



State of Vermont  
Vermont Veterans' Home  
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COPY

August 8, 2016

Ms. Donna Jerry  
Senior Health Policy Analyst  
Green Mountain Care Board  
89 Main Street  
Montpelier, Vermont 05620

re: Docket No. GMCB-008-15con, Renovation of Main Kitchen and Creation of Four  
Country Kitchens, Project Cost: \$1,779,200

Dear Ms. Jerry,

In response to your letter of July 29, 2016, below are our responses to your questions.

- 1. Relative to Question #13 in the last set of questions, please provide a more detailed explanation of the decrease in Medicare revenue from 2015 to 2017 shown on Table 6A.**

Medicare reimbursement is based upon the Resource Utilization Group (RUGs) which is similar to the Diagnostic Related Group (DRGs) for hospitals. The Vermont Veterans' Home is paid under the prospective payment system (PPS) for Medicare Part A services. Under PPS, there is no additional settlement on the difference between the interim per diem rates paid and actual costs. VVH is paid on a fee schedule basis for Medicare Part B therapy services; therefore, there will be no additional settlement on the difference between payments received and actual costs for Part B therapy services. The reason for the net revenue decrease from \$1,413,634 to \$1,018,350 is volume. In FY15 we experienced 2,377 resident days which was a decrease of 595 days from FY14 of 2,972. Our resident day budget for FY16 is 2,920 and we are forecasting our resident day budget for FY17 and beyond to be 2,190.

- 2. Explain the reasons for sustained operating losses year over year.**

As an agency of the State of Vermont, we are appropriated General and Global Commitment Fund monies during the budget process. The Vermont Veterans' Home covers an estimated 75% of its operating budget through monies received from the Veterans Administration, Medicare Program, Private Pay, Insurance companies and both Vermont and New York Medicaid Programs. Additionally, the State does not recognize Bad Debt and Depreciation as an expense. As partially mentioned in the response to Question #1 above, we receive pre-determined payments from Medicare



as well as the Medicaid Programs. Private Pay, where we could "cost shift" to only represents 18.9% of our patient volume in FY15. Without the State General and Global Commitment monies loses would be greater. Should we anticipate the need for monies to cover our expenses, VVH would make the request through the annual Budget Adjustment process.

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**3. Confirm whether the equipment being replaced is fully depreciated.**

Based upon the age of the kitchen and equipment, the majority of the equipment is fully depreciated. There are newer pieces of equipment that are not being replaced and are not fully depreciated.

Enclosed please find two copies of this along with the Verification Under Oath. Should you have any questions, do not hesitate to contact me at 802-447-6533.

Sincerely,



Melissa A. Jackson, BSW, LNHA  
Chief Executive Officer

encl.



6. as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.

Melissa A Jackson  
[signature]

On August 8, 2016, Melissa A. Jackson appeared before me and swore to the truth, accuracy and completeness of the foregoing August 9, 2016 response to the Green Mountain Care Board Letter of July 29, 2016.

Joseph Hoobell  
Notary public  
My commission expires 2-10-19  
[seal]