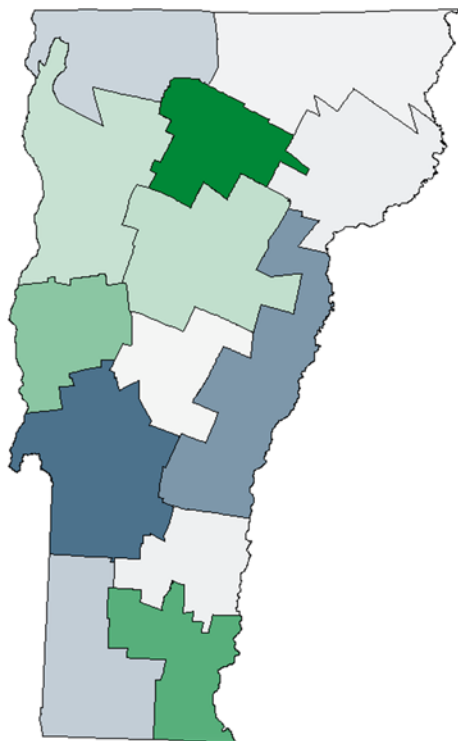


Fiscal Year 2018 Vermont Hospital Budgets

Enforcement Discussion
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March 27, 2019



Overview

1. Requirements and Timeline
2. Enforcement Policy
3. FY18 Budget Approvals
4. FY18 Actual Results and Analysis of Enforcement Policy Triggers
5. Budget and Actual Operating Margins and Total Margins
6. Next Steps

Requirements and Timeline: FY2018 Year-End

Vermont hospitals are required to report their Fiscal Year 2018 actual operating results as part of the Green Mountain Care Board's Fiscal Year 2019 budget orders.

TIMELINE	
March 13	Review results of FY18 Actuals
March 27	Enforcement Discussion
April X	Follow up from March 27 (if needed), possible GMCB vote
April	Letters written to hospitals
May	Final Summary FY18 Actuals and Enforcement Report

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.

*Hospital Budget Reporting Requirements for Fiscal Year 2018

**Last year the GMCB focused on hospitals with a greater than 2% variance

Recap of FY18 Budget Target and Approvals

Net Patient Revenue (NPR) and Fixed Prospective Payments (FPP) growth target was set at 3.0%, with an additional 0.4% increase allowed for new health care reform investments.

The Board decided to “rebase” Porter Medical Center and The University of Vermont Medical Center. The rebase sets a new foundation for the FY19 budget.

The Board approved Southwestern Vermont Medical Center’s Dental Home CON for \$581,360 but the budget was not adjusted in our database. Their budget is adjusted from \$159,497,504 to \$160,078,864.

Hospital	FY2018 Budget
Brattleboro	78,879,433
Central Vermont	198,452,560
Copley	68,024,531
Gifford	59,514,010
Grace	18,649,074
Mount Ascutney	48,682,309
North Country*	79,074,579
Northeastern	77,077,400
Northwestern	106,128,223
Rutland	250,963,330
Southwestern**	160,078,864
Springfield	59,375,198
Porter***	78,348,499
UVMMMC***	1,209,654,762
Total	2,492,902,772

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets	
Porter***	80,862,127
UVMMMC***	1,252,297,020
Total	2,538,058,658

Enforcement Policy: Analysis of Enforcement Policy Trigger FY2018 NPR/FPP Year-End

Hospital	FY2018 Budget	FY2018 Actual	FY2018 Variance	FY2018 % Variance	Operating Margin FY2018 Actuals	Total Margin FY2018 Actuals
Brattleboro	78,879,433	77,601,735	(1,277,698)	-1.62%	(1,924,959)	893,285
Central Vermont	198,452,560	194,586,135	(3,866,425)	-1.95%	(7,868,458)	1,889,145
Copley	68,024,531	66,226,448	(1,798,083)	-2.64%	(2,222,433)	(1,652,330)
Gifford	59,514,010	48,844,171	(10,669,839)	-17.93%	(5,369,446)	(3,213,655)
Grace	18,649,074	18,193,737	(455,337)	-2.44%	(556,530)	761,270
Mount Ascutney	48,682,309	50,808,643	2,126,334	4.37%	1,052,255	2,986,749
North Country*	79,074,579	74,456,591	(4,617,988)	-5.84%	(1,883,575)	1,000,144
Northeastern	77,077,400	78,445,072	1,367,672	1.77%	1,430,264	1,885,564
Northwestern	106,128,223	103,317,768	(2,810,455)	-2.65%	(3,729,620)	618,694
Rutland	250,963,330	254,235,029	3,271,699	1.30%	1,297,252	11,889,633
Southwestern**	160,078,864	161,115,765	1,036,901	0.65%	7,618,119	9,702,573
Springfield	59,375,198	52,978,810	(6,396,388)	-10.77%	(6,996,078)	(6,628,574)
Porter***	78,348,499	80,346,401	1,997,902	2.55%	1,492,207	5,261,453
UVMMMC***	1,209,654,762	1,254,036,509	44,381,747	3.67%	46,127,444	71,281,801
Total	2,492,902,772	2,515,192,814	22,290,042	0.89%	28,466,441	96,675,752

