

# Green Mountain Care Board Approved FY 2016 Hospital Budgets

December 2015

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This report provides a summary of the FY 2016 hospital budgets as they were approved by the Green Mountain Care Board (GMCB). The report also provides trends and indicators for the hospital system and a schedule that lists the rates (price increases) as approved by the GMCB. Additional information is available upon request.

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# Approved FY 2016 Hospital Budgets

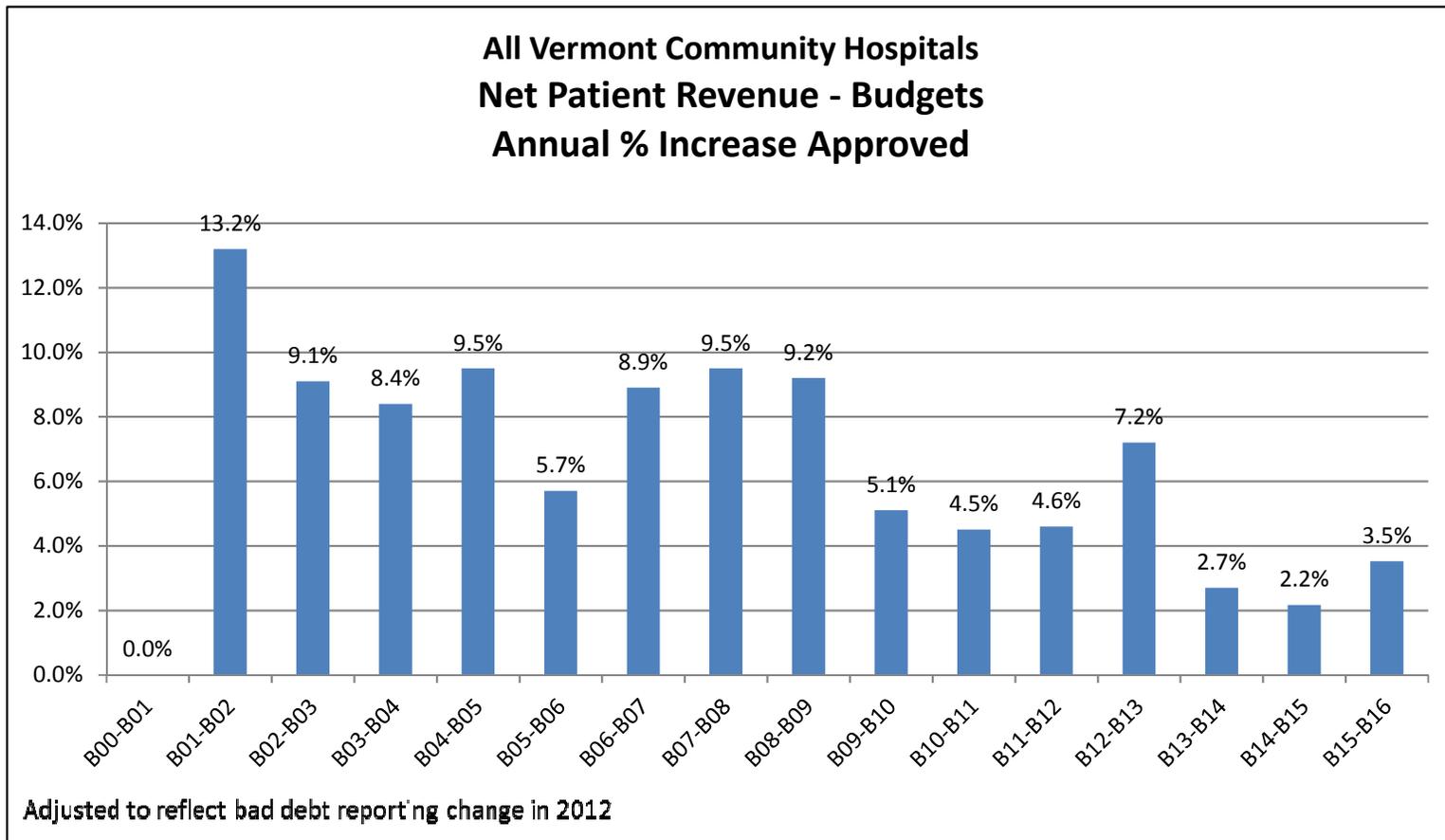
# Summary of Hospital System Operating Budget

The approved FY 2016 budgets show a total system wide net patient revenue (NPR) increase of 3.5%. Dating back from the 1980s, this increase is among the lowest on record.

|  | 2015B - 2016B      |                    |          |                 |
|--|--------------------|--------------------|----------|-----------------|
|  | 2015B              | 2016B              | % Change | \$ Growth       |
| GROSS PATIENT CARE REVENUE               | \$ 4,735,245,475   | \$ 4,892,291,634   | 3.3%     | \$ 157,046,159  |
| NET REVENUE DEDUCTIONS                   | \$ (2,506,184,843) | \$ (2,584,810,586) | -3.1%    | \$ (78,625,743) |
| NET PATIENT CARE REVENUE                 | \$ 2,229,060,632   | \$ 2,307,481,048   | 3.5%     | \$ 78,420,416   |
| OTHER OPERATING REVENUE                  | \$ 127,360,793     | \$ 138,177,577     | 8.5%     | \$ 10,816,785   |
| TOTAL OPERATING REVENUE                  | \$ 2,356,421,425   | \$ 2,445,658,625   | 3.8%     | \$ 89,237,200   |
| TOTAL OPERATING EXPENSE                  | \$ 2,280,130,288   | \$ 2,376,018,120   | 4.2%     | \$ 95,887,833   |
| NET OPERATING INCOME (LOSS)              | \$ 76,291,137      | \$ 69,640,505      | -8.7%    | \$ (6,650,633)  |
| NON-OPERATING REVENUE                    | \$ 30,523,392      | \$ 30,710,453      | 0.6%     | \$ 187,061      |
| EXCESS (DEFICIT) OF REVENUE OVER EXPENSE | \$ 106,814,529     | \$ 100,350,957     | -6.1%    | \$ (6,463,572)  |

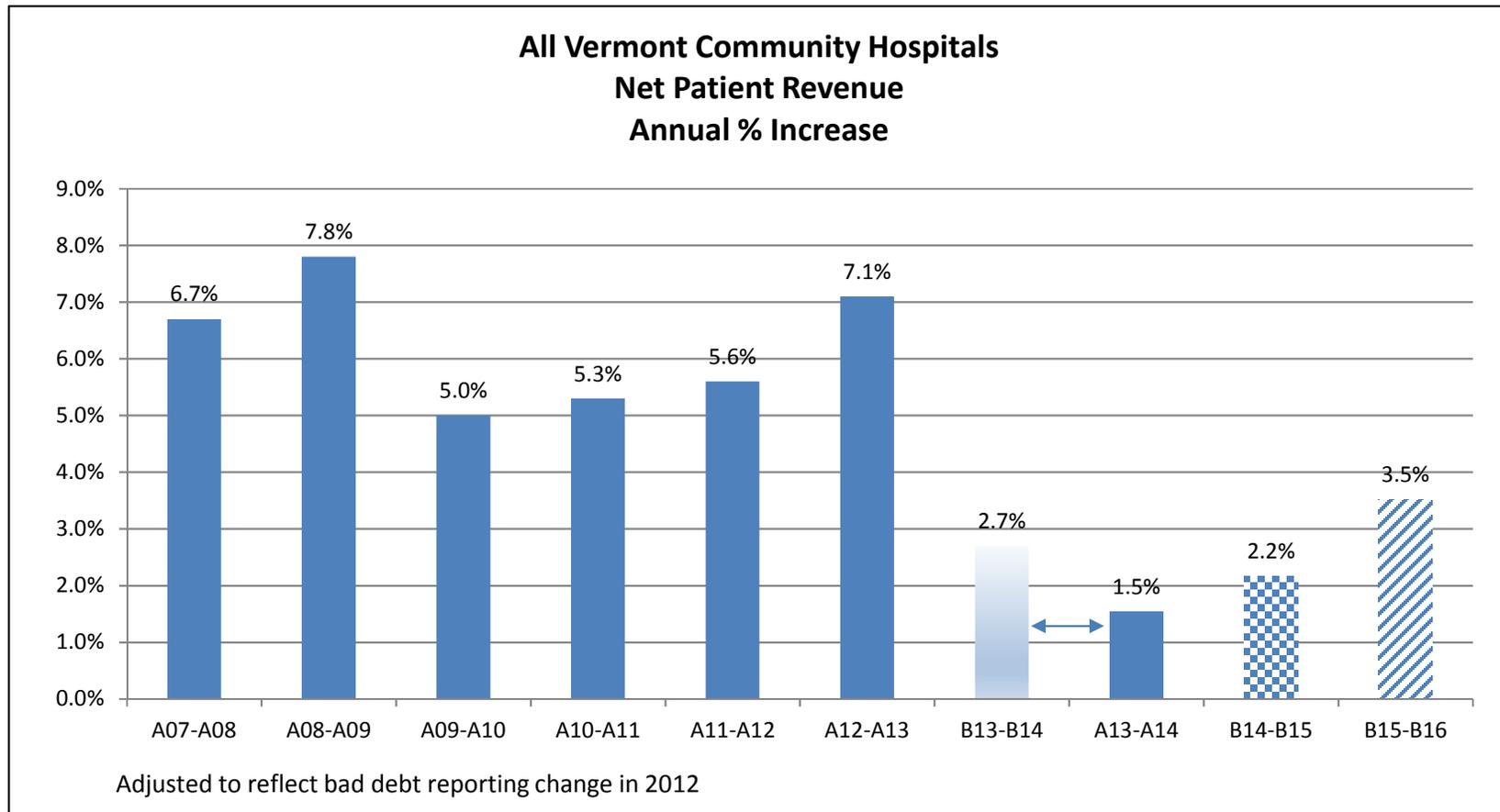
# System Net Patient Revenue Approved Increases

The GMCB approved hospital system wide budgets' net patient revenue growth of 3.5% or less for FY 2014, FY 2015, and FY 2016.



# System Net Patient Revenue Actual and Approved Increases

This chart reflects the actual NPR increases through 2014 and the approved budgets for FY 2015 and FY 2016. Note that 2014 shows both the approved and actual increase.



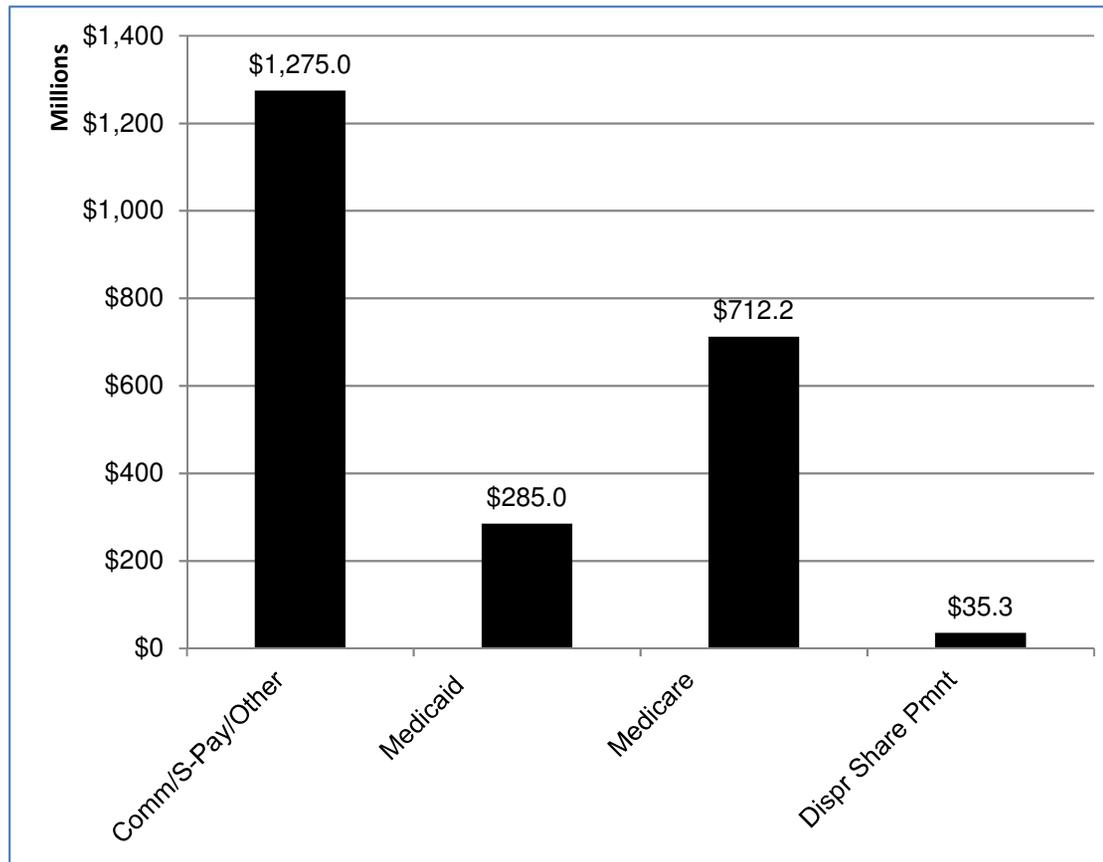
# Net Patient Revenue Change

This schedule presents each hospital's approved budget. Program or service additions/reductions to a hospital's organizational structure explain some of the unusual "Budget to Budget" changes. Examples include physician practice acquisitions or elimination of home health services. See a more complete explanation in the Appendix.

