



Fiscal Year 2019 Vermont Hospital Budget Submissions Discussion and Preliminary Decisions

**Green Mountain Care Board Meeting
September 11 & 12, 2018
GMCB Hospital Budget Team**

Agenda – September 11 & 12

➤ Next Steps

- Board provided input with some preliminary decisions for ten hospitals on September 5
- Formal public comment period closed on September 10
- Final decisions on September 14
- Orders on September 28

➤ Hospital-Specific Recommendations and Discussion

- Initial review of Central Vermont Medical Center, Porter Medical Center, University of Vermont Medical Center
- Review previous hospitals; finalize decisions

Recap of Work To Date

- GMCB's FY 2019 Budget Guidance includes a Net Patient Revenue growth target of 2.8%, with an allowance of up to 0.4% for approved health care reform investments, for a total of up to 3.2%. There is no target for commercial rate increases.
- At its September 5 meeting, the GMCB began its discussion of hospital budgets. Discussion focused more on commercial rate increases than on NPR growth. For most hospitals, Board members suggested a range of reductions in hospitals' requested commercial rate increases.
- Staff analyzed the impact of those reductions in commercial rate increases on NPR. For each hospital, the impact on commercial rates and resulting impacts on NPR were calculated for Board members' low-range, mid-range, and high-range rate proposals.
- For some hospitals, the mid-range and high-range commercial rates were the same based on the Board's discussion. For all hospitals, the high-range numbers reflected their requested commercial rate increase and requested NPR growth.

Results of Staff Analysis

- FY 2019 budgets as submitted (equivalent to staff's high-range analysis) would result in a systemwide NPR increase of 2.8% with staff-recommended adjustments. Most hospitals included health care reform investments at the 0.4% allowance.
- The mid-range FY19 Board member proposals would result in a systemwide NPR increase of 2.5%.
- The low-range FY19 Board member proposals would result in a systemwide NPR increase of 2.0%.
- **From a systemwide perspective, all options would result in an NPR increase below the 2.8% NPR growth target included in the GMCB's FY19 budget guidance.**

Hospital	Low-Range Rate	Low-Range NPR	Mid-Range Rate	Mid-Range NPR	High-Range Rate	High-Range NPR	NPR as Submitted, with all Adjustments
Brattleboro	3.5%	4.0%	3.9%	4.2%	4.9%	4.8%	4.8%
Central VT	1.8%	5.7%	2.0%	6.1%	2.8%	6.3%	5.0%
Copley	4.0%	3.6%	4.5%	3.9%	7.9%	5.9%	5.9%
Gifford	2.0%	-7.4%	3.0%	-6.8%	4.0%	-6.1%	-6.1%
Grace Cottage	2.9%	3.3%	3.2%	3.5%	3.2%	3.5%	3.5%
Mt. Ascutney	1.5%	3.8%	2.0%	4.2%	2.9%	5.2%	5.2%
North Country	2.6%	2.3%	3.1%	2.7%	3.6%	3.1%	3.1%
Northeastern	2.5%	4.1%	3.0%	4.3%	4.0%	4.8%	4.8%
Northwestern	2.0%	3.2%	2.0%	3.2%	2.0%	3.2%	3.2%
Porter	1.8%	4.0%	2.0%	4.2%	2.8%	4.5%	3.2%
Rutland	2.0%	3.0%	2.6%	3.1%	2.6%	3.1%	3.1%
Southwestern	2.0%	2.6%	3.0%	3.1%	3.2%	3.2%	3.2%
Springfield	3.0%	0.0%	4.0%	0.5%	5.0%	1.0%	1.0%
UVMCC	2.0%	0.7%	3.0%	1.3%	4.0%	1.7%	1.1%

ACO-Related Accounting

- Accounting for Fixed Prospective Payments, ACO participation fees, and ACO-related downside risk is new in the accounting world.
- Auditors and accountants have not yet reached consensus on how to reserve for risk and account for ACO-related expenses and revenues.
- During the FY19 Hospital Budget Process is completed, GMCB staff requested information from hospitals on how they are currently accounting for these expenses and revenues. Not surprisingly, the answers vary by hospital and by hospital type.
- After FY19 budgets have been approved, GMCB staff plans to convene interested parties to develop standardized guidance for ACO-related accounting. That information will be included in GMCB's FY20 Hospital Budget Guidance.
- Due to the current uncertainty and variation, GMCB staff recommends that the Board consider potential adjustments to NPR growth calculations as factors in its decision-making for affected hospitals, but not make formal adjustments.

