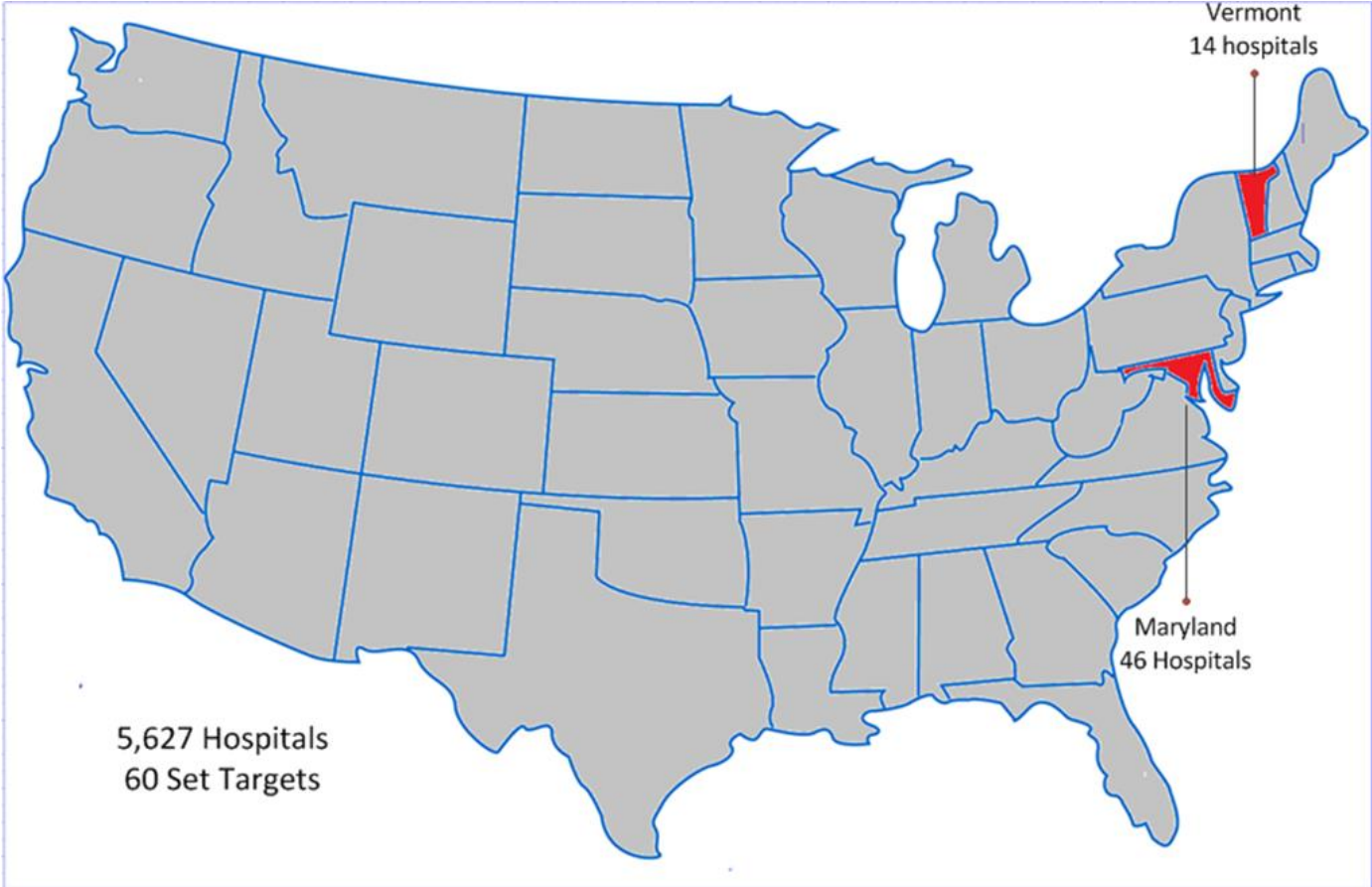


Vermont Community Hospital Update

Mike Davis, Director of Health System Finances
Green Mountain Care Board
Thursday, March 31, 2016

