



Vermont Health Policy Perspectives

July 2005

Vermont Association of Hospitals and Health Systems • 148 Main Street • Montpelier, Vermont 05602 • 802-223-3461

President's Message: Staying the Course in Health Care Reform

After a long and contentious legislative session, summer has finally arrived! For the Vermont Association of Hospitals and Health Systems (VAHHS), this session was filled with a lot of learning, unprecedented cooperation and new challenges. Health care reform and the Medicaid deficit dominated the legislative agenda from start to finish. While health reform legislation ultimately did not become law, it will undoubtedly set the stage for next session. Here's a very brief summary on where we ended up this session on some of our key issues:

- Medicaid FY 2006 cuts of \$16.5 million. We were able to include language in the budget that will allow hospitals to cost-shift Medicaid losses. Hospitals were targeted from the beginning of the session to help close the FY 2006 \$80 million Medicaid gap. VAHHS succeeded in lowering the initial proposed amount of \$18.4 million and further reduced the impact with the inclusion of the outpatient settlement credit detailed below.
- Medicaid outpatient settlement credit limit of \$5 million (this limit to be mutually determined by VAHHS and the Office of Vermont Health Access (OVHA)). This credit will reduce the aggregate Medicaid cuts to approximately \$11.5 million for FY 2006.
- Vermont Information Technology Leaders establishment and funding of \$700,000 (See accompanying article inside).
- Two-year suspension of "gap" CON jurisdiction for hospitals. This suspension will limit BISHCA's jurisdiction for smaller capital projects. Hospitals will be required to list and describe these "gap" projects during their annual budget reviews.

Looking ahead to the next session, our member hospitals and the Association have about three years of work to do over the next six months. The next session will come in an election year, the Medicaid deficit will not go away and health care reform will continue to dominate the political agendas of both

parties. Leading change in both the legislative arena and in our institutions will require our collective attention, investment, and alignment of effort. There are four major aspects of our strategy moving forward.

Continue our focus on System-wide improvements

VAHHS' health reform strategy maintains two central tenets. First, true "savings" in health care can only be obtained by re-engineering how care is delivered. Toward this end, VAHHS and our member hospitals have invested heavily in system-wide quality improvement efforts in alliance with the internationally-renowned Institute for Healthcare Improvement. Second, system-wide investments, such as a state-wide health information technology (HIT) plan are integral to any broad-based reform strategy. In this year's state budget, VAHHS successfully worked to include language that helps create the Vermont Information Technology Leaders (VITL), a multi-stakeholder group that is charged with developing and implementing a state-wide HIT plan. VITL funding of \$700,000 for FY 2006 was also included to help accelerate this important effort. VAHHS plans to remain committed to these important efforts year-round – no small undertaking.

*(continued as **Reform** on inside right)*

ALSO IN THIS ISSUE:

- Health Resources Allocation Plan (HRAP) Delivery Deadline Arrives
- Vermont Information Technology Leaders (VITL) Update
- VAHHS Annual Meeting Preview



HRAP Delivery Deadline Arrives

In 2003, Act 53 was passed by the State Legislature in an effort to strengthen the state planning process for health care services and to reflect concerns about health care access, quality, and costs. Pursuant to the Act, the Department of Banking, Insurance, Securities and Health Care Administration (BISHCA), in consultation with the Secretary of the Agency of Human Services, was charged with developing a Health Resources Allocation Plan (HRAP): a four-year plan to identify Vermont's needs in health care services, programs and facilities; the resources available to meet those needs; and the priorities for addressing those needs on a statewide basis. This plan was delivered to the Governor on July 1, 2005 for his review. The Governor may approve the HRAP in whole or in part. If the Governor takes no action, it will become effective ninety days after he receives it.

Five public hearings were held across the state and written comments were accepted until May 18, 2005. VAHHS provided extensive feedback to BISHCA, which we believe will help shape the final document. The document includes seven chapters and multiple appendices. In total, the entire HRAP is more than 400 pages long.

