

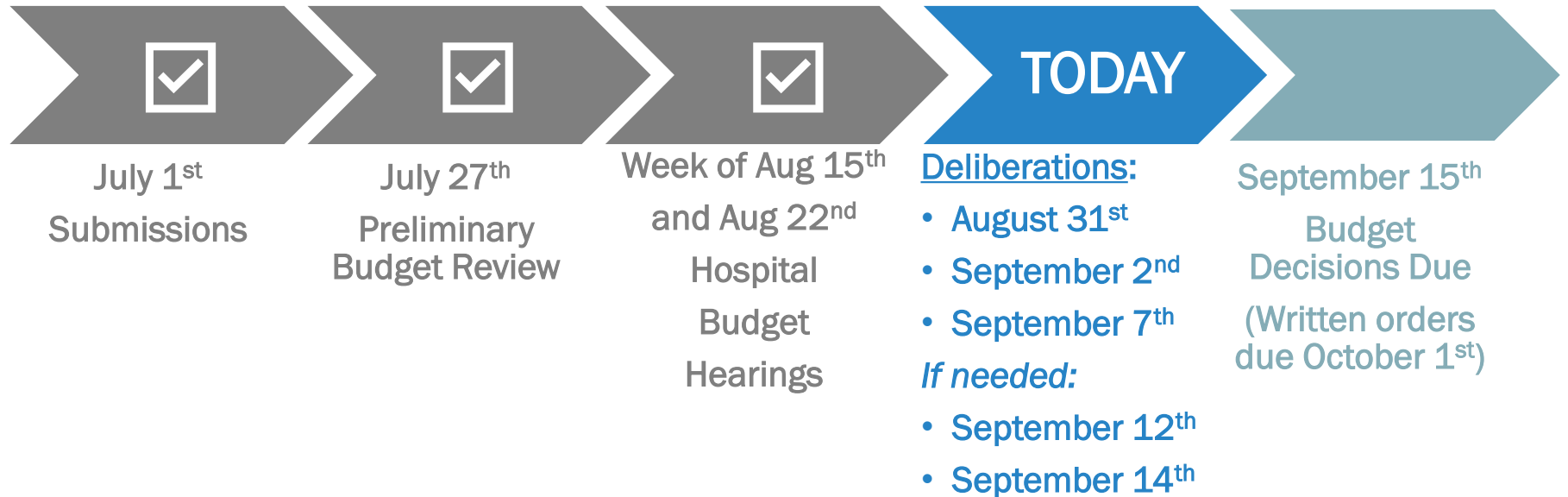
# **FY 2023**

# **Vermont Hospital Budget**

# **Deliberations**

August 31, 2022

# FY2023 Hospital Budget Decision Schedule



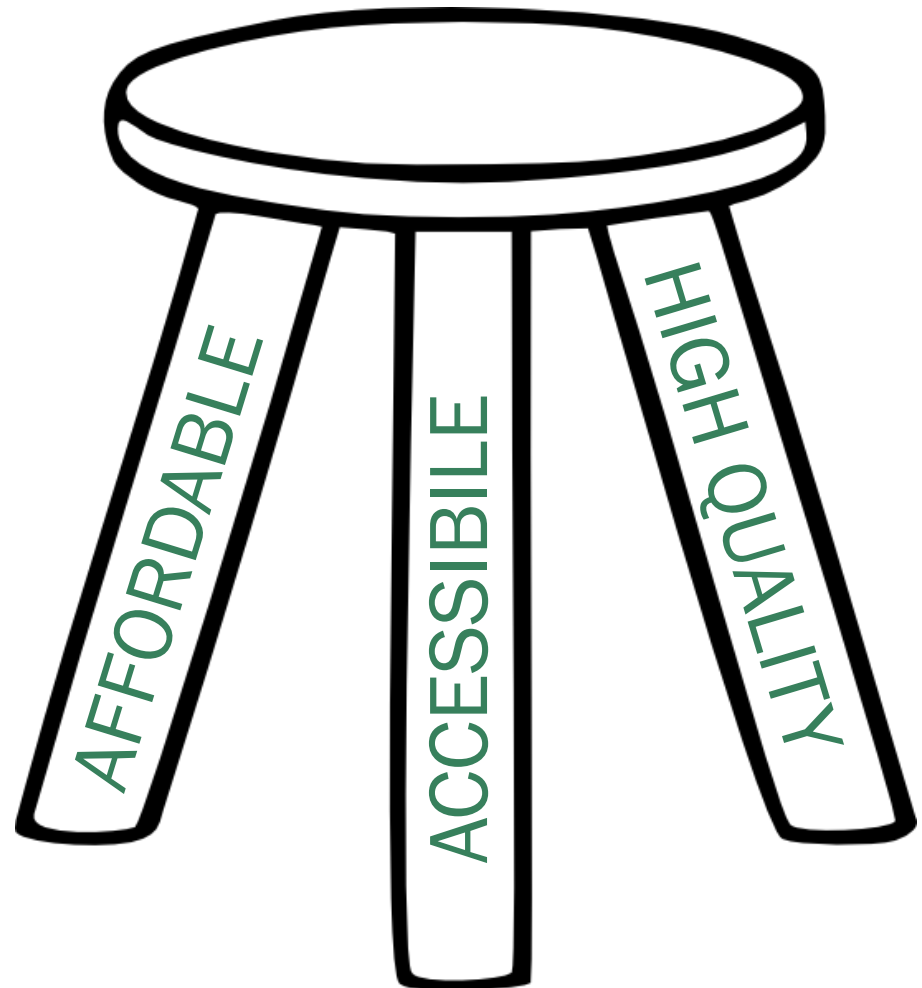
# Summary of Public Comment



- The Board received 45 comments to date.
- Common Themes:
  - Proposed budgets are unsustainable for Vermonters and businesses (18 comments)
  - Approved rates should fall between the APM's 3.5% max and the board's previously set 8.6% (14 comments)
  - Hospital executive pay should be reduced (3 comments)
  - If nurses had been paid fair wages before the pandemic, then hospitals would not be in their current position of being reliant on travelers (3 comments)
  - Wait times need to improve (3 comments)
  - Bond ratings should be allowed to fall (2 comments)
  - Keep hospitals strong; they need the funding they are requesting (2 comments)
- GMCB accepts public comment at any time:  
<https://gmcboard.vermont.gov/board/comment>

# Hospital Sustainability

- Accessibility and reliability support a healthier Vermont.
- Hospitals' financial health supports their ability to provide high-quality, accessible care.



