

# Green Mountain Care Board March 18, 2020 Meeting

Presenters and Board members will be participating by phone and web presentation. It is encouraged that the public call in to this meeting, though the web presentation will be projected on screen at the GMCB offices at 144 State St, Montpelier, VT.

Call-in number: (802) 828-7667

Dial-in number: 395402661#

# Agenda

1. Executive Director's Report & Approval of Minutes
2. FY2021 Hospital Budget Guidance- Follow-up
3. FY2021 NPR/FPP Growth Limit- Potential Vote
4. FY2019 Enforcement Discussion
5. Hospital Sustainability Plan Discussion
6. Old Business
7. New Business
8. Adjourn

# **FY2021**

# **Vermont Community Hospital**

# **Budget Guidance**

March 18, 2020

# FY2021 Budget Guidance Board Meetings

March 11<sup>th</sup>

- Overview
- Review Appendices
- Review Draft Budget Guidance

March 18<sup>th</sup>

- New Data Reports
- Draft #2 Budget Guidance
- Review Policies
- Preliminary vote on NPR/FPP growth limit

March 25<sup>th</sup>

- Vote

# Three New Reports

## PATIENT ORIGIN

Provides information about facility utilization over time for *all patients* discharged from regulated hospitals

*Data source: Vermont Uniform Hospital Discharge Data Set*

## ALL-PAYER MODEL TOTAL COST OF CARE (APM TCOC)

Compares per member per month (PMPM) TCOC by the hospital service area (HSA) *of residence*

*Data source: VHCURES*

## PATIENT MIGRATION

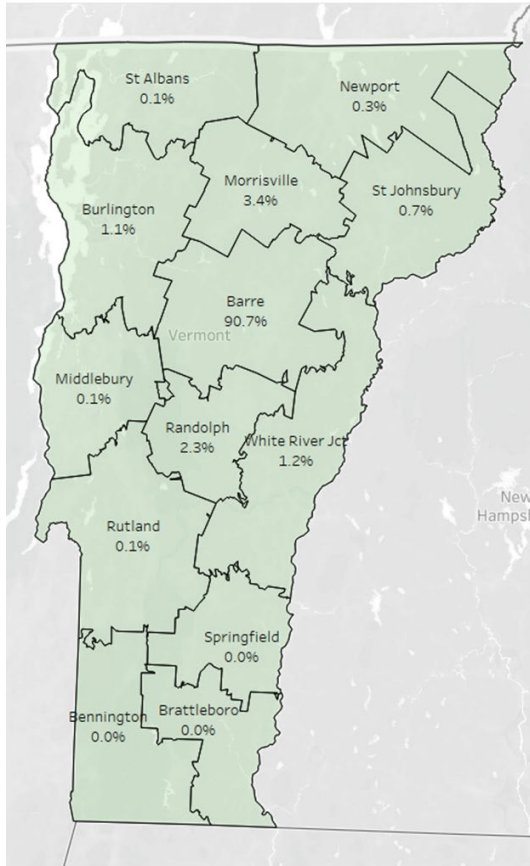
The total medical claims spending in VHCURES is mapped from the HSA of residence to the HSA of the rendering provider

*Data source: VHCURES*

# PATIENT ORIGIN

## Draft example

CVMC, FY: 2019, Patient type: IP & OP



### Inpatient Discharges

Hosp Name	Patient HSA	FISCAL YEAR								
		2017			2018			2019		
		Commercial	Medicaid	Medicare	Commercial	Medicaid	Medicare	Commercial	Medicaid	Medicare
Central Vermont Medical Center	Barre	22.3%	16.3%	61.4%	43.5%	17.8%	38.7%	46.4%	16.1%	37.5%
	Bennington	33.3%	33.3%	33.3%	0%	0%	100.0%	0%	25.0%	75.0%
	Brattleboro	0%	100.0%	0%	0%	0%	0%	100.0%	0%	0%
	Burlington	50.0%	24.1%	25.9%	41.3%	31.3%	27.5%	37.7%	34.0%	28.3%
	Middlebury	12.5%	50.0%	37.5%	50.0%	50.0%	0%	0%	100.0%	0%
	Morrisville	30.4%	28.4%	41.2%	36.7%	30.0%	33.3%	33.6%	23.0%	43.4%
	Newport	50.0%	18.8%	31.3%	23.5%	47.1%	29.4%	38.5%	23.1%	38.5%
	Randolph	31.4%	23.3%	45.3%	34.6%	13.6%	51.9%	32.5%	13.3%	54.2%
	Rutland	0%	100.0%	0%	33.3%	50.0%	16.7%	0%	66.7%	33.3%
	Springfield	0%	40.0%	60.0%	40.0%	60.0%	0%	0%	0%	100.0%
	St Albans	45.5%	27.3%	27.3%	44.4%	22.2%	33.3%	25.0%	25.0%	50.0%
	St Johnsbury	32.3%	25.8%	41.9%	48.6%	37.1%	14.3%	30.6%	25.0%	44.4%
	White River Jct	33.9%	16.9%	49.2%	22.4%	22.4%	55.2%	30.0%	21.7%	48.3%

