

APPENDIX I

CHANGES TO APPROVED BUDGET

A hospital requesting a modification to its approved budget before the end of that fiscal year must do the following:

- a. Obtain approval of the change from its Board of Directors.
- b. Submit a letter of intent regarding a revised budget. The submission should be delivered to the GMCB no less than 30 days prior to the date the budget adjustment or rate change will be effective.
- c. Provide contact information for the available staff member with knowledge of the budget to answer questions.
- d. Provide an updated full-year financial projection for FY 2020 (i.e., an updated Profit and Loss Statement comparing FY 2020 Projections to FY 2019 Year-End Actuals and to the approved FY 2020 Budget). Include the impact of the proposed changes, as well as any other changes that the hospital is anticipating.
- e. Provide information on the impact of the proposed increase in charge on gross revenue as well as net patient revenue, describe the assumptions (e.g., contractual allowances by payer) that you are making to support the estimated impact on net patient revenue, and indicate why those assumptions are believed to be warranted and the level of certainty associated with each of them.

The Board's hospital budget staff will review the request within 15 days after the receipt of the complete "modified" budget information and will make its recommendations and forward them to the GMCB. A final decision will be provided within 14 days of the GMCB's receipt of the recommendations.

Note: The GMCB will not act upon any interim rate changes with effective dates after May 1.

APPENDIX II

VERIFICATION UNDER OATH FORM TO BE COMPLETED BY HOSPITAL'S CEO and CFO

STATE OF VERMONT
Green Mountain Care Board

In re: FY 2020 Hospital Budget Submission [[Hospital Name](#)]

Exhibit A – Form of Verification Under Oath

[Officer or other deponent], being duly sworn, states on oath as follows:

1. My name is [[name](#)]. I am [[title](#)]. I have reviewed the [[identify information/document subject to verification](#)].
2. Based on my personal knowledge, after diligent inquiry, the information contained in [[identify information/document subject to verification](#)] is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading, except as specifically noted herein.
3. My personal knowledge of the truth, accuracy and completeness of the information contained in the [[identify information/document subject to verification](#)] is based upon either my actual knowledge of the subject information or, where identified below, upon information reasonably believed by me to be reliable and provided to me by the individuals identified below who have certified that the information they have provided is true, accurate and complete, does not contain any untrue statement of a material fact, and does not omit to state a material fact necessary to make the statement made therein not misleading.
4. I have evaluated, within the 12 months preceding the date of this affidavit, the policies and procedures by which information has been provided by the certifying individuals identified below, and I have determined that such policies and procedures are effective in ensuring that all information submitted or used by [the hospital] in connection with the Hospital Budget program of the Green Mountain Care Board (GMCB) is true, accurate, and complete. I have disclosed to the [[governing board of the hospital](#)] all significant deficiencies, of which I have personal knowledge after diligent inquiry, in such policies and procedures, and I have disclosed to the [[governing board of the hospital](#)] any misrepresentation of facts, whether or not material, that involves management or any other employee participating in providing information submitted or used by [[the hospital](#)] in connection with the GMCB Hospital Budget program.

5. The following certifying individuals have provided information or documents to me in connection with [identify information/document subject to verification], and each such individual has certified, based on his or her actual knowledge of the subject information or, where specifically identified in such certification, based on information reasonably believed by the certifying individual to be reliable, that the information or documents they have provided are true, accurate and complete, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the statement made therein not misleading:
- (a) [identify each certifying individual providing information or documents pursuant to Paragraphs 3 and 4, above;
 - (b) identify with specificity the information or documents provided by the certifying individual;
 - (c) identify the subject information of which the certifying individual has actual knowledge, and identify the individuals and the information reasonably relied on by the certifying individual; and
 - (d) in the case of documents identify the custodian of the documents]
6. In the event that the information contained in the [identify information/document subject to verification] becomes untrue, inaccurate or incomplete in any material respect, I acknowledge my obligation to notify GMCB and to supplement the [identify information/document subject to verification], as soon as I know, or reasonably should know, that the information or document has become untrue, inaccurate or incomplete in any material respect.

[Signature of the deponent]

On [date], [name of deponent] appeared before me and swore to the truth, accuracy and completeness of the foregoing.