Central Vermont Medical Center

- FY18 Base Budget: \$198,452,560
- Proposed Adjustments to FY18 Base:
 - Increase by \$2,561,709 for ACO accounting change
 - Increase by \$353,227 for provider transfers (\$102,702 approved for cardiology and pulmonology; \$250,525 for dermatology effective in FY19 - recommend approval)
- **FY19 Proposed Budget: \$211,387,021** (8.1% of system total)
 - NPR growth without proposed adjustments: **6.5%**; \$12,934,461
 - NPR growth with staff-recommended adjustments: **6.3%**; \$12,581,234
 - NPR growth with all proposed adjustments: **5.0%**
- Health Reform Investments:
 - Requested \$766,000 = 0.4% for FY19 (0.4% allowance = \$793,810)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 2.8%** (estimated value of 1% commercial rate increase = \$674,816)

Central Vermont Medical Center

Financial Indicators:

- FY19B Operating Margin: 1.4%; \$3,256,040
- FY19B Total Margin: 3.3%; \$7,502,689
- FY19B Days Cash on Hand: 112.7
- FY18P to FY19B NPR Growth: 3.6% (Note: FY18P has been revised and is now very close to FY18B)

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustments to FY18 Base	Provider Acq. of \$353,227 ----- ACO Accounting Adjustment= \$2,561,709	Accept \$102,702 acquisition Accept \$250,525 acquisition ----- Consider ACO Accounting Adjustment as factor in decision making	Accept \$102,702 acquisition as adjustment to FY18 Base -----
HCR Investments	\$766,000	Accept	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	5.0% w/acquisition and ACO accounting adjustments 6.3% w/acquisition adjustments)	Options: Accept; reduce	Estimated NPR growth is 5.7% if rate increase reduced to 1.8% (4.4% with accounting change)
Commercial Rate Increase	2.8%	Options: Accept; reduce	

Porter Medical Center

- FY18 Base Budget \$78,348,499; **rebased to \$80,862,127**
- Proposed Adjustments to FY18 rebased budget:
 - Increase by \$1,067,391 for ACO accounting change
- **FY19 Proposed Budget \$84,530,515** (3.3% of system total)
 - NPR growth without proposed adjustment: **4.5%**; \$3,668,387
 - NPR growth with proposed adjustment: **3.2%**; \$2,600,996
- Health Reform Investments:
 - Requested \$335,000 = 0.4% for FY19 (0.4% allowance = \$323,449)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 2.8%** for commercial (estimated value of 1% rate increase = \$295,318)

Porter Medical Center

Financial Indicators:

- FY19B Operating Margin: 3.7%; \$3,291,451
- FY19B Total Margin: 4.1%; \$3,690,906
- FY19B Days Cash on Hand: 133.0
- FY18P to FY19B NPR Growth: 2.8% based on July submission of FY18P; however, FY18P has been revised and is now very close to rebased FY18B

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustment to FY18 Base	ACO Accounting adjustment= \$1,067,391	Consider as factor in decision making	
HCR Investments	\$335,000	Accept	
NPR Growth Rate – FY18B (rebased) to FY19B	3.2% (w/ adjustment) 4.5% (w/o adjustment)	Options: Accept; reduce Question: Accept ACO reserves of \$2,191,379 not in NPR?	Estimated NPR growth is 4.0% if rate increase reduced to 1.8% (2.7% with accounting change)
Commercial Rate Increase	2.8%	Options: Accept; reduce	

