

# VERMONT LEGAL AID, INC.

## OFFICE OF THE HEALTH CARE ADVOCATE

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August 11, 2016

University of Vermont Health Network  
111 Colchester Avenue  
Burlington, VT 05401

Re: HCA Pre-Hearing Questions – Fiscal Year 2017 Hospital Budget Review

Dear Dr. Brumsted and Ms. Tartaglia:

In accordance with our new role in the Green Mountain Care Board's hospital budget review process under 18 V.S.A §9456(d)(3)(A), the Office of the Health Care Advocate respectfully submits the following questions in advance of your upcoming budget review hearing. Please respond to each question and/or provide the location where the answer can be found in your budget materials. Please submit all responses to the email addresses listed below before your hospital budget hearing, if possible. Additionally, please address the questions marked with an asterisk in your budget presentation.

### General

1. Please clarify several details regarding the table at the bottom of page 4 of your narrative:
  - a. We are assuming that the top line of the chart contains a typo, and is presumably the FY2015 Actual Net Patient Revenue (and not FY17 Budget). Please confirm.
  - b. We are assuming that \$1,219,432,174 refers to patient revenue before Provider Tax. Please confirm, and clarify what the provider tax was in FY2015.
2. Please explain why your projections for FY16 have not been adjusted based on your partial year actuals. Please provide your projections for FY16 based on the partial year actuals.
3. \*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?
4. What is the expected All-Payer and/or Medicare case mix index for each hospital for FY17?
  - a. Please also provide each hospital's case mix index for FY14 (actual), FY15 (actual) and FY16 (budget and projected) along with any drivers (e.g. demographic shifts, product line additions, payer mix changes, etc.) that explain increases or decreases over time.
  - b. Please explain the basis for anticipated changes to the each hospital's case mix index going forward from FY16, if any.

\* Please address this question in your hospital budget presentation in addition to providing a written response.

5. You state on page 12 of your narrative that you do not anticipate any significant shifts in payer mix in FY 17. On page 5 of your narrative you reference the shift in payer mix from commercial to Medicare and Medicaid and describe the shift as a trend. Please explain how you came to the conclusion that this trend will not continue in FY17.
  - a. What are the changes in payer mix that you expect to see going forward?
6. You state on page 8 of your narrative that you are adding 75 FTEs for “Hospital Operational Changes.” Please provide detail on what these roles will be and why they are being added to your current staff. Are these roles entirely new? Are they expanded from existing positions? Are they changing contract positions to in-house? Please explain how the new positions will decrease costs and/or increase quality of care.
7. As a nonprofit with a duty to benefit your community, please explain the policies your organization has, if any, to put a reasonable cap on executive pay and on the percentage of your overall budget that is attributable to administrative costs.
8. How do you determine for which programs and services to increase commercial rates? Are the increases based on projected cost increases by program or service or based on something else?
9. How did you determine the margin targets for the two hospitals and the Network?
  - a. Are these long-range targets?
10. 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.
11. What is each hospital’s budgeted amount for Medicaid underpayment for FY17?
12. You state that population health management policies have reduced emergency department utilization in terms of number of admissions per 1,000 patients. Can you point to any evidence that the reduction is due to population health management rather than changes in your population’s insurance coverage from the Affordable Care Act?
13. Please provide a description of each of your Choosing Wisely initiatives.
  - a. Which Choosing Wisely initiative saved \$20,000?
  - b. Have you identified measureable cost savings or quality improvement from other Choosing Wisely initiatives?
  - c. How have you have chosen which departments participate in Choosing Wisely?

### **Community Benefit**

14. Please explain how the federal regulations on nonprofit hospital financial assistance policies and billing practices that go into effect on October 1, 2016 affect your budget proposal for FY17 as compared to FY16.
  - a. How do you anticipate the regulations affecting your bad debt and charity care?
  - b. Which charges did you base your financial assistance discounts upon in FY16?

\* Please address this question in your hospital budget presentation in addition to providing a written response.

15. \*We are interested in better understanding the level of community benefits that the University of Vermont Health Network (UVMHN) has been providing and is committing to providing in its FY17 Budget. This seems especially relevant given the proposed \$12.4M rebasing of the net patient revenue baseline. UVMHN committed to providing this incremental amount for community needs as a significant component of its response to the FY15 actual versus budget variance, and now proposes to keep this amount in the revenue baseline.
- a. \*For all community benefits that you listed on your Form 990 Schedule H, what is the dollar amount you are budgeting for each benefit by year (FY14 Actual, FY15 Actual, FY16 Budget, FY16 Projection, and FY17 Budget)?
  - b. \*Please show where the incremental \$12.4M adjustment fits into this projection.
  - c. \*In adding it to the net patient revenue baseline going forward, is UVMHN committing that the \$12.4M will also be added to the baseline of community benefits and carried forward? If not, why not?
  - d. \*What is UVMHN's current level of community benefits as a percentage of revenues?
    - i. \*What percentage level would UVMHN be willing to commit to on an ongoing basis?
    - ii. \*Please provide a detailed breakdown of the programs and other components you include in your community benefit calculation.
16. How does the money you plan to spend on community benefits 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 CHNA, 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?

### **Health Information Technology**

17. What timeframe do you anticipate for replacing your electronic health records system?
18. Which services offered by VITL (Vermont Information Technology Leaders) do you use?
- a. To what extent are VITL's services integrated into the hospitals' care delivery?
  - b. Have the hospitals experienced any cost savings or quality improvement from VITL's services?
  - c. Do VITL's services compliment your other health information technology initiatives? If so, how?

\* Please address this question in your hospital budget presentation in addition to providing a written response.

## **Substance Abuse and Mental Health**

19. \*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. \*Do you have any information on your costs for medication assisted treatment programs versus savings to your hospitals?
20. \*To what extent do mental health patients presenting at your Emergency Departments affect your budget?
- a. \*Please explain how mental health patients are handled when they present to your Emergency Departments or other triage locations, including a description of any holding or isolation areas that your hospitals use, and how often you expect to use this type of area in FY17.
  - b. \*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.

Thank you for taking the time to respond to our questions. Feel free to contact us if you need any clarifications or extra time to submit your answers.

Sincerely,

s/ Julia Shaw  
Health Care Policy Analyst  
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s/ Kaili Kuiper  
Staff Attorney  
[kkuiper@vtlegalaid.org](mailto:kkuiper@vtlegalaid.org)

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