# Longer Term GMCB Work: Hospital Budget Oversight



- Evolve hospital budget regulatory process:
  - Articulate the GMCB's goals for evolving regulatory process
  - Identify opportunities for efficiency
  - Establish meaningful metrics consistent with current health care landscape, including appropriate reference values and decision points
  - Improve alignment with other regulatory processes
  - Develop methodology to determine allowable rate of growth for Vermont hospital budgets (Act 167 of 2022)
- Payment model development:
  - Develop value-based payments and promote the long-term stability of the Vermont health care system, in collaboration with AHS (Act 167 of 2022)

# Longer Term GMCB Work: Value-Based Care

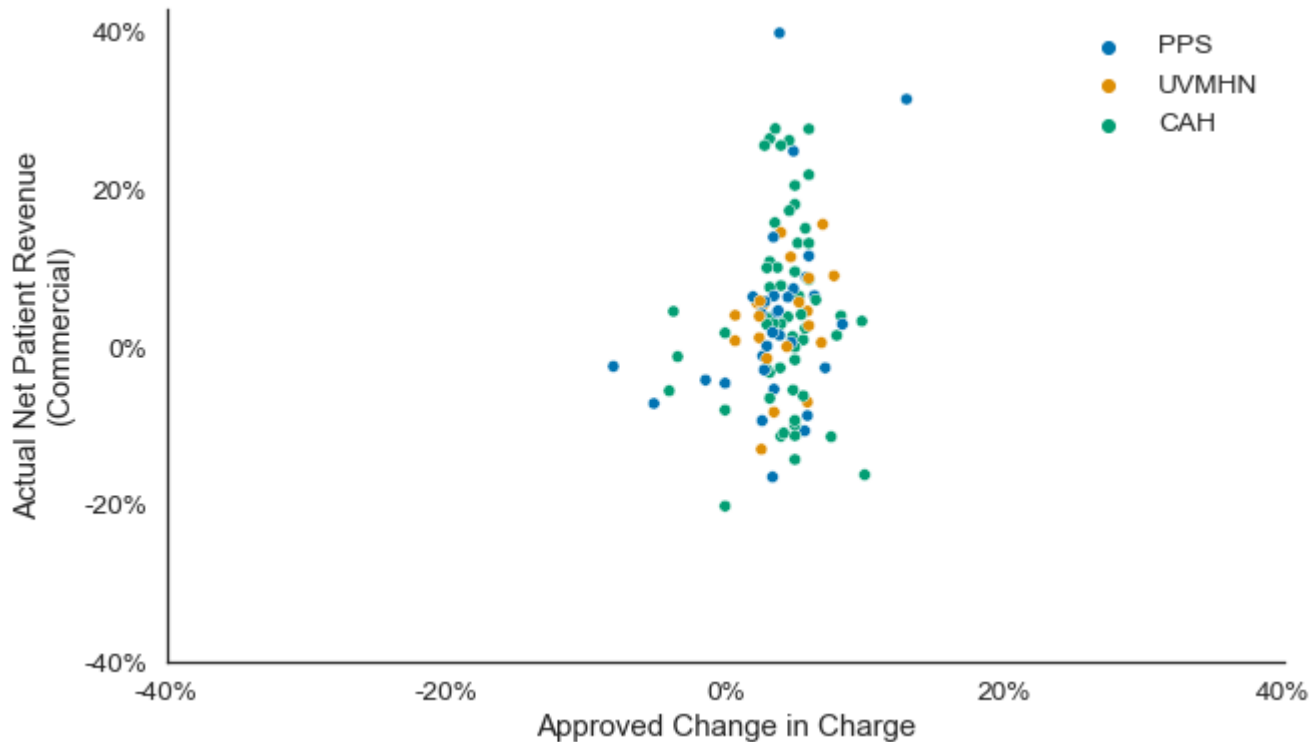


- All-Payer Model Development
  - Led by AHS in collaboration with GMCB
  - Execute and implement extension of current APM Agreement as a bridge to new model (2023-2024)
  - Negotiate subsequent APM with CMS (2025 and beyond)
- Community Engagement
  - Meaningful collaboration and engagement with providers, payers, ACOs and other stakeholders on HB process evolution, payment model development, and development of future APM Agreement
  - Build understanding of current and potential future state of Vermont's health care delivery system; seek opportunities to improve efficiencies, lower costs, reduce inequities, and improve health outcomes (Act 167)

# Today's Work

- Establish budgets for Vermont's 14 community hospitals by approving or adjusting requested changes from approved FY22 budget to FY23 budget for:
  1. Net Patient Care Revenue/Fixed Prospective Payment (NPR/FPP)
  2. Charges

