Fiscal Year 2019
Vermont Hospital Budget Submissions
Discussion and Preliminary Decisions

Green Mountain Care Board Meeting
September 5, 2018
GMCB Hospital Budget Team
Agenda

➢ Next Steps in Process
  o  Board review of hospitals; preliminary decisions
  o  Public comment closes on September 10
  o  Final decisions on September 14
  o  Orders on September 28

➢ System Summary

➢ Hospital-Specific Recommendations and Discussion
<table>
<thead>
<tr>
<th>Hospital</th>
<th>FY2019 Submitted Budget</th>
<th>FY2018-FY2019 Budget to Budget % Growth</th>
<th>FY2018-FY2019 Projection To Budget % Growth</th>
<th>Rate Request</th>
<th>Operating Margin %</th>
<th>Total Margin %</th>
<th>Days Cash On Hand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brattleboro Memorial Hospital</td>
<td>$83,968,150</td>
<td>6.5%</td>
<td>6.8%</td>
<td>4.9%</td>
<td>0.3%</td>
<td>1.2%</td>
<td>196.2</td>
</tr>
<tr>
<td>Central Vermont Medical Center</td>
<td>$211,387,021</td>
<td>6.5%</td>
<td>3.6%</td>
<td>2.8%</td>
<td>1.4%</td>
<td>3.3%</td>
<td>112.7</td>
</tr>
<tr>
<td>Copley Hospital</td>
<td>$72,037,976</td>
<td>5.9%</td>
<td>8.4%</td>
<td>7.9%</td>
<td>2.0%</td>
<td>2.5%</td>
<td>66.4</td>
</tr>
<tr>
<td>Gifford Medical Center</td>
<td>$55,894,653</td>
<td>-6.1%</td>
<td>9.8%</td>
<td>4.0%</td>
<td>2.5%</td>
<td>3.9%</td>
<td>177.5</td>
</tr>
<tr>
<td>Grace Cottage Hospital</td>
<td>$19,292,581</td>
<td>3.5%</td>
<td>5.6%</td>
<td>3.2%</td>
<td>0.7%</td>
<td>4.2%</td>
<td>92.5</td>
</tr>
<tr>
<td>Mt. Ascutney Hospital &amp; Health Center</td>
<td>$51,195,770</td>
<td>5.2%</td>
<td>3.4%</td>
<td>2.9%</td>
<td>0.0%</td>
<td>1.6%</td>
<td>176.4</td>
</tr>
<tr>
<td>North Country Hospital</td>
<td>$81,523,350</td>
<td>3.1%</td>
<td>5.5%</td>
<td>3.6%</td>
<td>1.1%</td>
<td>2.8%</td>
<td>196.3</td>
</tr>
<tr>
<td>Northeastern VT Regional Hospital</td>
<td>$80,938,697</td>
<td>5.0%</td>
<td>4.0%</td>
<td>4.0%</td>
<td>1.7%</td>
<td>1.7%</td>
<td>122.3</td>
</tr>
<tr>
<td>Northwestern Medical Center</td>
<td>$112,773,980</td>
<td>6.3%</td>
<td>6.3%</td>
<td>2.0%</td>
<td>2.3%</td>
<td>3.2%</td>
<td>306.5</td>
</tr>
<tr>
<td>Porter Medical Center</td>
<td>$84,530,515</td>
<td>4.5%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>3.7%</td>
<td>4.1%</td>
<td>133.0</td>
</tr>
<tr>
<td>Rutland Regional Medical Center</td>
<td>$258,925,111</td>
<td>3.2%-3.1%</td>
<td>2.1%</td>
<td>3.0%-2.6%</td>
<td>2.3%</td>
<td>4.4%</td>
<td>205.7</td>
</tr>
<tr>
<td>Southwestern VT Medical Center</td>
<td>$165,201,376</td>
<td>3.6%</td>
<td>3.7%</td>
<td>3.2%</td>
<td>3.6%</td>
<td>4.0%</td>
<td>46.3/180 with Parent</td>
</tr>
<tr>
<td>Springfield Hospital</td>
<td>$59,996,953</td>
<td>1.0%</td>
<td>5.0%</td>
<td>5.0%</td>
<td>1.3%</td>
<td>2.7%</td>
<td>106.8</td>
</tr>
<tr>
<td>The University of Vermont Medical Center</td>
<td>$1,273,460,046</td>
<td>1.7%</td>
<td>2.0%</td>
<td>4.0%</td>
<td>2.8%</td>
<td>5.1%</td>
<td>192.4</td>
</tr>
<tr>
<td>Totals</td>
<td>$2,611,126,179</td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.1%</td>
<td>2.4%</td>
<td>4.2%</td>
<td>174.3</td>
</tr>
</tbody>
</table>
Grace Cottage Hospital