University of Vermont Medical Center

- FY18 Base Budget: \$1,209,654,762; **rebased to \$1,252,297,020**
- Proposed Adjustments to FY18 rebased budget:
 - Increase by \$7,919,705 for ACO accounting change
- **FY19 Proposed Budget: \$1,273,460,046** (48.8% of system total)
 - NPR growth without adjustment: **1.7%**; \$21,163,026
 - NPR growth with adjustment: **1.1%**; \$13,243,321
- Health Reform Investments:
 - Requested \$8,572,000 = 0.7% in FY19 (0.4% allowance = \$5,009,188)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 4.0%** commercial (estimated value of 1% commercial rate increase = \$4,500,353)

University of Vermont Medical Center

Financial Indicators:

- FY19B Operating Margin: 2.8%; \$39,244,024
- FY19B Total Margin: 5.1%; \$72,175,796
- FY19B Days Cash on Hand: 192.4
- FY18P to FY19B NPR Growth: 2.0%

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustment to FY18 Base	Accounting Adj. of \$7,919,705	Consider as factor in decision making	
HCR Investments	\$8,572,000	Accept \$5,009,188 (0.4% Allowance)	
NPR Growth Rate – FY18B (rebased) to FY19B	1.1% (w/adjustment) 1.7% (w/o adjustment)	Options: Accept; reduce	Estimated NPR growth is 1.3% if rate increase is reduced to 3.0%
Commercial Rate Increase	4.0%	Options: Accept; reduce <i>Consider reducing to 3.0% or 2.0%.</i>	

Grace Cottage Hospital

- FY18 Base Budget: \$18,649,074
- **FY19 Proposed Budget: \$19,292,581** (0.7% of system total)
 - NPR growth: **3.5%**; \$643,507
- Health Reform Investments:
 - Requested \$0 for FY19 (0.4% allowance = \$74,596)
 - Not participating in ACO programs in 2018
- **FY19 Rate Request: 3.2%** (estimated value of 1% rate increase = \$88,273)

Grace Cottage Hospital

Financial Indicators:

- FY19B Operating Margin: 0.7%; \$151,817; projected operating loss in FY18
- FY19B Total Margin: 4.2%; \$894,524
- FY19B Days Cash on Hand: 92.5
- FY18P to FY19B NPR Growth: 5.6%

	FY19 Budget	Staff Recommendation	Preliminary Decision
NPR Growth Rate - FY18B to FY19B	3.5%	Accept <i>Low operating margin; recently hired providers</i>	Accept Staff Recommendation
Commercial Rate Increase	3.2%	Accept <i>Charges for physician services near or below average from VDH website</i>	Accept Staff Recommendation

Mt. Ascutney Hospital and Health Center

- FY18 Base Budget: \$48,682,309
- **FY19 Proposed Budget: \$51,195,770** (1.9% of system total)
 - NPR growth = **5.2%**; \$2,513,461
- Health Reform Investments:
 - Requested \$951,868 for FY19 (0.4% allowance = \$194,729)
 - Participating in Medicaid ACO program in 2018
- **FY19 Rate Request: 2.9%** (estimated value of 1% rate increase = \$489,084)

Mt. Ascutney Hospital and Health Center

Financial Indicators:

- FY19B Operating Margin: 0.0%; \$17,584
- FY19B Total Margin: 1.6%; \$878,584
- FY19B Days Cash on Hand: 176.4
- FY18P to FY19B NPR Growth: 3.4%

	FY19 Budget	Staff Recommendation	Preliminary Decision
HCR Investments	\$951,868	Accept 0.4% allowance of \$194,729	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	5.2%	Accept <i>Close to target when compared to FY18P</i>	Accept Staff Recommendation
Commercial Rate Increase	2.9%	Accept	Accept Staff Recommendation

Gifford Medical Center

- FY18 Base Budget: \$59,514,010
- **FY19 Proposed Budget: \$55,894,653** (2.1% of system total)
 - NPR growth: **-6.1%**; (\$3,619,357)
- Health Reform Investments:
 - Requested \$590,000 = 1.0% for FY19 (0.4% allowance = \$238,056)
 - Not participating in ACO programs in 2018; planning to participate in Medicaid in 2019
- **FY19 Rate Request 4.0%** (estimated value of 1% rate increase = \$401,670)

Gifford Medical Center

Financial Indicators:

- FY19B Operating Margin: 2.5%; \$1,415,013; projected operating loss in FY18
- FY19B Total Margin: 3.9%; \$2,265,009; projected deficit in FY18
- FY19B Days Cash on Hand: 177.5
- FY18P to FY19B NPR Growth: 9.8%

	FY19 Budget	Staff Recommendation	Preliminary Decision
HCR Investments	\$590,000	Not needed, given negative NPR growth	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	-6.1%	Accept <i>Hired 2 surgeons and 2 family practitioners; productivity increase expected after EMR implementation; slight shift from Medicaid to Medicare and Commercial</i>	Estimated NPR growth is -6.8% if rate increase is reduced to 3.0% and is -7.4% if rate increase is reduced to 2.0%
Commercial Rate Increase	4.0%	3.0% <i>Charges appear higher than average on VDH website</i> UPDATE: planning to participate in ACO Medicaid program	Reduce rate to 2.0%

North Country Hospital

- FY18 Base Budget: \$79,074,579
- **FY19 Proposed Budget: \$81,523,350** (3.2% of system total)
 - NPR growth: **3.1%**; \$2,448,771
- Health Reform Investments:
 - Requested \$379,842 = 0.5% for FY19 (0.4% allowance = \$316,298)
 - Participating in Medicaid ACO program in 2018
- **FY19 Rate Request: 3.6%** (estimated value of 1% rate increase = \$649,294)

North Country Hospital

Financial Indicators:

- FY19B Operating Margin: 1.1%; \$958,597
- FY19B Total Margin: 2.8%; \$2,463,121
- FY19B Days Cash on Hand: 196.3
- FY18P to FY19B NPR Growth: 5.5%

	FY19 Budget	Staff Recommendation	Preliminary Decision
HCR Investments	\$379,842	Accept \$316,298 (0.4% allowance)	Accept 0.3% = \$237,224. <i>Results in requested 3.1% total NPR increase</i>
NPR Growth Rate – FY18B to FY19B	3.1%	Accept <i>Challenging social determinants and demographics; hired 2 surgeons</i>	Estimated NPR growth is 2.7% if rate increase is reduced to 3.1%
Commercial Rate Increase	3.6%	Accept <i>Low operating margin; highest % of gross revenue from Medicaid in the system</i>	Reduce rate to 3.1%

Southwestern Vermont Medical Center

- FY18 Base Budget: \$159,497,504
- Proposed Adjustment to FY18 rebased budget:
 - Increase by \$581,310 for dental home CON project
- **FY19 Proposed Budget: \$165,201,376** (6.3% of system total)
 - NPR growth without proposed adjustment: **3.6%**; \$5,703,872
 - NPR growth with proposed adjustment: **3.2%**; \$5,122,562
- Health Reform Investments:
 - Requesting \$1,792,236 = 1.1% for FY19 (0.4% allowance = \$637,990)
 - Participating in Medicaid ACO program in 2018
- **FY19 Rate Request: 3.2%** (estimated value of 1% rate increase = \$811,177)

Southwestern Vermont Medical Center

Financial Indicators:

- FY19B Operating Margin: 3.6%; \$6,117,017
- FY19B Total Margin: 4.0%; \$6,766,231
- FY19B Days Cash on Hand: 46.3 (180-189 with Parent)
- FY18P to FY19B NPR Growth: 3.7%

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustment to FY18 Base	\$581,310 for 7/2017 CON	Accept	Accept Staff Recommendation
HCR Investments	\$1,792,236	Accept \$637,990 (0.4% Allowance)	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	3.2% (w/adjustment)	Accept <i>Adjust if rate reduced</i>	Estimated NPR growth is 3.1% if rate increase is reduced to 3.0%
Commercial Rate Increase	3.2%	Options: Accept; consider reduction to 3.0% or less <i>Strong margins; greater out-of-state revenue than most</i>	Reduce rate to 3.0%