States Subject to Hospital Budget Targets



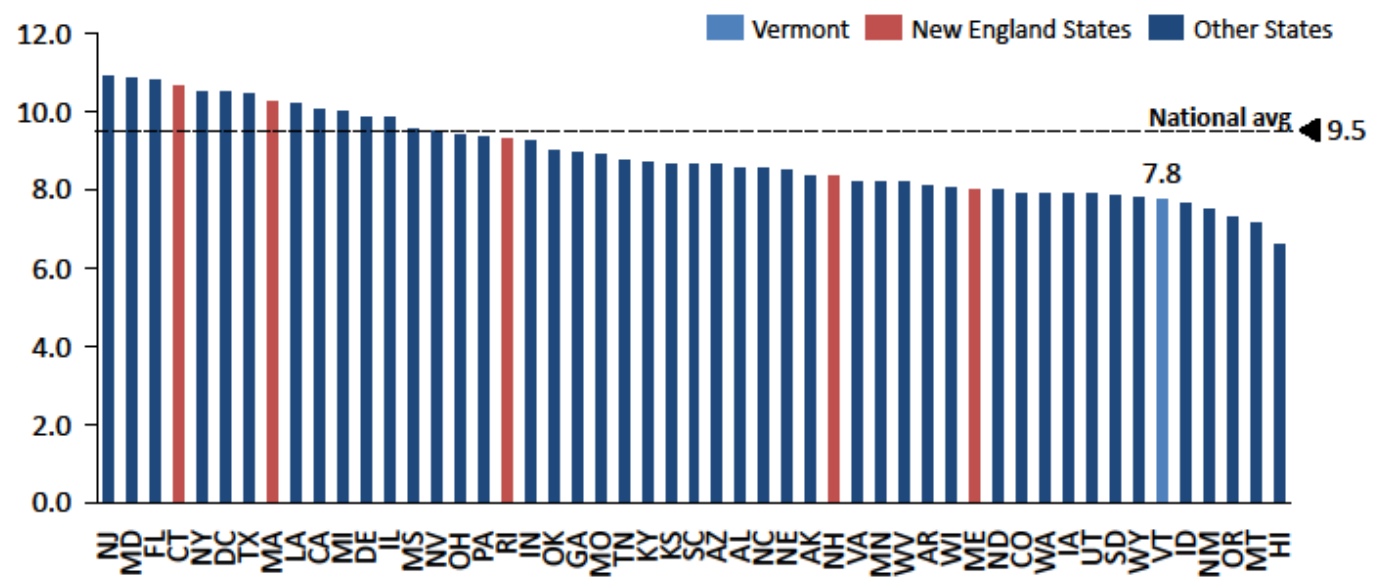
All Vermont Community Hospitals (Medicare)

MEDICARE	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 1,949,228,615	\$ 2,028,578,568	\$ 79,349,953	A positive # indicates more services
Contractual Allowances	\$ (1,257,917,998)	\$ (1,296,291,248)	\$ (38,373,250)	A negative number means lower reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ -	\$ -	\$ -	
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ 691,310,617	\$ 732,287,320	\$ 40,976,703	A positive # means net patient revenue are higher than budget

PRELIMINARY

Vermont has amongst the lowest TCOC per bene in 2014, also beating New England states

Per bene total cost of care¹ (TCOC) by state
\$ Thousands; Medicare FFS, CY 2014



1 Excludes Part D drug spend, off-claim payments (inc. GME), and reconciliations of on-claim add-on payments (i.e., DSH, IME, outlier)
Source: Medicare Chronic Condition Warehouse



All Vermont Community Hospitals (Medicaid)

MEDICAID	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 774,209,596	\$ 848,546,171	\$ 74,336,575	A positive # indicates more services
Contractual Allowances	\$ (532,288,359)	\$ (603,465,583)	\$ (71,177,224)	A negative number means lower reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ 38,289,419	\$ 37,420,325	\$ (869,094)	A negative means less revenues received
Graduate Medical Education Payments	\$ 29,954,640	\$ 30,000,000	\$ 45,360	A positive means more revenues received
Net Payer Revenue	\$ 310,165,296	\$ 312,500,914	\$ 2,335,618	A positive # means net patient revenue are higher than budget

All Vermont Community Hospitals (Commercial)

COMMERCIAL	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 2,011,807,265	\$ 1,946,807,067	\$ (65,000,198)	A negative # indicates less services
Contractual Allowances	\$ (638,942,397)	\$ (614,571,862)	\$ 24,370,535	A positive number means higher reimb/service mix
Bad debt	\$ -	\$ -	\$ -	
Free Care	\$ -	\$ -	\$ -	
Disproportionate Share Payments	\$ -	\$ -	\$ -	
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ 1,372,864,868	\$ 1,332,235,205	\$ (40,629,663)	A negative # means net patient revenue is lower than budget