# Relationship Between Commercial NPR/FPP and Change in Charges

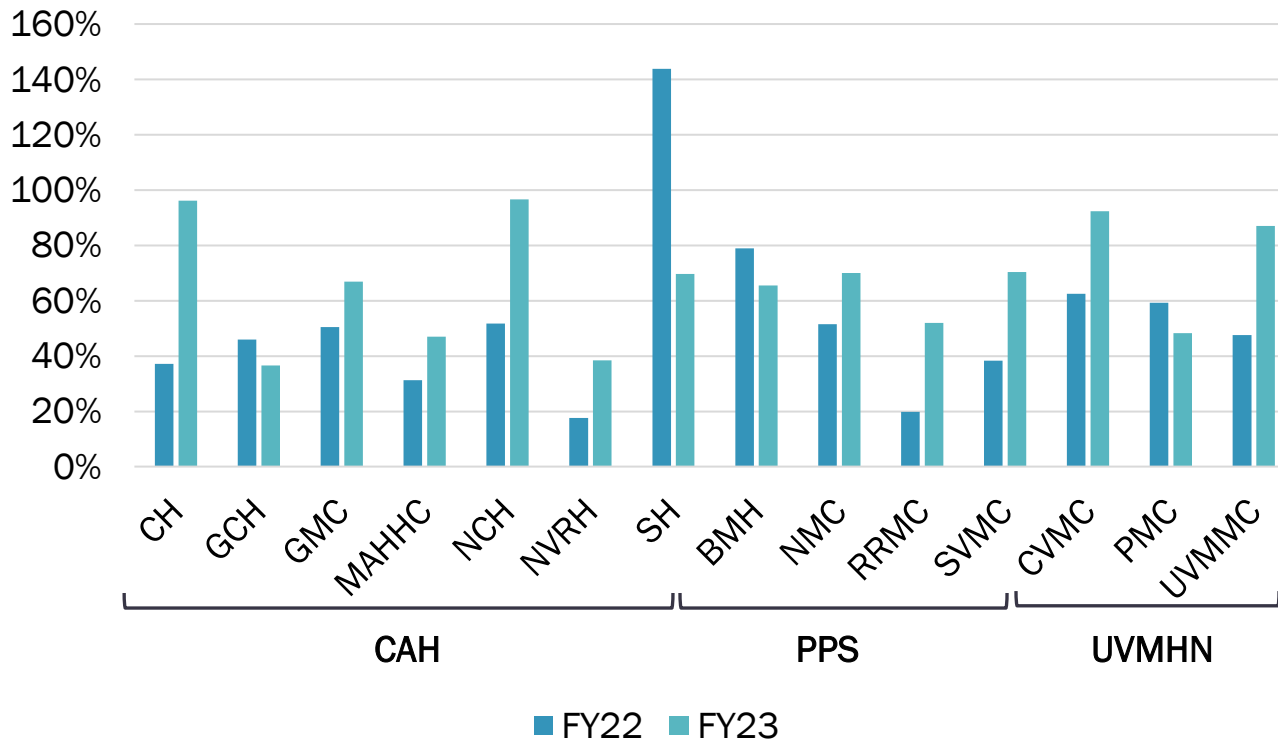


Changes in *charges* and hospitals' actual NPR/FPP are not directly related.



# NPR growth from rate

% NPR Growth Driven by Rate  
(PY Approved to CY Submitted)



Changes in NPR/FPP driven by more than price.

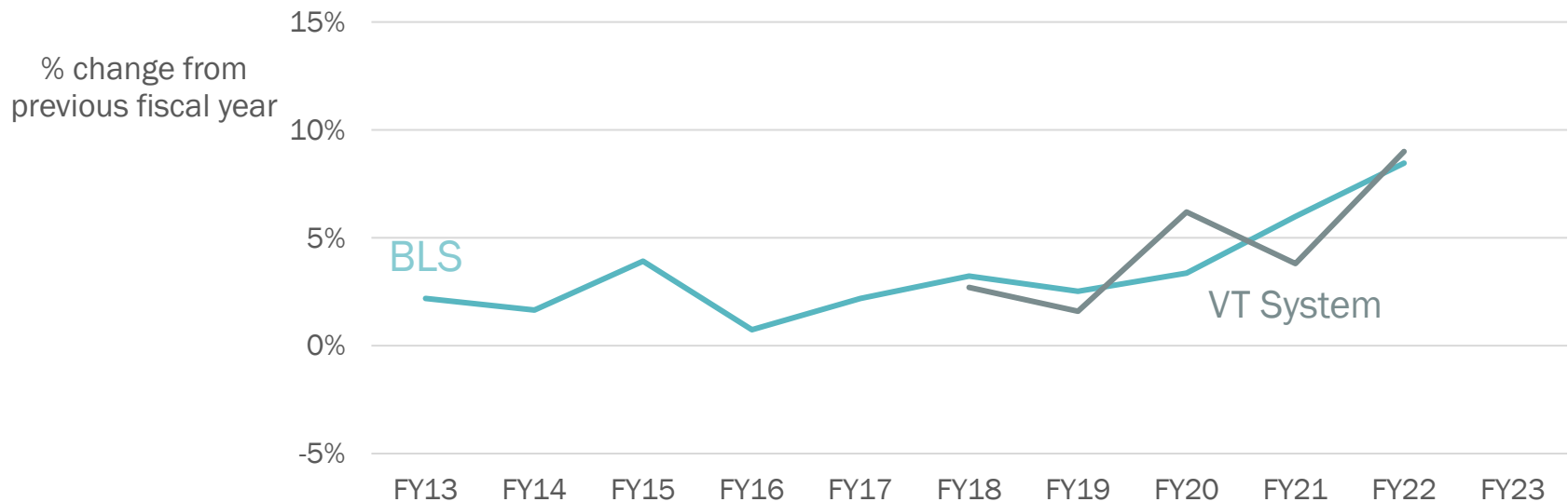
The relative amount of NPR/FPP growth associated with price changes varies from hospital to hospital and over time.

# System wide Factors

# Increasing Labor Expenses



The increasing labor expenses experienced by Vermont hospitals are in line with National trends.



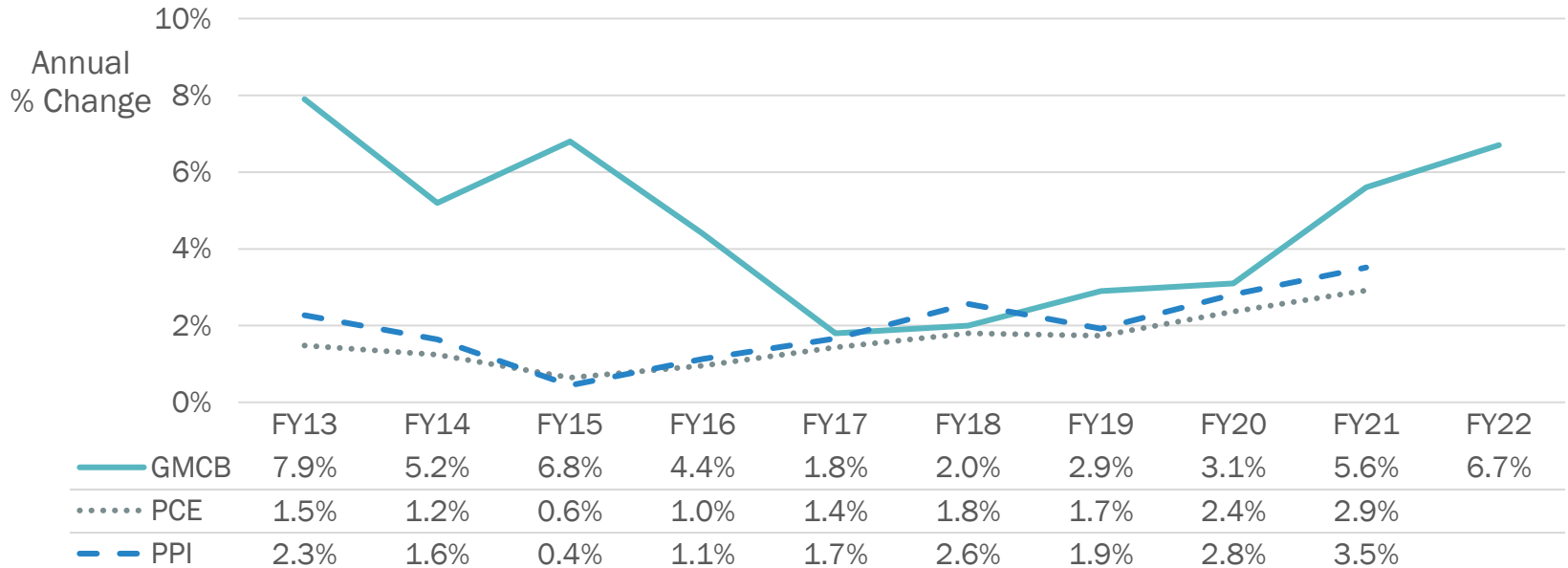
BLS = Employment, Hours, and Earnings from the Current Employment Statistics survey (National), Average hourly earnings of production and nonsupervisory employees, hospitals, seasonally adjusted for hospitals. June over June growth from 2012 to 2022. Note that 2022 is a preliminary estimate. (Series ID CES6562200008)