Rutland Regional Medical Center

- FY18 Base Budget: \$250,963,330
- **FY19 Proposed Budget: \$258,925,111** (9.9% of system total)
 - NPR growth in submitted budget: **3.2%**; \$7,961,781
 - Revised NPR growth from 8-27-18 presentation: **3.1%**
- Health Reform Investments:
 - Requested \$1,012,440 = 0.4% for FY19 (0.4% allowance = \$1,003,853)
 - Not participating in ACO programs in 2018; planning to participate in Medicaid in 2019
- **FY19 Rate Request:**
 - **3.0% in submitted budget** (estimated value of 1% rate increase = \$829,651)
 - Revised rate request from 8-27-18 presentation: **2.6%**

Rutland Regional Medical Center

Financial Indicators:

- FY19B Operating Margin: 2.3%; \$6,403,720
- FY19B Total Margin: 4.4%; \$12,342,957
- FY19B Days Cash on Hand: 205.7
- FY18P to FY19B NPR Growth: 2.1%

	FY19 Budget	Staff Recommendation	Preliminary Decision
HCR Investments	\$1,012,440	Accept	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	Revised 3.1%	Accept	Accept Staff Recommendation
Commercial Rate Increase	Revised 2.6%	Accept	Accept Staff Recommendation

Copley Hospital

- FY18 Base Budget: \$68,024,531
- **FY19 Proposed Budget: \$72,037,976** (2.8% of system total)
 - NPR growth: **5.9%**; \$4,013,445
- Health Reform Investments:
 - Requested \$66,351 = 0.1% for FY19 (0.4% allowance = \$272,098)
 - Not participating in ACO programs in 2018
- **FY19 Rate Request: 7.9%** (estimated value of 1% rate increase = \$392,275)

Copley Hospital

Financial Indicators:

- FY19B Operating Margin: 2.0%; \$1,485,911; projected operating loss in FY18
- FY19B Total Margin: 2.5%; \$1,862,811; projected deficit in FY18
- FY19B Days Cash on Hand: 66.4
- FY18P to FY19B NPR Growth: 8.4%

	FY19 Budget	Staff Recommendation	Preliminary Decision
HCR Investments	\$66,351	Accept for 0.1% addition to 2.8% NPR growth target	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	5.9%	Options: Accept; reduce <i>Reduction to 3.9% nearly eliminates margin if no expense cuts</i>	Estimated NPR growth is 3.9% if rate increase is reduced to 4.5%
Commercial Rate Increase	7.9%	Options: Accept; reduce <i>Reduction to 4.5% nearly eliminates margin if no expense cuts</i>	Reduce rate to 4.5%; require hospital to come before the Board quarterly for budget review

Northeastern Vermont Regional Hospital

- FY18 Base Budget: \$77,077,400
- Proposed Adjustment to FY18 Base:
 - Increase by \$129,700 for provider transfer (approved)
- **FY19 Proposed Budget: \$80,938,697** (3.1% of system total)
 - NPR growth without proposed adjustment: **5.0%**; \$3,861,297
 - NPR growth with proposed adjustment: **4.8%**; \$3,731,597
- Health Reform Investments:
 - Requested \$300,000 = 0.4% for FY19 (0.4% allowance = \$308,310)
 - Not participating in ACO programs in 2018; planning to participate in Medicaid in 2019
- **FY19 Rate Request: 4.0%** (estimated value of 1% rate increase = \$384,400)

Northeastern Vermont Regional Hospital

Financial Indicators:

- FY19B Operating Margin: 1.7%; \$1,439,200
- FY19B Total Margin: 1.7%; \$1,439,200
- FY19B Days Cash on Hand: 122.3
- FY18P to FY19B NPR Growth: 4.0%

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustment to FY18 Base	Provider Acq. of \$129,700	Accept	Accept
HCR Investments	\$300,000	Accept	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	4.8% (w/adjustment)	Options: Accept; reduce	Estimated NPR growth is 4.3% if rate increase is reduced to 3.0%
Commercial Rate Increase	4.0%	Options: Accept; reduce <i>UPDATE: planning to participate in ACO Medicaid program</i>	Reduce rate to 3.0%