# PATIENT ORIGIN

## Strengths

- **Provider-based**  
This is the only one of the new reports that is based on where the care is delivered and therefore is the most aligned with the hospital budget review
- **All patients**  
Includes data not available in VHCURES (e.g. self-pay)
- **Data submitted by hospitals**  
This is a longstanding data submission consisting of information submitted directly by hospitals

## Limitations

- **No financial data**  
Data only contains charged amounts
- **Facility claims only**  
Without professional claims, information on outpatient utilization is limited

# APM TCOC

## Draft example

Hospital Service Area of Patient Residence	Payer Type	2012	2013	2014	2015	2016	2017	2018	5-Year CAGR (2013 to 2018)
STATEWIDE	<b>All Payer</b>	<b>\$393</b>	<b>\$411</b>	<b>\$421</b>	<b>\$435</b>	<b>\$456</b>	<b>\$487</b>	<b>\$507</b>	<b>4.3%</b>
	<b>TOTAL MEMBER MONTHS</b>	<b>6,015,352</b>	<b>6,164,670</b>	<b>6,328,662</b>	<b>6,476,141</b>	<b>5,681,718</b>	<b>5,459,474</b>	<b>5,474,405</b>	
	<i>Commercial</i>	\$326	\$350	\$372	\$391	\$410	\$455	\$463	5.8%
	<i>% within HSA</i>	58%	58%	55%	53%	45%	44%	44%	
	<i>Medicaid</i>	\$232	\$244	\$239	\$233	\$236	\$229	\$245	0.1%
	<i>% within HSA</i>	22%	23%	25%	27%	31%	30%	29%	
	<i>Medicare</i>	\$779	\$783	\$791	\$828	\$821	\$836	\$869	2.1%
<i>% within HSA</i>	20%	20%	20%	20%	24%	26%	27%		
Barre	<b>All Payer</b>	<b>\$381</b>	<b>\$406</b>	<b>\$426</b>	<b>\$438</b>	<b>\$482</b>	<b>\$483</b>	<b>\$501</b>	<b>4.3%</b>
	<b>% of Statewide TCOC</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	
	<i>Commercial</i>	\$320	\$357	\$383	\$391	\$438	\$458	\$471	5.7%
	<i>% within HSA</i>	62%	61%	59%	57%	50%	49%	50%	
	<i>Medicaid</i>	\$230	\$237	\$244	\$240	\$248	\$198	\$223	-1.3%
	<i>% within HSA</i>	20%	20%	22%	24%	27%	26%	25%	
	<i>Medicare</i>	\$751	\$749	\$771	\$827	\$849	\$843	\$854	2.7%
<i>% within HSA</i>	18%	19%	19%	19%	23%	25%	25%		



# APM TCOC

## Strengths

- **APM Alignment**  
The State is accountable for the TCOC for purposes of the APM Agreement
- **Includes non-utilizers**  
Rates may be calculated, including representation for patients not receiving care

## Limitations

- **Not restricted by provider**  
The TCOC includes all care delivered, including care received anywhere (e.g. out of state)
- **APCD data only**  
The data are limited to those represented in VHCURES, which excludes many patients receiving care in Vermont hospitals (e.g. self-pay, out-of-state, self-funded groups not reporting)
- **Limited services**  
The scope of services provided by hospitals is broader than those included in the APM TCOC

# PATIENT MIGRATION

## Draft example

Excerpt from Table 1d. The proportion of total medical spend for patients from the Home Hospital Service Area (H.S.A.) spent in the H.S.A. where care was received, based on patient insurance records and their paid medical claims in calendar year 2018.