Notary public
My commission expires [date]
[seal]

APPENDIX II-1

**VERIFICATION ON OATH OR AFFIRMATION
TO BE COMPLETED BY HOSPITAL'S BOARD CHAIR**

STATE OF VERMONT
Green Mountain Care Board

In re: FY 2020 Budget Submission of [Hospital Name]

Exhibit B – Board Chair's Verification on Oath or Affirmation

I, [Name], make the following declarations based on my personal knowledge:

1. I am the Chair of the Board of Directors of [Hospital Name] ("Hospital"). I am a resident of [State], am over 18 years old, and am competent to testify to the information contained in this document.
2. I have reviewed the proposed FY 2020 budget and supporting materials to be submitted by Hospital to the Green Mountain Care Board ("Budget Submission").
3. On _____, 2019, the Budget Submission was presented by the Hospital's [Chief Executive Officer AND/OR Chief Financial Officer] to the [Finance] Committee of Hospital's Board of Directors and was reviewed and approved by that Committee on [the same date OR _____, 2019].
4. On _____, 2019, the Budget Submission was presented by the Hospital's [Chief Executive Officer AND/OR Chief Financial Officer] to the Board of Directors and was reviewed and approved by the Board of Directors on [the same date OR _____, 2019].
5. I have in good faith relied upon representations by one or more officers or employees of the Hospital who are reliable and competent on this subject matter as permitted under 11B V.S.A. § 8.30(b) that the information contained in the Budget Submission is true, accurate, and complete and does not omit material facts necessary to provide a full and complete understanding of the Hospital's financial standing. I do not have knowledge of or have a substantial reason to believe information that would make reliance on these representations unwarranted.

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6. I acknowledge the Hospital's obligations to promptly notify the Green Mountain Care Board and supplement the Budget Submission in the event the information contained in the Budget Submission becomes untrue, inaccurate or incomplete in any material respect.

I swear or affirm that the forgoing declarations are true and correct under penalty of perjury pursuant to 18 V.S.A. § 9456(h)(3).

_____ Dated: _____
[Name]
Chair of Board of Directors of [Hospital]

To be completed by Notary Public

State of Vermont, County of _____

Signed and sworn (or affirmed) before me on _____ by _____

Date _____

Name of individual making statement: _____

Signature of notary public _____

Stamp

Title of office _____ [My commission expires: _____]

Note: For FY 2020 there will be no exemptions.

APPENDIX III

EXEMPTION FROM PUBLIC HOSPITAL BUDGET HEARING

Green Mountain Care Board Rule 3.000 allows the Board to exempt up to four hospitals from annual public budget hearings, and from budget adjustment, provided they meet established benchmarks. Recognizing the value of a transparent budget review process, this document more fully explains the Board's criteria and procedure for determining such exemptions.

A. Background

The Board may in its discretion annually exempt up to four Vermont hospitals from participating in annual public budget hearings, and from budget adjustments, provided they meet established benchmarks and criteria for exemption.

Pursuant to rule, the four largest hospitals, as determined by their net patient revenues (NPRs), are not exempt and must appear at public hearing even if they otherwise qualify for exemption. Absent mutual-agreement to the contrary, however, the Board will not adjust the budget of any hospital meeting all benchmarks and criteria, whether they appear at a public hearing or not.

B. Criteria for Exemption

A hospital that timely submits its budget may qualify for exemption from public hearing if the following criteria are met:

1. The budget includes all reporting requirements, including a budget narrative.
2. Budget assumptions are reasonable.
3. All related budget schedules can be reconciled.
4. The hospital has not undergone significant organizational changes or restructuring.
5. The budget meets the NPR target level as established by the Board.
6. The hospital has met its approved NPR target in two of the last three years.
7. The hospital was not exempted from public hearing for the two prior consecutive years.
8. The hospital did not experience an operating loss during the past two complete fiscal years and is not projected to experience an operating loss during the current fiscal year.

C. Application for Exemption

1. A hospital that believes it meets Criteria 1-7 must include with its budget submission a written request for exemption from public hearing that describes, with specificity, how it meets each criterion.
2. If more than four hospitals, excluding the four largest hospitals referenced in Section A, above, qualify for an exemption, the Board shall determine which if any of the four will be exempted.

