



Fiscal Year 2020 Draft GMCB Hospital Budget Guidance

**Green Mountain Care Board Meeting
February 20, 2019
GMCB Hospital Budget Team**

Agenda

- Process for Developing Draft FY 2020 Guidance
- Summary of Changes from FY 2019 Guidance
- Proposal for April Reporting
- Walk Through of Draft Appendices
- Next Steps for Budget Guidance
- Gifford Medical Center Request for Budget Modification

Process for Developing Draft Guidance

Over the past 3 months, GMCB staff and two Board members have been meeting regularly with representatives of the following groups to obtain recommendations and technical input for the draft FY 2020 Hospital Budget Guidance:

- Hospitals, including Critical Access Hospitals, Prospective Payment System Hospitals, and the Academic Medical Center
- The Vermont Association of Hospitals and Health Systems
- The Office of the Health Care Advocate

Many thanks to participants for their time, insight, and input.

Summary of Changes from FY2019 Guidance

Terminology

Clarifies that Net Patient Revenue is inclusive of Fixed Prospective Payments; changes “Rate” to “Charge”

Introduction

Outlines how Board will obtain information on quality improvement initiatives, access to care, community health needs, and participation in delivery system reform.

New Accounts and Definitions

Adds new accounts for Restricted Funded Depreciation, Unrestricted Funded Depreciation, Restricted Other Board Designated Assets, and Unrestricted Other Board Designated Assets.

Summary of Changes from FY2019 Guidance (continued)

Presentation Requirements

Added:

- Requests for NPR/FPP and change in charges
- Assessment of hospital financial health, using indicators in Appendix IV
- Defines long range financial outlook in #9 as four to five years

Removed (hospitals can still highlight as issue, risk, or opportunity):

- Access/Wait Times*
- Response to All-Payer Model Quality Measure Results*
- In-State vs. Out-of-State Payer Mix
- Community Health Needs Assessment (CHNA) Update*
- Health Reform Progress and Outcomes

*These items are proposed to be reported in April, in advance of the budget process.

Summary of Changes from FY2019 Guidance (continued)

Narrative Requirements

Added:

- Explain FY 2020 changes over full-year FY 2019 Projections, in addition to changes over FY 2019 Approved Budget
- Explain hospital's operating margin and total margin projections
- Summarize investments in routine repairs and replacements
- Complete new table for information about participation in OneCare programs
- Indicate whether hospital employees are attributed to OneCare
- Describe how the hospital is changing allocation of resources to improve population health
- Complete new table to report amount of Bad Debt
- Describe calculation of impact of changes in charge on gross revenue and net revenue, by payer type
- Explain how the hospital addressed the cost shift in FY 2018.

Summary of Changes from FY2019 Guidance (continued)

Narrative Requirements (continued):

Removed (hospitals can still highlight as issue, risk, opportunity):

- CHNA summary*
- Mental Health treatment capacity information
- Patient Access/Wait Times*
- Response to All-Payer Model Quality Measure Results*
- Substance Use Disorder treatment capacity
- Health Care Reform Investments
- Table 1B – NPR drivers by department (GMCB staff will generate similar table instead)

*These items are proposed to be reported in April, in advance of the budget process.

Summary of Changes from FY2019 Guidance (continued)

Other Requirements:

Salary table now calculates percentages of employees and salaries in each salary range

More detail on organizational structure

Budget Guidelines:

- Two-year NPR/FPP target
- Explanation of why no separate health care reform investment allowance
- For hospitals with FY 2018 Actuals/FY 2019 Projections at least 2% below budget, limit NPR growth to no more than 5% above FY 2019 Projections unless there is justification
- Statement that Board will look at changes in charges
- Language about aligning with movement to value-based payment and All-Payer Model

Enforcement: Change criterion for GMCB review to 1% variance from budgeted NPR/FPP vs. 0.5%; allow GMCB to direct funds toward specific use to address budget issues

Provider Acquisitions/Transfers: Link to forms, rather than including in guidance; remove statutory language since it is cited and summarized

Proposal for April Reporting

- By February 28, GMCB provides hospitals with templates for reporting information on:
 - Quality improvement initiatives related to All-Payer Model quality measures
 - Access to Care/Wait Times
 - Community Health Needs Assessments

- Hospitals submit completed templates in April, in advance of the budget process.

- GMCB staff summarizes hospital submissions to provide Board members with information for the budget process.

Walk-Through of Draft Appendices

- No change in Appendix I
- Appendix II: Clarified that CEO and CFO need to complete Oath; will add Oath for Board Chair
- Appendix III: No exemptions from FY 2020 hearings
- Added Appendix IV (Financial Health Indicators)
- Added Appendix V (Participation in Health Reform Table)
- Eliminated Table 1B from Appendix VI
- Added Appendix VII (Bad Debt Table)
- Added Appendix VIII (Charge Request Table)
- Revised Salary Table in Appendix IX
- HCA questions are forthcoming for Appendix X

Next Steps for Guidance

- Public Comment Period
- Revisions to Guidance
- Add Board Chair Oath and HCA Questions to Appendices
- Board Vote on Final Draft (by March 31)
- Board Support for Proposed April Reporting

Gifford Medical Center: Request for Budget Modification

- Gifford Medical Center requested a FY 2019 budget modification on February 14, 2019.
- The request is for a 1.25% increase in the hospitals average charge, effective March 14, 2019. The increase in FY 2019 NPR/FPP is estimated at \$300,000. The annualized increase is estimated at \$565,000.
- The hospital's Board of Trustees authorized the request at its January 24, 2019 meeting.
- Reasons for the request include:
 - Workforce pressures from a competitive market
 - Financial health (negative operating margins despite cost containment efforts and capital needs given the hospital's age of plant)

Gifford Medical Center: FY19 Board Decisions

	GMC FY19 Budget	GMCB Decision
NPR Growth Rate FY18B to FY19B	-6.1%	Approved NPR Growth Rate of -6.1% NPR of \$55,894,653
Commercial Rate Increase	4.0%	Reduced rate to 2.75%