Southwestern Vermont MEDICAL CENTER
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June 29, 2018

Vermont Legal Aid, Inc.
Office of the Health Care Advocate
264 North Winooski Avenue
Burlington, VT 05401

To whom it may concern:

Below are the questions in italics which then management will respond to.

1. *Please describe all entities related financially to the hospital, the purpose of each entity, and the financial relationships between the entities (e.g., parent organization(s), subsidiary organization(s), membership organization(s), etc.). In particular:*

a. *What non-profit and/or for-profit entities does the hospital or its parent organization own in part or in full and/or is the hospital owned by in part or in full?*

Management's Response

Southwestern Vermont Health Care Corporation (SVHC) is a not-for-profit corporation organized under the laws of the State of Vermont for the purpose of serving as a parent organization for wholly owned or controlled subsidiary corporations. Activities performed by SVHC include managing investments and operating and managing buildings and equipment owned and leased by subsidiaries and other related entities. SVHC and its subsidiaries are providers of health services with facilities in and around the Bennington, Vermont, Eastern New York and Northwest Massachusetts area. The subsidiaries of the corporation are:

Southwestern Vermont Medical Center, Inc. (SVMC) is a not-for-profit, acute care hospital which provides diagnostic and treatment services.

Mount Anthony Housing Corporation (MAHC) is doing business as Centers for Living and Rehabilitation (CLR) and is a not-for-profit corporation organized for the purpose of developing, managing and operating nursing homes.

Southwestern Vermont Health Care Auxiliary (SVHCA) is a not-for-profit corporation organized for the purpose of serving and assisting SVHC and its subsidiaries in promoting health and welfare of the community in accordance with SVMC's objectives and to conduct various philanthropic activities for SVMC.

Southwestern Vermont Health Care Enterprises (SVHCE) is a for-profit corporation organized for the purpose of providing family practice and other specialty physician services.

Southwestern Vermont Health Care Foundation (Foundation) is a not-for-profit corporation organized exclusively for charitable and education purposes for SVHC, its successor's subsidiaries and affiliates.

Southwestern Vermont Health Care New York, LLC (SVHCNY) is a not-for-profit professional employment organization organized for staffing purposes in addition to owning and leasing property for Twin Rivers Medical, P.C.

Twin Rivers Medical, P.C. (Twin Rivers) is a New York not-for-profit corporation organized for the purpose of providing family practice and other specialty physician services. SVMC controls the operations of Twin Rivers.

Norther Berkshire Medical, P.C. (NBM) is a Massachusetts non-for-profit corporation organized for the purpose of providing orthopedic practice and other specialty physician services SVMC controls the operations of NBM.

b. *Are hospital senior Management's paid by hospital-related entities other than the hospital?*

Management's Response

Hospital senior Management is paid by the Hospital.

c. *Are the revenues of these entities included in your budget submission?*

Management's Response

Included in the budget are revenues generated by the SVMC the Hospital, provider number 47-0012 and VT license number 885.

2. *Please describe any financial incentives/bonuses that your executives, providers, coders, and other personnel are eligible to receive that are tied to services that have the potential to increase your hospital's revenue. Please include both staff and subcontractors.*

a. *As a part of your answer, please disclose for which procedures the hospital pays providers volume-based incentives.*

Management's Response

Compensation targets for substantially all positions is at the 50th percentile. Compensation for non-medical Executive Management's positions includes an incentive compensation program tied to individual performance evaluations and to overall performance on the Organizational Goals and keeping with the goal to be in the 50th percentile range.

Medical providers are compensated based upon a traditional worked RVU methodology which is adjusted for worked hours.

b. Are these incentives the same for OneCare attributed patients as for non-attributed patients?

Management's Response

Currently, there is no difference in compensation for OneCare patients or non-OneCare patients to the individual providers.

3. Please delineate the hospital's financial performance and patient distribution by capitated business, fee for service business, and any other payment methodologies. (If you only have one type of business please state which type.)

a. Please indicate which entities the hospital has capitated or other alternative payment agreements with (e.g., insurer(s), ACO(s)).