		Hospital Service Area where care was received						
		Barre	Bennington	Brattleboro	Burlington	Middlebury	Morrisville	...
<b>Home Hospital</b>	Barre	52.01%	3.12%	0.98%	19.70%	0.32%	2.31%	...
<b>Service Area</b>	Bennington	0.11%	54.17%	4.68%	2.76%	0.04%	0.02%	...
	Brattleboro	0.33%	1.42%	49.13%	1.46%	0.16%	0.01%	...
	Burlington	2.95%	0.15%	0.98%	79.21%	1.12%	2.14%	...
	Middlebury	1.14%	0.09%	1.11%	31.02%	48.02%	0.31%	...
	Morrisville	6.61%	0.65%	0.63%	25.44%	0.10%	40.67%	...
	...	..	..	...	...	...	...	...

\*The above table is an excerpt from a larger table including all Vermont H.S.A.'s and neighboring state H.S.A.'s.

\*Data are based on VHCURES extract 235, paid through Sept. 2019.

\*Total spend is the insurance paid amount plus the expected member share (copay + deductible + coinsurance)

**Example interpretation:** The Middlebury H.S.A. residents spent approximately 48% of all their medical costs within their H.S.A.

# PATIENT MIGRATION

## Strengths

- **All medical claims**  
Includes broader scope of services than APM TCOC and those captured in VUHDDS
- **Includes resident and provider information**  
By mapping where patients live to where expenditures occurred, high level patterns of care may be observed to compare HSAs to one another and across time.

## Limitations

- **Not restricted to hospitals**  
Includes all care for providers in the HSA, limiting its application for hospital budgets
- **APCD data only**  
The data are limited to those represented in VHCURES, which excludes many patients receiving care in Vermont hospitals (e.g. self-pay, out-of-state, self-funded groups not reporting)
- **Limited services**  
While broader than the APM TCOC, it still excludes relevant expenditures, such as nonclaims based spending

# A-Team Next Steps

- The reports will be made available on the GMCB website, including downloadable data sets for further exploration
- Reports will be refreshed annually, at a minimum
- Additional detail may be incorporated, but additions need to be balanced with planned analytical priorities

# Draft #2 Budget Guidance



Guidance Part	Topic or Appendix	Request	Status
Part One	Quality Measures	2-year analysis	Already included in staff analysis report
Part One	Community Health Needs Assessment	Requirement to update if CHNA or implementation plan has been updated	Included
Part One	Collections	Question about reporting uncollected debt to credit rating agency	Included
Part Two Appendix	Bridge Table	Projection Date	Include
Part Two Appendix	Change in Charge	Gross Charge	Revisit next year
Part Two Appendix	Utilization	Include FY20 as baseline	Included
Part Two Appendix	Inflation	Include "Comment" field	Included
Part Two Narrative Guidance p. 8	NPR/FPP	Additional clarity re: "health care reform and population health goals"	Included
Part Two Narrative	Organizational Structure	C-Suite turnover	Already included in monthly reporting
Part Two Narrative Guidance p. 10	Organizational Structure	Hospital Board organizational chart, included Board member title and term	Included
Part Two Narrative Guidance p. 11	Unique Patient Count	Unique Patient Count	Included
Part Two Narrative	ACO Participation & Health Care Reform	Revenue measure of participation	Recommend further discussion with GMCB teams
Part Two	Health Care Advocate	Request that HCA limit requests to current budget cycle and rely on previously submitted data	Budget Team followed up with HCA
General		Payer reimbursement assessment tool	Staff developing Medicare reimbursement ratio

# Policies

- Exemption from Public Hearing
- Budget Adjustment Policies
- Budget Performance and Enforcement
  - Board decision on budget variance threshold

# NPR/FPP Growth Limit- Preliminary Vote



## FY20 Budget Guidance established:

1. 2-year tentative growth limit target
2. 3.5% growth limit for FY20 and tentatively for FY21
3. 5.0% growth limit for hospitals with FY19 budget-to-projection variance <-2.0%

