



Gifford Medical Center

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

August 29, 2016

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 2017 Hospital Budget Review

Dear Ms. Shaw & Ms. Kuiper,

Please find below answers to the proposed questions.

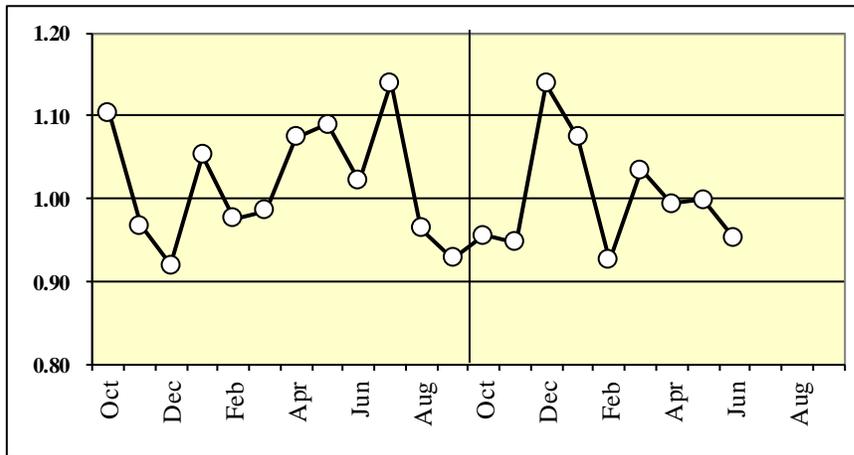
1. *If you included a rebasing in your proposed budget, why do you believe the Green Mountain Care Board should agree to rebase your budget? How do you plan to contain your growth going forward?

No, we are not including a rebasing in our proposed budget for FY17. We have set our budget to the 3.0% net revenue growth. We are meeting all the requirements.

2. What is your expected All-Payer and / or Medicare case mix index for FY17?

The 2017 budget has no expected changes in case mix.

Case Mix Index (CMI) Oct 2014 - Present



Notes: CMI measures overall inpatient acuity

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3. Please explain the basis of any anticipated changes in your payer mix for FY17. What are the changes you expect to see going forward?

The 2017 budget has no expected changes in payer mix.

4. As a nonprofit with a duty to benefit your community, please explain any policies your hospital has, if any, to put a reasonable cap on executive pay and on the percentage of your overall budget that is made up of administrative costs.

The Hospital Personnel and Compensation Committee run by the Board of Directors, meets no fewer than three times per year. One of the duties of this committee is to review the compensation plan of the employed physicians and highly paid staff of GHC. Results of those recommendations will be reported to the Board of Directors for its approval. This is done using industry benchmarks.

5. If you have varied your commercial rate increases by program or service, how do you determine these increases? Are they based on projected cost increases by program or service or based on something else?

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.

6. What is your margin target, and how was it determined?
a. Is this a long-range target for your hospital?

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. We used this target for both our 2017 budget, as well as our 5 year budget.

7. Please describe how your budget process would differ if a 3- or 5- year net patient revenue cap were used rather than a yearly cap.

Our budget process would not differ due to a 3 or 5 year net patient revenue cap. As stated above, Gifford already has a 5 year budget process that is approved by our board. In addition it should be noted that Gifford was the only hospital in Vermont that successfully trialed a 2 year budget approval process that was offered by BISHCA for 2010/11.

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8. What is your budgeted amount for Medicaid underpayment for FY17?

For the Medicaid 2017 budget Gifford has an expected increase of \$103,000 related to volume. We did not budget any additional dollars for the rate increase, and have decreased outpatient revenue by \$251,000 due to the elimination of provider based billing.

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

While we do not actively use the Choosing Wisely website, providers use the evidence-based recommendations and care guidelines of their Professional Collages.

Community Benefit

10. Please explain how the federal regulations on nonprofit hospital financial assistance policies and billing practices that go into effect on October 01, 2016 affect your budget proposal for FY17 as compared to FY16.
- Include how you anticipate the regulations affecting your bad debt and charity care
 - Which charges did you base your financial assistance discounts upon in FY16?

This is listed on our website: <http://giffordmed.org/affordablecareprogram>

11. *For all community benefits that you listed on your Form 990 Schedule H, what is the dollar amount you are budgeting?

For the 2014 990 (10/14 – 09/15), Gifford's net community benefit expense was \$3,957,282. We currently do not specifically budget for this type of expense.

12. *What is your current level of community benefit as a percentage of revenues?
- *What percentage level are you willing to commit to on an ongoing basis?
 - *Please provide a detailed breakdown of the programs and other components you include in your community benefit calculation.