All Vermont Community Hospitals

Medicare change in net patient revenue (NPR)	\$ 40,976,703
Medicaid change in net patient revenue	\$ 2,335,678
Commercial change in net patient revenue	<u>(\$ 40,629,663)</u>
Total change in NPR before bad debt/free care	\$ 2,682,718

All Vermont Community Hospitals (Bad Debt/Free Care)

Bad Debt/ Free Care	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ -	\$ -	\$ -	
Contractual Allowances	\$ -	\$ -	\$ -	
Bad debt	\$ (86,627,708)	\$ (63,368,233)	\$ 23,259,476	A positive # indicates less patients
Free Care	\$ (58,652,440)	\$ (35,384,897)	\$ 23,267,543	A positive # indicates less patients
Disproportionate Share Payments				
Graduate Medical Education Payments	\$ -	\$ -	\$ -	
Net Payer Revenue	\$ (145,280,149)	\$ (98,753,130)	\$ 46,527,019	A positive # means net patient revenue are higher than budget

Bad debt and free care are accounted for as a deduction off commercial charges. Simply stated, if bad debt/free care estimates are too high, commercial prices are too high.

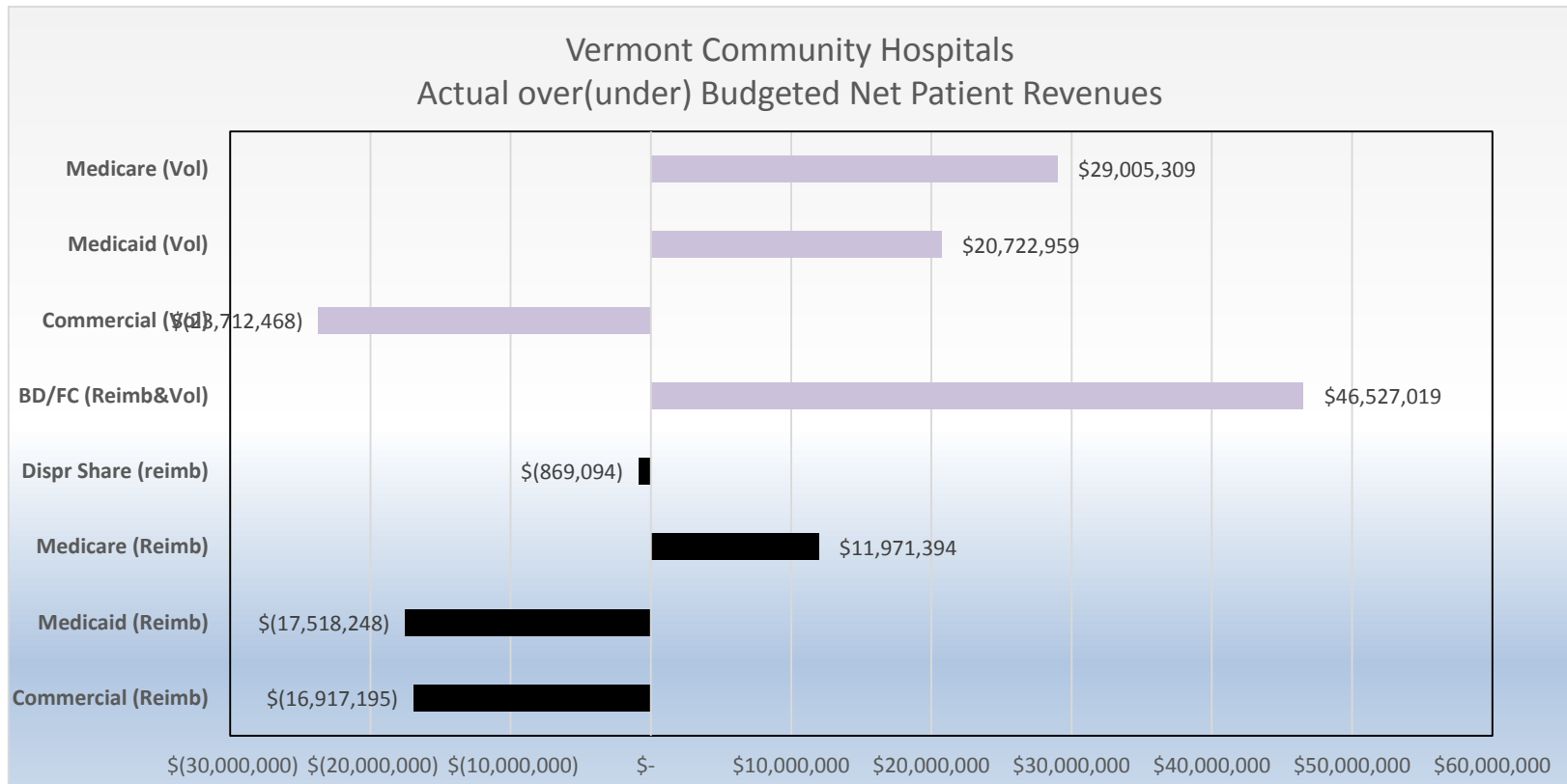
All Vermont Community Hospitals

(All Payers)

ALL PAYERS	<u>Budget 2015</u>	<u>Actual 2015</u>	<u>A15-B15</u>	<u>what this means</u>
Gross Revenue	\$ 4,735,245,475	\$ 4,823,931,807	\$ 88,686,331	A positive # indicates more services
Contractual Allowances	\$ (2,429,148,754)	\$ (2,514,328,693)	\$ (85,179,939)	A negative number means lower reimb/service mix
Gross rev less contractual allowances	\$ 2,306,096,722	\$ 2,309,603,114	\$ 3,506,392	
Bad debt	\$ (86,627,708)	\$ (63,368,233)	\$ 23,259,476	A positive # indicates less patients
Free Care	\$ (58,652,440)	\$ (35,384,897)	\$ 23,267,543	A positive # indicates less patients
Disproportionate Share Payments	\$ 38,289,419	\$ 37,420,325	\$ (869,094)	A negative means less revenues received
