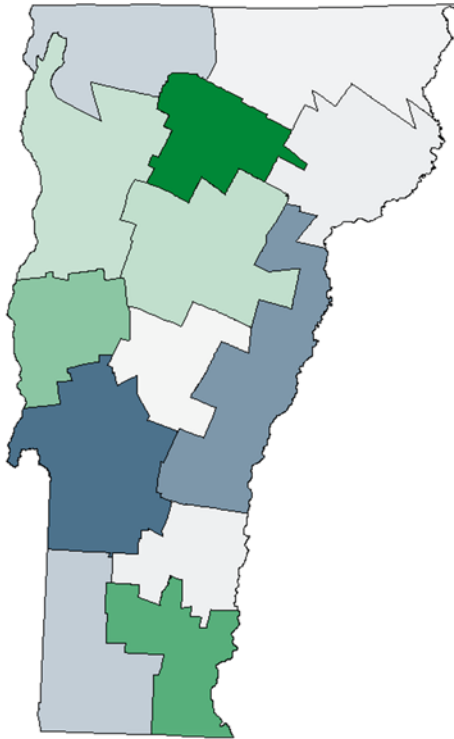


Fiscal Year 2018 Enforcement Deliberation

April 19, 2019

Lori Perry, Senior Healthcare Financial Systems Analyst
Kelly Theroux, Healthcare Financial Systems Analyst
Agatha Kessler, Health Policy Director



Enforcement Policy:

Overview of Enforcement Mechanism

Enforcement Mechanism

The following enforcement mechanism, adopted in 2013 for FY14-16, has been re-adopted by the GMCB and will be used when examining the operating results of the FY18 budgets:

- 1) Net patient revenue (NPR) amounts as ordered will be enforced.
- 2) The GMCB will review hospitals whose year-end NPRs exceed the NPR requirement by 0.5% above or below their approved NPR. Such a 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 the opportunity for a hearing, and may 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 (see GMCB Rule 3.000, § 3.401(c)):
 - 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.

FY2020 Budget Guidance

"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."

Enforcement FY18 Deliberation

Hospitals < -2.5%	
Copley	-2.6%
Northwestern	-2.6%
North Country*	-3.4%
Springfield**	-10.8%
Gifford	-17.9%
Hospitals > 2.0%	
Mount Ascutney	4.4%

**Springfield Hospital enforcement hearing scheduled for April 24th.

Staff recommend no rebases; the Board should consider the following factors:

- FY2020 Budget Guidance will take into consideration FY2019 Projections
- Hospital's Historical operating margin
- Specific causes of variance considered to be short-term

Staff recommend continue monthly monitoring of hospitals through reporting and some hospitals will be required to provide in-person updates to GMCB staff.

*North Country FY18 year-end data is considered preliminary

Copley Hospital Enforcement Deliberation

Operating Performance

NPR/FPP

FY2018 year-end		FY2019 year-to-date February	
Budget-to-Actual % Variance	Actual-to-Actual % Change	Budget-to-Actual % Variance	Actual-to-Actual % Change
-2.6%	1.9%	-4.9%	1.8%

Operating Margin							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019 YTD	Budget FY2019
(\$)	\$4,237,981	\$4,002,957	-\$84,921	-\$377,946	-\$2,222,433	-\$725,606	\$232,541
(%)	6.9%	6.2%	-0.1%	-0.6%	-3.3%	-2.6%	0.3%

Enforcement Discussion

Staff Recommendations: No enforcement, including no rebase. Expectation is hospital will comply with FY 2020 Budget Guidance

Monitoring Discussion

Other Recommendations

Vote

Northwestern Medical Center Enforcement Deliberation

Operating Performance

NPR/FPP

FY2018 year-end		FY2019 year-to-date February	
Budget-to-Actual % Variance	Actual-to-Actual % Change	Budget-to-Actual % Variance	Actual-to-Actual % Change
-2.6%	2.2%	-1.7%	5.6%

Operating Margin

	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019 YTD	Budget FY2019
(\$)	\$7,570,123	\$10,064,415	\$3,655,142	-\$1,259,824	-\$3,729,620	-\$1,232,599	\$2,696,711
(%)	7.90%	9.70%	3.40%	-1.20%	-3.40%	-2.60%	2.30%

Enforcement Discussion

Staff Recommendations: No enforcement, including no rebase. Expectation is hospital will comply with FY 2020 Budget Guidance

Monitoring Discussion

Other Recommendations

Vote

North Country Hospital Enforcement Deliberation

Operating Performance

NPR/FPP							
FY2018 year-end*				FY2019 year-to-date February			
Budget-to-Actual		Actual-to-Actual		Budget-to-Actual		Actual-to-Actual	
% Variance		% Change		% Variance		% Change	
-3.4%		-0.4%		-2.6%		1.5%	
Operating Margin							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019 YTD	Budget FY2019
(\$)	\$2,283,020	\$2,844,141	\$141,751	-\$1,871,960	-\$1,883,575	-\$738,839	\$958,597
(%)	2.9%	3.5%	0.2%	-2.3%	-2.3%	-2.3%	1.1%

Enforcement Discussion

Staff Recommendations: No enforcement, including no rebase. Expectation is hospital will comply with FY 2020 Budget Guidance

Monitoring Discussion

Other Recommendations

Vote

*North Country FY2018 year-end data is considered preliminary

Gifford Medical Center Enforcement Deliberation

Operating Performance

NPR/FPP							
FY18 year-end				FY19 year-to-date February			
Budget-to-Actual		Actual-to-Actual		Budget-to-Actual		Actual-to-Actual	
% Variance		% Change		% Variance		% Change	
-17.9%		-10.1%		-10.0%		-1.5%	

Operating Margin							
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Budget
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 YTD	FY2019
(\$)	\$2,185,205	\$1,565,435	\$2,209,679	-\$874,293	-\$5,369,446	-\$46,863	\$1,415,014
(%)	3.5%	2.7%	3.9%	-1.6%	-10.7%	-0.2%	2.5%

Enforcement Discussion

Staff Recommendations: No enforcement, including no rebase. Expectation is hospital will comply with FY 2020 Budget Guidance

Monitoring Discussion

Other Recommendations

Vote

Mount Ascutney Hospital and Health Center Enforcement Deliberation

Operating Performance

NPR/FPP							
FY2018 year-end				FY2019 year-to-date February			
Budget-to-Actual		Actual-to-Actual		Budget-to-Actual		Actual-to-Actual	
% Variance		% Change		% Variance		% Change	
4.4%		5.3%		-1.7%		2.3%	
Operating Margin							
	Actuals FY2014	Actuals FY2015	Actuals FY2016	Actuals FY2017	Actuals FY2018	Actuals FY2019 YTD	Budget FY2019
(\$)	-\$463,805	-\$1,173,573	\$141,292	\$1,390,379	\$1,052,255	-\$340,393	\$17,584
(%)	-1.0%	-2.4%	0.3%	2.7%	1.9%	-1.5%	0.0%

Enforcement Discussion

Staff Recommendations: No enforcement based on their past and current operating performance.

Monitoring Discussion

Other Recommendations

Vote