- **FY18 Base Budget:** $18,649,074
- **FY19 Proposed Budget:** $19,292,581 (0.7% of system total)
  - NPR growth: 3.5%; $643,507
- **Health Reform Investments:**
  - Requested $0 for FY19 (0.4% allowance = $74,596)
  - Not participating in ACO programs in 2018
- **FY19 Rate Request:** 3.2% (estimated value of 1% rate increase = $88,273)
## Grace Cottage Hospital

### Financial Indicators:
- FY19B Operating Margin: 0.7%; $151,817; projected operating loss in FY18
- FY19B Total Margin: 4.2%; $894,524
- FY19B Days Cash on Hand: 92.5
- FY18P to FY19B NPR Growth: 5.6%

<table>
<thead>
<tr>
<th>FY19 Budget</th>
<th>Staff Recommendation</th>
<th>Preliminary Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPR Growth Rate - FY18B to FY19B</td>
<td>3.5%</td>
<td>Accept&lt;br&gt;<code>Low operating margin; recently hired providers</code></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>3.2%</td>
<td>Accept&lt;br&gt;<code>Charges for physician services near or below average from VDH website</code></td>
</tr>
</tbody>
</table>
Mt. Ascutney Hospital and Health Center

- FY18 Base Budget: $48,682,309
- FY19 Proposed Budget: $51,195,770 (1.9% of system total)
  - NPR growth = 5.2%; $2,513,461
- Health Reform Investments:
  - Requested $951,868 for FY19 (0.4% allowance = $194,729)
  - Participating in Medicaid ACO program in 2018
- FY19 Rate Request: 2.9% (estimated value of 1% rate increase = $489,084)
Mt. Ascutney Hospital and Health Center

Financial Indicators:
- FY19B Operating Margin: 0.0%; $17,584
- FY19B Total Margin: 1.6%; $878,584
- FY19B Days Cash on Hand: 176.4
- FY18P to FY19B NPR Growth: 3.4%

<table>
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<th>FY19 Budget</th>
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</thead>
<tbody>
<tr>
<td>HCR Investments</td>
<td>$951,868</td>
<td>Accept 0.4% allowance of $194,729</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>5.2%</td>
<td>Accept Close to target when compared to 18P; specific and high out-of-state services; referrals from Dartmouth</td>
<td></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>2.9%</td>
<td>Accept</td>
<td></td>
</tr>
</tbody>
</table>
Gifford Medical Center

- FY18 Base Budget: $59,514,010
- FY19 Proposed Budget: $55,894,653 (2.1% of system total)
  - NPR growth: -6.1%; ($3,619,357)
- Health Reform Investments:
  - Requested $590,000 = 1.0% for FY19 (0.4% allowance = $238,056)
  - Not participating in ACO programs in 2018
- FY19 Rate Request 4.0% (estimated value of 1% rate increase = $401,670)
Gifford Medical Center

Financial Indicators:
- FY19B Operating Margin: 2.5%; $1,415,013; projected operating loss in FY18
- FY19B Total Margin: 3.9%; $2,265,009; projected deficit in FY18
- FY19B Days Cash on Hand: 177.5
- FY18P to FY19B NPR Growth: 9.8%

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<tr>
<td>HCR Investments</td>
<td>$590,000</td>
<td>Not needed, given negative NPR growth</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>-6.1%</td>
<td>Accept</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><em>Hired 2 surgeons and 2 family practitioners; productivity increase expected after EMR implementation; slight shift from Medicaid to Medicare and Commercial</em></td>
<td></td>
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<tr>
<td>Commercial Rate Increase</td>
<td>4.0%</td>
<td>3.0%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td><em>Charges appear higher than average on VDH website</em></td>
<td></td>
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</tbody>
</table>
North Country Hospital

