

Overview re: GMCB Rate-Setting Authority

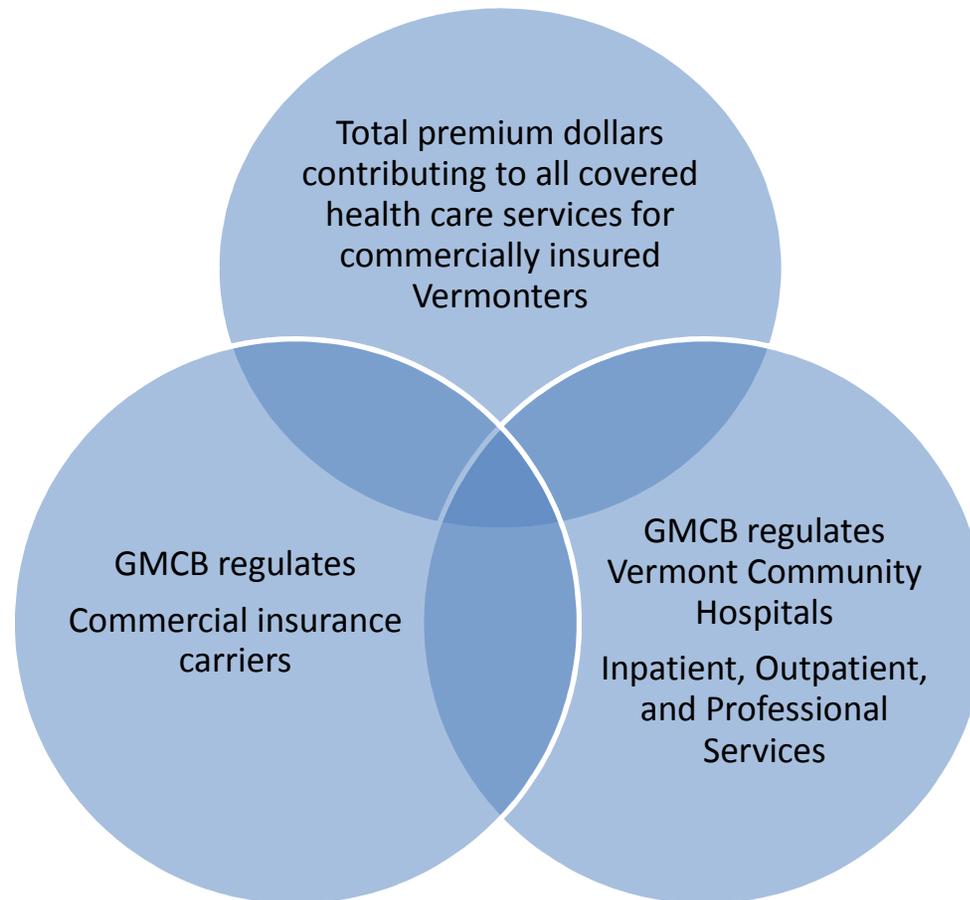
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Current GMCB Regulatory Authority to Address Cost Shift



Current GMCB Regulatory Authority to Address Cost Shift: Three Elements

- Health Insurance Rate Review
- Hospital Budget Review
- Reimbursement Rate Setting

Health Insurance Rate Review

- Approve, modify, or deny insurers' requests for rate changes (18 V.S.A. § 9375(b)(6); 8 V.S.A. § 4062(a)(2)(A))
- Applies to major medical insurance (8 V.S.A. § 4062(h)(1))
- Contested case process; 90-day time limit
- In 2014, the GMCB ordered reductions in the rates requested for 2015 Exchange products, resulting in \$6.9M savings over carriers' requested rates.

Hospital Budget Review

- Review and establish hospital budgets (18 V.S.A. §§ 9375(b)(7), 9456)
- Process to date has focused on controlling net patient revenue (NPR) growth
 - Process does include review of impact of NPR growth on hospitals' prices
- Board adopted NPR growth targets in 2013, covering FY14-FY16 reviews
 - FY14-FY15 NPR growth for system was low relative to prior years (2.7% and 3.1%, respectively)

Reimbursement Rate Setting

- 18 V.S.A. § 9376(b)(1): “The board shall set reasonable rates for health care professionals, health care provider bargaining groups created pursuant to section 9409 of this title, manufacturers of prescribed products, medical supply companies, and other companies providing health services or health supplies based on methodologies pursuant to section 9375 of this title, in order to have a consistent reimbursement amount accepted by these persons.”

Reimbursement Rate Setting

- GMCB “may implement rate-setting for different groups of health care professionals over time and need not set rates for all types of health care professionals.”
- GMCB “may consider legitimate differences in costs among health care professionals, such as the cost of providing a specific necessary service or services that may not be available elsewhere in the state, and the need for health care professionals in particular areas of the state, particularly in underserved geographic or practice shortage areas.”