|  | 2015<br>Approved Budget | 2016<br>Approved Budget | Bud 15-Bud 16       |             |
|--|-------------------------|-------------------------|---------------------|-------------|
|  |                         |                         | \$ Change           | % Change    |
|  |                         | -                       |                     |             |
| Brattleboro Memorial Hospital                | \$71,284,571            | \$73,896,151            | \$2,611,580         | 3.7%        |
| Central Vermont Medical Center               | \$166,221,844           | \$173,996,286           | \$7,774,442         | 4.7%        |
| Copley Hospital                              | \$59,600,484            | \$60,987,719            | \$1,387,235         | 2.3%        |
| Gifford Medical Center                       | \$57,753,248            | \$56,201,733            | -\$1,551,515        | -2.7%       |
| Grace Cottage Hospital                       | \$17,980,282            | \$18,375,041            | \$394,759           | 2.2%        |
| Mt. Ascutney Hospital & Health Center        | \$48,508,891            | \$48,060,871            | -\$448,020          | -0.9%       |
| North Country Hospital                       | \$73,586,147            | \$76,604,320            | \$3,018,173         | 4.1%        |
| Northeastern VT Regional Hospital            | \$65,324,117            | \$68,095,300            | \$2,771,183         | 4.2%        |
| Northwestern Medical Center                  | \$90,795,885            | \$95,697,390            | \$4,901,505         | 5.4%        |
| Porter Medical Center                        | \$72,696,905            | \$75,581,083            | \$2,884,178         | 4.0%        |
| Rutland Regional Medical Center              | \$224,138,940           | \$233,248,162           | \$9,109,222         | 4.1%        |
| Southwestern VT Medical Center               | \$139,041,542           | \$144,025,568           | \$4,984,026         | 3.6%        |
| Springfield Hospital                         | \$54,360,014            | \$55,936,500            | \$1,576,486         | 2.9%        |
| University of Vermont Medical Center         | \$1,087,767,762         | \$1,126,774,924         | \$39,007,162        | 3.6%        |
| <b>Total All Vermont Community Hospitals</b> | <b>\$2,229,060,632</b>  | <b>\$2,307,481,048</b>  | <b>\$78,420,416</b> | <b>3.5%</b> |

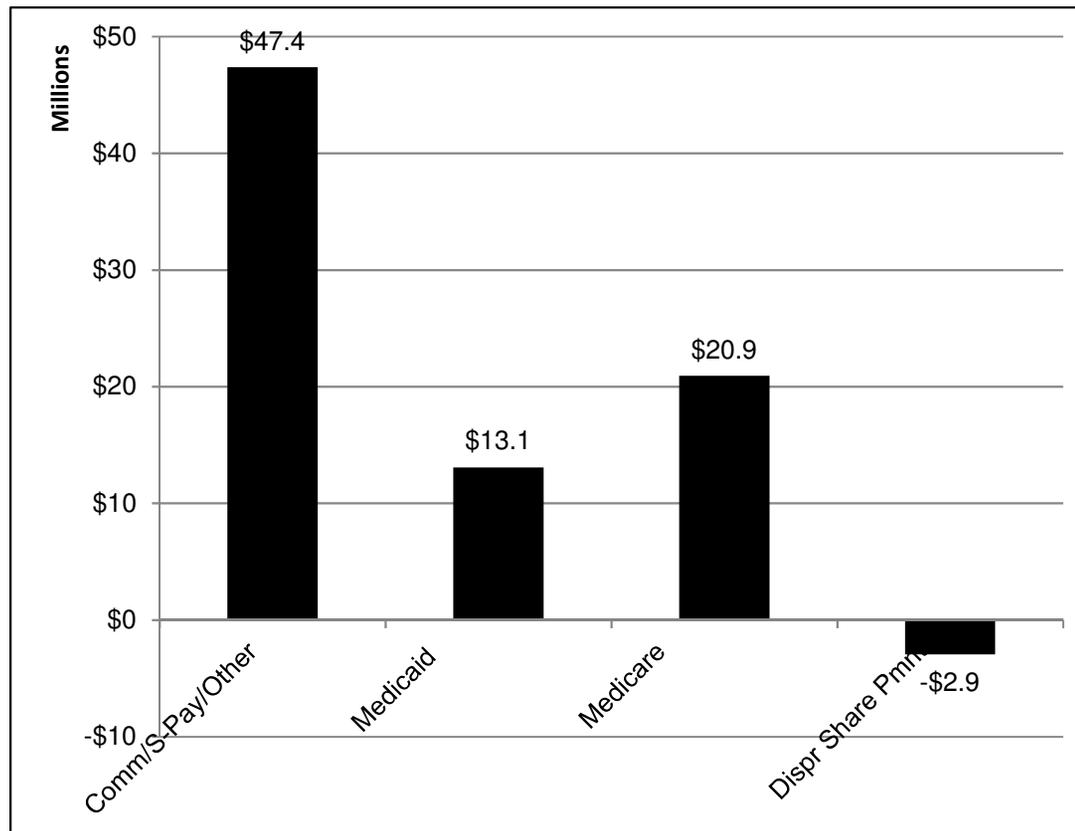
# Total Net Patient Revenue Payer Sources

The total FY 2016 \$2.307 billion budget will be funded from these payers.



## Total Net Patient Revenue Increase Increases by Payer Source

The \$78.4 million increase by payer shows no significant change across payers for FY 2016.



# Budgeted Rate Increases

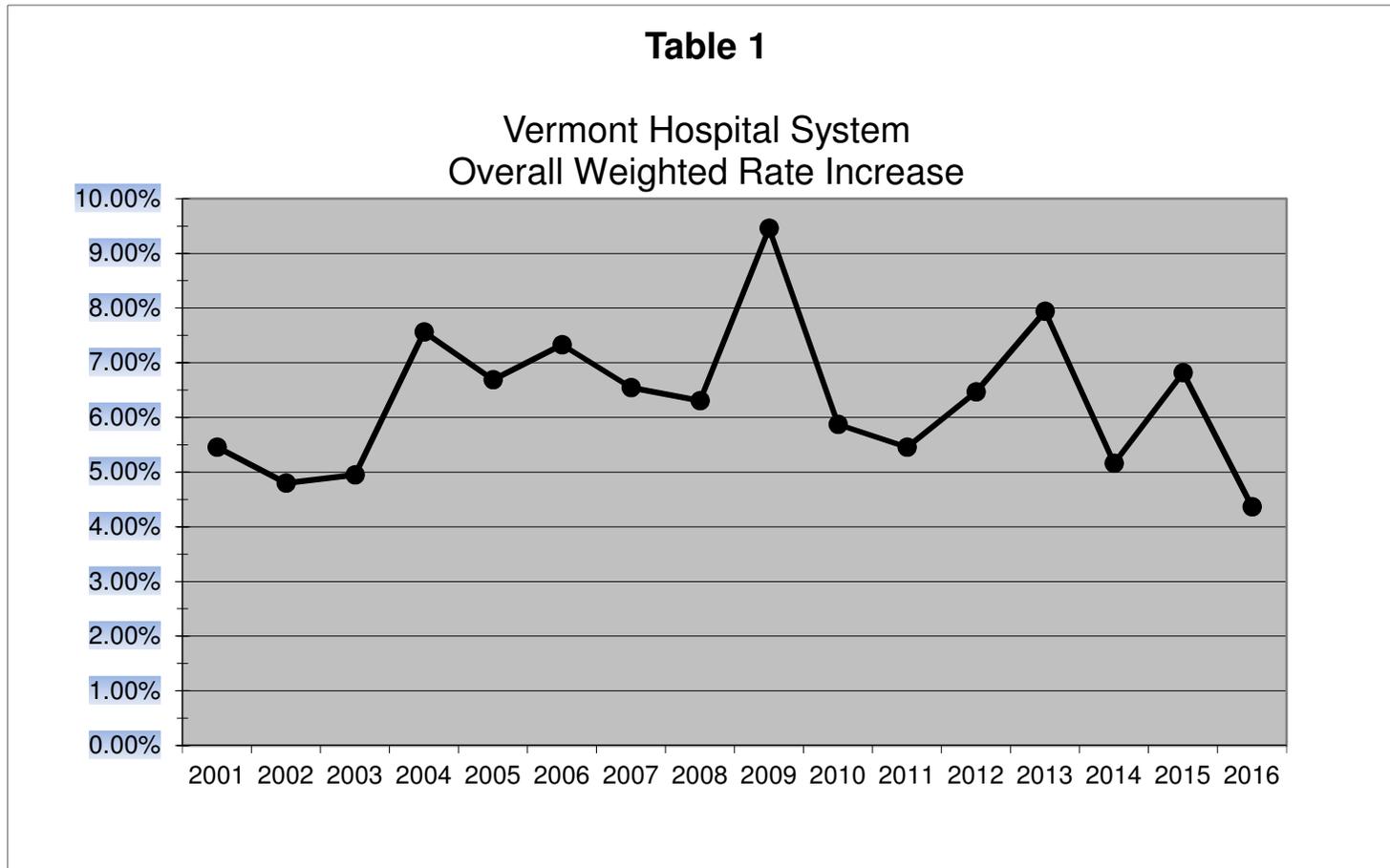
The rate increase (or decrease) is the price increase (or decrease) for services that each hospital needs in order to earn their budgeted net patient revenues from the payers.

|                                      | Approved Rate | Approved Rate | Submitted Rate | Approved Rate |
|--------------------------------------|---------------|---------------|----------------|---------------|
|                                      | 2014          | 2015          | 2016           | 2016          |
| Brattleboro Memorial Hospital        | 5.8%          | 2.7%          | -1.2%          | <b>-1.4%</b>  |
| Central Vermont Medical Center       | 6.9%          | 5.9%          | 4.7%           | <b>4.7%</b>   |
| Copley Hospital                      | 6.0%          | 0.0%          | -3.0%          | <b>-4.0%</b>  |
| Gifford Medical Center               | 7.6%          | 5.6%          | 5.8%           | <b>5.8%</b>   |
| Grace Cottage Hospital               | 6.0%          | 5.0%          | 5.0%           | <b>5.0%</b>   |
| Mt. Ascutney Hospital & Health Ctr   | 5.0%          | 3.2%          | 5.7%           | <b>5.7%</b>   |
| North Country Hospital               | 8.0%          | 8.3%          | 4.8%           | <b>4.8%</b>   |
| Northeastern VT Regional Hospital    | 5.6%          | 5.0%          | 5.2%           | <b>5.2%</b>   |
| Northwestern Medical Center          | 3.9%          | 6.4%          | -8.0%          | <b>-8.0%</b>  |
| Porter Medical Center                | 6.0%          | 5.0%          | 5.3%           | <b>5.3%</b>   |
| Rutland Regional Medical Center      | 4.8%          | 8.4%          | 3.7%           | <b>3.7%</b>   |
| Southwestern VT Medical Center       | 7.2%          | 4.5%          | 3.8%           | <b>3.8%</b>   |
| Springfield Hospital                 | 4.6%          | 5.5%          | 2.8%           | <b>2.8%</b>   |
| University of Vermont Medical Center | 4.4%          | 7.8% *        | 6.0% *         | <b>6.0% *</b> |

\* The FY 2015 & 2016 approved rate for UVMCMC refers to their "commercial ask" (explained in their budget narrative). The actual overall rate change for UVMCMC was 0.0% in each of those years. They changed rates for certain services but the overall budget effect on prices was considered neutral (since some prices were lowered). However, the reimbursement effect on commercial payers is estimated to INCREASE the payers' obligation by 7.8% in 2015 and 6.0% in 2016.

# Budgeted Rate Increases

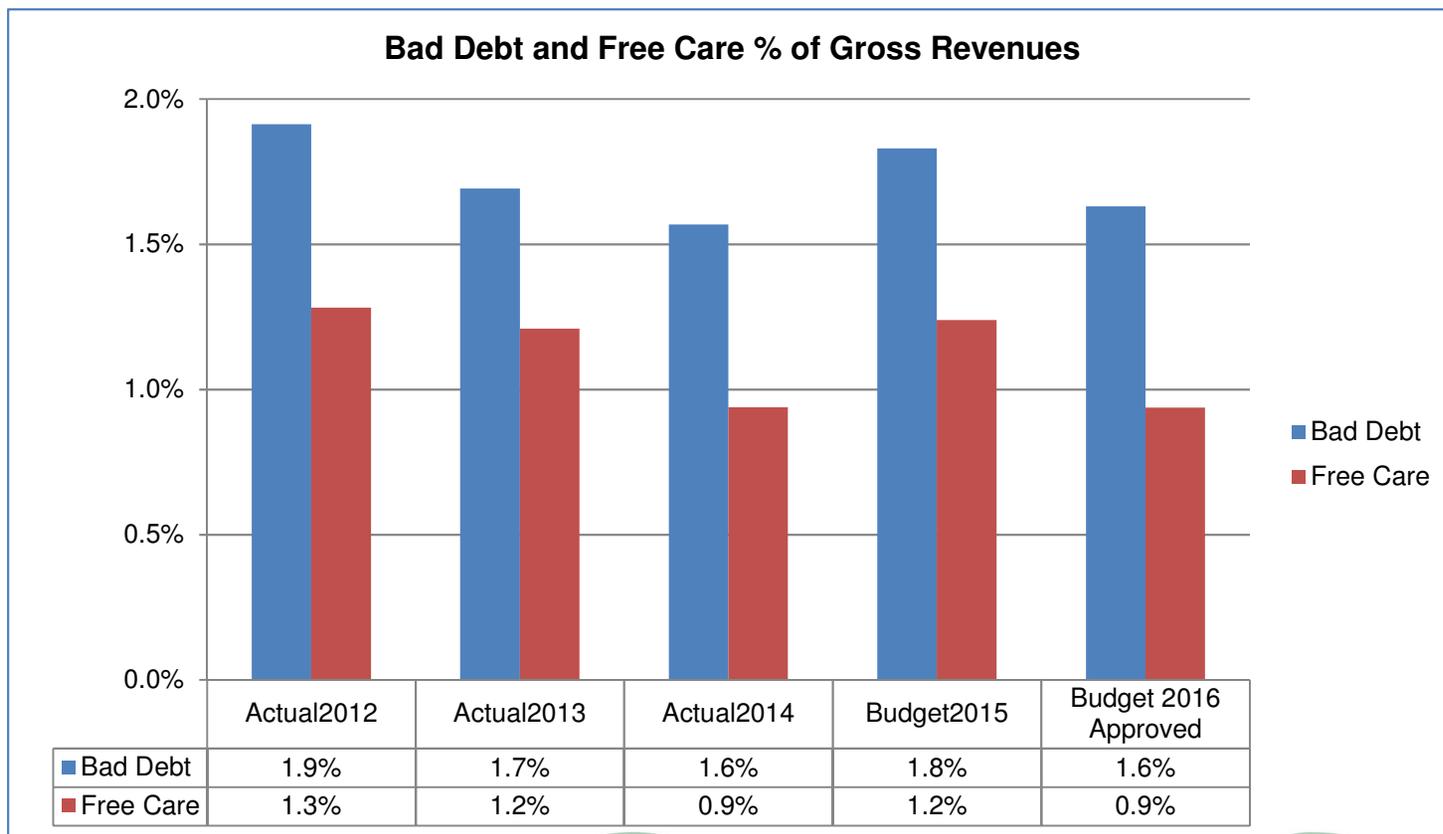
This chart reflects the weighted average increase that has been approved over the last several years. A number of factors influence the need for a rate. These include change in utilization, bad debt and free care changes, number and type of services, payer mix, costs, and operating surplus that a hospital needs.