VT System = MD and non-MD salary and fringe per FTE as reported to GMCB.

# GMCB Change in Charge Decisions and Medical Inflation



The GMCB's approved change in charges were higher than measures of medical inflation in FY13 to FY16 and in FY21. The approved changes were near inflation in FY17 through FY20.

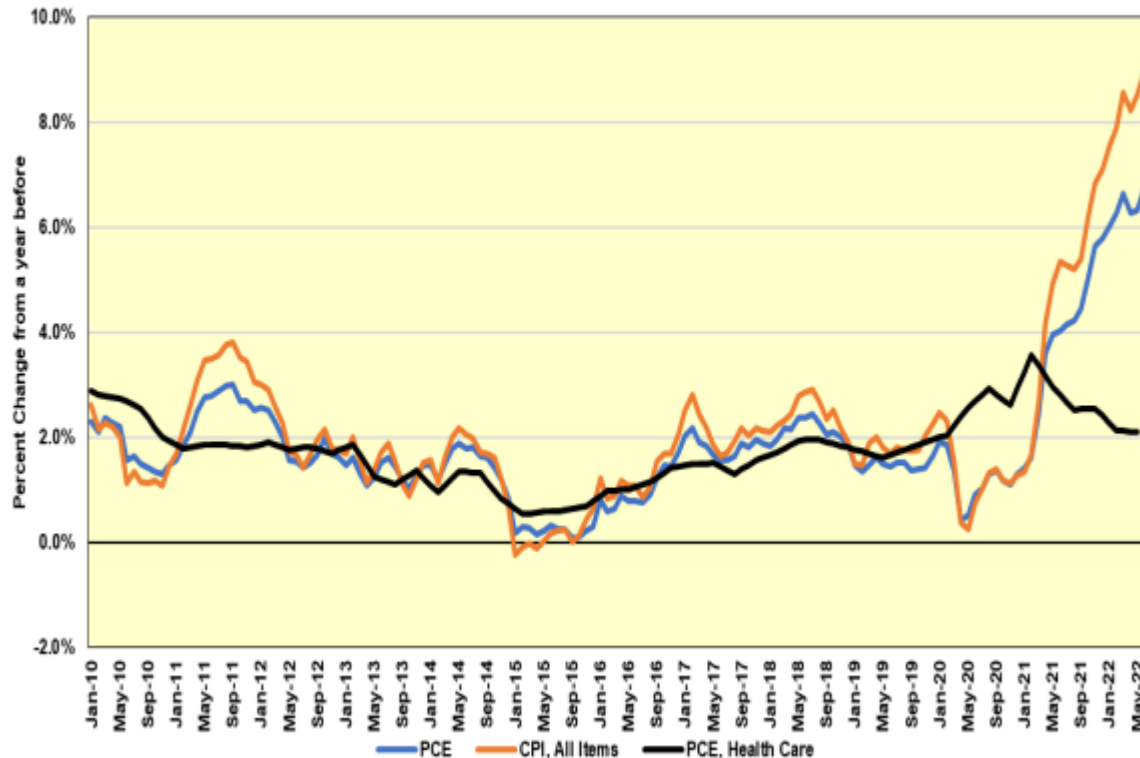


PCE = U.S. Bureau of Economic Analysis, Personal consumption expenditures: Services: Health care (chain-type price index) [DHLCRG3Q086SBEA]

PPI = U.S. Bureau of Labor Statistics, Producer Price Index by Industry: General Medical and Surgical Hospitals [PCU622110622110]

# Inflation over Time: Households

Year-over-Year Change in General Inflation and the Health Care PCE Price Index,  
January 2010 through June 2022

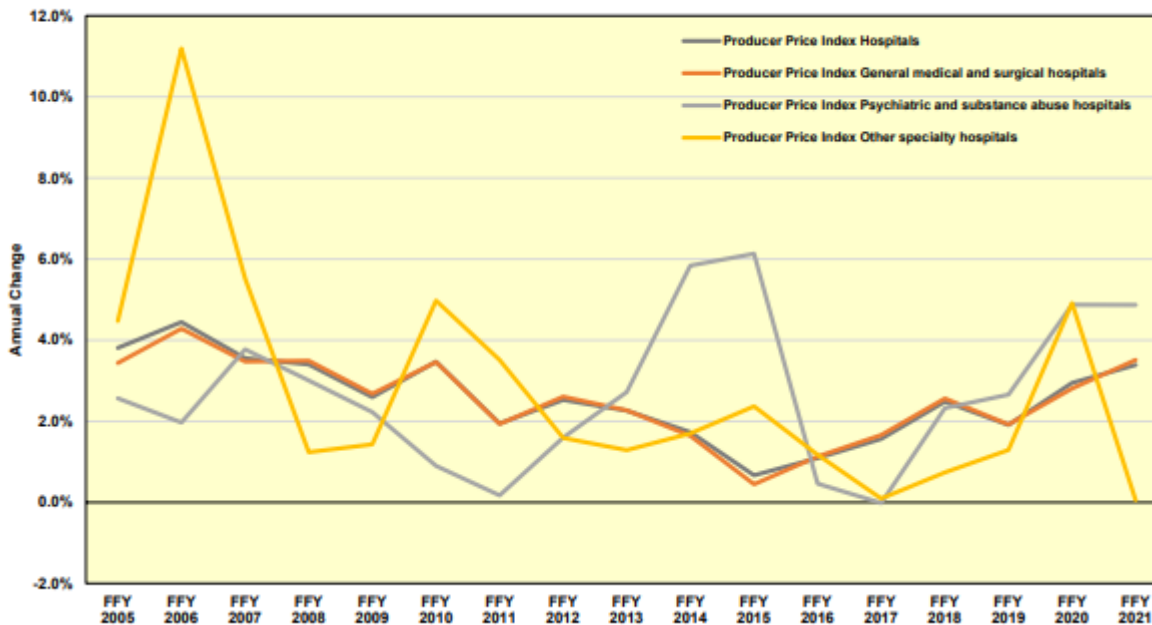


The Consumer Price Index (CPI) tends to produce higher estimates for inflation than the Personal Consumption Expenditures (PCE).