Management's Response

In the FY 2019 budget currently, SVMC has $6.7 million of revenues included in the OneCare prospective payment model included in the budget. Management's is reviewing participation in the Medicare "risk model" but financial information necessary to make a determination won't be available until late July or August. Analysis of that information and a Board of Trustees decision to participate or not would not occur until September.

4. Please provide data on the experience of mental health patients at your hospital, including:

a. The total number of mental health beds at your hospital;

Management's Response

SVMC does not have mental inpatient health beds. Management's has started a preliminary study to determine if it is financially sustainable in SVMC's service area.

b. The range and average wait time for placement of mental health patients who report to your hospital in need of inpatient admission;

c. The range and average time patients have spent in your emergency department awaiting an appropriate mental health placement;

Management's Response

The average length of stay for mental health patients waiting for a bed has more than doubled from an average of 20 hours in 2013 to 45 hours.

d. The total number of patients who waited in your emergency department for an available mental health bed at your hospital or at another facility.

Management's Response

In 2018, SVMC has seen an average of about 60 mental health patients per month, approximately 7% of those patients required transfer to an inpatient psychiatric unit.

5. Please describe any initiatives that you have implemented to address the inadequate access to mental health treatment experienced by Vermonters.

a. What other avenues are you pursuing to address this crisis in a sustainable way?

SVMC with the help of a local mental health advocacy group and Mental Health consultants established a 3 bed ligature-resistant environment as an extension of our ED for Mental Health patients needing assessments or waiting for placement into acute mental health facilities
SVMC established a contract with United Counseling Service (hereafter "UCS") to provide on-site psychiatric consultants four hours a day, five days a week, and on call for off hours and weekends for ED and Inpatient populations that have a primary or secondary mental health diagnosis to assist with medication Management's and create appropriate patient care plans while these patients await an appropriate mental health care setting

SVMC has engaged all community agencies who provide services that address the social determinants of health in a Community Care Team who, with a patient's expressed permission, meet on a monthly basis to review the specific needs of those mental health

patients within our community to ensure their needs are met without requiring an ED or Inpatient admission to meet those needs.

SVMC has partnered with the state to introduce Screening Brief Intervention and Referral to Treatment clinicians to do risk screening of ED and Inpatient populations to identify those patients who may be at risk for substance abuse to provide immediate counseling and connect them with ongoing support to treat their addiction.

SVMC is partnering with, Turning Point, a local agency for peer counseling for ED and Inpatients with addiction issues.

6. *Please provide data on substance use treatment at your hospital, including:*

a. The number of patients currently enrolled in medication-assisted treatment at your hospital;
b. The number of MAT providers employed by your hospital;

<u>Management's Response</u>

SVMC Substance Use Disorder (hereafter "SUD") treatment approach is as follows utilizing providers at the Hospital and in the Community.

Prevention

- There is a protocol for safe prescribing of opiates for persons post-operative recovery and discharge home;
- SVMC is the site of a 24/7 medication drop box. SVMC was the first hospital in Vermont to have a drop box;
- SVMC is represented on the Alliance for Community Transformation (ACT) a community SUD Prevention coalition;

Treatment

- SVMC participates in the Vermont Blueprint Hub and Spoke Program;
- The Women's and Children's Inpatient service has a "Safe Arms" program for the Management's for newborns diagnosed or at risk for opiate withdrawal;
- UCS (designated agency) provides crisis services for persons experiencing mental health or opiate use disorders;
- Staff from the Turning Point Recovery Center provides 24/7 on-demand peer support for persons and families diagnosed with SUD;
- A contract with a UCS provided psychiatry services for the emergency department and inpatient population;

- SVMC OB/GYN participates in the Blueprint Women's Health Initiative (hereafter "WHI") which includes 100% universal risk screening for social determinates of health and referral of women who screen positive to treatment programs.