APPENDIX IV

Financial Health Indicators

Metric	Flex Program Medians	2018 Almanac of Hospital Financial and Operating Indicators (Optum) 2016			
	US CAHs	Northeast CAH	25-99 beds	100-199 beds	Teaching
Profitability					
Total Margin %	2.7%	0.0%	1.9%	6.0%	3.7%
Operating Margin (\$)					
EBIDA Margin %		7.3%	7.7%	10.7%	10.7%
Operating Margin %	0.9%	-2.1%	-0.5%	2.1%	2.1%
Return on Assets %		0.0%	2.0%	5.3%	3.7%
Liquidity					
Cash/Investments (\$)					
Days Cash on Hand*	78	92.7	116.3	80.4	98.4
Expenses Per Day (\$)					
Net Days in Accounts Receivable	51	46.3	48.6	42.8	42.3
Net Days in Accounts Payable*		66	48.8	65.2	67.7
Capital Structure					
Debt Service Coverage Ratio*	3.35	1.39	3.10	6.70	6.00
Long Term Debt/Capitalization %	27.2%	23.0%	26.6%	19.0%	32.8%
Cash to Long Term Debt %					
Average Age of Plant (yrs.)*	10.48	14.43	10.6	12.4	10.5
Capital Spending %*					
Equity Financing	59.8%				
Cost					
Salaries to NPR %	44.9				
FTE per Adjusted Occupied Bed	5.6		3.14	3.02	3.16
Compensation Ratio					

*Uses 12 month rolling calculation

Definitions for these metrics can be found [here](#)

APPENDIX V

PARTICIPATION IN HEALTH REFORM

Complete the following table if the hospital is participating in one or more of the OneCare Vermont programs. If the hospital is not participating with OneCare, please indicate in the narrative.

OneCare Program	Participating in Program in CY 2020? (Yes/No)	Budgeted Number of Attributed Lives (monthly average for CY 2020)	Budgeted Amount of FPP (monthly average for CY 2020)	Budgeted Maximum Upside/Downside Risk for CY 2020
Medicaid				
Medicare				
BCBSVT				
Self-Insured				
TOTAL				

Please complete in Excel. Excel version of this table is available at: <http://gmcboard.vermont.gov/hospital-budget>

APPENDIX VI

BUDGET-TO-BUDGET VARIANCES (“BRIDGES” TABLES)

Table 1:
NPR Bridges – FY 2019 Approved Budget NPR to FY 2020 Proposed Budget

NPR	Total	% over/under	Medicare	Medicaid-VT	Medicaid-OOS	Commercial-Maj	Comm - Self/Sml	Workers Comp
FY 19 Approved Budget	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Rate								
Rate - Non Commercial								
Utilization								
Reimbursement/Payer Mix								
Bad Debt/Free Care								
Physician Acq/Trans								
Changes in Accounting								
Changes in DSH								
Other (please label)								
Other (please label)	0		0	0	0	0	0	0
FY 20 Budget	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Table 2:
Expense Bridges – FY 2019 Approved Budget Expenses to FY 2020 Proposed Budget

Expenses	Amount	% over/under
FY 19 Approved Budget		
New Positions		
Inflation Increases		
Salaries		
Fringe		
Physician Contracts		
Contract Staffing		
Supplies		
Drugs		
Facilities		
IT Related		
Health Reform Programs		
Depreciation		
Interest		
Health Care Provider Tax		
Other (please label)		
Other (please label)		
Cost Savings		
FY 20 Budget	\$ -	

Please complete in Excel. Excel versions of these tables are available at: <http://gmcboard.vermont.gov/hospital-budget>

APPENDIX VII

BAD DEBT

[HOSPITAL NAME]	Amount (in \$)
Total Bad Debt at End of FY 2017	
Total Bad Debt Incurred in FY 2018	
Total Bad Debt Sent to Collections During FY 2018	
Total Bad Debt Recovered from Collections During FY 2018	
Total Bad Debt Written Off During FY 2018	
Total Bad Debt at End of FY 2018	

Please complete in Excel. Excel version of this table is available at: <http://gmcboard.vermont.gov/hospital-budget>

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APPENDIX VIII

CHARGE REQUEST

Category of Service	Requested Change in Charge from FY19B to FY20B, in %	Projected Change in NPR Due to Change in Charge and Contractual Allowances, in %				
		Projected Change in Total NPR	Projected Change in Commercial Payer NPR	Projected Change in Self-Pay/Other NPR	Projected Change in Medicaid NPR	Projected Change in Medicare NPR
Hospital Inpatient						
Hospital Outpatient						
Professional Services						
Primary Care						
Specialty Care						
Skilled Nursing Facility						
Other (specify)						
Overall Change in Charge Across All Categories						

Please complete in Excel. Excel version of this table is available at: <http://gmcboard.vermont.gov/hospital-budget>

APPENDIX IX

SALARY INFORMATION

Provide Headcount & Box 5 Wages from 2018 W2s				
Salary Range	Total # of Staff	Total Salaries (includes incentives, bonuses, severance, CTO, etc.)	% of Total Staff in this Salary Range	% of Total Salaries in this Salary Range
\$0 - \$199,999				
\$200,000 - \$299,999				
\$300,000 - \$499,999				
\$500,000 - \$999,999				
\$1,000,000 +				
TOTALS				

Please complete in Excel. Excel version of this table is available at: <http://gmcboard.vermont.gov/hospital-budget>

APPENDIX X

VERMONT LEGAL AID, INC.