- **FY18 Base Budget:** $79,074,579
- **FY19 Proposed Budget:** $81,523,350 (3.2% of system total)
  - NPR growth: 3.1%; $2,448,771
- **Health Reform Investments:**
  - Requested $379,842 = 0.5% for FY19 (0.4% allowance = $316,298)
  - Participating in Medicaid ACO program in 2018
- **FY19 Rate Request:** 3.6% (estimated value of 1% rate increase = $649,294)
North Country Hospital

**Financial Indicators:**
- FY19B Operating Margin: 1.1%; $958,597
- FY19B Total Margin: 2.8%; $2,463,121
- FY19B Days Cash on Hand: 196.3
- FY18P to FY19B NPR Growth: 5.5%

<table>
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</tr>
</thead>
<tbody>
<tr>
<td>HCR Investments</td>
<td>$379,842</td>
<td>Accept $316,298 (0.4% allowance)</td>
<td>Accept 0.3% = $237,224. <em>Results in requested 3.1% total NPR increase</em></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>3.1%</td>
<td>Accept <em>Challenging social determinants and demographics; hired 2 surgeons</em></td>
<td></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>3.6%</td>
<td>Accept <em>Low operating margin</em></td>
<td></td>
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</tbody>
</table>
Southwestern Vermont Medical Center

- FY18 Base Budget: $159,497,504
- Proposed Adjustment to FY18 rebased budget:
  - Increase by $581,310 for dental home CON project
- FY19 Proposed Budget: $165,201,376 (6.3% of system total)
  - NPR growth without proposed adjustment: 3.6%; $5,703,872
  - NPR growth with proposed adjustment: 3.2%; $5,122,562
- Health Reform Investments:
  - Requesting $1,792,236 = 1.1% for FY19 (0.4% allowance = $637,990)
  - Participating in Medicaid ACO program in 2018
- FY19 Rate Request: 3.2% (estimated value of 1% rate increase = $811,177)
Southwestern Vermont Medical Center

Financial Indicators:
- FY19B Operating Margin: 3.6%; $6,117,017
- FY19B Total Margin: 4.0%; $6,766,231
- FY19B Days Cash on Hand: 46.3 (180-189 with Parent)
- FY18P to FY19B NPR Growth: 3.7%

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</thead>
<tbody>
<tr>
<td>Adjustment to FY18 Base</td>
<td>$581,310 for 7/2017 CON</td>
<td>Accept</td>
<td></td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$1,792,236</td>
<td>Accept $637,990 (0.4% Allowance)</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>3.2% (w/adjustment)</td>
<td>Accept Adjust if rate reduced</td>
<td></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>3.2%</td>
<td>Options: Accept; consider reduction to 3.0% or less</td>
<td>Strong margins; greater OOS revenue than most</td>
</tr>
</tbody>
</table>
Rutland Regional Medical Center

➢ FY18 Base Budget: $250,963,330
➢ FY19 Proposed Budget: $258,925,111 (9.9% of system total)
   ▪ NPR growth in submitted budget: 3.2%; $7,961,781
   ▪ Revised NPR growth from 8-27-18 presentation: 3.1%
➢ Health Reform Investments:
   ▪ Requested $1,012,440 = 0.4% for FY19 (0.4% allowance = $1,003,853)
   ▪ Not participating in ACO programs in 2018; planning to participate in Medicaid in 2019
➢ FY19 Rate Request:
   ▪ 3.0% in submitted budget (estimated value of 1% rate increase = $829,651)
   ▪ Revised rate request from 8-27-18 presentation: 2.6%
Rutland Regional Medical Center

**Financial Indicators:**
- FY19B Operating Margin: 2.3%; $6,403,720
- FY19B Total Margin: 4.4%; $12,342,957
- FY19B Days Cash on Hand: 205.7
- FY18P to FY19B NPR Growth: 2.1%

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<tbody>
<tr>
<td>HCR Investments</td>
<td>$1,012,440</td>
<td>Accept</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>Revised 3.1%</td>
<td>Accept</td>
<td></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>Revised 2.6%</td>
<td>Accept</td>
<td></td>
</tr>
</tbody>
</table>
Copley Hospital