Recovery

- There is a protocol for a person in MAT scheduled for elective surgery to have an addiction specialist consult to work with the surgeon and anesthesia on the Management's the individuals pain and treatment medications post operatively
- Blueprint Spoke RNs provide on demand support to the inpatient population with a diagnosis of SUD.

Below are the number of persons currently enrolled in medication-assisted treatment (MAT) programs and other SUD Programs.

- SVMC Deerfield Campus MAT panel = 45
- UCS IMAT panel = 60
- Safe Arms Program = 50
- WHI = 150+ (10 months) women screened positive and referred to appropriate resources.

There are two MAT Providers employed by SVMC:

- Peter Park, MD at the SVMC Deerfield Campus
- John McCellan, MD at the UCS IMAT program

SVMC holds the Bennington Blueprint for Health Grant. SVMC employs all the Spoke RN case managers that are embedded in the Bennington Spoke Practices.

7. *Please describe the hospital's plans for participation in payment reform initiatives in this fiscal year and over the next five years.*

Management's Response

SVMC is committed to the health reform initiatives, however, Management's and the Board of Trustees are carefully proceeding to assure that the payment models can assure that SVMC will be a viable entity for the next 100 years. SVMC just celebrated its 100 years as an acute care hospital this month.

a. *How do you plan to manage financial risk, if applicable, while maintaining access to care, high quality care, and appropriate levels of utilization?*

Management's Response

SVMC is committed to quality of care for all patients. The philosophy and results of the Hospital for many years as evidenced by the Transition Care Nursing program is early intervention and monitoring improves outcomes, improves the patient's health status, reduces the cost of care to Vermonters and reduces operating expenses of the Hospital. Additionally, the Blueprint teams are managing chronic diseases in the outpatient setting, preferably the physician office.

SVMC is committed to improving access to primary care and meeting the needs of the community. SVMC's most recent Community Health Needs Assessment (hereafter "CHNA") was completed in 2015. SVMC is in the process of updating this assessment per the three year cycle mandated by the Patient Protection and Affordable Care Act. We anticipate the updated CHNA to be completed and the report available this fall. The priority health needs identified in 2015 were and continue to be;

- Access to care – specifically primary care and dental services;
- Obesity and healthy behaviors – particularly addressing nutrition exercise and community development;
- Mental, Behavioral Health and Addiction – recognizing the need to expand treatment options.

The significance and persistence of these needs suggests their origin in the social determinants of health – in particular the environment, social fabric, and economics of the region.

Since 2015, SVMC has been implementing an array of programs to address the community's health needs. Most notably has been SVMC's significant investment to increase access to primary care and dental services. In fiscal year 2015 SVMC provided 57,700 primary care visits. Since then, a series of strategic investments have expanded primary care visits by over 50%, such that 44,603 primary care visits were provided in the first six months of fiscal year 2018. Annualized that is over 88,000 visits.

Similarly, SVMC invested to construct and launch a dental clinic. SVMC Dentistry has treated over 1,000 individuals since opening in January 2018. Many of those treated are children on Medicaid insurance who otherwise would not have access to dental services. This service was highlight in the VT Digger on June 24th.

To begin to address the root causes underlying obesity, mental health and addiction, SVMC has launched and sustained a variety of community programs. These programs are as routine as sponsoring school based health fairs, providing healthy meals to cardiac patients and organizing community educational events to more innovative approaches

including launching teen texting service and developing a local entrepreneurial hub. In fiscal year 2018, SVMC anticipates spending more than $300,000 on interactive and community communication programs addressing the social determinants of health. In fiscal year 2019, SVMC is budgeting even more investment in the communities it serves.

As described above early intervention and communication will drive down the financial risk by improving the health status of SVMC's service area and allow us to maintain and improve the high quality service and care we provide the patients we serve.

b. How much money will the hospital be at risk for in FY19?

> *i. What will happen if a hospital loses that money?*
>
> *ii. How will the hospital fill in this gap, if necessary, without increasing rates?*
>
> *iii. How does the hospital track access to care, utilization, and quality of care to ensure that provider financial incentives do not have a negative impact on patient care?*

Management's Response

Based upon the current initiative which SVMC is committed to there is approximately $500,000 of risk as well as opportunity.