# Uncompensated Care Change

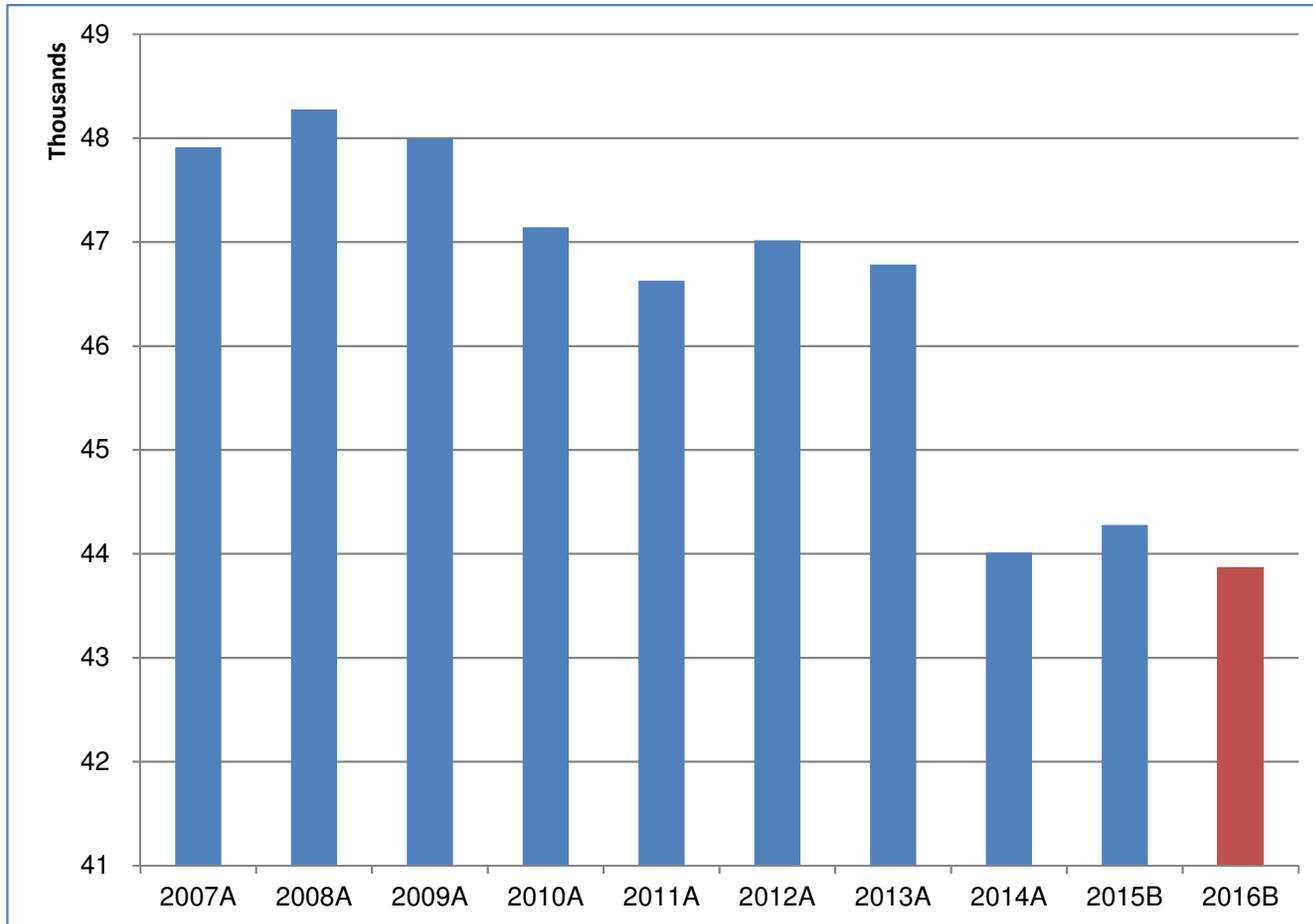
Bad debt and free care show reductions in relative terms in 2016. A decrease in uncompensated care can have the effect of lowering rate increases.

Bad debt is considered revenue not received by a patient that has the ability to pay while free care is revenue not collected from someone who does not have the ability to pay.



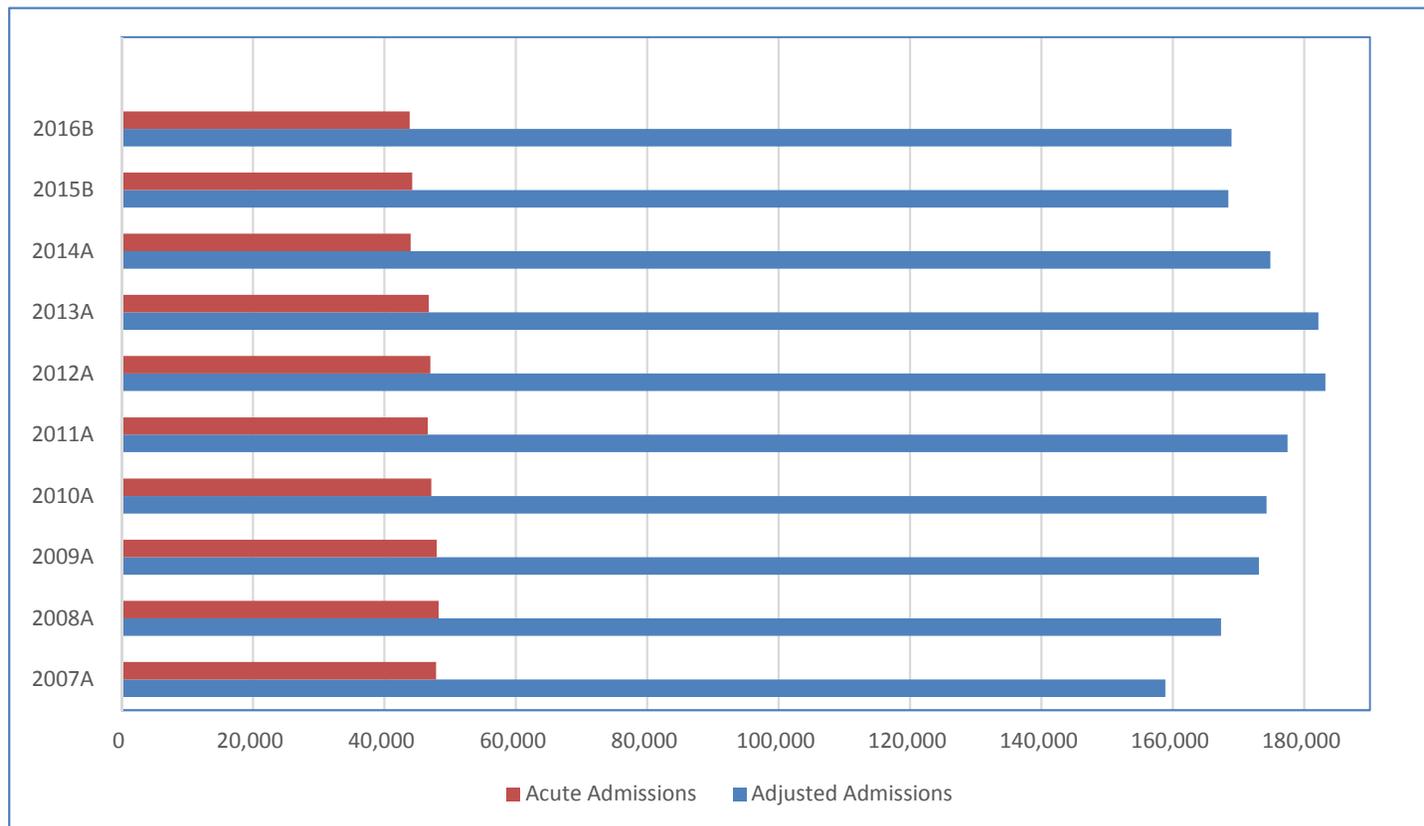
# Utilization Change

Acute inpatient admissions continue to decline across the hospital system. This trend has continued for over 25 years.



# Utilization Change

Adjusted admissions is an industry measure of all utilization. The chart below reflects how that compares to acute admissions. Outpatient visits include a variety of ancillary services such as surgical procedures, tests, exams, scans, ER visits, and other visit measures.



# Non-MD Full Time Equivalents

| HOSPITAL  | 2014 Actuals  | 2015 Budget   | 2015 Projection | 2016 Budget   | 2015-2016  |             |
|---|---------------|---------------|-----------------|---------------|------------|-------------|
|   |               |               |                 |               | Change     | % Change    |
|   |               |               |                 |               |            | -           |
| <b>Brattleboro Memorial Hospital</b>            | 400           | 405           | 409             | 422           | 17         | 4.2%        |
| <b>Central Vermont Medical Center</b>           | 1,050         | 1,095         | 1,118           | 1,151         | 56         | 5.1%        |
| <b>Copley Hospital</b>                          | 334           | 349           | 343             | 353           | 4          | 1.0%        |
| <b>Gifford Medical Center</b>                   | 398           | 370           | 350             | 322           | -49        | -13.1%      |
| <b>Grace Cottage Hospital</b>                   | 126           | 137           | 130             | 141           | 4          | 2.7%        |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b>   | 312           | 320           | 311             | 314           | -6         | -1.8%       |
| <b>North Country Hospital</b>                   | 409           | 433           | 420             | 450           | 17         | 4.0%        |
| <b>Northeastern VT Regional Hospital</b>        | 390           | 387           | 395             | 399           | 12         | 3.2%        |
| <b>Northwestern Medical Center</b>              | 524           | 530           | 547             | 570           | 39         | 7.4%        |
| <b>Porter Medical Center</b>                    | 412           | 436           | 429             | 440           | 4          | 0.9%        |
| <b>Rutland Regional Medical Center</b>          | 1,107         | 1,114         | 1,156           | 1,191         | 77         | 7.0%        |
| <b>Southwestern VT Medical Center</b>           | 792           | 735           | 736             | 748           | 13         | 1.8%        |
| <b>Springfield Hospital</b>                     | 303           | 300           | 293             | 298           | -1         | -0.4%       |
| <b>The University of Vermont Medical Center</b> | 5,735         | 5,843         | 5,843           | 5,885         | 42         | 0.7%        |
| <b>Total</b>                                    | <b>12,294</b> | <b>12,453</b> | <b>12,478</b>   | <b>12,683</b> | <b>230</b> | <b>1.8%</b> |

UVMMC and CVMC includes residents and mid-level providers in this category. Mt. Ascutney includes mid-level providers. All other hospitals do not include mid-levels in the non-MD category.

