



## Gifford Medical Center

44 South Main Street, P.O. 2000 • Randolph, Vermont 05060  
802-728-7000 • fax 802-728-4245

August 18, 2017

Julia Shaw, Health Care Policy Analyst  
Kaili Kuiper, Staff Attorney  
Office of Health Care Advocate  
264 North Winooski Ave.  
P.O. Box 1367  
Burlington, Vermont 05402

RE: HCA Pre-Hearing Questions – Fiscal Year 2018 Hospital Budget Review

Dear Ms. Shaw & Ms. Kuiper,

Please find below answers to the proposed questions.

1. What are the hospital's goals for participation in payment reform initiatives in 2018 and in the next five years?
  - a. What steps will the hospital take to meet these goals?
  - b. Please describe the reasons why the hospital has chosen not to participate in the risk-based Accountable Care Organization payment models offered to date. If the decision was informed by financial modelling, please provide the model specification, model inputs and results.
  - c. Does the hospital participate in any capitated payment agreements directly with insurers? If yes, please describe:
    - i. Whether the capitated payments save the insurer money compared to fee for service payments;
    - ii. Whether the hospital and/or its providers earn more profit under capitated payments or fee for service, on average; and
    - iii. How the hospital ensures that patients continue to receive appropriate services under capitated payments.

**Response:**

GMC will continue to participate in the Medicare Shared Savings Program in 2018 through its participation in CHAC. GMC is actively participating with CHAC pursuing a Value Based Purchasing arrangement with Vermont's Medicaid program for 2018. Over the next five years, GMC will continue to pursue/evaluate participation in reform initiatives.

- a. GMC will continue focus on a successful population health-based system. Efforts include effective use of our EMR to provide patients with timely preventive health care, to enroll patients in chronic disease management programs, and to improve coordination of care between care team members; developing a post-discharge clinic to reduce hospital and emergency department readmission; and further development of team-based care.
- b. GMC has not yet participated in risk-based models because (1) we have not yet been able to fully evaluate the financial impact of the models; and (2) we are continuing to build our organizational capacity to be successful in the population health/risk-based environment through our FY18 EMR implementation and development of team-based care models.
- c. At this time GMC does not participate in any capitated agreements.

[www.giffordmed.org](http://www.giffordmed.org)

2. Please describe the financial incentives that the hospital currently includes in provider, coder, and other personnel salaries and/or contracts.
  - a. How has the use of incentives by the hospital changed over time?

**Response:**

Gifford maintains financial incentives for providers. Provider incentives incorporate productivity, citizenship (contribution to Hospital and community activities), and retention. We are working to incorporate quality measures into our incentive program with our new electronic health record, which will allow us to track measures to the individual provider level. Our productivity measures are designed to ensure that all providers achieve a standard level of productivity.

Gifford also has an employee referral program. The employee receives compensation for a successful hire of qualified candidate.

- a. Gifford's use of incentives has remained consistent.

3. Does the hospital or any of its departments or personnel receive financial or other benefits for using specific pharmaceuticals?
  - a. Please list all pharmaceuticals for which the hospital or provider receives payment when the drug is prescribed, administered, and/or when the prescription is filled.

**Response:**

GMC personnel do not receive financial or other benefits for using specific pharmaceuticals.

4. With the various payment reform initiatives underway, shared decision-making is becoming increasingly important as an antidote to the potentially perverse incentives of risk-based payment models.
  - a. Do you commit to implementing shared decision-making throughout your hospital system in 2018?
  - b. Please describe your plan for doing so and how you will measure the plan's implementation progress.

**Response:**

Gifford Medical Center utilizes shared decision-making. One example is our Low Risk Chest Pain protocol that we utilize in our Emergency Department. Our physicians score patients on a nationally recognized scale and discuss various treatment options available to the patients. The protocol results in an informed decision based on the wishes of the patient.

Gifford Health Care's primary care practices are NCQA recognized patient-centered medical homes (PCMH). Shared Decision Making (SDM) is an important aspect of this recognition. Gifford will continue to utilize SDM models across its primary care and hospital practices and services.

Gifford offers educational materials in health related areas such as cancer care, kidney stones, and prostate health. These materials are used for patient education and as aids to prepare patients to make informed, value-based decisions with their care team. We intend to utilize our new patient portal (implementation in FY 2018) as both an added tool from which to provide resources to patients and as a means to track incidence of patients utilizing these resources.

5. What is the extent of your Choosing Wisely initiative(s), if any? Please describe the initiative(s), how you have chosen which departments participate, and which of these initiatives, if any, have led to identifiable cost savings and/or quality improvement.

**Response:**

While we do not formally use the Choosing Wisely initiative, many of our providers report using the Choosing Wisely concepts in their practice. Additionally, Providers use the evidence-based recommendations and care

guidelines of their colleges to guide their practice which are not dissimilar from Choosing Wisely in that the premise is care that is evidence-based and reasonable based on presentation of illness. Gifford Health Care's primary care practices are designated as Patient-Centered Medical Homes and our providers utilize shared-decision making principles in their patient interactions.

6. Please provide copies of your financial assistance policy, application, and plain language summary as well as detailed information about the ways in which these three items can be obtained by patients.
  - a. Please provide the following data by year, 2014 to 2017 (to date):
    - i. Number of people who were screened for financial assistance eligibility;
    - ii. Number of people who applied for financial assistance;
    - iii. Number of people who were granted financial assistance by level of financial assistance received;
    - iv. Number of people who were denied by reason for denial.