OFFICE OF THE HEALTH CARE ADVOCATE

264 NORTH WINOOSKI AVE.
BURLINGTON, VERMONT 05401
(800) 917-7787 (TOLL FREE HOTLINE)
(802) 863-7152 (FAX)

OFFICES:

BURLINGTON
RUTLAND
ST. JOHNSBURY

OFFICES:

MONTPELIER
SPRINGFIELD

March 8, 2019

Kevin Mullin, Chair
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Re: HCA Questions for Hospital Budget Guidance FY2020

Dear Chair Mullin:

Thank you for the opportunity to provide questions for inclusion with the Green Mountain Care Board (the Board)'s hospital budget guidance for fiscal year (FY) 2020. The Office of the Health Care Advocate (HCA) was created in Vermont law to support Vermonters navigating the health care system and to represent the interests of the people of Vermont in policy arenas, including before the Green Mountain Care Board.¹ The HCA has statutory authority to receive copies of all materials related to the Board's hospital budget review and may submit written questions to the Board that the Board will ask of hospitals in advance of the hospital budget hearings.²

We appreciate the Board's inclusion of the HCA's primary questions as an appendix to the hospital budget guidance to ensure that the hospitals have sufficient time to respond and that the HCA has sufficient time to review the responses in advance of the hearings. We look forward to receiving answers to our questions with each hospital's July 1 budget submission.

The HCA's questions to be included with the Board's FY2020 hospital budget guidance are below. Please feel free to contact Julia Shaw with any questions.

Health Care Advocate Hospital Budget Guidance Questions FY2020:

1. Please provide by payer (Medicare, Medicaid, BCBSVT, TVHP, MVP, and Cigna):
 - a. Your budgeted net patient revenue (NPR) and proposed NPR change from FY2019.
 - b. The formula(s) you used to calculate your budgeted NPR, the definition of each variable in the formula(s), and the budgeted value of each variable for FY2020.
 - c. The average ratio of the payer's reimbursement rate to Medicare's reimbursement rate.

¹ 18 V.S.A. § 9603

² 18 V.S.A. § 9456

2. Please delineate the hospital's financial performance and patient distribution by capitated business, fee for service business, and any other payment methodologies. (If you only have one type of business please state which type.)
 - a. Please indicate which entities the hospital has capitated or other alternative payment agreements with (e.g., insurer(s), ACO).
3. Please describe any initiatives that you have implemented to address the inadequate access to mental health treatment experienced by Vermonters.
 - a. What other avenues are you pursuing to address this crisis in a sustainable way?
4. Please provide data on substance use treatment at your hospital, including:
 - a. The number of patients currently enrolled in medication-assisted treatment at your hospital,
 - b. The number of MAT providers employed by your hospital, and
 - c. Other avenues that you are pursuing to address this crisis in a sustainable way.
5. Please provide the number of patient bed days attributable to patients awaiting placement in an appropriate Skilled Nursing Facility bed, and average bed days per patient, for:
 - a. FY2018, and
 - b. FY2019 to date.
6. Please provide the hospital's per unit profit margin on each 340B drug dispensed and the number of units of each drug dispensed.
7. Please describe any changes to the hospital's shared-decision making programs.
 - a. For any new initiatives, please describe the initiative(s), which departments participate, how you chose which departments participate, and how you plan to identify cost savings and quality improvement.
8. Please provide copies of your financial assistance policy, application, and plain language summary (noting any changes from your last submission).
 - a. Please provide detailed information about the ways in which these three items can be obtained by patients, including links if they are available online.
 - b. Please provide the following data by year, 2014 to 2019 (to date):
 - i. Number of people who were screened for financial assistance eligibility,
 - ii. Number of people who applied for financial assistance,
 - iii. Number of people who were granted financial assistance by level of financial assistance received,
 - iv. Number of people who were denied financial assistance by reason for denial.
 - v. Percentage of your patient population who received financial assistance.
 - c. Please provide the statistics and analyses you relied on to determine the qualification criteria, including any geographic restrictions, and the amount of assistance provided under your current financial assistance program. For example, analysis of financial need in the community and analysis of how much people can afford to pay.