# MD Full Time Equivalents

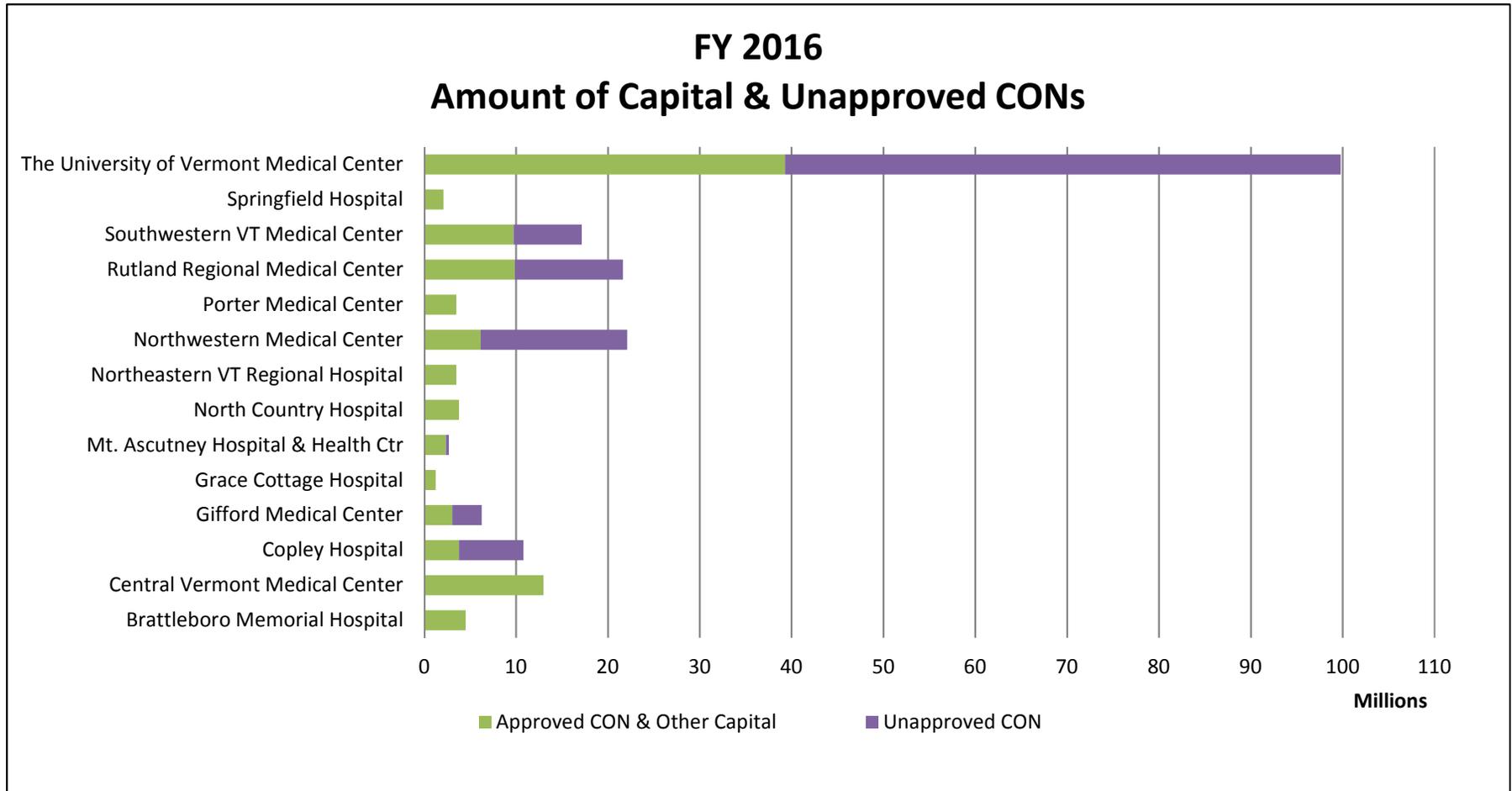
Vermont hospitals have increasingly employed more physicians over the last several years. It is estimated that they employ about two thirds of all active Vermont physicians.

| HOSPITAL                                 | 2014<br>Actuals | 2015 Budget  | 2015 Projection | 2016 Budget  | 2015-2016 |             |
|--|-----------------|--------------|-----------------|--------------|-----------|-------------|
|  |                 |              |                 |              | Change    | % Change    |
|  |                 |              |                 |              |           | -           |
| Brattleboro Memorial Hospital            | 38              | 55           | 50              | 54           | -1        | -2.3%       |
| Central Vermont Medical Center           | 76              | 79           | 82              | 86           | 7         | 8.4%        |
| Copley Hospital                          | 17              | 17           | 16              | 19           | 2         | 9.3%        |
| Gifford Medical Center                   | 32              | 23           | 23              | 26           | 3         | 12.1%       |
| Grace Cottage Hospital                   | 8               | 9            | 9               | 10           | 1         | 6.2%        |
| Mt. Ascutney Hospital & Health Ctr       | 21              | 24           | 23              | 22           | -2        | -9.9%       |
| North Country Hospital                   | 32              | 31           | 31              | 34           | 3         | 10.3%       |
| Northeastern VT Regional Hospital        | 25              | 28           | 27              | 33           | 6         | 20.1%       |
| Northwestern Medical Center              | 29              | 30           | 29              | 30           | -1        | -1.9%       |
| Porter Medical Center                    | 35              | 36           | 35              | 38           | 2         | 5.0%        |
| Rutland Regional Medical Center          | 81              | 90           | 92              | 93           | 4         | 4.1%        |
| Southwestern VT Medical Center           | 57              | 81           | 77              | 84           | 3         | 3.3%        |
| Springfield Hospital                     | 16              | 23           | 14              | 25           | 2         | 7.0%        |
| The University of Vermont Medical Center | 509             | 526          | 526             | 538          | 12        | 2.3%        |
| <b>Total</b>                             | <b>977</b>      | <b>1,052</b> | <b>1,033</b>    | <b>1,089</b> | <b>38</b> | <b>3.6%</b> |

UVMMC and CVMC residents and mid-level providers are not included here, they are included in non-MD FTES. Also, Mt. Ascutney mid-level providers are included in non-MD FTES while other hospitals report them here.

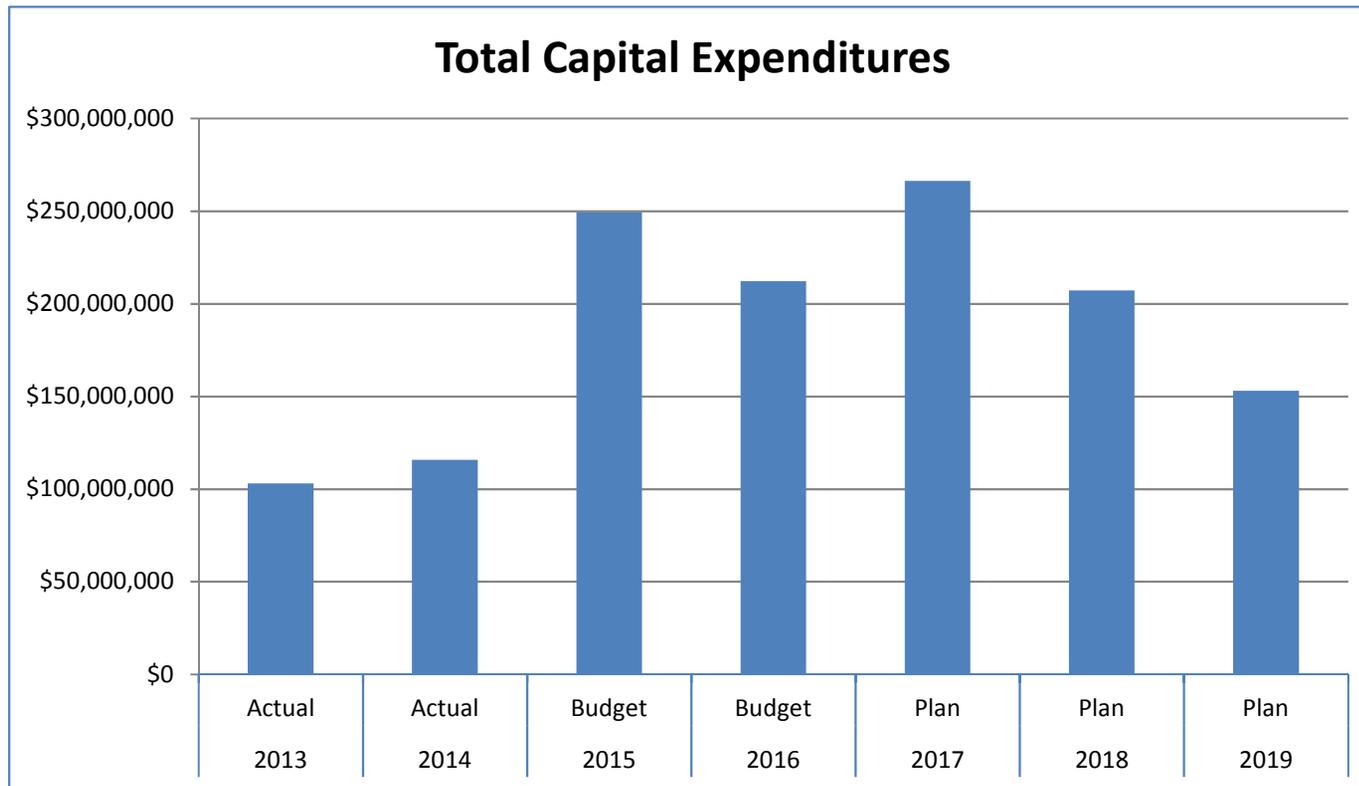
# Capital Spending Budget

The \$212 million capital spending plans in FY 2016 include possible Certificate of Need projects that will undergo review for possible approval during FY 2016.



# Capital Spending Trends

Capital spending on buildings and equipment averaged \$100 million for the past few years. Estimated amounts for the period 2015 – 2019 are expected to reach the \$200-\$250 million range if all current plans and expected CONs are approved.



Note: For 2016B through 2019B, unapproved CON plans total \$106m, \$175m, \$123m, and \$63m respectively.

## What is the hospital system 2016 cost shift increase?

The cost shift is budgeted to increase by \$32.9 million (8.4%) in 2016. This increase is slightly higher than the average annual increase of 8.2% for the period 2008-2015. The year to year changes in reimbursement policies in Medicare and Medicaid explain much of the volatility.

| Fiscal Year     | Medicare         | Medicaid         | Free Care       | Bad Debt       |   | *Commercial Insurance & Other |
|-----------------|------------------|------------------|-----------------|----------------|---|-------------------------------|
| <b>Act 2008</b> | \$ (69,003,712)  | \$ (103,569,366) | \$ (23,623,972) | \$(30,252,980) | → | \$ 226,450,033                |
| <b>Act 2009</b> | \$ (73,627,496)  | \$ (119,979,398) | \$ (24,292,187) | \$(32,391,214) | → | \$ 250,290,295                |
| <b>Act 2010</b> | \$ (73,515,988)  | \$ (138,016,619) | \$ (24,806,398) | \$(33,076,863) | → | \$ 269,415,868                |
| <b>Act 2011</b> | \$ (88,399,861)  | \$ (152,256,740) | \$ (25,784,124) | \$(34,331,093) | → | \$ 300,771,818                |
| <b>Act 2012</b> | \$ (74,383,192)  | \$ (151,931,648) | \$ (24,347,367) | \$(39,264,676) | → | \$ 289,926,884                |
| <b>Act 2013</b> | \$ (128,108,641) | \$ (105,982,171) | \$ (24,684,304) | \$(37,383,822) | → | \$ 296,158,938                |
| <b>Act 2014</b> | \$ (155,622,607) | \$ (148,344,481) | \$ (19,370,131) | \$(34,885,055) | → | \$ 358,222,274                |
| <b>Bud 2015</b> | \$ (175,004,081) | \$ (150,468,588) | \$ (26,141,210) | \$(41,473,636) | → | \$ 393,087,516                |
| <b>Bud 2016</b> | \$ (190,902,198) | \$ (176,505,430) | \$ (20,475,712) | \$(38,158,176) | → | \$ 426,041,516                |

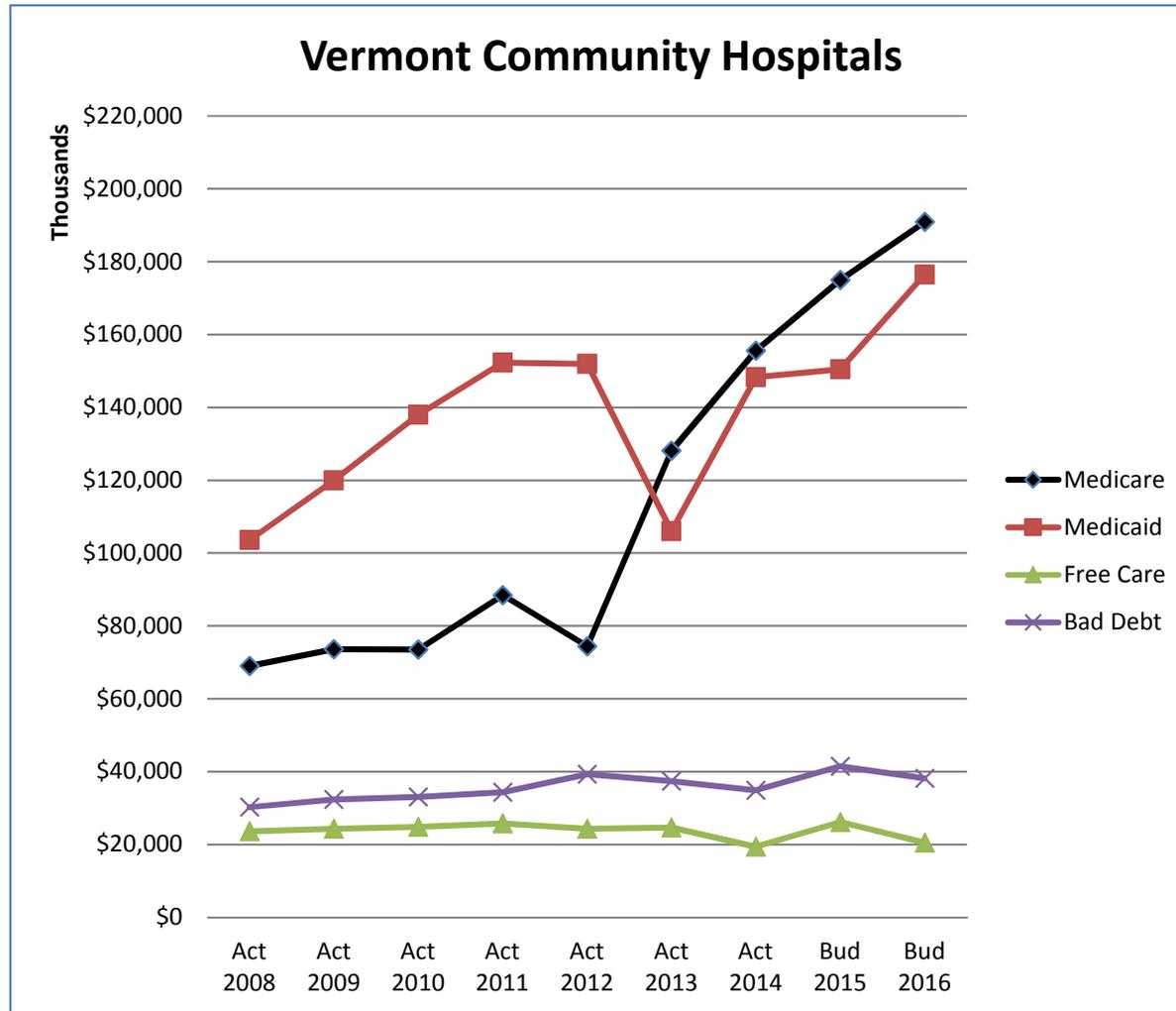
Payer values include all hospital and employed physician services

Numbers in parentheses reflect the estimated cost of services that each payer shifted to other payers

Medicaid values include non-Vermont Medicaid of approximately 5%.