- FY18 Base Budget: $68,024,531
- **FY19 Proposed Budget: $72,037,976** (2.8% of system total)
  - NPR growth: **5.9%**; $4,013,445
- **Health Reform Investments:**
  - Requested $66,351 = 0.1% for FY19 (0.4% allowance = $272,098)
  - Not participating in ACO programs in 2018
- **FY19 Rate Request: 7.9%** (estimated value of 1% rate increase = $392,275)
Financial Indicators:
- FY19B Operating Margin: 2.0%; $1,485,911; projected operating loss in FY18
- FY19B Total Margin: 2.5%; $1,862,811; projected deficit in FY18
- FY19B Days Cash on Hand: 66.4
- FY18P to FY19B NPR Growth: 8.4%

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</tr>
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<tbody>
<tr>
<td>HCR Investments</td>
<td>$66,351</td>
<td>Accept for 0.1% addition to 2.8% NPR growth target</td>
<td></td>
</tr>
</tbody>
</table>
| NPR Growth Rate – FY18B to FY19B | 5.9%       | **Options:** Accept; reduce; ask hospital to suggest alternative budget  
Reduction to 2.9% eliminates margin if no expense cuts |                      |
| Commercial Rate Increase  | 7.9%        | **Options:** Accept; reduce; ask hospital to suggest alternative budget  
Reduction to 4.0% eliminates margin if no expense cuts |                      |
Northeastern Vermont Regional Hospital

- FY18 Base Budget: $77,077,400
- Proposed Adjustment to FY18 Base:
  - Increase by $129,700 for provider transfer (approved)
- FY19 Proposed Budget: $80,938,697 (3.1% of system total)
  - NPR growth without proposed adjustment: 5.0%; $3,861,297
  - NPR growth with proposed adjustment: 4.8%; $3,731,597
- Health Reform Investments:
  - Requested $300,000 = 0.4% for FY19 (0.4% allowance = $308,310)
  - Not participating in ACO programs in 2018; planning to participate in Medicaid in 2019
- FY19 Rate Request: 4.0% (estimated value of 1% rate increase = $384,400)
Northeastern Vermont Regional Hospital

Financial Indicators:
- FY19B Operating Margin: 1.7%; $1,439,200
- FY19B Total Margin: 1.7%; $1,439,200
- FY19B Days Cash on Hand: 122.3
- FY18P to FY19B NPR Growth: 4.0%

<table>
<thead>
<tr>
<th>Adjustment to FY18 Base</th>
<th>FY19 Budget</th>
<th>Staff Recommendation</th>
<th>Preliminary Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to FY18 Base</td>
<td>Provider Acq. of $129,700</td>
<td>Accept</td>
<td>Accept</td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$300,000</td>
<td>Accept</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>4.8% (w/adjustment)</td>
<td>Options: Accept; reduce by $700,000 Psychiatrist appears to have been financed by 2018 HCR $; $602K</td>
<td></td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>4.0%</td>
<td>Options: Accept; reduce for NPR reduction</td>
<td></td>
</tr>
</tbody>
</table>
Brattleboro Memorial Hospital

- FY18 Base Budget: $78,879,433
- Proposed Adjustment to FY18 Base:
  - Restore FY18 NPR reduction of $1,323,198
- FY19 Proposed Budget: $83,968,150 (3.2% of system total)
  - NPR growth without proposed adjustment: 6.5%; $5,088,717
  - NPR growth with proposed adjustment: 4.8%; $3,765,519
- Health Reform Investments:
  - Requested $776,000 = 1.0% for FY19 (0.4% allowance = $315,518)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 4.9% (estimated value of 1% rate increase = $392,275)
Brattleboro Memorial Hospital

Financial Indicators:
- FY19B Operating Margin: 0.3%; $254,950; projected FY18 operating loss
- FY19B Total Margin: 1.2%; $1,012,950; projected FY18 deficit
- FY19B Days Cash on Hand: 196.2
- FY18P to FY19B NPR Growth: 6.8%