However, this criticism may be less valid for medical expenditures where substitution of services is more limited.

# Inflation over Time: Hospitals

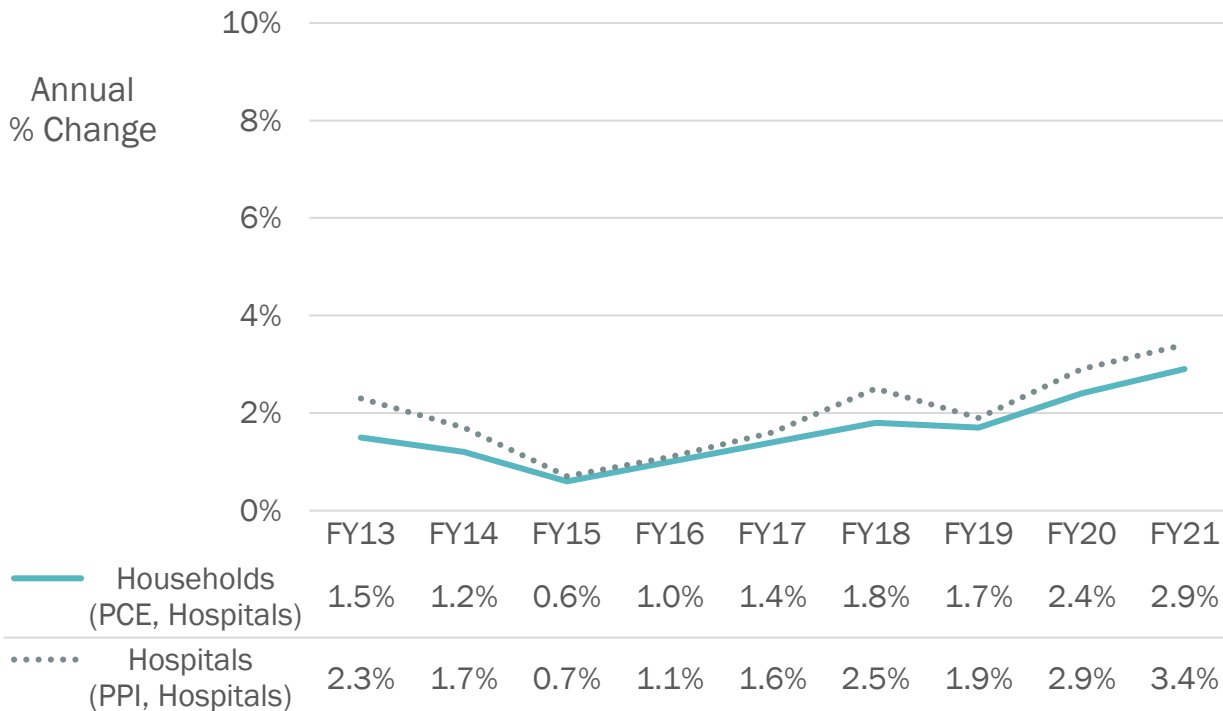
Annual Change in Producer Price Index for Hospitals  
(Source: BLS)



Producer Price Indices (PPIs) help measure the price changes for specific commodities or services.

They maintain fixed bundles of goods and services, which may risk overstating inflationary effects.

# Inflation over Time: Household vs Hospital



PPI for hospital services tracks closely with PCE for health care, though the hospital PPI growth tends to be slightly higher in most years.

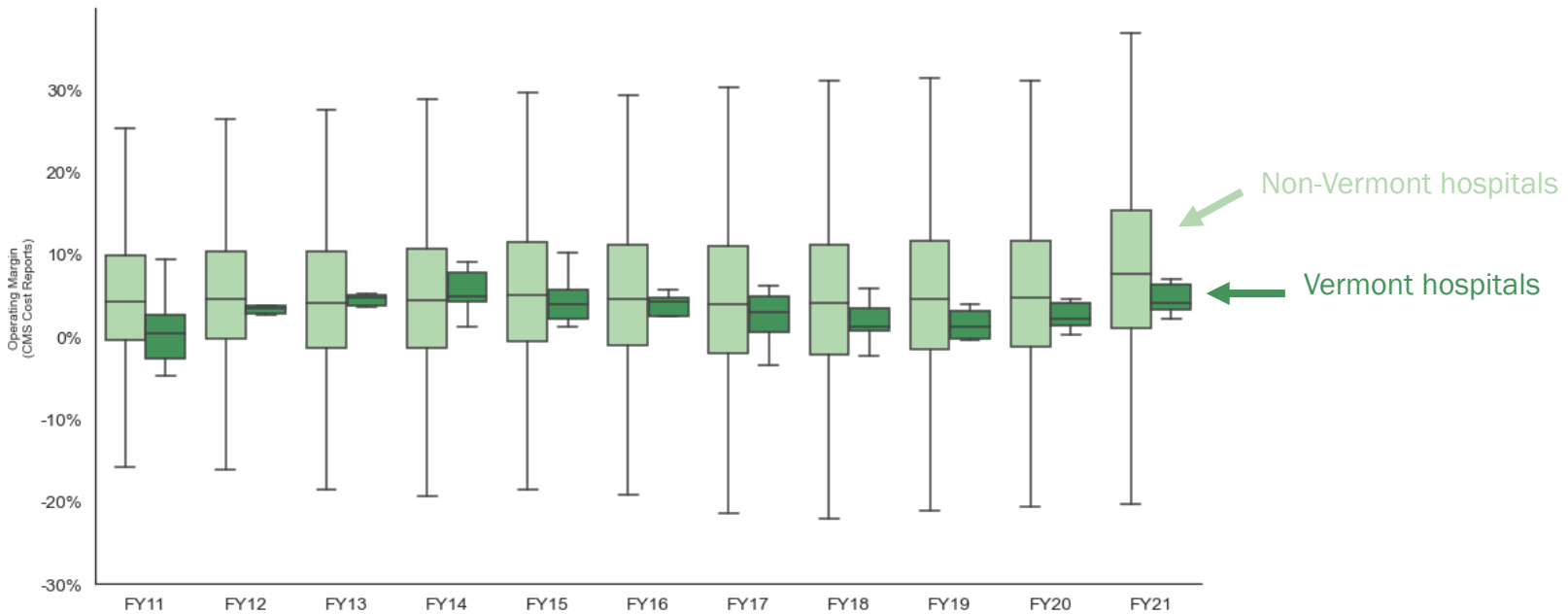
PCE = U.S. Bureau of Economic Analysis, Personal consumption expenditures: Services: Health care (chain-type price index) [DHLCRG3Q086SBEA]