\* The amount providers shifted to commercial insurance and self pays.

# Hospital Cost Shift Trends by Payer



# What is each hospital's 2016 cost shift increase?

Individual hospital cost shift amounts can be influenced by payer mix and by differences in their Medicare designation (Critical Access Hospital, Prospective Payment Hospital).

| Fiscal Year 2016 Budget                         |                 |                 |                 |                 |        |                |
|---|-----------------|-----------------|-----------------|-----------------|--------|----------------|
| Provider  | Bad Debt        | Free Care       | Medicare        | Medicaid        |        | Commercial     |
| <b>Brattleboro Memorial Hospital</b>            | \$ (2,405,296)  | \$ (1,403,789)  | (\$4,938,053)   | (\$7,618,951)   | —————> | \$16,366,089   |
| <b>Central Vermont Hospital</b>                 | \$ (3,125,567)  | \$ (1,829,186)  | (\$8,276,002)   | (\$10,052,461)  | —————> | \$23,283,216   |
| <b>Copley Hospital</b>                          | \$ (1,341,730)  | \$ (572,076)    | (\$2,261,583)   | (\$7,159,197)   | —————> | \$11,334,585   |
| <b>Gifford Medical Center</b>                   | \$ (1,730,438)  | \$ (596,906)    | (\$1,132,341)   | (\$6,482,778)   | —————> | \$9,942,462    |
| <b>Grace Cottage Hospital</b>                   | \$ (444,851)    | \$ (179,945)    | \$2,101,525     | (\$1,649,618)   | —————> | \$172,889      |
| <b>Mount Ascutney Hospital</b>                  | \$ (1,441,827)  | \$ (461,909)    | \$2,350,281     | (\$3,892,150)   | —————> | \$3,445,606    |
| <b>North Country Hospital</b>                   | \$ (1,474,133)  | \$ (554,010)    | (\$2,210,322)   | (\$11,024,860)  | —————> | \$15,263,325   |
| <b>Northeastern VT Regional Hospital</b>        | \$ (1,462,401)  | \$ (1,321,551)  | (\$4,424,391)   | (\$6,749,879)   | —————> | \$13,958,223   |
| <b>Northwestern Medical Center</b>              | \$ (2,678,365)  | \$ (808,614)    | (\$3,298,175)   | (\$6,207,381)   | —————> | \$12,992,535   |
| <b>Porter Medical Center</b>                    | \$ (1,667,199)  | \$ (623,528)    | (\$2,036,009)   | (\$7,090,587)   | —————> | \$11,417,324   |
| <b>Rutland Regional Medical Center</b>          | \$ (3,809,758)  | \$ (2,422,574)  | (\$34,173,841)  | (\$16,846,038)  | —————> | \$57,252,211   |
| <b>Southwestern Vermont Medical Center</b>      | \$ (2,494,796)  | \$ (903,080)    | (\$14,195,593)  | (\$12,412,942)  | —————> | \$30,006,411   |
| <b>Springfield Hospital</b>                     | \$ (2,029,729)  | \$ (1,290,429)  | (\$642,243)     | (\$4,372,432)   | —————> | \$8,334,833    |
| <b>The University of Vermont Medical Center</b> | \$ (12,052,086) | \$ (7,508,114)  | (\$117,765,452) | (\$74,946,154)  | —————> | \$212,271,806  |
| <b>SYSTEM</b>                                   | \$ (38,158,176) | \$ (20,475,712) | (\$190,902,198) | (\$176,505,430) | —————> | \$ 426,041,516 |

Note: Numbers in parentheses reflect the estimated cost of services shifted to payers. Positive numbers indicate which payer(s) pick up the cost.

# FY 2016 VERMONT HOSPITAL BUDGETS

## Select System Indicators

## Select System Trends

|                                 | Actual<br>2013    | Actual<br>2014    | Budget<br>2015    | Projection<br>2015 | Budget<br>2016    |
|---------------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| <b>Income Statement Summary</b> |                   |                   |                   |                    |                   |
| Gross Revenue                   | \$4,386,699,399   | \$4,611,188,456   | \$4,735,245,480   | \$4,745,588,309    | \$4,892,291,632   |
| Inpatient                       | \$1,136,996,793   | \$1,168,483,958   | \$1,254,691,561   | \$1,277,234,800    | \$1,277,255,058   |
| Outpatient                      | \$2,187,819,655   | \$2,363,889,293   | \$2,426,250,237   | \$2,428,762,328    | \$2,542,614,149   |
| Physician                       | \$991,544,706     | \$1,004,732,695   | \$980,063,298     | \$968,357,419      | \$995,662,819     |
| Other Rev - Chronic, Swing, SNF | \$70,338,247      | \$74,082,516      | \$74,240,380      | \$71,233,768       | \$76,759,608      |
| Deductions                      | (\$2,250,213,952) | (\$2,441,734,711) | (\$2,506,184,843) | (\$2,501,098,635)  | (\$2,584,810,586) |
| Net Patient Care Revenue        | \$2,136,485,447   | \$2,169,453,746   | \$2,229,060,637   | \$2,244,489,675    | \$2,307,481,046   |
| Total Operating Revenue         | \$2,235,997,810   | \$2,293,620,433   | \$2,356,421,429   | \$2,373,528,077    | \$2,445,658,623   |
| Total Operating Expenses        | \$2,166,619,102   | \$2,208,636,610   | \$2,280,130,288   | \$2,296,306,792    | \$2,376,018,120   |
| Operating Surplus               | \$69,378,708      | \$84,983,822      | \$76,291,142      | \$77,221,285       | \$69,640,503      |
| Non-Operating Revenue           | \$73,586,215      | \$48,710,942      | \$30,523,392      | \$28,474,734       | \$30,710,453      |
| Total Surplus                   | \$142,964,922     | \$133,694,764     | \$106,814,533     | \$105,696,018      | \$100,350,956     |
| <b>Utilization Statistics</b>   |                   |                   |                   |                    |                   |
| Acute Staffed Beds              | 944               | 942               | 930               | 942                | 942               |
| Acute Admissions                | 46,785            | 44,009            | 44,278            | 44,500             | 43,868            |
| Physician Office Visits         | 3,313,459         | 3,483,812         | 3,574,959         | 3,478,777          | 3,725,605         |
| All Outpatient Visits           | 3,116,603         | 3,262,925         | 3,300,062         | 3,270,430          | 3,326,790         |
| Adjusted Admissions*            | 182,163           | 174,866           | 168,460           | 166,656            | 168,935           |
| <b>Staffing Information</b>     |                   |                   |                   |                    |                   |
| Total Non-MD \$/FTE             | \$58,711          | \$59,466          | \$60,804          | \$61,030           | \$62,427          |
| Compensation Ratio              | 56.6%             | 56.5%             | 57.1%             | 57.0%              | 57.3%             |
| Total Non-MD FTEs               | 12,237            | 12,294            | 12,453            | 12,478             | 12,683            |
| Physician FTEs                  | 956               | 977               | 1,052             | 1,033              | 1,089             |

# Select System Trends

|                                       | Actual<br>2013  | Actual<br>2014  | Budget<br>2015  | Projection<br>2015 | Budget<br>2016  |
|---------------------------------------|-----------------|-----------------|-----------------|--------------------|-----------------|
| <b>Uncompensated Care</b>             |                 |                 |                 |                    |                 |
| Free Care (Gross Revenue)             | \$53,034,419    | \$43,261,680    | \$58,652,440    | \$53,203,035       | \$45,838,756    |
| Free Care % of Gross Revenue          | 1.2%            | 0.9%            | 1.2%            | 1.1%               | 0.9%            |
| Bad Debt (Gross Revenue)              | \$74,186,355    | \$72,603,879    | \$86,627,708    | \$78,976,125       | \$79,755,659    |
| Bad Debt % of Gross Revenue           | 1.7%            | 1.6%            | 1.8%            | 1.7%               | 1.6%            |
| <b>% share of total Gross Revenue</b> |                 |                 |                 |                    |                 |
| Medicare                              | 38.8%           | 41.6%           | 41.2%           | 41.1%              | 41.5%           |
| Medicaid                              | 15.8%           | 16.4%           | 16.3%           | 16.9%              | 17.3%           |
| Commercial                            | 45.4%           | 42.0%           | 42.5%           | 42.0%              | 41.2%           |
| <b>% share of total Net Revenue</b>   |                 |                 |                 |                    |                 |
| Medicare                              | 31.4%           | 32.7%           | 31.6%           | 31.9%              | 31.3%           |
| Medicaid                              | 13.8%           | 12.5%           | 12.4%           | 12.8%              | 12.5%           |
| Commercial                            | 54.8%           | 54.8%           | 56.0%           | 55.3%              | 56.1%           |
| <b>Capital &amp; Assets</b>           |                 |                 |                 |                    |                 |
| Capital Budget - no unapproved CONs   | \$103,089,799   | \$115,704,108   | \$137,226,456   | \$144,185,487      | \$105,967,269   |
| Unapproved CONs                       | n/a             | n/a             | \$111,980,482   | \$103,861,535      | \$106,138,550   |
| Major Movable Equipment Budget        | \$55,662,713    | \$60,919,828    | \$70,791,693    | \$72,380,639       | \$64,383,916    |
| Board Designated Assets               | \$633,301,557   | \$679,858,974   | \$765,248,168   | \$776,846,600      | \$829,279,565   |
| Net Property, Plant & Equipment       | \$788,118,113   | \$785,724,256   | \$945,557,089   | \$919,337,980      | \$992,034,203   |
| Net Assets                            | \$1,144,438,796 | \$1,270,702,532 | \$1,387,888,631 | \$1,360,081,030    | \$1,448,842,788 |
| <b>Financial Indicators</b>           |                 |                 |                 |                    |                 |
| Capital Cost % of Total Expense       | 6.0%            | 5.9%            | 6.0%            | 5.9%               | 5.8%            |
| Days Cash on Hand                     | 161             | 176             | 181             | 185                | 180             |
| Operating Surplus % of Net Rev        | 3.1%            | 3.7%            | 3.2%            | 3.3%               | 2.8%            |

# Select Accounts – FY 2016 Budgets

| HOSPITALS                                     | REVENUE                |                         |                   |                           |                  |                          |                         | RATE  |
|---|------------------------|-------------------------|-------------------|---------------------------|------------------|--------------------------|-------------------------|-------|
|   | Gross Revenue          |                         |                   |                           | Deductions       | Net Patient Care Revenue | Total Operating Revenue | PRICE |
|   | Inpatient Care Revenue | Outpatient Care Revenue | Physician Revenue | Chronic/SNF Swing Revenue |                  |                          |                         |       |
| <b>Brattleboro Memorial Hospital</b>          | \$29,415,276           | \$103,345,790           | \$21,656,799      | \$0                       | -\$80,521,714    | \$73,896,151             | \$76,251,929            | -1.4% |
| <b>Central Vermont Medical Center</b>         | \$77,598,744           | \$203,272,833           | \$49,492,222      | \$18,678,980              | -\$175,046,493   | \$173,996,286            | \$185,626,985           | 4.7%  |
| <b>Copley Hospital</b>                        | \$29,757,095           | \$69,945,086            | \$4,821,840       | \$284,863                 | -\$43,821,165    | \$60,987,719             | \$62,511,187            | -4.0% |
| <b>Gifford Medical Center</b>                 | \$28,390,717           | \$69,862,295            | \$13,898,807      | \$2,623,256               | -\$58,573,342    | \$56,201,733             | \$57,345,721            | 5.8%  |
| <b>Grace Cottage Hospital</b>                 | \$1,415,116            | \$13,382,456            | \$4,897,353       | \$6,077,302               | -\$7,397,186     | \$18,375,041             | \$19,437,379            | 5.0%  |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | \$4,509,558            | \$46,891,591            | \$19,602,443      | \$18,493,111              | -\$41,435,832    | \$48,060,871             | \$50,650,779            | 5.7%  |
| <b>North Country Hospital</b>                 | \$26,828,669           | \$118,060,814           | \$26,204,793      | \$359,218                 | -\$94,849,174    | \$76,604,320             | \$81,266,942            | 4.8%  |
| <b>Northeastern VT Regional Hospital</b>      | \$30,462,800           | \$90,561,600            | \$18,315,600      | \$1,749,000               | -\$72,993,700    | \$68,095,300             | \$69,743,976            | 5.2%  |
| <b>Northwestern Medical Center</b>            | \$39,801,134           | \$109,883,759           | \$30,543,711      | \$42,868                  | -\$84,574,082    | \$95,697,390             | \$99,883,660            | -8.0% |
| <b>Porter Medical Center</b>                  | \$39,463,635           | \$88,005,808            | \$26,872,040      | \$1,139,575               | -\$79,899,975    | \$75,581,081             | \$77,541,003            | 5.3%  |
| <b>Rutland Regional Medical Center</b>        | \$176,547,476          | \$274,404,944           | \$58,686,415      | \$793,290                 | -\$277,183,963   | \$233,248,162            | \$243,187,008           | 3.7%  |
| <b>Southwestern VT Medical Center</b>         | \$67,827,160           | \$185,140,360           | \$47,230,585      | \$0                       | -\$156,172,537   | \$144,025,568            | \$146,048,391           | 3.8%  |
| <b>Springfield Hospital</b>                   | \$30,245,893           | \$88,032,193            | \$7,276,474       | \$90,640                  | -\$69,708,700    | \$55,936,500             | \$57,859,300            | 2.8%  |
| <b>University of Vermont Medical Ctr</b>      | \$694,991,785          | \$1,081,824,620         | \$666,163,737     | \$26,427,505              | -\$1,342,632,723 | \$1,126,774,924          | \$1,218,304,364         | 6.0%  |
| <b>SYSTEM</b>                                 | \$1,277,255,058        | \$2,542,614,149         | \$995,662,819     | \$76,759,608              | -\$2,584,810,586 | \$2,307,481,046          | \$2,445,658,623         |       |
| <b>MEDIAN</b>                                 | \$30,354,347           | \$96,953,695            | \$23,930,796      | \$966,433                 | -\$80,210,845    | \$74,738,616             | \$76,896,466            | 4.8%  |