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</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to FY18 Base</td>
<td>Restore FY18 NPR reduction of $1,323,198</td>
<td>Accept</td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$776,000</td>
<td>Accept all except neurologist; allow 0.4% allowance of $315,518</td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>4.8% (w/adjustment)</td>
<td>Options: Accept; reduce</td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>4.9%</td>
<td>Options: Accept; reduce Reducing to 4.4% would nearly eliminate low operating margin if no expense cuts; most charges below average on VDH website.</td>
</tr>
</tbody>
</table>
Northwestern Medical Center

- FY18 Base Budget: $106,128,223
- Proposed Adjustment to FY18 Base:
  - Increase by $3,249,654 for provider transfers
- FY19 Proposed Budget: $112,773,980 (4.3% of system total)
  - NPR growth without proposed adjustment: 6.3%; $6,645,757
  - NPR growth with staff-recommended adjustment: 4.6%; $4,918,584
  - NPR growth with proposed adjustment: 3.2%; $3,396,103
- Health Reform Investments:
  - Requested $424,513 = 0.4% for FY19 (0.4% allowance = $424,513)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 2.0% (estimated value of 1% rate increase = $529,558)
Financial Indicators:
- FY19B Operating Margin: 2.3%; $2,696,711
- FY19B Total Margin: 3.2%; $3,848,130
- FY19B Days Cash on Hand: 306.5
- FY18P to FY19B NPR Growth: 6.3%

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<td>Adjustment to FY18 Base</td>
<td>Provider Acq. $3,249,654</td>
<td>Accept $1,727,123 for occupational health transfer Remaining $1,522,481 is for services that begin in FY19</td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$424,513</td>
<td>Accept</td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B</td>
<td>4.6% (w/adjustment)</td>
<td><strong>Options:</strong> Accept; reduce Reduction of $1.5M results in 3.2% NPR growth</td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>2.0%</td>
<td>Accept</td>
</tr>
</tbody>
</table>
Springfield Hospital

- FY 2018 Base Budget: $59,375,198
- FY 2019 Proposed Budget: $59,996,953 (2.3% of system total)
  - NPR growth: 1.0%; $621,755
- Health Reform Investments:
  - Requested $0 for FY19 (0.4% allowance = $237,501)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 5.0% (estimated value of 1% rate increase = $318,779)
Springfield Hospital

Financial Indicators:
- FY19B Operating Margin: 1.3%; $810,362; projected operating loss in FY18
- FY19B Total Margin: 2.7%; $1,670,362; projected deficit in FY18
- FY19B Days Cash on Hand: 106.8
- FY18P to FY19B NPR Growth: 5.0%

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<td>NPR Growth Rate – FY18B to FY19B</td>
<td>1%</td>
<td>Accept</td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>5.0%</td>
<td><strong>Options:</strong> Accept; slight reduction 1% reduction is nearly 40% of operating margin if no expense cuts</td>
</tr>
</tbody>
</table>
Central Vermont Medical Center

- FY18 Base Budget: $198,452,560
- Proposed Adjustments to FY18 Base:
  - Increase by $2,561,709 for ACO accounting change
  - Increase by $353,227 for provider transfers ($102,702 approved, $250,525 not effective until FY19)
- FY19 Proposed Budget: $211,387,021 (8.1% of system total)
  - NPR growth without proposed adjustments: 6.5%; $12,934,461
  - NPR growth with staff-recommended adjustment: 6.5%; $12,831,759
  - NPR growth with all proposed adjustments: 5.0%
- Health Reform Investments:
  - Requested $766,000 = 0.4% for FY19 (0.4% allowance = $793,810)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 2.8% (estimated value of 1% rate increase = $1,226,764)
Central Vermont Medical Center

Financial Indicators:
- FY19B Operating Margin: 1.4%; $3,256,040
- FY19B Total Margin: 3.3%; $7,502,689
- FY19B Days Cash on Hand: 112.7
- FY18P to FY19B NPR Growth: 3.6%

<table>
<thead>
<tr>
<th>FY19 Budget</th>
<th>Staff recommendation</th>
<th>Preliminary Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment to FY18 Base</td>
<td>Provider Acq. of $353,227 ACO Accounting Adjustment= $2,561,709</td>
<td>Accept $102,702 acquisition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do not accept</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accept $102,702 acquisition as adjustment to FY18 Base</td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$766,000</td>
<td>Accept</td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B to FY19B (w/adjustment)</td>
<td>6.5%</td>
<td><strong>Options:</strong> Accept; reduce Could reduce to 3.2% over FY18P</td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>2.8%</td>
<td><strong>Options:</strong> Accept; reduce Could reduce if NPR reduced</td>
</tr>
</tbody>
</table>
Porter Medical Center