*At its March 27, 2019 public meeting, the GMCB established a maximum growth target of **3.5%** for individual hospitals' Net Patient Revenue and Fixed Prospective Payments (NPR/FPP) for FY 2020 (over FY 2019 budgeted). **Should hospital budgets appear to be trending in 2019 and 2020 in alignment with the overall All-Payer Model target, the GMCB also established a tentative maximum NPR/FPP growth target of 3.5% for FY 2021 (over FY 2020 budgeted).** Each hospital is required to submit an annual budget for each of the two fiscal years, by July 1 of the preceding year. In addition to considering the FY 2020 growth target, the GMCB will consider, and each hospital should carefully consider, the hospital's specific financial circumstances, including its Actual FY 2018 NPR/FPP and Expenses and its Year-to-Date and Projected FY 2019 NPR/FPP and Expenses; its historical ability to manage to its budget; its community needs; its operational investments for successful participation in the ACO program; and other relevant circumstances.*

For hospitals with Actual FY 2018 and Projected FY 2019 NPR/FPP that is at **least 2% below budgeted NPR/FPP**, the GMCB expects NPR/FPP and Expenses in the FY 2020 budget submission to align with the hospital's Actual FY 2018 and Projected FY 2019 results. For these hospitals, the GMCB would not expect to see NPR/FPP more than **5% greater than Projected FY 2019 NPR/FPP** unless there is a clear explanation and documentation describing why a larger increase in NPR/FPP is justified. For hospitals with Projected FY 2019 NPR/FPP that is greater than budgeted, the GMCB would not expect to see FY 2020 NPR/FPP greater than 3.5% unless clearly justified.

# NPR/FPP Growth Limit- Preliminary Vote

## Potential Motion Language

- For the FY 2021 hospital budget review process, the Green Mountain Care Board establishes a net patient revenue/fixed prospective payment (NPR/FPP) maximum growth limit of X% over the hospital's FY 2020 approved NPR/FPP.
- Hospitals that have a FY20 budget-to-projection variance of -X% or greater should not request an NPR/FPP growth increase that exceeds the FY20 budget-to-projection variance by more than X percentage points, unless the request is clearly justified.



# Next Steps

March 25<sup>th</sup>

- Final Vote

April-July

- HMA Reserves and Settlement Table
- Additional Materials
  - Case Mix index
  - Reimbursement Ratio Analysis
  - Blueprint expenditure/utilization graphs
  - DVHA OPSS and IPPS Rate Schedules
  - Any other materials to support Board Deliberation

# **Fiscal Year 2019**

## **Vermont Community Hospital Budgets Enforcement Discussion**

March 18, 2020

# Overview

1. Timeline
2. Enforcement Policy
3. FY19 Results
4. Enforcement Analysis
5. Next Steps

# Policy and Timeline



## As established in the FY2019 Budget Guidance:

- 1) Net patient revenue (NPR) amounts as ordered will be enforced.
- 2) The GMCB may review hospitals whose year-end NPRs exceed the NPR requirement by 0.5% above or below their approved NPR. This review will not necessarily lead to action by the GMCB.
- 3) Budget reviews will compare each outlier to results of the total system.
- 4) Reporting requirements for the review will be determined by the GMCB.
- 5) The GMCB will afford the hospital an opportunity for a hearing and will require a hearing if it deems one necessary.
- 6) If the GMCB determines that a hospital's performance has differed substantially from its budget, the GMCB may take actions including, but not limited to:
  - a) Reduce or increase the hospital's rates;
  - b) Reduce or increase net revenue and/or expenditure levels in the hospital's current year budget;
  - c) Use its finding as a consideration to adjust the hospital's budget in a subsequent year or years; and
  - d) Establish full budget review of actual operations for that budget year.

NOTE: For FY2018 the GMCB focused on hospitals with variances greater than 2.0% and less than -2.5%

TIMELINE	
February 26, 2020	Review FY19 year-end results
March 18, 2020	Enforcement Discussion
April 2020	Enforcement Hearings