If the Hospital will lose money the Management's team along with the Board of Trustees will examine our revenue and expense structures to develop a plan to deal with the loss of money keeping in mind the mission the Hospital.

Access to care in the region is measured first by visits. SVMC also uses benchmarking and patient satisfaction tools to receive feedback from patients to assist management in making adjustments to the care model and to assure high quality and access to services.

8. Please describe the hospital's shared-decision making programs, if any, and any plans for expanding those programs.

a. Please describe the initiative(s), which departments have participated, how you have chosen which departments participate, which of these initiatives, if any, have led to identifiable cost savings and/or quality improvement, and the number of patients served by these programs.

<u>Management's Response</u>

Like other organizations of our size, we do not have a formal shared decision making department or robust measures aimed at cost savings at our facility. Shared decision making is a standard practice and expectations are followed by physicians at SVMC. It is discussed at Medical Leadership meetings throughout the year.

b. What is the extent of your Choosing Wisely initiative(s), if any?

Many departments, such as Emergency Medicine and Hospitalists, have been following the Choosing Wisely initiatives for several years. In order to define the extent to which physicians in all departments were aware of the initiatives, the department chairs were tasked in August of 2017 with reviewing those areas specific to their practice and responding accordingly to the Chief Medical Officer. All departments and specialty areas responded with near universal compliance. There were rare exceptions. An example of an exception is the initiative that Emergency Physicians have 24 hour access to palliative care, which is not practical in a rural facility of our size (though we do have access during daytime hours).

c. What are you doing to ensure/increase provider buy-in in these programs?

<u>Management's Response</u>

The medical staff chairs review at their department meetings. It is worth noting that the department chairs state that a vast majority of the Choosing Wisely measures are considered standard of care and general practice, and that they receive no concerns from their colleagues. There is excellent dialogue throughout SVMC related to this matter. When possible exceptions or concerns are identified they are discussed and acted upon.

9. Please provide copies of your financial assistance policy, application, and plain language summary (noting any changes from your last submission) 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 2018 (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 financial assistance by reason for denial.

v. What percentage of your patient population received financial assistance?

b. Please provide the statistics and analyses you relied on to determine the qualification criteria and the amount of assistance provided under your current financial assistance program.

Management's Response

In FY 2016 management automated the collection of the requested data. SVMC will report 2016, 2017 and for the six months ended March 31, 2018.

	Total Applications	Household members	Approved	Total Denied	Denied income	Denied Incomplete Appl.	Pending
2016	768	1,310	721	47	6	41	
2017	1,119	2,032	1,016	103	16	87	
Six months 2018	834	1,515	642	91	11	80	101
Annualized 2018	1,668	3,030	1,284	182	22	160	

Bad debt and charity care are budgeted at approximately $8.450 million with charity care at $2.350 million or 5% and 1.5%, respectively of net patient service revenues.

The policies are attached.

10. 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 (2018 budget and projected) and 2019 (budget).

Management's Response

Below is the table of the requested information. As one can see the all-payer case mix index has remained constant except in FY 2015 which was driven by a few high weight patients.

The adjusted admissions have grown by an annual rate of 1.6%. The increase has not been in the inpatient or costly setting but in the outpatient setting. Inpatient acute admissions were 3,544 in 2014 compared to 3,498 projected in 2018. That is a reduction of 4.1%. A short seven years ago SVMC's revenues were 70% outpatient in the FY 2019 budget outpatient revenues will be approximately 80%.

