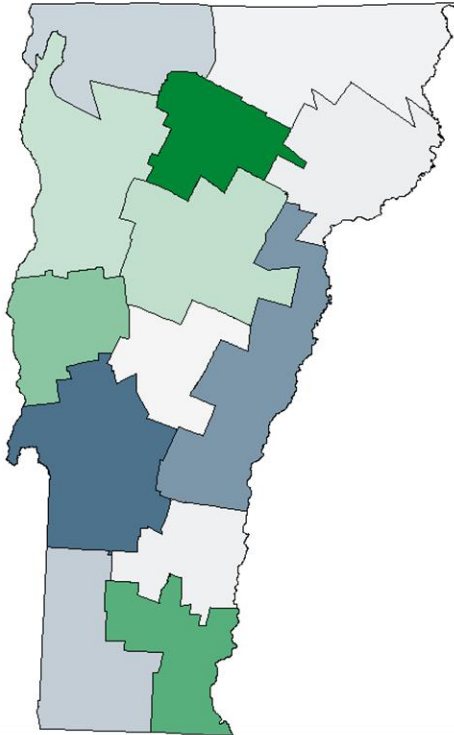


Vermont Hospital Budgets: Enforcement of FY 2017 Overages

**GMCB Meeting
April 11, 2018**

Pat Jones, Interim Director of Health System Finances



Agenda

- ❖ **Review of Enforcement Options for Fiscal Year 2017 Overages**
- ❖ **Impact of Rate Reduction**
- ❖ **Mental Health ER Utilization**
- ❖ **Additional Mental Health Treatment Capacity Issues**
- ❖ **UVMHN Proposal Outline and Potential Benefits**

Enforcement Options for FY 17 Overages

- ❖ Take no action.
- ❖ Reduce UVMMC Commercial Rate by 1%, 2%, or 3%, effective 10/1/18.
- ❖ Reduce CVMC Commercial Rate by 1%, effective 10/1/18.*
- ❖ Allow UVMMC to self-restrict approximately \$21M of its FY 2017 actual margin performance to enhance inpatient mental health treatment capacity in Vermont.
- ❖ Do not take action on Porter Medical Center or Mt. Ascutney Hospital and Health Center.
 - ❑ For both hospitals, FY 2017 is first year since at least FY 2012 with positive variance between Actuals and Budget.

*Board approved a provisional CVMC motion on March 14, 2018.

Impact of Rate Reduction

❖ UVMMMC and CVMC Commercial rate reductions:

- ❑ UVMHN estimates: each 1% UVMMMC rate reduction valued at \$7 million; 1% CVMC rate reduction valued at \$900,000.
- ❑ BCBSVT estimates: “Based on 2017 calendar year charges for commercial members (QHP, Large Group Insured and ASO) trended forward for the increase they received on January 1, 2018 each 1% reduction is worth about \$280,000 for each month that is reduced.”
“...a 3% flat price reduction on July 1st...would result in \$5 million saving, or \$2.6 million if implemented on October 1st.”

Calendar Year 2015-2017

Mental Health Outpatient-Only ER Utilization

		Discharges			Days (Length of Stay)	
		Number	% Total	% Change from Prior Year	Number of Days	% Change from Prior Year
CY 2015	Same Day	5,603	73.5%		3,138	
	1 Day-10+ Days	2,022	26.5%			
CY 2016	Same Day	5,472	69.5%	3.2%	4,037	28.6%
	1 Day-10+ Days	2,396	30.5%			
CY 2017	Same Day	5,281	65.3%	2.8%	5,237	29.7%
	1 Day-10+ Days	2,809	34.5%			

Data Source: Vermont Association of Hospitals and Health Systems – Network Services Organization, Vermont Uniform Hospital Discharge Data Set. This is aggregate outpatient data pulled from the discharge data warehouse as received from Vermont hospitals. Mental health services were identified by the Healthcare Cost and Utilization Project clinical classification software group of the primary diagnosis being “Mental Illness.” Alcohol and substance use disorders are excluded.

Takeaways: Mental Health Outpatient-Only Emergency Room Utilization

- ❖ Total discharges increased modestly from 2015-2016 (3.2%) and 2016-2017 (2.8%). During the same time periods, same-day discharges decreased, while discharges with stays of 1 Day to 10+ Days increased.
- ❖ Even with this modest increase in discharges, total days increased by 28.6% from 2015-2016, and 29.7% from 2016-2017.
- ❖ Driving the change in total days is the increase in discharges with stays of 1 Day to 10+ Days. The percentage of total discharges increased for every subcategory in this group:
 - ❑ Discharges with a stay of 1 Day constituted 21.8% of total discharges in 2015, increasing to 25.4% of total discharges in 2017
 - ❑ Discharges with a stay of 2-4 Days constituted 3.7% of total discharges in 2015, increasing to 6.8% of total discharges in 2017 (median in 2017 was 2 days)
 - ❑ Discharges with a stay of 5-9 Days constituted 0.8% of total discharges in 2015, increasing to 1.8% of total discharges in 2017 (median in 2017 was 6 days)
 - ❑ Discharges with a stay of 10+ Days constituted 0.2% of total discharges in 2015, increasing to 0.7% of total discharges in 2017 (median in 2017 was 13 days)

Additional Mental Health Capacity Issues Presented at April 4th Meeting

- ❖ In addition to people waiting in ERs for beds, others are likely waiting in medical-surgical units or at home.
- ❖ Capacity issues driven by increasing number of people needing services and increasing intensity, as well as inability to readily move people to less intense care settings.
- ❖ Elective mental health admissions are rare; virtually all are emergencies.
- ❖ CVMC is close to 6 courts, leading to increases in court-ordered cases.
- ❖ Federal funding for Institutes of Mental Disease (IMDs) not affiliated with hospitals will be phased out beginning in 2021.
 - ❑ This includes 25 adult beds at the Vermont Psychiatric Care Hospital, and 89 adult beds and 30 children's beds at the Brattleboro Retreat. Middlesex facility with 7 beds is temporary.
- ❖ State has been working on this issue at least since Tropical Storm Irene. Developing additional inpatient capacity is one part of a multi-faceted solution.

UVMHN Proposal Outline

- ❖ Build additional inpatient beds on CVMC campus
 - ❑ Number of beds not yet determined; requires further analysis
- ❖ Transform Vermont Psychiatric Care Hospital into secure residential facility
- ❖ Continue work on other initiatives (e.g., medication-assisted treatment, intensive outpatient care, partial hospitalization programs, additional child psychiatrists, integrating primary care and mental health care)
- ❖ Potential benefits
 - ❑ More timely care
 - ❑ Improved after care (e.g., VPCH transformation)
 - ❑ Decreased burden and wait time in ERs
 - ❑ Resolution of IMD issue

Potential Additional Benefits

In addition to expected benefits related to improvement in care delivery, there may be additional benefits from enhancing capacity. These benefits are very difficult to predict at this point in time, but examples might include:

- ❖ Reduced expenditures on observers (UVMHC estimates that it has recently employed 120 observer FTEs at an average annual cost of \$5.4 million)
- ❖ Reduced inpatient and ER days
- ❖ Reduced need to expand or reconfigure ERs

Discussion and Potential Vote