the Senate moving first – unlike in recent years—perhaps a more bipartisan effort will emerge.

Meanwhile, the House will likely approve a Medicare reform bill by the July 4 break. There too, however, obstacles are likely to emerge—stemming primarily from the Ways and Means and Energy and Commerce Committees' shared jurisdiction over Medicare. While the committees' leaders are striving to develop identical bills for consideration, the members, themselves, are of different minds with respect to policy direction. Hence, the "opportunity" for more controversy. Further, the House committees, unlike the Senate's, at this point intend to adhere to some of the more drastic Medicare Payment Advisory Commission (MedPAC) recommendations. As we all know, those recommendations include payment cuts to hospitals, skilled nursing facilities and home health care providers. That, too, will complicate negotiations and will generate considerable outcry from the provider community.

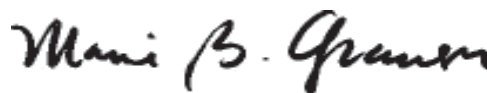
Now for some more promising news, during the tax cut debate, Senate Finance Chairman Charles Grassley (R-IA) reportedly agreed to drop a cherished set of rural health measures from the tax bill in exchange for assurances that they would be addressed in a larger Medicare reform package, over which his panel would have priority. Though discord exists among Finance members, the president's hearty endorsement of Grassley's rural health provisions, estimated at \$25 billion over ten years, will undoubtedly strengthen the chairman's hand at passing a solution for rural hospitals. So, too, will a letter signed by 80 House and Senate lawmakers thanking Bush for his rural health support. Interestingly, the president did not pass judgment on Grassley's proposed offsets for the rural package—which would be financed via lower reimbursement for physician-administered or Part B-covered drugs (i.e., AWP or average wholesale price reform), durable medical equipment (DME) payment freezes, and new laboratory service beneficiary co-payments. If Medicare reform fails, stay tuned to efforts to attach the Grassley bill to another legislative vehicle.

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the installments to come – will provide a crucial foundation for conversations that H. 128 will generate in our communities and among policymakers.

Shoring up our health care system will not be easy. There is no magic bullet, but there are promising developments. For example, VAHHS, VPQHC and others have begun to take steps that will help our healthcare system evolve from an acute care to a chronic care delivery system. I believe this evolution will reap profound benefits, both for patients and for our health care system. Patients will be more informed, active partners in their care; and providers will have appropriate incentives to continuously improve patient care. Creating a statewide chronic care system will require big-picture thinking, trust, and financial stability.

As we look at the allocation of resources – something that H. 128 requires – we must keep the big picture in mind. That means seeing all the pieces of the puzzle. Quality care, accessibility, affordability and financial health – these are all crucial elements to understand. As leaders in the effort to re-think our healthcare system, our hospitals will continue our efforts to reassure all Vermonters that their health is in good hands.



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GOVERNOR SIGNS BILL ALLOWING ANESTHESIOLOGIST ASSISTANTS TO BE CERTIFIED IN VT

On Friday, May 23, Governor Douglas signed into law S-144, a bill that authorizes the state Medical Practice Board to certify anesthesiologist assistants in Vermont. VAHHS, the Bennington legislative delegation, and two of our member hospitals, Southwestern Vermont Health Care (SVHC) and Fletcher Allen Health Care (FAHC) were instrumental in ensuring the passage of this legislation. This law will allow a new category of health care professionals — anesthesiology assistants — to assist in the operating room. Anesthesiology assistants will now be able to join certified registered nurse anesthetists (CRNAs) in this role, working under physician direction.

Anesthesiologist assistants (AAs) are masters-trained professionals. They possess advanced academic and clinical education to render anesthetic care under the direction of a qualified anesthesiologist. There are about 800 AAs currently in practice in the US.



Governor Douglas signs S144 with members of the health care community behind him.

The creation of this law was particularly applauded by Southwestern Vermont Medical Center and Fletcher Allen Health Care but will potentially benefit all Vermont hospitals.

"This is an important step because Certified Registered Nurse Anesthetists (CRNAs) are in increasingly short supply, threatening access to services and increasing the cost of delivering care," according to Donna Madigan, R.N. and Director of Perioperative Services at Southwestern Vermont Medical Center. "We have searched long and hard for CRNAs and there just aren't enough out there. For the last year and a half and we have been forced to supplement our staff by bringing in locum tenens, or 'travelling' per diem CRNAs. But this was not a good solution, for both quality and cost reasons."

Regulations still need to be created for AA certification, a process that VAHHS will continue to monitor.

VAHHS ANNUAL MEETING: SEPT. 4-5, 2003

Join us for our 68th Annual Meeting at the Killington Grand Hotel! Our keynote speaker, Alice Gosfield, Esq., speaks nationally and internationally regarding quality issues, Medicare reimbursement, utilization management and other topics. We will also enjoy a game of golf, dinner and live music. **Registration forms will be available on the VAHHS web site (www.vahhs.org).**

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VT MEDICAID RECIPIENTS TO PAY PREMIUMS

The Vermont FY04 Budget contains a significant policy change for the Medicaid program: shifting the primary method of financing the program from co-payments and deductibles to premiums. This is arguably the most significant change to the Medicaid program since the creation of the Vermont Health Access Program (VHAP) in the early 1990s. VHAP uninsured, pharmacy assistance programs (VHAP pharmacy, VScript, VScript Expanded) and coverage for working people with disabilities will have almost all existing co-payments eliminated and will be financed by income-sensitive premiums. The rationale for this change is that co-payments, which are paid when patients seek medical services, place a greater financial burden on older and sicker Vermonters than on younger, healthier Vermonters.

Premiums will range from \$4 per month for an individual on VHAP with an income below 50 percent of the federal poverty level to \$75 per month per household for Working People With Disabilities with an income of 225-250 percent of the federal poverty level. Premiums will be paid on a prospective basis. That is, payment must be received by the first of the month in order to have coverage that month. Pregnant women and children are exempted from this requirement, qualifying for three month retroactive coverage. Many low-income advocates are concerned that Vermonters will not pay the premiums and will drop out of the Medicaid program, which could result in increased bad debt for hospitals when these individuals show up at the emergency room without health insurance. Implementation of premiums will have to be monitored carefully to avoid this result.

CALENDAR OF EVENTS

- June 27, 2003
9 am - 3 pm
HIPAA: NHVSHIP Special Session
Featuring George Arges, AHA
VA Medical Center, White River Junction, VT
Register: register@nhvship.org | Info: www.nhvship.org
- 2003 and 2004
Pediatric Acute and Critical Care Education Program, FAHC
5-Day Courses for Nurses: Jun '03, Sept '03, May '04, Oct '04
Contact: Caroline.Tassey@vtmednet.org
- Aug 4 - Dec 19, 2003
Psychiatric Nurse Trainings
Two locations (Brattleboro Retreat; Waterbury)
Contact: [Helen Shea Murphy \(Hsheamurphy@retreathealthcare.org\)](mailto:HelenSheaMurphy@retreathealthcare.org)
- September 4-5, 2003
VAHHS Annual Meeting, Killington, VT
Quality, Benchmarking and Data
Register at www.vahhs.org
- Sept 22 - Nov 13, 2003
Critical Care Course, FAHC
Contact: Dorothy.Flowers@vtmednet.org
- October 29, 2003
4th Annual Emergency Preparedness Conference
Killington Grand Hotel
For more information: Lucie@vahhs.org