

FY2021

Vermont Community Hospital

Budget Guidance

May 27, 2020

Abbreviated Guidance Staff Recommendation



Item	Recommendation
COVID-19 impact	Add to timeline, introduction and narrative prompts
Part One "Non-Financial Reporting"	Remove
Data Input to Adaptive Insights	Remove for a later date, Use Excel file budget submission template
Comparative Financial Metrics	Remove - some included in Excel file template
NPR/FPP Overview	Consolidate
Other Operating and Non-Operating Revenue	Combine
Capital Investment Cycle	Remove borrowing, CON and non-CON questions
Organizational Structure	Remove
Service Line Assessment	Remove
Risks and Opportunities	Remove
Unique Patients	Remove
ACO Participation and Health Care Reform	Postponed Reserve and Settlement Table requirement to late summer early fall
	Remove questions - accounting challenges, hospital employee attribution, mental health and social services
Vermont Health Information Exchange Network	Remove
Appendices	Remove - Bridge Tables
	Remove - Change in Charge
	Remove - Utilization
	Remove - Inflation
	Remove - ACO Participation

May 20th Board Meeting



- The Board directed Staff to work with our legal counsel to recommend Budget Guidance language around:
 - Change in Charge
 - 3.5% growth limits for FY21 and or FY22 and
 - 2-year budget growth
- This language was ready for Friday 5/22/20 and posted to the website for public comment.

Abbreviate Guidance

Staff Recommendations

The GMCB will review/evaluate the FY21 budget submission in the context of the hospital's actual FY19 and projected FY20 results and the challenges presented in estimating the COVID-19 pandemic's impact. **The GMCB is aware that it may take multiple years for the hospitals to recover from the financial impact of COVID-19.**

- ✓ Submission date changed from July 1st to July 31st
- ✓ An Abbreviated Excel budget template for each hospital will be used for the budget submission and the data will later be entered into the Adaptive software.
- ✓ Eliminate Part One: “Non-Financial Reporting” requirement
- ✓ Limit questions to those of a technical or clarifying nature.
 - Remove questions that may be inconclusive or “kick off” longer-term projects
- ✓ Add COVID-19 impact
- ✓ Within the Narrative explain
 - Service line adjustments
 - Risk and Opportunities

Abbreviated Guidance - Proposal - Adopt a two-pronged approach - NPR/FPP



- At its March 18, 2020 public meeting, the Board established a maximum NPR/FPP growth limit of 3.5% for FY21 (over each hospital's FY20 budget). This maximum growth limit reaffirms the tentative 2-year growth limit the Board approved in its FY20 budget guidance.
- The Board will also consider an additional, temporary NPR/FPP adjustment to compensate for FY20 utilization that was not realized due to COVID-19.
- The hospital must justify the COVID-19 NPR/FPP portion of its request using the factors and considerations outlined in Slide 6.

Abbreviated Guidance - Proposal - Adopt a two-part approach for Change in Charge

- Due to the pandemic, the hospital may request, and the Board will consider two parts of changes in charge:
- Part One: the request will reflect standard price growth and
- Part Two: a time-limited charge request to offset FY20 commercial revenue losses due to COVID-19. The time-limited COVID-related charge request may be reviewed and adjusted based on FY21 year-to-date revenue and utilization data.
- The hospital must justify the COVID-19 Change in Charge portion of its request using the factors and considerations outlined in Slide 6.

Abbreviated Guidance - Proposal-cont.



The hospital must provide quantitative and qualitative justifications for its COVID-19-related requests that take into consideration the following:

- actual and projected utilization;
- revenue impacts in FY20;
- utilization assumptions affecting FY21 revenue;
- changes to payer mix.

Abbreviated Guidance - Proposal-cont.



- The GMCB will review/evaluate the FY21 budget submission in the context of the hospital's actual FY19 and projected FY20 results and the challenges presented in estimating the COVID-19 pandemic's impact. **The GMCB is aware that it may take multiple years for the hospitals to recover from the financial impact of COVID-19.**
- The following factors may be considered:
 - Hospital's
 - Solvency
 - Expense Reduction Plans
 - Long-term strategic and financial plans for sustainability
 - Insurer information regarding actual and projected utilization and price changes
 - Impact on Vermonters and employers in the commercial market
 - Other relevant factors

Abbreviated Guidance - Proposal- Enforcement



Due to the ongoing uncertainty related to COVID-19, the Board may issue enforcement at a later date.

Board Discussion-continued



- Abbreviated Guidance-continued
- NPR growth target for FY21 target - Proposal
 - Potential re-vote on growth
- Change in Charge Guidance - Proposal
- Enforcement Policy - Discussion
 - Reporting/monitoring for ALL hospitals
- Oath – Proposed COVID-related alterations
- Timeline

Next Steps:



- Possible Board Vote May 29th
- Distribute Guidance to Hospitals and Post to the website