## Select Accounts – FY 2016 Budgets

| HOSPITALS                                     | EXPENSES & SURPLUSES |                             |                       |  |
|---|----------------------|-----------------------------|-----------------------|--|
|   | Operating Expense    | Net Operating Income (Loss) | Non-Operating Revenue | Excess (Deficit) of Revenue Over Expense |
| <b>Brattleboro Memorial Hospital</b>          | \$76,268,125         | -\$16,196                   | \$733,978             | \$717,782                                |
| <b>Central Vermont Medical Center</b>         | \$180,331,539        | \$5,295,446                 | \$1,850,334           | \$7,145,780                              |
| <b>Copley Hospital</b>                        | \$61,638,921         | \$872,266                   | \$175,000             | \$1,047,266                              |
| <b>Gifford Medical Center</b>                 | \$55,683,978         | \$1,661,743                 | \$850,000             | \$2,511,743                              |
| <b>Grace Cottage Hospital</b>                 | \$19,846,438         | -\$409,059                  | \$564,157             | \$155,098                                |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | \$50,599,108         | \$51,671                    | \$446,000             | \$497,671                                |
| <b>North Country Hospital</b>                 | \$80,046,931         | \$1,220,010                 | \$859,688             | \$2,079,698                              |
| <b>Northeastern VT Regional Hospital</b>      | \$68,696,400         | \$1,047,576                 | \$0                   | \$1,047,576                              |
| <b>Northwestern Medical Center</b>            | \$97,797,560         | \$2,086,100                 | \$542,442             | \$2,628,542                              |
| <b>Porter Medical Center</b>                  | \$77,254,719         | \$286,284                   | \$3,355,339           | \$3,641,623                              |
| <b>Rutland Regional Medical Center</b>        | \$237,327,054        | \$5,859,954                 | \$5,973,111           | \$11,833,065                             |
| <b>Southwestern VT Medical Center</b>         | \$141,665,763        | \$4,382,628                 | \$600,000             | \$4,982,628                              |
| <b>Springfield Hospital</b>                   | \$56,702,000         | \$1,157,300                 | \$1,015,000           | \$2,172,300                              |
| <b>University of Vermont Medical Ctr</b>      | \$1,172,159,584      | \$46,144,780                | \$13,745,404          | \$59,890,183                             |
| <b>SYSTEM</b>                                 | \$2,376,018,120      | \$69,640,503                | \$30,710,453          | \$100,350,956                            |
| <b>MEDIAN</b>                                 | \$76,761,422         | \$1,188,655                 | \$791,989             | \$2,342,022                              |

## Select Accounts – FY 2016 Budgets

| HOSPITALS                                     | UTILIZATION          |                  |                         |                       |                     | STAFFING            |                    |            |                |
|---|----------------------|------------------|-------------------------|-----------------------|---------------------|---------------------|--------------------|------------|----------------|
|   | Acute Beds (Staffed) | Acute Admissions | Physician Office Visits | All Outpatient Visits | Adjusted Admissions | Total NON-MD \$/FTE | Compensation Ratio | Non-MD FTE | Physician FTEs |
| <b>Brattleboro Memorial Hospital</b>          | 38                   | 1,527            | 250,454                 | 86,857                | 8,016               | \$57,930            | 61.4%              | 422        | 54             |
| <b>Central Vermont Medical Center</b>         | 80                   | 3,680            | 219,587                 | 420,303               | 16,553              | \$60,517            | 63.2%              | 1,151      | 86             |
| <b>Copley Hospital</b>                        | 21                   | 1,563            | 27,819                  | 99,292                | 5,505               | \$60,757            | 57.5%              | 353        | 19             |
| <b>Gifford Medical Center</b>                 | 15                   | 1,227            | 39,370                  | 55,793                | 4,960               | \$59,076            | 59.8%              | 322        | 26             |
| <b>Grace Cottage Hospital</b>                 | 7                    | 142              | 22,274                  | 21,011                | 2,586               | \$61,745            | 73.0%              | 141        | 10             |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | 13                   | 366              | 65,120                  | 23,059                | 7,264               | \$58,878            | 64.0%              | 314        | 22             |
| <b>North Country Hospital</b>                 | 25                   | 1,366            | 100,882                 | 69,878                | 8,730               | \$55,839            | 59.9%              | 450        | 34             |
| <b>Northeastern VT Regional Hospital</b>      | 23                   | 1,230            | 68,252                  | 163,010               | 5,697               | \$57,606            | 59.7%              | 399        | 33             |
| <b>Northwestern Medical Center</b>            | 70                   | 2,289            | 80,036                  | 92,357                | 10,368              | \$59,115            | 58.2%              | 570        | 30             |
| <b>Porter Medical Center</b>                  | 25                   | 1,613            | 107,220                 | 60,978                | 6,355               | \$61,549            | 60.2%              | 440        | 38             |
| <b>Rutland Regional Medical Center</b>        | 118                  | 5,541            | -                       | 231,618               | 16,020              | \$61,417            | 53.8%              | 1,191      | 93             |
| <b>Southwestern VT Medical Center</b>         | 80                   | 3,355            | 140,931                 | 245,216               | 14,849              | \$59,790            | 57.0%              | 748        | 84             |
| <b>Springfield Hospital</b>                   | 35                   | 2,010            | 26,300                  | 81,000                | 8,350               | \$55,856            | 48.7%              | 298        | 25             |
| <b>University of Vermont Medical Ctr</b>      | 392                  | 17,959           | 2,577,360               | 1,676,418             | 64,447              | \$65,703            | 56.0%              | 5,885      | 538            |
| <b>SYSTEM</b>                                 | 942                  | 43,868           | 3,725,605               | 3,326,790             | 168,935             | \$62,427            | 57.3%              | 12,683     | 1,089          |
| <b>MEDIAN</b>                                 | 30                   | 1,588            | 74,144                  | 89,607                | 8,183               | \$59,453            | 59.7%              | 431        | 34             |

## Select Accounts – FY 2016 Budgets

| HOSPITALS                                     | UNCOMPENSATED CARE |                       |              |                      |
|---|--------------------|-----------------------|--------------|----------------------|
|   | Free Care          | Free Care % of Gr Rev | Bad Debt     | Bad Debt % of Gr Rev |
| <b>Brattleboro Memorial Hospital</b>          | \$ 3,113,975       | 2.0%                  | \$5,026,252  | 3.3%                 |
| <b>Central Vermont Medical Center</b>         | \$ 3,883,000       | 1.1%                  | \$6,270,000  | 1.8%                 |
| <b>Copley Hospital</b>                        | \$ 1,048,087       | 1.0%                  | \$2,305,795  | 2.2%                 |
| <b>Gifford Medical Center</b>                 | \$ 1,285,389       | 1.1%                  | \$3,533,898  | 3.1%                 |
| <b>Grace Cottage Hospital</b>                 | \$ 261,236         | 1.0%                  | \$623,933    | 2.4%                 |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | \$ 894,968         | 1.0%                  | \$2,684,903  | 3.0%                 |
| <b>North Country Hospital</b>                 | \$ 1,315,045       | 0.8%                  | \$3,299,360  | 1.9%                 |
| <b>Northeastern VT Regional Hospital</b>      | \$ 2,900,000       | 2.1%                  | \$3,030,000  | 2.1%                 |
| <b>Northwestern Medical Center</b>            | \$ 1,621,948       | 0.9%                  | \$5,045,412  | 2.8%                 |
| <b>Porter Medical Center</b>                  | \$ 1,354,675       | 0.9%                  | \$3,429,666  | 2.2%                 |
| <b>Rutland Regional Medical Center</b>        | \$ 5,627,667       | 1.1%                  | \$8,337,141  | 1.6%                 |
| <b>Southwestern VT Medical Center</b>         | \$ 2,000,000       | 0.7%                  | \$5,200,000  | 1.7%                 |
| <b>Springfield Hospital</b>                   | \$ 3,083,706       | 2.5%                  | \$4,559,200  | 3.6%                 |
| <b>University of Vermont Medical Ctr</b>      | \$ 17,449,060      | 0.7%                  | \$26,410,099 | 1.1%                 |
| <b>SYSTEM</b>                                 | \$ 45,838,756      | 0.9%                  | \$79,755,659 | 1.6%                 |
| <b>MEDIAN</b>                                 | \$ 1,810,974       | 1.0%                  | \$4,046,549  | 2.2%                 |

## Select Accounts – FY 2016 Budgets

| HOSPITALS                                     | CAPITAL                 |   |                                       | FINANCIAL INDICATORS                 |                                 |
|---|-------------------------|---|---------------------------------------|--------------------------------------|---------------------------------|
|   | Total Capital Purchases | Non-Certificate of Need Capital Purchases Total | Certificate of Need Capital Purchases | Capital Expenditures to Depreciation | Capital Cost % of Total Expense |
| <b>Brattleboro Memorial Hospital</b>          | \$4,512,197             | \$4,512,197                                     | \$0                                   | 103.2%                               | 6.1%                            |
| <b>Central Vermont Medical Center</b>         | \$13,000,000            | \$13,000,000                                    | \$0                                   | 131.0%                               | 6.0%                            |
| <b>Copley Hospital</b>                        | \$10,802,035            | \$3,802,035                                     | \$7,000,000                           | 141.2%                               | 4.4%                            |
| <b>Gifford Medical Center</b>                 | \$6,257,288             | \$3,050,882                                     | \$3,206,406                           | 93.9%                                | 7.0%                            |
| <b>Grace Cottage Hospital</b>                 | \$1,271,738             | \$1,271,738                                     | \$0                                   | 161.7%                               | 4.7%                            |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | \$2,680,163             | \$2,376,200                                     | \$303,963                             | 105.5%                               | 5.6%                            |
| <b>North Country Hospital</b>                 | \$3,792,554             | \$3,792,554                                     | \$0                                   | 71.3%                                | 7.4%                            |
| <b>Northeastern VT Regional Hospital</b>      | \$3,509,840             | \$3,509,840                                     | \$0                                   | 132.0%                               | 4.6%                            |
| <b>Northwestern Medical Center</b>            | \$22,097,949            | \$6,159,768                                     | \$15,938,181                          | 155.2%                               | 4.6%                            |
| <b>Porter Medical Center</b>                  | \$3,492,355             | \$3,492,355                                     | \$0                                   | 103.0%                               | 4.8%                            |
| <b>Rutland Regional Medical Center</b>        | \$21,628,000            | \$9,878,000                                     | \$11,750,000                          | 73.9%                                | 6.4%                            |
| <b>Southwestern VT Medical Center</b>         | \$17,160,500            | \$9,720,500                                     | \$7,440,000                           | 155.2%                               | 5.0%                            |
| <b>Springfield Hospital</b>                   | \$2,101,200             | \$2,101,200                                     | \$0                                   | 94.9%                                | 4.8%                            |
| <b>University of Vermont Medical Ctr</b>      | \$99,800,000            | \$39,300,000                                    | \$60,500,000                          | 77.2%                                | 5.9%                            |
| <b>SYSTEM</b>                                 | \$212,105,819           | \$105,967,269                                   | \$106,138,550                         | 95.1%                                | 5.8%                            |
| <b>MEDIAN</b>                                 | \$5,384,743             | \$3,797,295                                     | \$151,982                             | 104.4%                               | 5.3%                            |