# Recap of FY19 Results

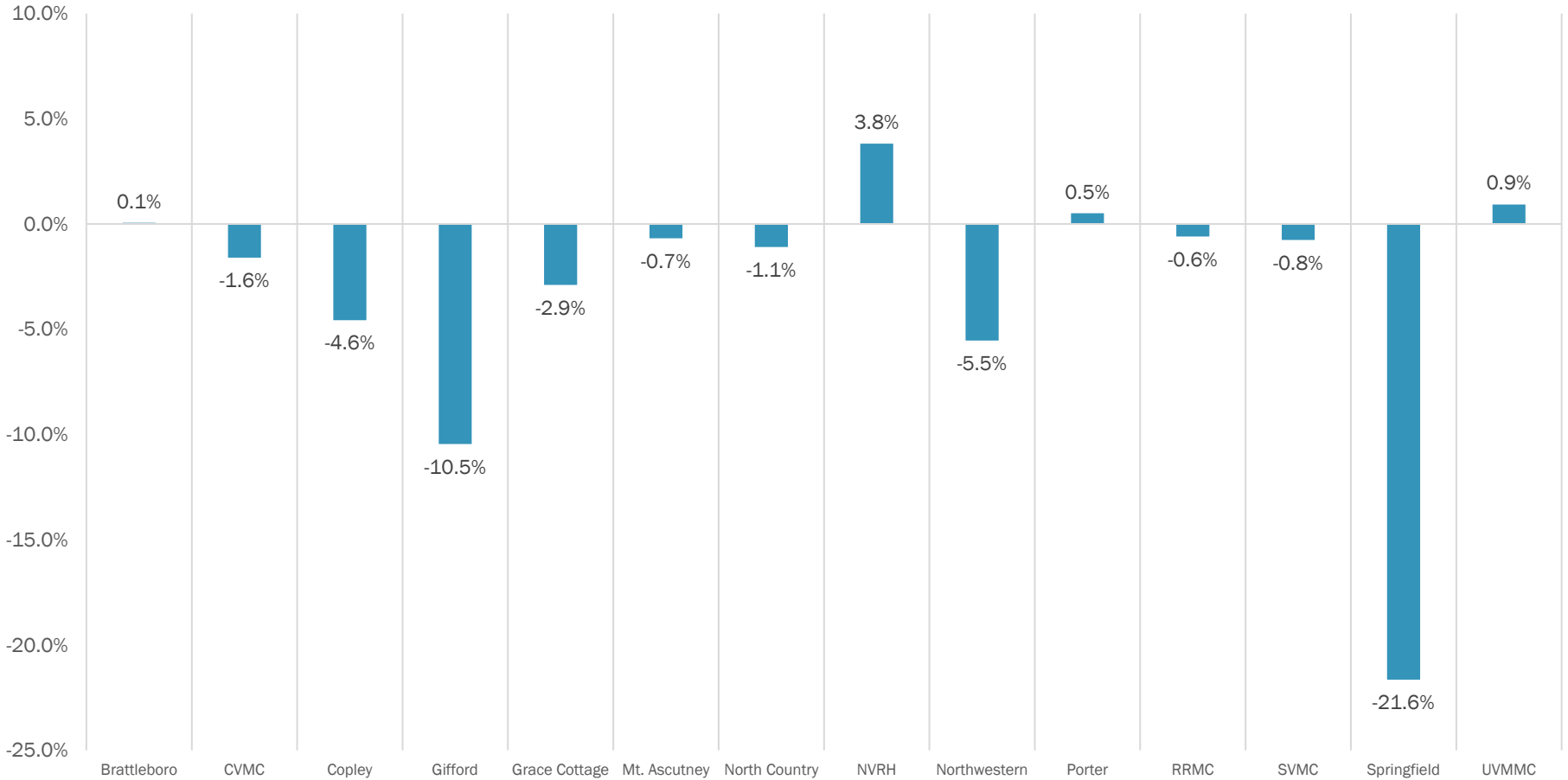


	FY2019 Budget	FY2019 Actual	Budget-to-Actual % Variance	Operating Margin (%)
Brattleboro Memorial Hospital	\$83,947,707	\$83,994,257	0.1%	0.8%
Central Vermont Medical Center	\$211,387,021	\$208,006,996	-1.6%	-2.1%
Copley Hospital	\$70,201,316	\$66,993,816	-4.6%	-3.2%
Gifford Medical Center	\$55,894,654	\$50,052,096	-10.5%	-0.8%
Grace Cottage Hospital	\$19,292,581	\$18,734,702	-2.9%	-6.7%
Mt. Ascutney Hospital & Health Ctr	\$51,195,770	\$50,849,386	-0.7%	-0.1%
North Country Hospital	\$81,523,350	\$80,634,917	-1.1%	1.9%
Northeastern VT Regional Hospital	\$81,568,705	\$84,684,742	3.8%	1.8%
Northwestern Medical Center	\$112,773,980	\$106,529,464	-5.5%	-8.0%
Porter Medical Center	\$84,530,515	\$84,961,115	0.5%	5.2%
Rutland Regional Medical Center	\$258,720,325	\$257,189,661	-0.6%	0.7%
Southwestern VT Medical Center	\$165,201,376	\$163,952,570	-0.8%	3.3%
Springfield Hospital*	\$60,485,878	\$47,392,822	-21.6%	-18.4%
The University of Vermont Medical Center	\$1,273,460,046	\$1,285,234,193	0.9%	2.2%
<b>SYSTEM TOTAL</b>	<b>\$2,610,183,225</b>	<b>\$2,589,210,737</b>	<b>-0.8%</b>	<b>0.7%</b>

\*Springfield Hospital did not submit audited FY19 year-end results. Analysis is based on Springfield's unaudited submission.

# Recap of FY19 Results

NPR/FPP Budget-to-Actual Variance



# Enforcement Analysis: +/- 0.5% Trigger



	FY2019 Budget	FY2019 Actual	Budget-to-Actual % Variance	Operating Margin (%)
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# Enforcement Analysis: +2.0%/-2.5% Trigger



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# FY20 Q1 Year-to-Date

	FY19 Year-End Budget-to-Actual % Variance	FY20 Q1 Year-to-Date Budget-to-Actual % Variance	FY19 Year-End Operating Margin (%)	FY20 Q1 Year-to-Date Operating Margin (%)
Brattleboro Memorial Hospital*	0.1%	NA	0.8%	NA
Central Vermont Medical Center*	-1.6%	-1.1%	-2.1%	-6.0%
Copley Hospital*	-4.6%	4.4%	-3.2%	3.0%
Gifford Medical Center*	-10.5%	0.9%	-0.8%	5.4%