9. For the hospital's inpatient services, please provide your total discharges, case mix adjusted discharges, all payer case mix index, and average cost per case mix adjusted discharge for 2014 (actual) through the present (2019 budget and projected) and 2020 (budget).
10. Last year the Board's hospital budget orders instructed hospitals to negotiate with insurers rather than seeing the Board's approval as a specific set rate. Please describe how you implemented this directive.
 - a. What average commercial rate increase did you implement for FY2019?
 - b. What commercial rate increase did you get from each commercial payer (BCBSVT, TVHP, MVP, Cigna)?

Thank you,

s\ Mike Fisher, Chief Health Care Advocate

s\ Kaili Kuiper, Staff Attorney

s\ Eric Schultheis, Staff Attorney

s\ Julia Shaw, Health Care Policy Analyst

jshaw@vtlegalaid.org

(802) 383-2211

APPENDIX XI

The GMCB is responsible for tracking the change in population-wide spending of Vermont residents over the course of its All-Payer Model Agreement with the federal government. The following table shows the All-Payer Total Cost of Care (TCOC) per member per month along with the compounding growth rate from 2012 through 2017. The results include breakouts based on the Hospital Service Area where the patients live.

The results are raw, unadjusted estimates of spending regardless of the provider location (e.g. out-of-state spending is included). Differences in PMPM are impacted by demographics (e.g. age of the patients in that area), payer mix (e.g. proportion of Medicaid as a primary payer), and other factors.

The results are derived from medical claims data available in the state's All-Payer Claims Database, VHCURES. For example, VHCURES does not have complete information for self-insured employer spending. The spending excludes retail pharmacy and approximately half of Medicaid spending (i.e. funds that are not paid through the Department of Vermont Health Access).

The TCOC PMPM in the HSAs reflects more than hospital spending, however, it is the way that the State will be held accountable for its growth through the All-Payer Model Agreement. Also, a hospital's budget includes the costs of care for out-of-state residents, which is not included in these PMPMs. The intent in sharing this information is to provide hospitals with a different view of spending consistent with the APM Agreement and to begin to understand the complexities of cost containment efforts by hospitals.

1. In looking at the per member per month spending and growth for your hospital's service area, what observations can you share with the GMCB? In particular, if your HSA's spending level is above the state average, or if your HSA's growth rate is above 3.5%, can you share any insights or possible explanations?
2. What strategies will the hospital be undertaking to support the State's goal of limiting TCOC per member growth to 3.5% or less from 2017 to 2022? How are these strategies aligned with the goals of the APM Agreement?

Finally, as we look to better align our hospital budget process with our federal obligations, please provide any suggestions for how the GMCB could better assess the relationship between hospital spending and the All-Payer TCOC growth targets.

Hospital Service Area of Patient Residence	2012	2013	2014	2015	2016	2017	5-Year Compounding Growth Rate
Barre	\$386.25	\$412.15	\$430.99	\$445.12	\$489.67	\$479.57	4.4%
Bennington	\$439.97	\$453.64	\$464.43	\$479.16	\$496.70	\$508.14	2.9%
Brattleboro	\$408.98	\$409.73	\$419.43	\$420.34	\$453.89	\$486.41	3.5%
Burlington	\$351.29	\$378.03	\$389.47	\$402.99	\$429.12	\$445.53	4.9%
Middlebury	\$377.55	\$412.63	\$415.64	\$431.85	\$464.06	\$469.07	4.4%
Morrisville	\$375.35	\$378.53	\$387.37	\$388.78	\$404.79	\$420.88	2.3%
Newport	\$416.06	\$424.26	\$426.08	\$434.80	\$452.52	\$479.65	2.9%
Randolph	\$434.81	\$448.97	\$467.31	\$512.82	\$522.98	\$574.90	5.7%
Rutland	\$459.60	\$486.65	\$487.80	\$504.74	\$528.24	\$551.08	3.7%
Springfield	\$470.82	\$477.60	\$472.21	\$518.65	\$527.10	\$549.65	3.1%
St Albans	\$393.96	\$407.67	\$432.73	\$448.26	\$456.28	\$466.19	3.4%
St Johnsbury	\$404.04	\$423.11	\$425.58	\$441.02	\$481.44	\$495.53	4.2%
White River Jct	\$419.70	\$440.18	\$451.56	\$458.47	\$450.32	\$493.91	3.3%
Statewide	\$399.27	\$418.51	\$428.40	\$443.13	\$466.32	\$483.50	3.9%