As is to be expected in an undertaking of this size, some important tasks remain incomplete and the Association has a few outstanding concerns, largely in relation to the Certificate of Need Standards which will have the greatest practical impact on hospitals. At this writing, we understand from BISHCA staff that such tasks as developing specific utilization benchmarks and access standards by which to help judge CON applications will take place in the coming year. These are critical components of the CON Standards that need to be addressed and we look forward to being part of that process.

Perhaps our most essential comment on the HRAP is this: We urge BISHCA staff and legislators to carefully re-examine the efficacy of the HRAP before the exercise is undertaken again in four years as is stipulated by the statute. Act 53 was intended to *“develop a health resource allocation plan that can guide health facility planning, capital expenditures, and budget reviews; and create an efficient and effective regulatory system that is fair, predictable, enforceable, and capable of achieving Vermont's health care cost containment and other health care policy goals.”* It remains to be seen whether the HRAP will meet these goals. If not, perhaps it can serve as a basis for a new round of planning. We expect a continued focus on health care reform in the next legislative session, and believe that the value of previous planning and reform, including the HRAP, should be re-examined in light of the current efforts.

Vermont Information Technology Leaders (VITL) Update

Legislative

After months of active testimony, the vast majority of the Vermont Information Technology Leaders (VITL) recommendations were incorporated into the FY2006 budget bill. The legislation specifies the development of a short-term pilot project and a long-term technology plan for health information infrastructure by January 2007. BISHCA is designated as the oversight authority for both, and will award VITL an appropriation of \$200,000 in state seed money and an additional \$500,000 in dollar-for-dollar matching funds from any qualifying source, including foundations, vendors, and the federal government, etc. The creation of a strategy to implement the pilot project and the technology plan is currently underway. Official VITL business could begin as early as July 15, 2005.

Pilot Project Recommendation

After careful consideration and feedback from the VITL Advisory Group, the VITL Executive Committee recommended the creation of an information service providing medication and medical history snapshots to Vermont providers as a first step towards a comprehensive health record system for the State of Vermont. The project objectives include:

Clinical Objectives

- Provide physicians with the #1 stated need of the clinician survey - medication history
- Reduce adverse drug events
- Supply additional clinical information
- Make available information on unconscious or incapacitated patients that are unable to provide it
- Deploy the information to all emergency departments and offer the information to all interested physicians

Business Objectives

- Lower the cost of care in one of the highest acute care areas, the emergency department
- Improve “case/care management” for many people that often use the ED for primary care
- Include as many Vermonters as possible
- Provide a foundation for supporting the proposed Prescription Monitoring legislation

For more information:

The VITL Group continues to encourage stakeholder participation through consensus and trust by operating a transparent organization. We will continue to post all of our meeting materials to our web site at www.VITL.net. For more information, contact Greg Farnum at (802) 223-3461 x109 or email Greg@vahhs.org.





Reform *(Continued from front)*

In addition to the aforementioned efforts, VAHHS' reform committee will focus their attention this summer on health care financial and administrative issues. This committee will remain solution-oriented as our leaders turn their attention toward creating permanent system-wide improvements. VAHHS also remains committed to addressing Medicaid. Toward that end, the Association has already begun meeting with the Administration in the hopes of developing Medicaid strategies that will slow the rate of growth and maintain access to needed healthcare services.

Develop Health Care Reform Legislative Positions

VAHHS made headway with our five year plan introduced last January. The debate has clearly been defined *within the parameters of containing costs and expanding coverage to all Vermonters*. Next session, the legislature will begin the debate with H.524 and any information that they can glean from the studies that they plan to conduct this summer and fall. Essentially, I believe the healthcare debate will diverge into two camps: the "single-payer" vs. the "multiple-payer" camps. Ultimately, VAHHS' top priority is to advocate for positive policy changes that will drive system-wide improvements on access, cost-containment and quality...no small undertaking in an election year!