The cost per adjusted admission has increased 1.45% per year from $8,778 to the FY 2019 budget of $9,414. The cost of increase of 1.45% over five years is significantly lower than the state and national averages.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018 YTD	FY 2019 Budget
All-payer case mix index	1.18	1.22	1.17	1.20	1.21	1.23
Adjusted Admissions	15,662	15,024	17,157	16,205	17,686	17,443
Cost per adjusted admission	$8,778	$9,339	$8,705	$9,294	$9,292	$9,414

11. As part of the GMCB's rate review process during the summer of 2017, Blue Cross Blue Shield of Vermont (BCBSVT) was asked to "explain how the cost shift factors into your approach when negotiating with providers." BCBSVT responded: "Since the creation of the GMCB hospital budget and the greater transparency that it has created, providers insist that it is the responsibility of BCBSVT's members to fund the cost shift. Providers acknowledge that they manage to a revenue target, insist that commercial members must fund the cost shift in order for providers to meet their revenue targets, and remind BCBSVT that the GMCB has approved the revenue target." (GMCB 08-17rr, SERFF Filing, July 5, 2017 Response Letter). Do you agree with this statement? Please explain why or why not. If you disagree, please point to any data available that supports your position.

Management's Response

Agreeing or disagreeing to the statement, each side has its merits. The important question that should be asked is the health care delivery system better and more efficient today for Vermonters than it was prior to the GMCB. The revenue target provided by the GMCB is just that. In fact it is a maximum or ceiling, however, utilization of services can cause a hospital to be under or go over the ceiling which may be out of the hospital's control. This ceiling has its benefits but may have long term effects on the health care delivery system in the future.

When Management at SVMC prepares its budgets and five year plans the organization examines its CHNA, addresses the clinic needs of the patients in the SVMC's service area and attempts to determine what is currently needed and what will be needed in the future. Then the economic model is prepared. When the economic model is developed revenues, expenses and capital investments are collected. The revenues are estimated using current and possible future payment models. Payer mix is an important variable since under the current fee for service model there is a wide variation between what

governmental payers pay compared to commercial payers. In many cases the governmental payers may not even pay for the direct patient care costs of the service, yet the service is needed and desired in our community. Many times the economic model with the current payment methodologies and amounts paid are not favorable.

The economics of the health care delivery system needs to change. The OneCare model in Vermont may be a start but it is just that. The dilemma the providers have is how to manage all the expectations of all parties; patients, consumers, regulators, governmental agencies, the payers, including BSBCVT, lending institutions as well as others and be a financial going concern.

12. Please provide updates on all health reform activities that you have submitted under the GMCB's extended NPR cap during previous budget reviews including

a. The goals of the program;

b. Any evidence you have collected on the efficacy of the program in meeting these goals;

c. Any other outcomes from the program, positive or negative;

d. Whether you have continued the program and why.

e. If you have discontinued one or more of these programs, please describe how you have accounted for this change in past or current budgets.

Management's Response

On exhibit 1 is the GMCB table. Each initiative management can prepare lengthy discussion on each. Management will attempt to briefly answer each and attempt to answer a-e above.

1. ACO participation – SVMC is participating currently in the Medicaid product. Health reform as mentioned earlier is important and management believes participation is important but the participation must be based upon a positive outcomes for Vermonters and the Hospital;

2. Telemedicine – through improving access to expert providers in specialties improves access. SVMC is expanding Telemedicine in FY 2019;

3. Mental Health contracting – providing greater access and greater costs without reimbursements puts additional strain on the cost structure of the Hospital. This is a much needed service.

4. Transitional Care Program – is well documented that it has saved Vermonters millions and has improved the health status of the patients this program touches;

5. Blue Print project manager – the Blue Print accomplishments in the SVMC service area are well documented and it continues to improve efficiencies in the delivery of care and the outcomes are positive when compared to the rest of Vermont;

6. Americorp and Support of the Bennington Free Clinic – these two items are not significant in dollars but the return of the community outreach of the Americorp fellow and providing care to individuals in the free clinic are critical activities in SVMC's service area.

7. DH affiliation – continued efforts to affiliate with a major academic medical center will bring much needed specialty services to SVMC's service area at a lower cost. There will be other economic and quality opportunities, as well.

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SVMC management is available to discuss our responses. Please contact Stephen Majetich through Theresa Smith at 802.447.5002 if a there are follow up questions.

Sincerely,

Stephen D. Majetich
Vice President Finance, CFO
Southwestern Vermont Medical Center