

## Memo to the Green Mountain Care Board Regarding Updated Payer Mix at Green Mountain Surgery Center

April 8, 2019

The intent of this memo is to provide the Green Mountain Care Board (“Board”) with more information regarding the payer mix for the planned services at the Green Mountain Surgery Center (“GMSC”) according to our updated revenue projections in advance of the hearing scheduled for April 17, 2019.

While the planned payer mix at GMSC has changed slightly since our original projections were submitted with the certificate of need application, the updated payer mix, based on our updated projections submitted to the Board on October 10, 2018, is directly in line with what would be expected for a healthcare facility, located in Chittenden County, that serves all patients without regard to insurance coverage or payer type.

The charts below show Green Mountain Surgery Center’s percentage of total revenue by payer (before deductions) from the updated projections and similar data from the local hospital, the University of Vermont Medical Center (“UVMCMC”). The data for UVMCMC was found in the FY 2018 “Hospital Report Package – Updated March 25, 2019” on the Green Mountain Care Board’s website<sup>1</sup> and has been adjusted to remove deductions from revenue, and graduate medical education payments, so that it is most equivalent to Green Mountain Surgery Center’s reporting of the data. While GMSC data separates out self-pay revenue, and UVMCMC data includes Disproportionate Share (“DSH”) payments, overall, the payer mix profiles of UVMCMC for FY 2018 and GMSC in our updated projections are essentially the same: about 60% of revenue comes from Commercial or Self Pay Sources, about 9% comes from Medicaid, and about 30% comes from Medicare.

GREEN MOUNTAIN SURGERY CENTER REVENUE (BEFORE DEDUCTIONS) BY PAYOR CATEGORY					PERCENT OF TOTAL REVENUE			
	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4
Medicare	\$1,123,584	\$1,461,627	\$1,520,550	\$1,581,276	28%	28%	28%	28%
Medicaid	\$382,174	\$497,205	\$517,314	\$538,526	9%	9%	9%	9%
Commercial	\$2,107,860	\$2,739,380	\$2,850,513	\$2,966,875	52%	52%	52%	52%
Self Pay	\$420,067	\$545,670	\$568,108	\$590,884	10%	10%	10%	10%
<b>Total</b>	<b>\$4,033,685</b>	<b>\$5,243,882</b>	<b>\$5,456,485</b>	<b>\$5,677,561</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> <https://gmcboard.vermont.gov/content/2018-actual>

University of Vermont Medical Center - Fiscal Year 2018 Analysis - Report Date: 3/25/2019		Calculation of Payer Mix (Before Deductions & GME Payments)		
Net Payer Revenue Change - Payers		FY2018A	Revenue	% of Total Revenue
<b>All Payers</b>	<b>Gross Patient Care Revenue</b>	\$ 2,703,898,960	\$ 2,703,898,960	
	Contractual Allowances	\$ (1,563,660,475)	\$ (1,563,660,475)	
	Bad Debt	\$ (29,309,366)		
	Free Care	\$ (18,396,010)		
	Graduate Medical Education Payments	\$ 30,000,000		
	Disproportionate Share Payments	\$ 13,016,392	\$ 13,016,392	
	<b>Net Payer Revenue</b>	<b>\$ 1,135,549,501</b>		
	FFP & Reserves	\$ 118,487,009	\$ 118,487,009	
	<b>NPR &amp; FPP</b>	<b>\$ 1,254,036,510</b>	<b>\$ 1,271,741,886</b>	<b>100%</b>
<b>Commercial</b>	<b>Gross Patient Care Revenue</b>	<b>\$ 1,110,326,585</b>	<b>\$ 1,110,326,585</b>	
	Contractual Allowances	\$ (345,918,445)	\$ (345,918,445)	
	Bad Debt	\$ (29,309,366)		
	Free Care	\$ (18,396,010)		
	<b>NPR</b>	<b>\$ 716,702,764</b>		
	FFP & Reserves	\$ 258,784	\$ 258,784	
	<b>NPR &amp; FPP</b>	<b>\$ 716,961,548</b>	<b>\$ 764,666,924</b>	<b>60%</b>
<b>Medicaid</b>	<b>Gross Patient Care Revenue</b>	\$ 430,534,416	\$ 430,534,416	
	Contractual Allowances	\$ (353,861,734)	\$ (353,861,734)	
	Bad Debt	\$ -		
	Free Care	\$ -		
	Graduate Medical Education Payments	\$ 30,000,000		
	<b>NPR</b>	<b>\$ 106,672,682</b>		
	FFP & Reserves	\$ 32,117,548	\$ 32,117,548	
	<b>NPR &amp; FPP</b>	<b>\$ 138,790,230</b>	<b>\$ 108,790,230</b>	<b>9%</b>
<b>Medicare</b>	<b>Gross Patient Care Revenue</b>	\$ 1,163,037,959	\$ 1,163,037,959	
	Contractual Allowances	\$ (863,880,296)	\$ (863,880,296)	
	Bad Debt	\$ -		
	Free Care	\$ -		
	<b>NPR</b>	<b>\$ 299,157,663</b>		
	FFP & Reserves	\$ 86,110,678	\$ 86,110,678	
	<b>NPR &amp; FPP</b>	<b>\$ 385,268,341</b>	<b>\$ 385,268,341</b>	<b>30%</b>
	<b>Disproportionate Share Payments</b>	<b>\$ 13,016,392</b>	<b>\$ 13,016,392</b>	<b>1%</b>