VAHHS' reform committee will take the lead in developing additions and improvements to our five-year plan, but aligning our efforts with other allies early on makes inherent sense. In addition, tying Medicaid reform to any health reform plan remains an essential ingredient for Vermont's hospitals.

Create and disseminate clear message materials

As this session's debate accelerated, the chasm between politics and policy widened proportionately. As leaders in Vermont's healthcare system, we believe we have an obligation to be a key source of facts on healthcare reform issues. Toward that end, we plan to develop fact sheets and other materials for the general public. Topics would likely include:

- Basics on Medicaid financing
- Basics on hospital financing
- Cost-shift and Vermont' budget process
- Basics on the CON process

Undertake an aggressive educational effort

From now until January, legislators will participate in a variety of health reform forums. We have an opportunity to plan a strategy that will bring key legislators to our hospitals to learn about how hospitals are paid, how providers deliver care and how trustees provide strategic vision.

Legislators will be making key decisions that will no doubt have a major impact on how care is delivered in Vermont's hospitals. These decision-makers need more first-hand information on how care is delivered in hospitals and how this care is financed. Working with select facilities, we plan on creating full-day agendas for legislators that will help them develop the knowledge base they need to make wise policy decisions.

Staying the course in health care reform over these past four years has been a complex, slow process - more like peeling an onion than walking a straight path. Vermont has many of the attributes necessary for system-wide improvements, such as: an existing system of care that already provides access and quality care, a high degree of collaboration among stakeholders and an involved public. Certainly, we face many challenges, not the least of which is the reality that Vermont is a small, rural state with very limited resources. Vermont also has a tradition of putting good policy over politics – a tradition that I hope will ring true this next legislative session.

Vermont Recruitment Center

The Recruitment Center is Vermont's only non-profit, state-focused recruitment resource for practices and providers. The goal of the Recruitment Center is to provide support and candidate referrals, especially those serving rural or underserved populations.

To find out how Vermont Recruitment Center may be of assistance to you or your practice please contact Tammy McKenzie at (802) 229-0002 Ext. 21 or via email: tmckenzie@bistatepca.org.





Save the Date!

**VAHHS
70th
ANNUAL
MEETING**

**Thursday
September 8th
2005**

*Stoweflake
Mountain Resort
Stowe, Vermont*

Featuring a Panel Discussion with Legislators and Keynote Address by

James E. Orlikoff

James E. Orlikoff is the Executive Director of the American Governance and Leadership Group. He is also the National Advisor on Governance and Leadership to the American Hospital Association and Health Forum. Mr. Orlikoff was recently named one of the 100 most powerful people in healthcare by Modern Healthcare magazine.

For over 25 years, Mr. Orlikoff has been involved in leadership, quality, and strategy issues. He has consulted with hospitals in four countries, and since 1985 has worked with hospital and system governing boards to strengthen their overall effectiveness and their oversight of strategy and quality. Mr. Orlikoff has worked extensively on improving the relationships between boards, medical staffs, and management. He has written fifteen books and over 100 articles and has served on hospital, college, and civic boards.

The VAHHS Annual Meeting will also include afternoon breakout meetings and workshops for several allied groups. Agendas and registration materials will be mailed/ emailed mid-July. You may also register online at www.VAHHS.org/events or by contacting Megan at (802) 223-3461 x 107 or by email at Megan@VAHHS.org.

Please address comments to: M. Beatrice Grause, President and CEO / VAHHS / 148 Main Street / Montpelier, Vermont 05602 / Email: Bea@VAHHS.org / Tel: (802) 223-3461 x 112 / Fax: (802) 223-0364



**Vermont Association of
Hospitals and Health Systems**

148 Main Street, Montpelier, Vermont 05602

Bulk Rate
U.S. Postage
PAID
Permit #118
Montpelier, VT
05602