- FY18 Base Budget $78,348,499; rebased to $80,862,127
- Proposed Adjustments to FY18 rebased budget:
  - Increase by $1,067,391 for ACO accounting change
- FY19 Proposed Budget $84,530,515 (3.3% of system total)
  - NPR growth without proposed adjustment: 4.5%; $3,668,387
  - NPR growth with proposed adjustment: 3.2%; $2,600,996
- Health Reform Investments:
  - Requested $335,000 = 0.4% for FY19 (0.4% allowance = $323,449)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 2.8% for commercial; -1.0% overall (estimated value of 1% rate increase = $396,963)
### Porter Medical Center

**Financial Indicators:**
- FY19B Operating Margin: 3.7%; $3,291,451
- FY19B Total Margin: 4.1%; $3,690,906
- FY19B Days Cash on Hand: 133.0
- FY18P to FY19B NPR Growth: 2.8%

<table>
<thead>
<tr>
<th>Adjustment to FY18 Base</th>
<th>FY19 Budget</th>
<th>Staff Recommendation</th>
<th>Preliminary Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACO Accounting adjustment= $1,067,391</td>
<td>Do not accept</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| HCR Investments | $335,000 | Accept |

<table>
<thead>
<tr>
<th>NPR Growth Rate – FY18B (rebased) to FY19B</th>
<th>3.2% (w/ adjustment)</th>
<th>Options: Accept; reduce 3.2%</th>
<th>Question: Accept ACO reserves of $2,191,379 not in NPR?</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5% (w/o adjustment)</td>
<td>Could reduce growth in NPR w/o adjustment; strong margins</td>
<td></td>
</tr>
</tbody>
</table>

| Commercial Rate Increase | 2.8% | Options: Accept; reduce Could reduce if NPR reduced |

University of Vermont Medical Center

- FY18 Base Budget: $1,209,654,762; rebased to $1,252,297,020
- Proposed Adjustments to FY18 rebased budget:
  - Increase by $7,919,705 for ACO accounting change
- FY19 Proposed Budget: $1,273,460,046 (48.8% of system total)
  - NPR growth without adjustment: 1.7%; $21,163,026
  - NPR growth with adjustment: 1.1%; $13,243,321
- Health Reform Investments:
  - Requested $8,572,000 = 0.7% in FY19 (0.4% allowance = $5,009,188)
  - Participating in all 3 ACO programs in 2018
- FY19 Rate Request: 4.0% commercial; 3.0% overall (estimated value of 1% commercial rate increase = $4,500,353; 1% overall rate increase = $6,337,346)
### University of Vermont Medical Center

#### Financial Indicators:
- FY19B Operating Margin: 2.8%; $39,244,024
- FY19B Total Margin: 5.1%; $72,175,796
- FY19B Days Cash on Hand: 192.4
- FY18P to FY19B NPR Growth: 2.0%

<table>
<thead>
<tr>
<th>Adjustment to FY18 Base</th>
<th>FY19 Budget</th>
<th>Staff Recommendation</th>
<th>Preliminary Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjustment of $7,919,705</td>
<td>Accounting Adj.</td>
<td>Do not accept</td>
<td></td>
</tr>
<tr>
<td>HCR Investments</td>
<td>$8,572,000</td>
<td>Accept $5,009,188 (0.4% Allowance)</td>
<td></td>
</tr>
<tr>
<td>NPR Growth Rate – FY18B (rebased) to FY19B</td>
<td>1.7% (w/o adjustment)</td>
<td>Accept</td>
<td>Growth estimates lower than recent years</td>
</tr>
<tr>
<td>Commercial Rate Increase</td>
<td>4.0%</td>
<td><strong>Options:</strong> Accept; reduce (3% or 2%?)</td>
<td></td>
</tr>
</tbody>
</table>

*In FY17 Actuals discussion, UVMMC indicated 0% rate increase for FY19 before inpatient MH decision. Highest FY19B total margin in system.*