

Green Mountain Care Board
144 State Street
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Kevin Mullin, Chair
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Susan Barrett, JD, Executive Director

May 1, 2019

Jill Berry Bowen, CEO
Northwestern Medical Center
133 Fairfield Street
St. Albans, VT 05478-1013

Dear Ms. Berry Bowen:

At a series of recent public meetings, the Green Mountain Care Board (Board) reviewed the FY2018 operating results of Vermont hospitals with a net patient revenue/fixed prospective payment (NPR/FPP) budget-to-actual variance of less than -2.5% or more than 2.0%.

The Board reviewed Northwestern Medical Center's (Northwestern) -2.6% FY2018 budget-to-actual NPR/FPP variance at its April 8, 2019 public hearing. Following that hearing, on April 19, 2019, the Board decided not to rebase Northwestern's budget or take other enforcement action at this time. The Board and its staff will continue to monitor year-to-date performance on a monthly basis for the remainder of FY2019. In addition to your monthly submission updating Northwestern's year-to-date performance, please also provide a monthly report on Northwestern's operational improvement plan targeting expense reductions and revenue opportunities.

For the FY2020 budget submission, please refer to the NPR/FPP guidelines which include a process for aligning next year's budget more closely to hospital performance. The guidelines state:

"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."

Please also refer to the FY2020 budget guidance for specific instructions regarding information that must be included in the hospital's presentation, narrative and responses to Board and Health Care Advocate questions, and what schedules and data are required to be entered through the Adaptive Insights budget tool.

We appreciate your cooperation in this process. Please feel free to contact me, Lori Perry, Kelly Theroux or Agatha Kessler if you have any questions.

Sincerely,

s/Kevin Mullin
Kevin Mullin
Chair, Green Mountain Care Board

Cc: Hospital CFO
Members, Green Mountain Care Board
Health Care Advocate