PPI = U.S. Bureau of Labor Statistics, Producer Price Index by Industry: General Medical and Surgical Hospitals [PCU622110622110]

# Operating Margins: Acute Care Hospitals

Acute care hospitals in Vermont have generally exhibited median operating margin below non-Vermont hospitals.

Narrower margins risk less ability to cope with volatility and may lead to less stability in prices.



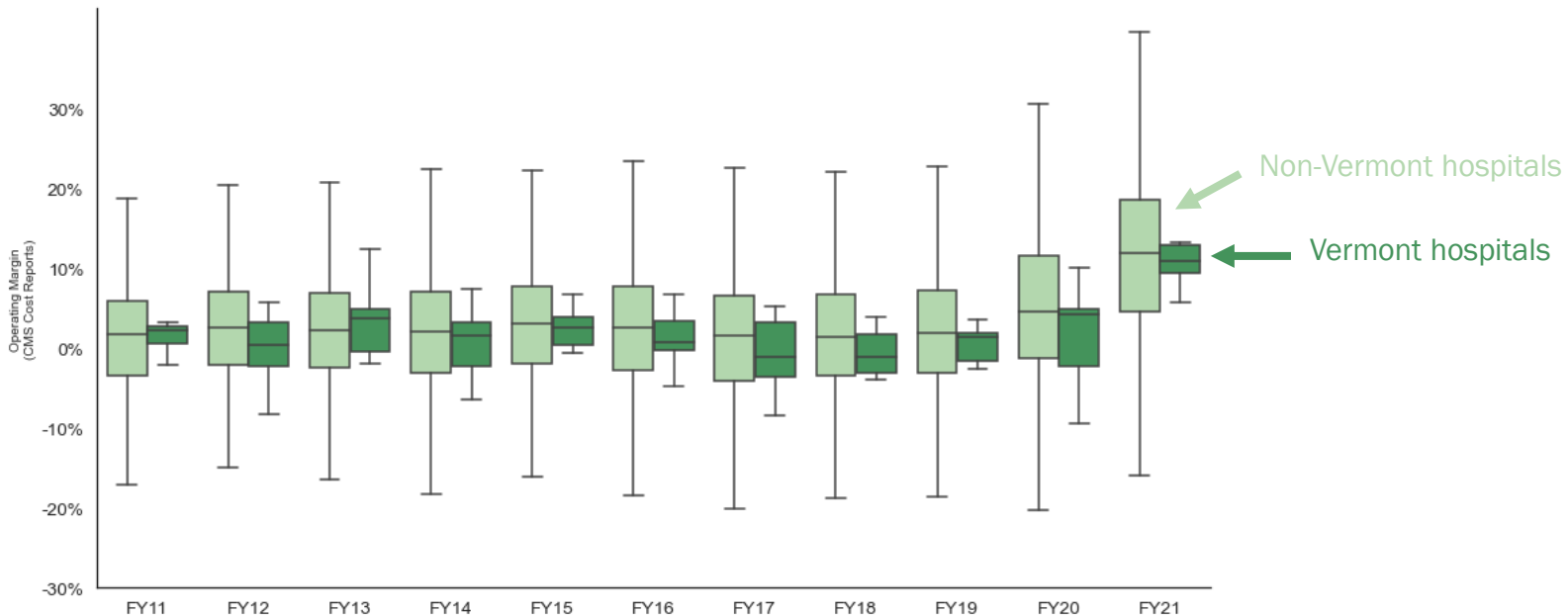
Source: [Healthcare Cost Report Information System \(HCRIS\)](#)



# Operating Margins: Critical Access Hospitals (CAHs)

CAHs in Vermont have exhibited median operating margins above or near non-Vermont hospitals. FYs 12, 16, and 17 showed the reverse.

CAHs tend to have lower operating margins overall but showed higher margins in FY21 as compared with acute care hospitals.



Source: [Healthcare Cost Report Information System \(HCRIS\)](#)

# Hospital Cost and Reimbursement Trends

## Year over Year Changes, Utilization from All Payers Combined In-State Hospitals Only (excludes Dartmouth)

	From HFY 2019 to HFY 2020		
	in Cost	in Payment	Difference
Inpatient per Discharge	7.9%	2.8%	-5.2%
Outpatient per APC Service	12.5%	5.6%	-6.9%

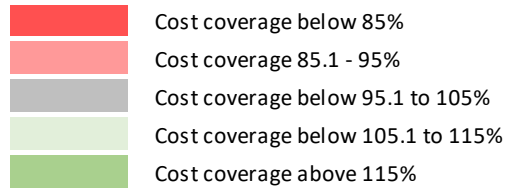
	From HFY 2020 to HFY 2021		
	in Cost	in Payment	Difference
Inpatient per Discharge	2.5%	6.3%	3.9%
Outpatient per APC Service	8.9%	11.0%	2.1%

Year-over-Year cost increases were significant between hospital fiscal years 2019 and 2020. Payment increases did not keep up with the cost increases. From 2020 to 2021, costs continued to increase, but not as much as seen in the previous year.

In the most recent year, payment increases were able to outpace the cost increases, at least among the utilization examined.

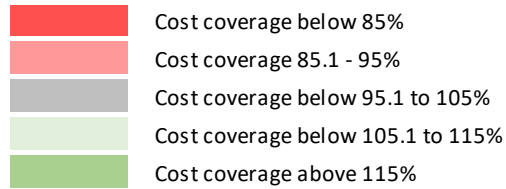
Still, over the two years, payments have not kept up with cost increases.