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets						
Porter***	80,862,127	80,346,401	(515,726)	-0.64%	1,492,207	5,261,453
UVMMMC***	1,252,297,020	1,254,036,509	1,739,489	0.14%	46,127,444	71,281,801
Total	2,538,058,658	2,515,192,814	(22,865,843)	-0.90%	28,466,441	96,675,752

Enforcement Policy: Analysis of Enforcement Policy Trigger +/- 0.5% FY2018 NPR/FPP Year-End

Hospital	FY2018	FY2018	Allowed	Variance
	Variance	% Variance	0.5% Variance Per GMCB Policy	0.5% Allowance
Brattleboro	(1,277,698)	-1.62%	394,397	review
Central Vermont	(3,866,425)	-1.95%	992,263	review
Copley	(1,798,083)	-2.64%	340,123	review
Gifford	(10,669,839)	-17.93%	297,570	review
Grace	(455,337)	-2.44%	93,245	review
Mount Ascutney	2,126,334	4.37%	243,412	review
North Country*	(4,617,988)	-5.84%	395,373	review
Northeastern	1,367,672	1.77%	385,387	review
Northwestern	(2,810,455)	-2.65%	530,641	review
Rutland	3,271,699	1.30%	1,254,817	review
Southwestern**	1,036,901	0.65%	800,394	review
Springfield	(6,396,388)	-10.77%	296,876	review
Porter***	1,997,902	2.55%	391,742	review
UVMCMC***	44,381,747	3.67%	6,048,274	review

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets				
Porter***	(515,726)	-0.64%	404,311	review
UVMCMC***	1,739,489	0.14%	6,261,485	ok

Enforcement Policy: Analysis of Enforcement Policy Trigger +/- 1.0% FY2018 NPR/FPP Year-End

Hospital	FY2018 Variance	FY2018 % Variance	Amount 1.0% Variance	1.0% Variance
Brattleboro	(1,277,698)	-1.62%	788,794	review
Central Vermont	(3,866,425)	-1.95%	1,984,526	review
Copley	(1,798,083)	-2.64%	680,245	review
Gifford	(10,669,839)	-17.93%	595,140	review
Grace	(455,337)	-2.44%	186,491	review
Mount Ascutney	2,126,334	4.37%	486,823	review
North Country*	(4,617,988)	-5.84%	790,746	review
Northeastern	1,367,672	1.77%	770,774	review
Northwestern	(2,810,455)	-2.65%	1,061,282	review
Rutland	3,271,699	1.30%	2,509,633	review
Southwestern**	1,036,901	0.65%	1,600,789	ok
Springfield	(6,396,388)	-10.77%	593,752	review
Porter***	1,997,902	2.55%	783,485	review
UVMCMC***	44,381,747	3.67%	12,096,548	review

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets				
Porter***	(515,726)	-0.64%	808,621	ok
UVMCMC***	1,739,489	0.14%	12,522,970	ok

Enforcement Policy:

Analysis of Enforcement Policy Trigger +/- 2.0%

FY2018 NPR/FPP Year-End

Hospital	FY2018 Variance	FY2018 % Variance	Amount 2.0% Variance	2.0% Variance
Brattleboro	(1,277,698)	-1.62%	1,577,589	ok
Central Vermont	(3,866,425)	-1.95%	3,969,051	ok
Copley	(1,798,083)	-2.64%	1,360,491	review
Gifford	(10,669,839)	-17.93%	1,190,280	review
Grace	(455,337)	-2.44%	372,981	review
Mount Ascutney	2,126,334	4.37%	973,646	review
North Country*	(4,617,988)	-5.84%	1,581,492	review
Northeastern	1,367,672	1.77%	1,541,548	ok
Northwestern	(2,810,455)	-2.65%	2,122,564	review
Rutland	3,271,699	1.30%	5,019,267	ok
Southwestern**	1,036,901	0.65%	3,201,577	ok
Springfield	(6,396,388)	-10.77%	1,187,504	review
Porter***	1,997,902	2.55%	1,566,970	review
UVMCM***	44,381,747	3.67%	24,193,095	review