## Select Accounts – FY 2016 Budgets

| <b>BALANCE SHEET – SELECTED ACCOUNTS</b>      |                     |                                |   |                              |                                  |
|---|---------------------|--------------------------------|---|------------------------------|----------------------------------|
| <b>Hospital</b>                               | <b>Total Assets</b> | <b>Board Designated Assets</b> | <b>Net, Property, Plant And Equipment</b> | <b>Long Term Liabilities</b> | <b>Fund Balance (Net Assets)</b> |
| <b>Brattleboro Memorial Hospital</b>          | \$ 74,547,620       | \$ 34,469,731                  | \$ 28,377,294                             | \$ 8,257,527                 | \$ 53,419,726                    |
| <b>Central Vermont Medical Center</b>         | \$ 172,352,260      | \$ 45,900,000                  | \$ 77,613,696                             | \$ 18,167,000                | \$ 99,022,104                    |
| <b>Copley Hospital</b>                        | \$ 54,974,003       | \$ 2,607,072                   | \$ 25,918,097                             | \$ 10,428,236                | \$ 35,131,995                    |
| <b>Gifford Medical Center</b>                 | \$ 91,939,677       | \$ 23,418,856                  | \$ 41,276,645                             | \$ 20,157,000                | \$ 59,597,906                    |
| <b>Grace Cottage Hospital</b>                 | \$ 12,377,308       | \$ 3,783,725                   | \$ 4,114,032                              | \$ 1,785,895                 | \$ 6,681,252                     |
| <b>Mt. Ascutney Hospital &amp; Health Ctr</b> | \$ 42,709,971       | \$ 16,837,525                  | \$ 13,828,609                             | \$ 10,617,357                | \$ 19,126,450                    |
| <b>North Country Hospital</b>                 | \$ 75,065,000       | \$ 25,496,000                  | \$ 25,538,000                             | \$ 928,000                   | \$ 43,378,000                    |
| <b>Northeastern VT Regional Hospital</b>      | \$ 57,856,760       | \$ 16,600,000                  | \$ 24,948,760                             | \$ 12,645,000                | \$ 34,876,760                    |
| <b>Northwestern Medical Center</b>            | \$ 139,822,690      | \$ 26,950,000                  | \$ 35,656,522                             | \$ 16,340,184                | \$ 111,504,122                   |
| <b>Porter Medical Center</b>                  | \$ 61,120,202       | \$ 4,703,464                   | \$ 21,628,478                             | \$ 12,508,143                | \$ 32,644,479                    |
| <b>Rutland Regional Medical Center</b>        | \$ 253,876,070      | \$ 116,201,517                 | \$ 67,234,042                             | \$ 38,263,410                | \$ 149,204,916                   |
| <b>Southwestern VT Medical Center</b>         | \$ 79,551,721       | \$ 6,527,639                   | \$ 37,515,062                             | \$ 17,451,641                | \$ 14,889,866                    |
| <b>Springfield Hospital</b>                   | \$ 53,837,200       | \$ 4,500,000                   | \$ 25,797,200                             | \$ 8,356,000                 | \$ 30,272,300                    |
| <b>University of Vermont Medical Ctr</b>      | \$ 1,471,543,124    | \$ 501,284,036                 | \$ 562,587,766                            | \$ 483,623,505               | \$ 759,092,912                   |
| <b>SYSTEM</b>                                 | \$ 2,641,573,606    | \$ 829,279,565                 | \$ 992,034,203                            | \$ 659,528,898               | \$ 1,448,842,788                 |
| <b>MEDIAN</b>                                 | \$ 74,806,310       | \$ 20,128,191                  | \$ 27,147,696                             | \$ 12,576,572                | \$ 39,254,998                    |

# Key Indicators Compared to Peers

Vermont hospital indicators are compared with both regional and U.S. peer group benchmarks. This is a table of three of the indicators that are examined. Benchmarks don't exist for all Vermont indicators.

| Select Indicators and Peer Groups       | 2010<br>Actuals | 2011<br>Actuals | 2012<br>Actuals | 2013<br>Actuals | 2014<br>Actual | 2015<br>Budget | 2016<br>Budget |
|---|-----------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|
| <b>Days Cash on Hand</b>                | <b>129.8</b>    | <b>129.5</b>    | <b>155.8</b>    | <b>161.2</b>    | <b>176.4</b>   | <b>180.5</b>   | <b>179.6</b>   |
| Northeast CAH                           | 65.3            | 100.9           | 124.9           | 94.3            | n/a            | n/a            | n/a            |
| Other Non-Profit                        | 113.2           | 105.2           | 82.6            | 74.6            | n/a            | n/a            | n/a            |
| 100 - 199 Beds                          | 98.4            | 104.5           | 90.8            | 56.1            | n/a            | n/a            | n/a            |
| All Teaching                            | 113.9           | 109.5           | 89.4            | 90.6            | n/a            | n/a            | n/a            |
| Greater Than 400 Beds                   | 145.2           | 133.0           | 104.9           | 110.0           | n/a            | n/a            | n/a            |
| <b>Long Term Debt to Capitalization</b> | <b>43.1%</b>    | <b>41.8%</b>    | <b>38.1%</b>    | <b>32.7%</b>    | <b>29.6%</b>   | <b>32.3%</b>   | <b>31.3%</b>   |
| Northeast CAH                           | 37.1%           | 32.4%           | 39.5%           | 28.8%           | n/a            | n/a            | n/a            |
| Other Non-Profit                        | 29.4%           | 30.5%           | 32.6%           | 30.7%           | n/a            | n/a            | n/a            |
| 100 - 199 Beds                          | 26.7%           | 29.3%           | 33.5%           | 25.3%           | n/a            | n/a            | n/a            |
| All Teaching                            | 31.0%           | 33.8%           | 36.1%           | 34.2%           | n/a            | n/a            | n/a            |
| Greater Than 400 Beds                   | n/a             | n/a             | n/a             | 37.1%           | n/a            | n/a            | n/a            |
| <b>Age of Plant</b>                     | <b>8.7</b>      | <b>8.9</b>      | <b>8.9</b>      | <b>9.6</b>      | <b>10.2</b>    | <b>10.9</b>    | <b>11.9</b>    |
| Northeast CAH                           | 10.4            | 11.2            | 11.3            | 10.9            | n/a            | n/a            | n/a            |
| Other Non-Profit                        | 10.8            | 10.4            | 11.2            | 10.4            | n/a            | n/a            | n/a            |
| 100 - 199 Beds                          | 9.7             | 10.1            | 11.0            | 11.1            | n/a            | n/a            | n/a            |
| All Teaching                            | 10.7            | 11.0            | 11.5            | 11.1            | n/a            | n/a            | n/a            |
| Greater Than 400 Beds                   | n/a             | n/a             | n/a             | 11.0            | n/a            | n/a            | n/a            |

See next slide for definitions of peer groupings and data source.

# Definition of Peer Groupings

- Northeast Critical Access Hospitals (CAH) – U.S. hospitals with a special Medicare reimbursement designation based upon a 25 bed or less Inpatient daily census.
- Other Non-Profit – Other U.S. hospitals not falling into the CAH, 100-199 or teaching category.
- 100-199 Beds – U.S. Hospitals with between 100 and 199 acute care beds.
- All Teaching – U.S. Hospitals reporting a medical education component.
- Greater than 400 Beds – U.S. Hospitals with more than 400 beds.

Source of comparative data: *OptumInsight 2015 – Almanac of Hospital Financial and Operating Indicators.*

Appendix  
FY 2016 VERMONT HOSPITAL BUDGETS

**GMCB Budget Adjustments  
& Reporting Adjustments**

# Reporting Changes and Budget Adjustments

## **Budget Adjustments/Approval**

The Board chose NPR as its key budget measure and target for FY14-16 because it is a good proxy for the amount of “new money” each hospital intends to spend in a given year. As the Board’s staff explained during the public meetings leading up to its budget decisions, the FY16 budgets, as submitted, asked for a system-wide NPR increase of 3.6%, or approximately \$79.8 million, over the hospitals’ FY15 budgets. Thus, using hospital NPR growth alone as a measure, the aggregate increase sought by the hospitals for FY16 was consistent with the 3.6% growth cap imposed by the Board’s budget guidance.

The GMCB’s final budget Orders resulted in an approved system-wide NPR increase of 3.5%, or \$78.4 million. The GMCB press release is included in the following slides and describes the results of the GMCB approved budgets.

## **Analysis of Reporting Changes**

The approved NPR growth is a useful measure of the extent to which hospital budgets impact overall health care costs, but it may not, by itself, tell a complete story. Therefore, as part of its budget review, the GMCB also includes an analysis of the real change in (NPR) from Budget 2015 to Budget 2016. Changes include evaluating the impact on each of the payers that will fund the budget. Determining the real change from one budget year to the next requires adjustments that allow “apple to apple” comparisons. For example, if a hospital were to divest itself of a particular service line, and that service line was going to continue to exist and serve the community through a different entity, the hospital’s budget would show—accurately and appropriately—a decrease in NPR equal to the expected NPR of that service line.

However, the NPR associated with that service line would still be part of Vermont’s health care system, albeit flowing to an entity other than the hospital. Therefore, the Board looks at this by adding back the expected NPR for the divested service line in order to make the real change in the hospital’s NPR better reflect the amount of new money in the system resulting from the hospital’s budget. It is critical to note that in doing so the Board is not modifying the hospital’s requested budget in any way. Rather, the Board is making an adjustment to its own measurement of the hospital’s budget, so that we can more accurately understand and report to the public the amount of new money being added to the health care system.

This analysis is included in the following slides as well to reflect how the GMCB interpreted the NPR growth the last two years.

## Budget Adjustments - As Approved GMCB Decisions - 2016 Budgets

| Hospital                              | 2015B           | 2016B As Submitted | Net Patient Rev Growth | Submitted NPR % change | Total Amount of NPR Adjustment | 2016B As Approved | Approved NPR % Change |
|---------------------------------------|-----------------|--------------------|------------------------|------------------------|--------------------------------|-------------------|-----------------------|
| Brattleboro Memorial Hospital         | \$71,284,571    | \$73,993,163       | \$ 2,708,592           | 3.8%                   | \$ (97,012)                    | \$73,896,151      | 3.7%                  |
| Central Vermont Medical Center        | \$166,221,844   | \$173,996,286      | \$ 7,774,442           | 4.7%                   | \$ -                           | \$173,996,286     | 4.7%                  |
| Copley Hospital                       | \$59,600,484    | \$61,469,771       | \$ 1,869,287           | 3.1%                   | \$ (482,052)                   | \$60,987,719      | 2.3%                  |
| Gifford Medical Center                | \$57,753,248    | \$56,201,733       | \$ (1,551,515)         | -2.7%                  | \$ -                           | \$56,201,733      | -2.7%                 |
| Grace Cottage Hospital                | \$17,980,282    | \$18,375,041       | \$ 394,759             | 2.2%                   | \$ -                           | \$18,375,041      | 2.2%                  |
| Mt. Ascutney Hospital & Health Center | \$48,508,891    | \$48,060,871       | \$ (448,020)           | -0.9%                  | \$ -                           | \$48,060,871      | -0.9%                 |
| North Country Hospital                | \$73,586,147    | \$76,604,320       | \$ 3,018,173           | 4.1%                   | \$ -                           | \$76,604,320      | 4.1%                  |
| Northeastern VT Regional Hospital     | \$65,324,117    | \$68,487,300       | \$ 3,163,183           | 4.8%                   | \$ (392,000)                   | \$68,095,300      | 4.2%                  |
| Northwestern Medical Center           | \$90,795,885    | \$96,172,890       | \$ 5,377,005           | 5.9%                   | \$ (475,500)                   | \$95,697,390      | 5.4%                  |
| Porter Medical Center                 | \$72,696,905    | \$75,581,083       | \$ 2,884,178           | 4.0%                   | \$ -                           | \$75,581,083      | 4.0%                  |
| Rutland Regional Medical Center       | \$224,138,940   | \$233,248,162      | \$ 9,109,222           | 4.1%                   | \$ -                           | \$233,248,162     | 4.1%                  |
| Southwestern VT Medical Center        | \$139,041,542   | \$144,025,568      | \$ 4,984,026           | 3.6%                   | \$ -                           | \$144,025,568     | 3.6%                  |
| Springfield Hospital                  | \$54,360,014    | \$55,936,500       | \$ 1,576,486           | 2.9%                   | \$ -                           | \$55,936,500      | 2.9%                  |
| University of Vermont Medical Ctr     | \$1,087,767,762 | \$1,126,774,924    | \$ 39,007,162          | 3.6%                   | \$ -                           | \$1,126,774,924   | 3.6%                  |
| Totals                                | \$2,229,060,632 | \$2,308,927,612    | \$ 79,866,980          | 3.6%                   | \$ (1,446,564)                 | \$2,307,481,048   | 3.5%                  |

Per fiscal year 2016 Budget Orders, Grace Cottage Hospital's expense budget was reduced by \$123,000 and Northwestern Medical Center's expense budget was increased by \$1,093,335. See each hospital's individual budget order for details.

# FY 2016 Press Release

**FOR IMMEDIATE RELEASE: September 10, 2015**  
**For more information, contact Mike Davis 802.828.2989**

## **GREEN MOUNTAIN CARE BOARD ANNOUNCES 2016 HOSPITAL BUDGET DECISIONS**

**Montpelier, VT** – After completing its review of Vermont’s hospitals’ budget requests for fiscal year 2016, the Green Mountain Care Board (GMCB) has set the total fiscal year 2016 budget increase for Vermont’s hospital system at 3.5%, including 0.5% that qualifies as investments in health reform. This marks the third year in a row that Vermont’s 14 hospitals as a group have kept net patient revenue increases at or below the target set by the GMCB.