# Inpatient Cost Coverage Variation by Hospital and Payer



		Medicaid					Medicare					Commercial				
		HFY17	HFY18	HFY19	HFY20	HFY21	HFY17	HFY18	HFY19	HFY20	HFY21	HFY17	HFY18	HFY19	HFY20	HFY21
Weighted Average		73.1	73.1	72.6	65.8	67.3	95.4	89.4	81.8	81.3	85.0	114.5	109.7	109.1	108.4	108.0
Dartmouth	AMC	Red	Red	Red	Red	Red	Grey	Light Green	Grey	Grey	Grey	Light Green	Light Green	Dark Green	Dark Green	Dark Green
UVMC	AMC	Red	Red	Red	Red	Red	Light Red	Red	Red	Red	Red	Dark Green	Light Green	Light Green	Dark Green	Light Green
Brattleboro Mem	PPS	Red	Red	Red	Red	Red	Grey	Grey	Light Red	Red	Grey	Grey	Grey	Dark Green	Dark Green	Dark Green
Central Vermont	PPS	Red	Light Red	Red	Red	Red	Light Green	Grey	Red	Red	Grey	Grey	Grey	Light Red	Red	Light Red
Northwestern	PPS	Red	Red	Red	Red	Red	Light Green	Light Red	Light Red	Red	Red	Red	Red	Light Red	Red	Red
Rutland	PPS	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Grey	Light Green	Light Green	Grey	Grey
Southwestern	PPS	Red	Light Red	Red	Red	Light Red	Light Red	Light Red	Red	Red	Red	Grey	Light Green	Grey	Grey	Light Green
Copley	CAH	Grey	Grey	Light Red	Red	Light Red	Grey	Grey	Grey	Grey	Grey	Dark Green	Dark Green	Dark Green	Grey	Light Red
Gifford	CAH	Red	Red	Red	Red	Red	Grey	Grey	Grey	Grey	Grey	Dark Green	Light Green	Grey	Red	Grey
Grace Cottage	CAH	Red	Light Red	Red	Grey	Red	Grey	Grey	Grey	Grey	Grey	Red	Red	Red	Red	Red
Mt Ascutney	CAH	Red	Red	Red	Red	Red	Grey	Grey	Grey	Grey	Grey	Red	Red	Red	Light Red	Red
North Country	CAH	Light Red	Light Red	Light Red	Red	Light Red	Grey	Grey	Grey	Grey	Grey	Dark Green	Dark Green	Light Green	Grey	Grey
Northeastern	CAH	Red	Red	Red	Red	Red	Grey	Grey	Grey	Grey	Grey	Light Red	Grey	Red	Red	Red
Porter	CAH	Red	Red	Red	Red	Light Red	Grey	Grey	Grey	Grey	Grey	Dark Green	Grey	Light Red	Red	Light Green
Springfield	CAH	Light Green	Grey	Grey	Red	Light Red	Grey	Grey	Grey	Grey	Grey	Grey	Grey	Light Red	Red	Red

# Outpatient Cost Coverage Variation by Hospital and Payer

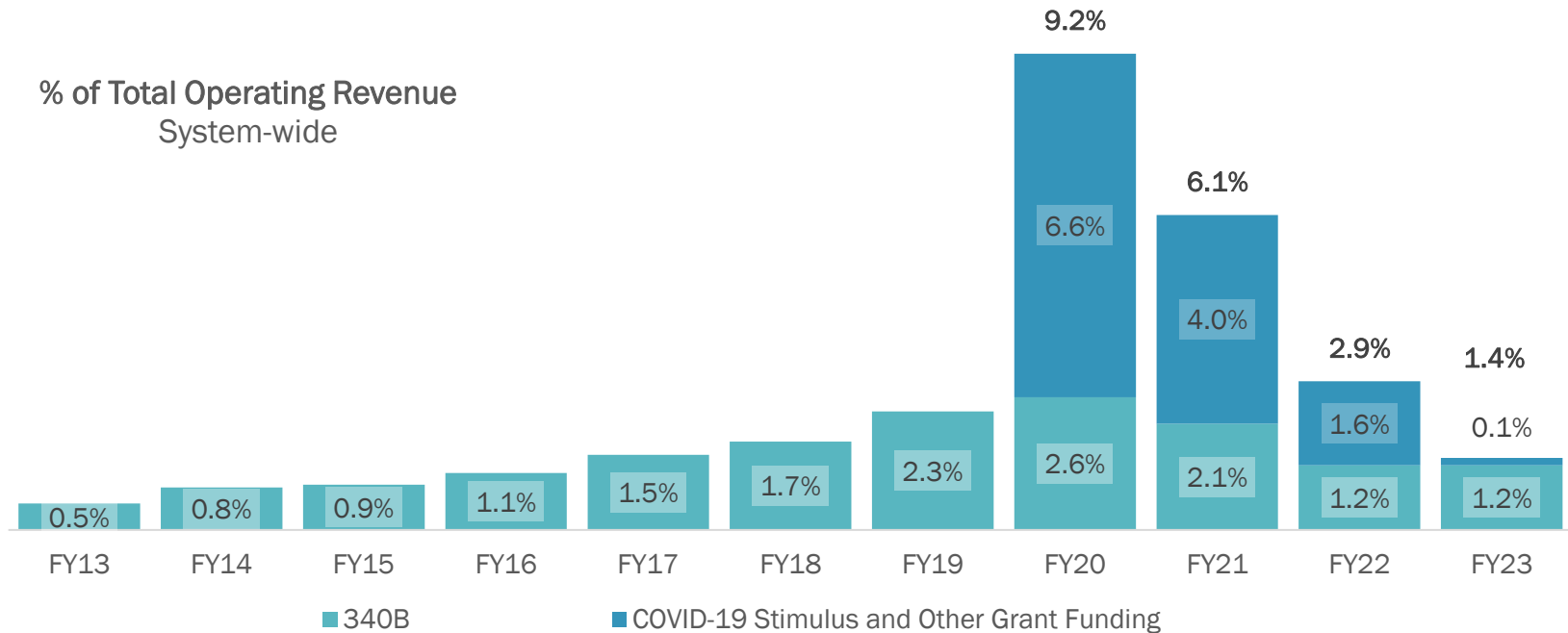


		Medicaid					Medicare					Commercial				
		HFY17	HFY18	HFY19	HFY20	HFY21	HFY17	HFY18	HFY19	HFY20	HFY21	HFY17	HFY18	HFY19	HFY20	HFY21
Weighted Average		76.0	72.6	71.2	63.9	65.9	68.7	73.8	75.1	74.4	74.4	255.6	254.6	204.0	197.2	208.7
Dartmouth	AMC															
UVMC	AMC															
Brattleboro Mem	PPS															
Central Vermont	PPS															
Northwestern	PPS															
Rutland	PPS															
Southwestern	PPS															
Copley	CAH															
Gifford	CAH															
Grace Cottage	CAH															
Mt Ascutney	CAH															
North Country	CAH															
Northeastern	CAH															
Porter	CAH															
Springfield	CAH															

# Other Operating Revenue

Stimulus funding had significant contributions to operating revenue in FY20 and is no longer anticipated to provide a material impact in FY23.