Grace Cottage Hospital*	-2.9%	-8.9%	-6.7%	-13.2%
Mt. Ascutney Hospital & Health Ctr	-0.7%	-8.9%	-0.1%	-0.7%
North Country Hospital*	-1.1%	-3.2%	1.9%	1.3%
Northeastern VT Regional Hospital	3.8%	-4.0%	1.8%	0.0%
Northwestern Medical Center*	-5.5%	-4.7%	-8.0%	-4.8%
Porter Medical Center	0.5%	-9.1%	5.2%	-8.9%
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Southwestern VT Medical Center	-0.8%	-5.7%	3.3%	0.2%
Springfield Hospital*	-21.6%	-4.3%	-18.4%	-10.0%
The University of Vermont Medical Center	0.9%	0.3%	2.2%	0.7%
<b>SYSTEM TOTAL</b>	<b>-0.8%</b>	<b>-3.2%</b>	<b>0.7%</b>	<b>-0.5%</b>

\*Indicates hospital participates in monitoring.

Note: Brattleboro did not submit FY20 year-to-date information.

# Staff Recommendations

- Expand trigger above +/-0.5%
- Consider FY20 year-to-date performance
- Consider operating margins
- Consider ongoing work of the GMCB, including sustainability plans and monthly monitoring

# Hospital Sustainability Plan Discussion

March 18, 2020

# Overview

1. Public Comment
2. Board Discussion

# Public Comment

- Comment period from 2/26 – 3/11
- 3 Public Comments Received, general topics include
  - Financial Framework
  - Process, Scope and Content

# Public Comment Financial Framework

## Benchmarking Suggestions

- Vermont-specific benchmarks
- New England benchmarks
- Multi-year and rolling averages
- Trend analysis

## Service Line Financial Assessment

- Service line as % of overall business

# Public Comment Process, Scope and Content

## Process

- Consumer input
- Hospital input

## Scope and Content

- Definition of “sustainability”
- Include Goals
- Resource-intensive
- Framework would require investment
- Usefulness is questionable
- Simplify, expand to all hospitals and include in Budget Review process

# Board Discussion

- Process
- Stakeholders
- Resources
- Timeline, considering current events

Note: The hospitals required to participate in sustainability planning are participating in enhanced monitoring in FY20.