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Gifford current level of community benefit as a percent of net revenue is 7.1%. Listing of programs that are included in community benefit calculation:

- *Babysitter's class*
- *Blue Jeans for Babies*
- *Breast Health at Chelsea Senior Center*
- *Chelsea Ladies Group*
- *Child and Infant CPR class*
- *Chronic Pain Self-Mgmt. Program*
- *Class on Fetal Growth & Development*
- *Covered Bridge Half Marathon*
- *CVMC Medical Practice visits*
- *Dental and Health Access Day*
- *Diabetes Fair*
- *Good Beginnings Baby and Child Expo*
- *Hartford Community Day*
- *Home Alone and Safe*
- *Homestead-Assisted Living Facility*
- *Last Mile Ride*
- *March for Babies March of Dimes Walk*
- *Mooditude Support Group*
- *New Parent Support Group*
- *Outreach/Navigator Event*
- *People's Health and Wellness Clinic*
- *Strolling of the Heifers*
- *Summer Community Concert Series*
- *Thompson Senior Center*
 - *Bladder health and incontinence treatment*
 - *Skin Cancer monitoring*
- *Tobacco Cessation*
- *Tobacco Fresh Start*
- *Tunbridge Fair*
- *Vermont Farm Show*
- *Volunteer luncheon*
- *Waitsfield Fun Family Day*
- *Weight Support Group*

13. How does the money you plan to spend on community benefit align with the top five issues identified in your most recent Community Health Needs Assessment (CHNA)? If your assessment of your top five issues has changed since your last Community Health Needs Assessment, please explain the change as part of your answer.

- a. Are there needs identified in your CHNA that you would like to address, but feel that additional cooperation by outside entities is required for an effective solution?

In an effort to fulfill the requirements of the Federal Patient Protection and Affordable Care Act, Gifford has completed two community needs assessments. Interestingly, the findings have been consistent stating that the top area of focus and priority are: preventative health care, dental care, substance abuse & counseling, obesity and good jobs. Gifford has positioned itself nicely to respond to the community with the integration of both dental and mental health service in our primary care settings. The collaboration with two external dentists and Gifford's own behavioral health team and an outside agency (Clara Martin), we are able to respond quickly to our patient's needs. The foundation of medicine is primary care. Considering the rural nature of the communities served, Gifford has actually brought primary care to the people with the six community clinics. While creating good jobs is not a health care initiative, the medical center is the largest employer in the area and offers competitive salaries and benefits with a commitment to the work-life balance for employees.

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Health Information Technology

14. Do you anticipate needing to replace your electronic health records system in the next five years?

Yes, we are currently in the process of replacing our EMR.

15. Do you use any of the services offered by VITL (Vermont Information Technology Leaders)?

At this time Gifford is not using any of the services offered by VITL.

a. If so, which services?

N/A

b. To what extent are VITL's services integrated into the hospital's care delivery?

We currently are supplying VITL with:

- *ADT OUT to VITL RHIO - Admits/Discharges/Transfers*
- *IMM OUT to VITL Hosp & Clinics - Immunizations*
- *MRT OUT to VITL RHIO - Medical Record Transcriptions*
- *RTR OUT to VIT RHIO - Radiology Transcribed Reports*
- *RST OUT to VITL RHIO - Radiology Results*

c. Has the hospital experienced any cost savings or quality improvement from VITL's services?

N/A

d. Do VITL's services compliment your other health information technology initiatives? If so, how?

N/A

Substance Abuse and Mental Health

16. *What percent of your employed primary care providers are participating in the HUB and Spoke program?

- a. *What is the average number of substance abuse patients that those providers treat?
- b. * How many additional providers would be required to fully meet your community's needs in a reasonable amount of time? Please take into consideration any waitlists for treatment.
- c. *If your hospital is involved in any medication assisted treatment programs, do you have any information on your costs for these programs versus savings to your hospital?

At this time Gifford Medical Center does not participate in the HUB and Spoke program.

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17. *Please explain to what extent mental health patients presenting at your Emergency Department impacts your budget?
- *Please explain how mental health patients are handled when they present to your Emergency Department or other triage location, including a description of any holding or isolation areas that you use, and how often you expect to use this type of area in FY17.
 - *How do you train your security staff, contracted or in-house, on handling situations involving people experiencing mental health crisis? If some security staff members have been trained but not all, please explain which ones and why.

Budgeting for mental health patients is extremely difficult for our institution. Mental Health Patients have been held in our systems for an average of 156 hours per month, FY 16. The average per hour rate for staff employed with the skill set to watch patients 1:1 is \$25.00 per hour. Conservatively, in FY 17 GMC will spend \$93,000 on 1:1 care of patients who present to our ED in a mental health crisis. The staffing model at GMC ED, based on 7500 visits per year, is 2 RN's 1 MD. When a mental health pt. requires 1:1 sitter we rely on the ability to flex staff from other units and calling in patient safety sitters.

Gifford Medical center is a 25 bed unlocked critical access hospital. The Emergency Department at Gifford Medical Center is a 5 bed unlocked unit. Patients who seek care at Gifford Medical Centers Emergency Department are triaged whenever possible in medical treatment rooms. No one room is designated as a "psychiatric room". Whenever possible we choose a room with direct sight to the nurse's station. In order to make the care room the safest possible environment we remove all sharp items and ligature risks.

At Gifford Medical Center we do not employ or contract security staff. Our Nursing Supervisors have completed a 12 hr. CPI course. The hospital division staff to include nurses, aides, and providers has completed a 4 hour de-escalation training that was conducted by a trained mental health NP. Patient sitters are used throughout the hospital to enable a safe environment for vulnerable patients.

Sincerely,

Jeff Hebert
VP of Finance

CC: Janeen Morrison: Financial Administrator Green Mountain Care Board

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