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets				
Porter***	(515,726)	-0.64%	1,617,243	ok
UVMCM***	1,739,489	0.14%	25,045,940	ok

Enforcement Policy: Analysis of Enforcement Policy Trigger + 2.0% FY2018 NPR/FPP Year-End

Hospital	FY2018	FY2018	Amount		Operating	Total Margin
	Variance	% Variance	2.0% Variance	2.0% Variance	Margin FY2018 Actuals	FY2018 Actuals
Mount Ascutney	2,126,334	4.37%	973,646	review	1,052,255	2,986,749
Porter***	1,997,902	2.55%	1,566,970	review	1,492,207	5,261,453
UVMHC***	44,381,747	3.67%	24,193,095	review	46,127,444	71,281,801
***Rebased Budgets						
Porter***	(515,726)	-0.64%	1,617,243	ok	1,492,207	5,261,453
UVMHC***	1,739,489	0.14%	25,045,940	ok	46,127,444	71,281,801

Enforcement Policy:

Analysis of Enforcement Policy Trigger -5.0%

FY2018 NPR/FPP Year-End

Hospital	FY2018	FY2018	Amount		Operating	Total Margin
	Variance	% Variance	-5.0% Variance	-5.0% Variance	Margin FY2018 Actuals	FY2018 Actuals
Gifford	(10,669,839)	-17.93%	(2,975,700)	review	(5,369,446)	(3,213,655)
North Country*	(4,617,988)	-5.84%	(3,953,729)	review	(1,883,575)	1,000,144
Springfield	(6,396,388)	-10.77%	(2,968,760)	review	(6,996,078)	(6,628,574)

Enforcement Policy: Analysis of Enforcement FY2018 NPR/FPP Year-End Rebased Budgets

Hospital	FY2018 Budget	FY2018 Actual	FY2018 Variance	FY2018 % Variance	Operating Margin FY2018 Actuals	Total Margin FY2018 Actuals
Porter***	78,348,499	80,346,401	1,997,902	2.55%	1,492,207	5,261,453
UVMHC***	1,209,654,762	1,254,036,509	44,381,747	3.67%	46,127,444	71,281,801
***Rebased Budgets						
Porter***	80,862,127	80,346,401	(515,726)	-0.64%	1,492,207	5,261,453
UVMHC***	1,252,297,020	1,254,036,509	1,739,489	0.14%	46,127,444	71,281,801

Enforcement Policy: Analysis of Enforcement FY2018 Operating Margins and Total Margins

Hospital	Operating Margin FY2018 Budget	Operating Margin FY2018 Actuals	Total Margin FY2018 Budget	Total Margin FY2018 Actuals
Brattleboro	(963,130)	(1,924,959)	(223,130)	893,285
Central Vermont	3,773,887	(7,868,458)	5,644,922	1,889,145
Copley	76,493	(2,222,433)	447,393	(1,652,330)
Gifford	1,369,954	(5,369,446)	2,219,954	(3,213,655)
Grace	(590,025)	(556,530)	147,233	761,270
Mount Ascutney	(909,930)	1,052,255	1,131,004	2,986,749
North Country*	694,239	(1,883,575)	1,947,429	1,000,144
Northeastern	1,453,300	1,430,264	1,453,300	1,885,564
Northwestern	812,334	(3,729,620)	1,564,522	618,694
Rutland	5,704,317	1,297,252	14,498,489	11,889,633
Southwestern**	6,328,377	7,618,119	7,014,239	9,702,573
Springfield	1,037,154	(6,996,078)	2,327,154	(6,628,574)
Porter***	(1,937,197)	1,492,207	997,985	5,261,453
UVMHC***	50,396,532	46,127,444	68,386,852	71,281,801
Total	67,246,305	28,466,441	107,557,346	96,675,752

*North Country is Preliminary

**Southwestern FY18 Dental Home adjustment

***Rebased Budgets				
Porter***	N/A	1,492,207	N/A	5,261,453
UVMHC***	N/A	46,127,444	N/A	71,281,801
Total		28,466,441		96,675,752

Next Steps

TIMELINE	
March 27	GMCB gives guidance to staff on further analysis/action
April X	Follow up from March 27, discussion
April X	Follow up from April X (if needed), possible GMCB vote
April X	Letters written to hospitals
May X	Final Summary FY18 Actuals and Enforcement Report