Brattleboro Memorial Hospital

- FY18 Base Budget: \$78,879,433
- Proposed Adjustment to FY18 Base:
 - Restore FY18 NPR reduction of \$1,323,198
- **FY19 Proposed Budget: \$83,968,150** (3.2% of system total)
 - NPR growth without proposed adjustment: **6.5%**; \$5,088,717
 - NPR growth with proposed adjustment: **4.8%**; \$3,765,519
- Health Reform Investments:
 - Requested \$776,000 = 1.0% for FY19 (0.4% allowance = \$315,518)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 4.9%** (estimated value of 1% rate increase = \$392,275)

Brattleboro Memorial Hospital

Financial Indicators:

- FY19B Operating Margin: 0.3%; \$254,950; projected FY18 operating loss
- FY19B Total Margin: 1.2%; \$1,012,950; projected FY18 deficit
- FY19B Days Cash on Hand: 196.2
- FY18P to FY19B NPR Growth: 6.8%

	FY19 Budget	Staff recommendation	Preliminary Decision
Adjustment to FY18 Base	Restore FY18 NPR reduction of \$1,323,198	Accept	Accept
HCR Investments	\$776,000	Accept all except neurologist; allow 0.4% allowance of \$315,518	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	4.8% (w/adjustment)	Options: Accept; reduce	Estimated NPR growth is 4.2% if rate increase is reduced to 3.9%
Commercial Rate Increase	4.9%	Options: Accept; reduce <i>Reducing to 3.9% results in negative operating margin if no expense cuts; most charges below average on VDH website.</i>	Reduce rate to 3.9%

Northwestern Medical Center

- FY18 Base Budget: \$106,128,223
- Proposed Adjustment to FY18 Base:
 - Increase by \$3,249,654 for provider transfers (recommend approval)
- **FY19 Proposed Budget: \$112,773,980** (4.3% of system total)
 - NPR growth without proposed adjustment: **6.3%**; \$6,645,757
 - NPR growth with staff-recommended adjustment: **3.2%**; \$4,918,584
- Health Reform Investments:
 - Requested \$424,513 = 0.4% for FY19 (0.4% allowance = \$424,513)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 2.0%** (estimated value of 1% rate increase = \$529,558)

Northwestern Medical Center

Financial Indicators:

- FY19B Operating Margin: 2.3%; \$2,696,711
- FY19B Total Margin: 3.2%; \$3,848,130
- FY19B Days Cash on Hand: 306.5
- FY18P to FY19B NPR Growth: 6.3%

	FY19 Budget	Staff Recommendation	Preliminary Decision
Adjustment to FY18 Base	Provider Acq. \$3,249,654	Accept \$1,727,123 for occupational health transfer Accept \$1,522,481 for surgical, ENT and neurology services	
HCR Investments	\$424,513	Accept	Accept Staff Recommendation
NPR Growth Rate – FY18B to FY19B	3.2% (w/adjustment)	Accept	Accept Staff Recommendation
Commercial Rate Increase	2.0%	Accept	Accept Staff Recommendation

Springfield Hospital

- FY 2018 Base Budget: \$59,375,198
- **FY 2019 Proposed Budget: \$59,996,953** (2.3% of system total)
 - NPR growth: **1.0%**; \$621,755
- Health Reform Investments:
 - Requested \$0 for FY19 (0.4% allowance = \$237,501)
 - Participating in all 3 ACO programs in 2018
- **FY19 Rate Request: 5.0%** (estimated value of 1% rate increase = \$318,779)

Springfield Hospital

Financial Indicators:

- FY19B Operating Margin: 1.3%; \$810,362; projected operating loss in FY18
- FY19B Total Margin: 2.7%; \$1,670,362; projected deficit in FY18
- FY19B Days Cash on Hand: 106.8
- FY18P to FY19B NPR Growth: 5.0%

	FY19 Budget	Staff Recommendation	Preliminary Decision
NPR Growth Rate – FY18B to FY19B	1%	Options: Accept; reduce	Estimated NPR growth is 0.5% if rate increase is reduced to 4.0%
Commercial Rate Increase	5.0%	Options: Accept; slight reduction <i>1% reduction is nearly 40% of operating margin</i>	Reduce rate to 4.0%