**Response:**

Please go to our website for our policy, application and plain language summary.  
<https://giffordhealthcare.org/service/affordable-care-program/>



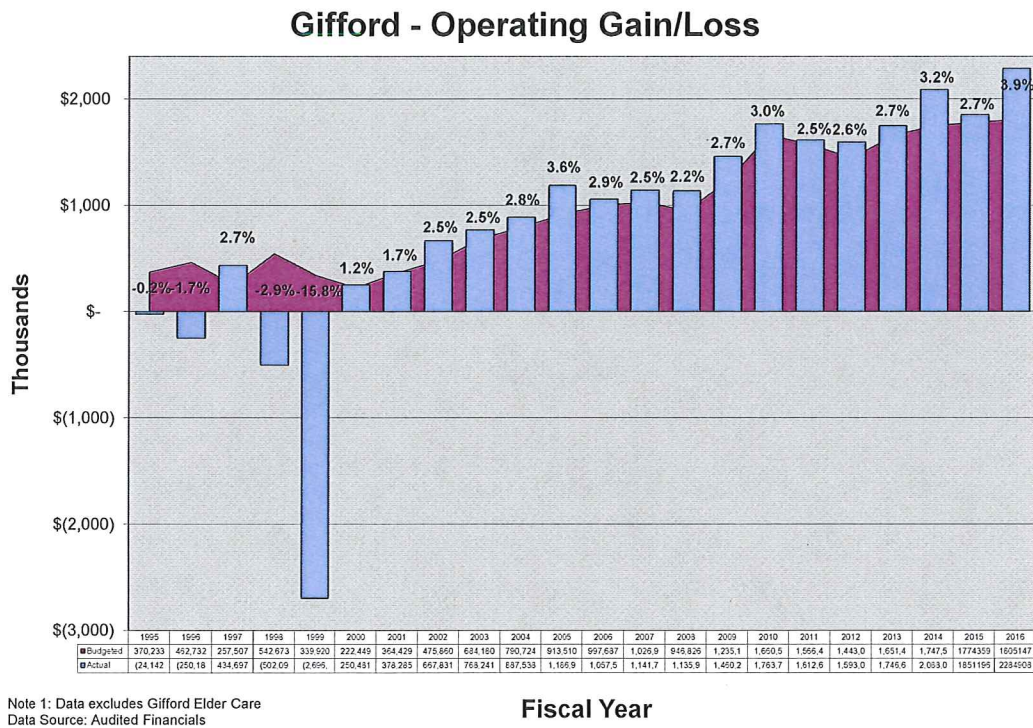
	2014	2015	2016	01/01/2017 08/8/2017
Denied - had Medicaid	5	1	6	18
Denied - income	28	15	28	29
Denied - missed deadline	4	1	8	1
Denied - no application	1	0	0	0
Denied - other	0	0	3	0
Denied - other payor paid	1	0	0	0
Denied - out of area	1	0	2	11
<b>Total Denied</b>	<b>40</b>	<b>17</b>	<b>47</b>	<b>59</b>
<b>Total Approved</b>	<b>289</b>	<b>205</b>	<b>252</b>	<b>174</b>

7. As a nonprofit with a duty to benefit the community, how does the hospital ensure that its commercial rates are in the best interest of consumers? Please provide specific metric(s) that the hospital uses to determine this. For any metric(s) currently in use for this purpose, please provide results by year for 2014 to 2017 (to date).

**Response:**

Gifford’s strategy in calculating the rate increase is to understand the expected volumes, necessary services, and patient needs for the area, as well as what it costs to provide these services. As an organization, Gifford has historically targeted an operating margin between 2.0% – 3.0%. This represents the median margin for hospitals with a BBB to A rating.

Gifford utilizes these rates as a basis for discussion with our commercial payers. The rates are used to provide both parties with validity and a sense of fairness, given the oversight from both the Hospital Board and Green Mountain Care Board.



8. We often hear from hospitals that they charge extra for a wide variety of services in order to fund core hospital services. In light of this business model, how does the hospital ensure that the prices of its services are set appropriately?
- What factors are considered in setting prices?
  - What financial or quantitative metrics does the hospital use to ensure that its service pricing is appropriate? For any metric(s) currently in use for this purpose, please provide results by year for 2014 to 2017 (to date).

**Response:**

GMC does not charge extra for service in order to fund core hospital services. To set rates GMC uses a standard process in which we will update supplies and pharmaceuticals based on cost. All other items are then compared/adjusted to available public fee schedules (we use the most recent Medicare schedule). Finally, we will use publicly reported resources to insure parity with other healthcare providers. For quantitative measures please see questions 7.

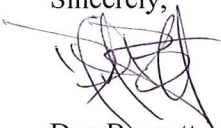
9. For the hospital's inpatient services, please provide your all-payer case mix index, number of discharges, and cost per discharge for 2014 (actual) through the present (2017 budget and projected) and 2018 (budget). Please describe the initiative(s) and how you have chosen which departments participate.

**Response:**

	<b>Medicare</b>	<b>Medicaid</b>	<b>Commercial</b>
<b>FY 2014</b>	39%	20%	41%
<b>FY 2015</b>	40%	20%	40%
<b>FY 2016</b>	41%	19%	40%
<b>Proj 2017</b>	41%	19%	40%
<b>Bud 2018</b>	42%	18%	40%

	<b>CMI</b>	<b>Acute Admissions</b>	<b>Cost Adj Admin</b>
<b>FY 2014</b>	1.03	1,178.00	\$ 10,586
<b>FY 2015</b>	1.04	1,318.00	\$ 10,386
<b>FY 2016</b>	0.97	1,303.00	\$ 10,611
<b>Proj 2017</b>	0.98	1,322.00	\$ 10,893
<b>Bud 2018</b>	N/A	1,328.00	\$ 11,387

Sincerely,



Dan Bennett  
President and CEO

CC: Jeff Hebert, CFO

Janeen Morrison: Financial Administrator Green Mountain Care Board