Graduate Medical Education Payments	\$ 29,954,640	\$ 30,000,000	\$ 45,360	A positive means more revenues received
Net Payer Revenue	\$ 2,229,060,632	\$ 2,278,270,309	\$ 49,209,677	A positive # means net patient revenue are higher than budget

Vermont Community Hospitals

Net Patient Revenue Changes



Vermont Community Hospitals

Net Patient Revenues

Fiscal year 2015 is the second year the GMCB's enforcement policy will be in effect. The policy is available at the GMCB web site.

Net Patient Care Revenue 0.5% Enforcement Analysis			PERCENT CHANGE Amount Over (Under) Over (Under) Budget Budget	
	2015B	2015A	2015B-2015A	2015B-2015A
Brattleboro Memorial Hospital	\$ 71,284,572	\$ 75,742,920	6.3%	\$ 4,458,348
Central Vermont Medical Center	\$ 166,221,844	\$ 173,990,659	4.7%	\$ 7,768,815
Copley Hospital	\$ 59,600,484	\$ 63,464,436	6.5%	\$ 3,863,952
Gifford Medical Center	\$ 57,753,248	\$ 53,896,728	-6.7%	\$ (3,856,520)
Grace Cottage Hospital	\$ 17,980,282	\$ 16,038,766	-10.8%	\$ (1,941,516)
Mt. Ascutney Hospital & Health Ctr	\$ 48,508,891	\$ 45,514,515	-6.2%	\$ (2,994,376)
North Country Hospital	\$ 73,586,146	\$ 73,297,094	-0.4%	\$ (289,052)
Northeastern VT Regional Hospital	\$ 65,324,117	\$ 65,548,594	0.3%	\$ 224,477
Northwestern Medical Center	\$ 90,795,885	\$ 97,798,763	7.7%	\$ 7,002,878
Porter Medical Center	\$ 72,696,910	\$ 70,596,270	-2.9%	\$ (2,100,640)
Rutland Regional Medical Center	\$ 224,138,940	\$ 228,328,637	1.9%	\$ 4,189,697
Southwestern VT Medical Center	\$ 139,041,542	\$ 142,769,168	2.7%	\$ 3,727,626
Springfield Hospital	\$ 54,360,014	\$ 55,926,090	2.9%	\$ 1,566,076
The University of Vermont Medical Center	\$ 1,087,767,762	\$ 1,115,357,666	2.5%	\$ 27,589,904
Total All Vermont Community Hospitals	\$ 2,229,060,637	\$ 2,278,270,306	2.2%	\$ 49,209,669