



# **Vermont Hospital Budgets: Summary of FY 2017 Actual to Budget, Enforcement of FY 2017 Overages**

**GMCB Meeting  
April 4, 2018**

**Susan Barrett, GMCB Executive Director  
Pat Jones, Interim Director of Health System Finances**

# Agenda

- ❖ **Review Enforcement Policy**
- ❖ **Hospitals with FY 2017 Overages >0.5%**
- ❖ **Enforcement Options for Fiscal Year 2017 Overages**
- ❖ **Enforcement Timeline**
- ❖ **Discussion: Enhancing Mental Health Treatment Capacity**
  - ❑ Melissa Bailey, Commissioner, Vermont Department of Mental Health
  - ❑ Robert Pierattini, MD, Professor & Chair, Department of Psychiatry, UVM

# Enforcement Policy

**From Hospital Budget Reporting Requirements for Fiscal Year 2017 (effective February 25, 2016):**

“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 FY 2017 budgets:

- 1) Net patient revenue (NPR) amounts as ordered will be enforced.
- 2) The GMCB may review hospitals whose year-end NPRs exceed the NPR requirement by 0.5% above or below their approved NPR. This 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 an opportunity for a hearing and will require a hearing if it deems one necessary.

# Enforcement Policy (cont'd)

- 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:
- 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."

# Hospitals with FY 2017 Overages >0.5%

	Net Patient Revenue % Over Budget	Net Patient Revenue Amount Over Budget	% Budget to Actual Increase (Decrease) in Operating Margin	Net Operating Income Amount Over (Under) Budget
Central Vermont Medical Center	1.8%	\$3.4M	(2.7)%	(\$5.6M)
Mt. Ascutney Hospital & Health Center	1.1%	\$0.5M	5.1%	\$2.6M
Porter Medical Center	2.8%	\$2.1M	1.7%	\$1.4M
University of Vermont Medical Center	3.3%	\$38.3M	1.4%	\$20.7M

# Enforcement Options for FY 17 Overages

- ❖ Take no action.
- ❖ Reduce UVMHC Commercial Rate by 1%, 2%, or 3%, effective 10/1/18.
  - ❑ UVMHCN estimate: each 1% rate reduction valued at \$7 million
- ❖ Reduce CVMC Commercial Rate by 1%, effective 10/1/18.
  - ❑ UVMHCN estimate: 1% rate reduction valued at \$900,000
- ❖ Allow UVMHC to self-restrict approximately \$21M of its FY 2017 actual margin performance to enhance inpatient mental health treatment capacity in Vermont.
  - ❑ Based on suggestion at March 14<sup>th</sup> GMCB meeting
- ❖ Do not take action on Porter Medical Center or Mt. Ascutney Hospital and Health Center.
  - ❑ For both hospitals, FY 2017 is first year since at least FY 2012 with positive variance between Actuals and Budget.

# FY 2017 Enforcement Timeline

- ❖ Public comment period through at least April 10<sup>th</sup>
- ❖ Potential GMCB vote on April 11<sup>th</sup>
- ❖ Intent is to complete enforcement decision in April

# Discussion: Enhancing Mental Health Treatment Capacity

- ❖ At its January 19, 2017 meeting, the GMCB heard concerns about mental health treatment capacity from the Department of Mental Health, Brattleboro Retreat, the Howard Center, Northwestern Medical Center, and Rutland Regional Medical Center
- ❖ Enhancing mental health treatment capacity has potential to impact both access to care and quality of care
- ❖ Improving mental health outcomes and processes of care are key quality priorities in the All-Payer ACO Model Agreement with CMS
- ❖ Commissioner Bailey and Dr. Pierattini will outline issues related to mental health treatment capacity and potential actions to address those issues