In written guidance issued in March 2013 and reiterated this spring, the GMCB instructed hospitals to hold their FY16 net patient revenue increase to no more than 3 percent plus an allowance of up to an additional 0.6 percentage points for investments in health care reform initiatives. Net patient revenue includes payments hospitals receive from patients, government, and insurers to pay for patient care – but not revenues from other activities such as cafeterias, parking, and philanthropy. Hospitals submitted budget requests in July, starting a two-month review process that included GMCB staff scrutiny of the budgets, open hearings with each hospital in August, a public comment period, input from the Office of the Health Care Advocate, and discussion in GMCB’s weekly open meetings.

The second key indicator of growth in hospital revenue is the “rate” – the increase in the price a hospital sets for services before negotiating with insurers. The GMCB approved rates ranging from -10.0 percent change to 6.0 percent change for Vermont hospitals in fiscal year 2016.

(See attachments for details of individual hospital and system-wide revenues and rates.)

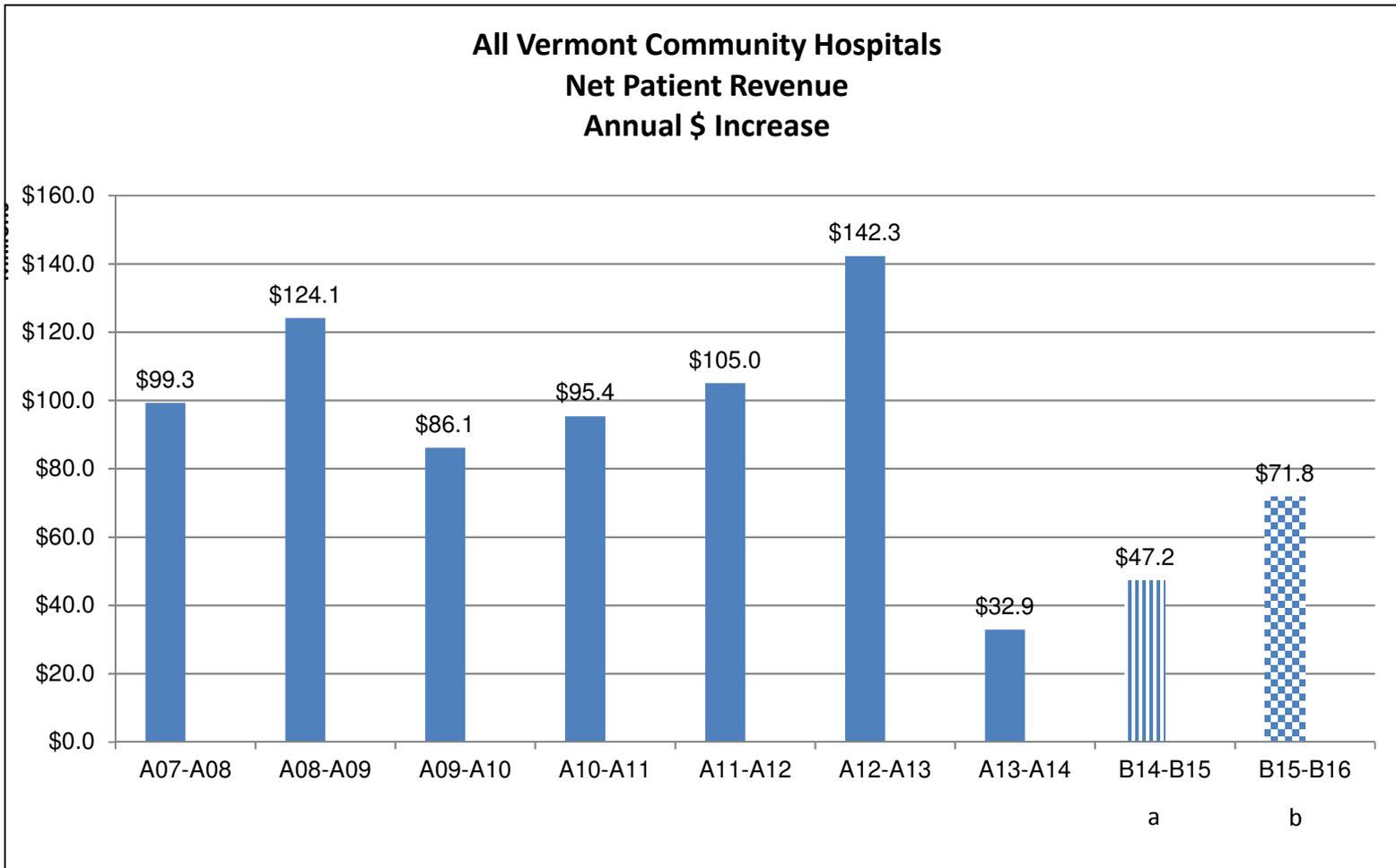
For more information on the GMCB hospital budget review process, including submissions from each hospital and their responses to GMCB questions on those submissions, see the GMCB website: <http://gmcboard.vermont.gov/hospitalbudgets>.

## Net Patient Revenue Reporting Changes Adjusted to Show Growth - 2016 Budgets

| Hospital                              | 2015B As Approved | 2016B As Approved | Approved Net Patient Revenue Change | Approved NPR % Change | Reporting Adjustments to Determine Growth* | Final Adjusted NPR Growth | NPR % Change Including Adjustments |
|---------------------------------------|-------------------|-------------------|-------------------------------------|-----------------------|--|---------------------------|------------------------------------|
| Brattleboro Memorial Hospital         | \$71,284,571      | \$ 73,896,151     | \$ 2,611,580                        | 3.7%                  | \$0  | \$2,611,580               | 3.7%                               |
| Central Vermont Medical Center        | \$166,221,844     | \$ 173,996,286    | \$ 7,774,442                        | 4.7%                  | -\$2,226,158                               | \$5,548,284               | 3.3%                               |
| Copley Hospital                       | \$59,600,484      | \$ 60,987,719     | \$ 1,387,235                        | 2.3%                  | \$0  | \$1,387,235               | 2.3%                               |
| Gifford Medical Center                | \$57,753,248      | \$ 56,201,733     | \$ (1,551,515)                      | -2.7%                 | \$2,041,620                                | \$490,105                 | 0.8%                               |
| Grace Cottage Hospital                | \$17,980,282      | \$ 18,375,041     | \$ 394,759                          | 2.2%                  | \$0  | \$394,759                 | 2.2%                               |
| Mt. Ascutney Hospital & Health Center | \$48,508,891      | \$ 48,060,871     | \$ (448,020)                        | -0.9%                 | \$0  | -\$448,020                | -0.9%                              |
| North Country Hospital                | \$73,586,147      | \$ 76,604,320     | \$ 3,018,173                        | 4.1%                  | -\$1,435,915                               | \$1,582,258               | 2.2%                               |
| Northeastern VT Regional Hospital     | \$65,324,117      | \$ 68,095,300     | \$ 2,771,183                        | 4.2%                  | \$0  | \$2,771,183               | 4.2%                               |
| Northwestern Medical Center           | \$90,795,885      | \$ 95,697,390     | \$ 4,901,505                        | 5.4%                  | -\$1,850,842                               | \$3,050,663               | 3.4%                               |
| Porter Medical Center                 | \$72,696,905      | \$ 75,581,083     | \$ 2,884,178                        | 4.0%                  | \$0  | \$2,884,178               | 4.0%                               |
| Rutland Regional Medical Center       | \$224,138,940     | \$ 233,248,162    | \$ 9,109,222                        | 4.1%                  | -\$2,513,956                               | \$6,595,266               | 2.9%                               |
| Southwestern VT Medical Center        | \$139,041,542     | \$ 144,025,568    | \$ 4,984,026                        | 3.6%                  | -\$604,011                                 | \$4,380,015               | 3.2%                               |
| Springfield Hospital                  | \$54,360,014      | \$ 55,936,500     | \$ 1,576,486                        | 2.9%                  | \$0  | \$1,576,486               | 2.9%                               |
| University of Vermont Medical Ctr     | \$1,087,767,762   | \$ 1,126,774,924  | \$ 39,007,162                       | 3.6%                  | \$0  | \$39,007,162              | 3.6%                               |
| Totals                                | \$2,229,060,632   | \$ 2,307,481,048  | \$ 78,420,416                       | 3.5%                  | -\$6,589,262                               | \$71,831,153              | 3.2%                               |

\* Reporting adjustments to determine growth include physician acquisitions and other program changes.

# Net patient revenue annual increase adjusted to reflect new money requests

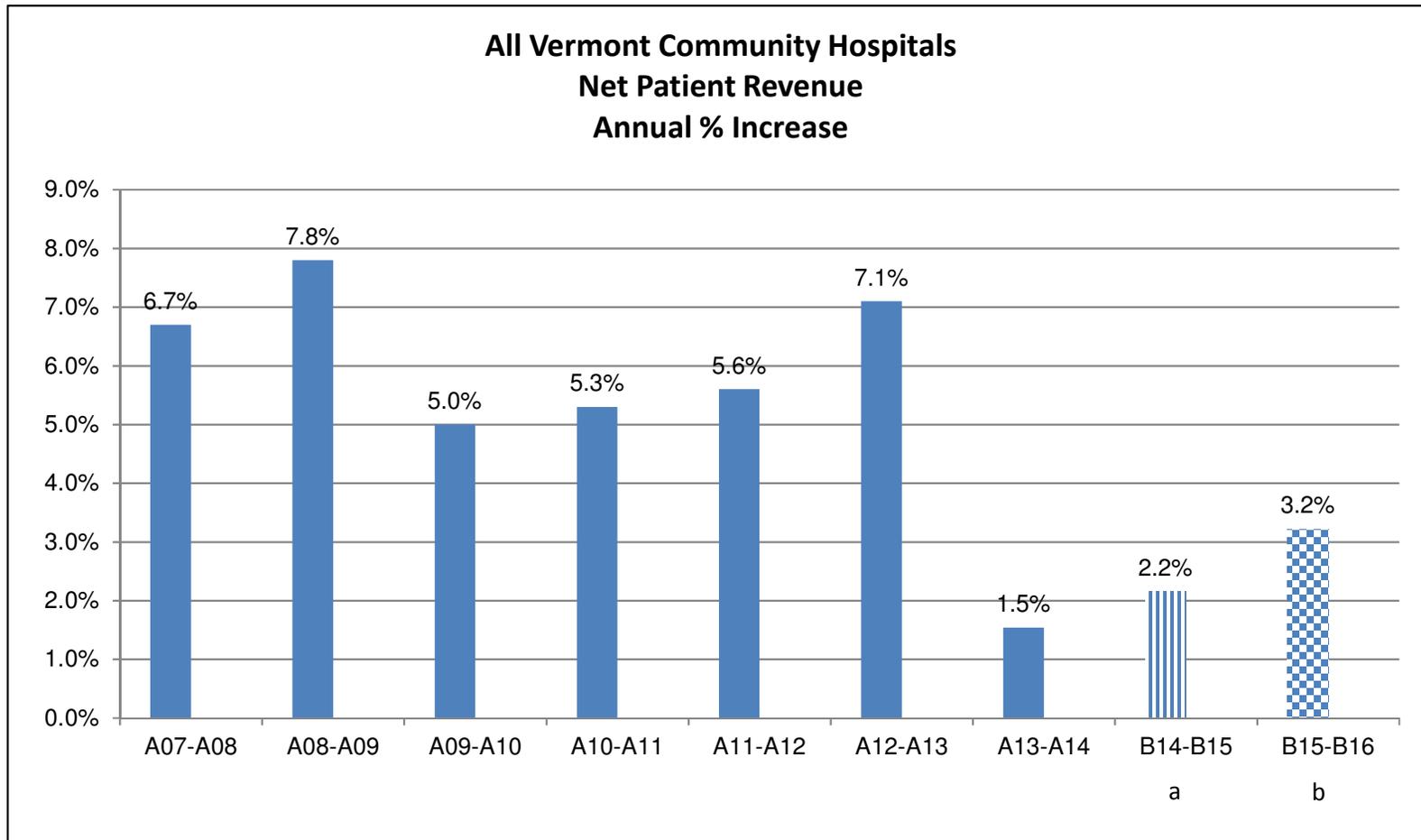


a Budget increase as approved by GMCB

b Budget increase as adjusted to reflect real increase in new money, such as physician practice acquisitions and other program changes.

Adjusted to reflect bad debt reporting change in 2012

## Net patient revenue annual increase adjusted to reflect new money requests



a Budget increase as approved by GMCB

b Budget increase as adjusted to reflect real increase in new money, such as physician practice acquisitions and other program changes.

# Available Reports

## ❖ Reports Available on our Website:

- ❖ Summary of Approved FY 2016 Budgets
- ❖ Financial and Statistical Trends (Report 7)
- ❖ Summary of Actual FY 2015 Results (prepared in Feb/March 2016)

<http://gmcboard.vermont.gov/hospitalbudgets>

## ❖ Reports Available by Request:

- ❖ Individual Hospital and System Budget Schedules (for example: income statement, balance sheet, payer schedule)
- ❖ Profile Reports (takes an account or statistic (or several) for *one* given year and details them by hospital and a total)
- ❖ Analytical Reports: budget data presented in various ways to aid in our analyses

# End

The GMCB approved the hospital budgets on September 2, 3, and 9, 2015, with orders being issued on September 30, 2015.

On September 18, 2015, two hospitals (Northeastern Vermont Regional Hospital (NVRH) and Northwestern Medical Center (NMC)) asked for reconsiderations. NVRH's budget was approved on October 7, 2015. NMC's budget was approved on October 8, 2015. Both of their orders were issued on October 22, 2015.

The specific hospital budget orders as well as other hospital reports can be found on our website at <http://gmcboard.vermont.gov/HospitalBudgets>.

If you have questions about this report or if you would like more detail, please contact Michael Davis, Janeen Morrison, or Lori Perry at the GMCB (802) 828-2177.

Published December 2015