Relative operating revenue associated with the 340B program is expected to be consistent from FY22 to FY23 overall.



# AHS Stabilization Efforts

- The Vermont Agency of Human Services (AHS) expects to provide an additional DSH payment for qualifying hospitals in the current hospital FY, totaling over \$23 million dollars.
- This is part of AHS's goals for its current Global Commitment demonstration, which includes plans to address mental health, housing challenges, renewing health insurance subsidies, provider rates, and investments in health information technology infrastructure.

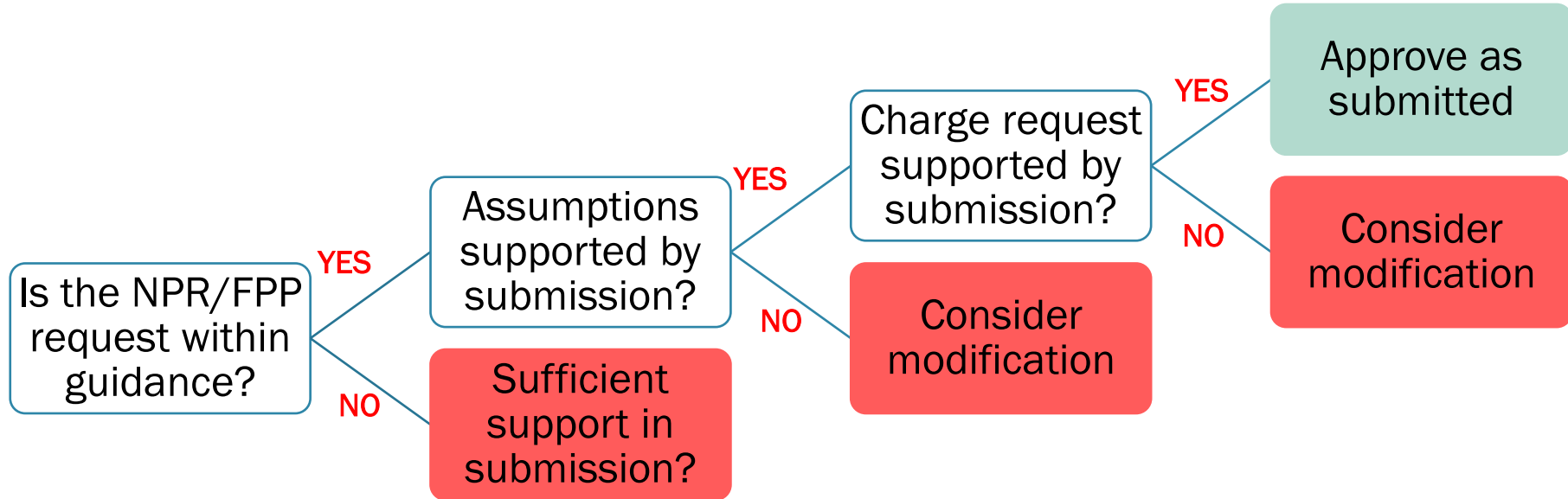
# All-Payer Model All-Payer Total Cost of Care (TCOC)

- The All-Payer Model Total Cost of care calculates the typical monthly health care expenditures for Vermont residents. This includes:
  - Care delivered outside of Vermont
  - Care delivered outside of hospital settings
- NPR/FPP shows the patient revenue for Vermont hospitals, including:
  - Care delivered to non-Vermont residents
  - Care delivered to people without claims in VHCURES (including bad debt and free care)
  - DSH + GME payments
- **Staff recommends exploring potential inferential relationships between these metrics to determine how best to incorporate into future regulatory integration efforts.**

# Staff Analysis and Summary of Recommendations

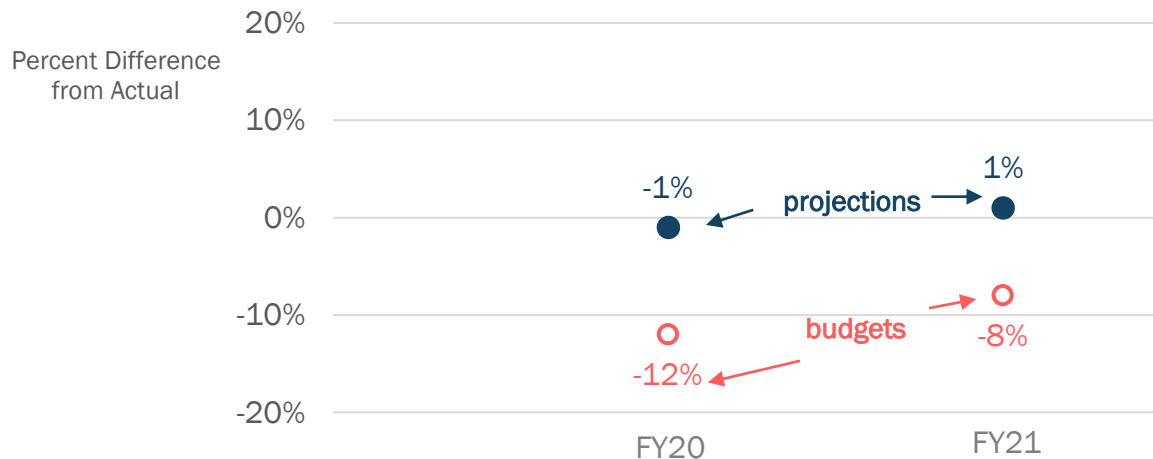


# Staff Recommendation: Decision Tree



# 1) NPR/FPP

- Budgeting has become even more difficult since the pandemic.
- Changes are faster and more dramatic than usual, so staff recommends using the change from the *projected* NPR/FPP in FY22 to the FY23 budget.



## 2) Assumption

### a) Labor costs/investments

- Per [Act 85 of 2022](#), the GMCB shall consider hospitals' extraordinary labor costs and investments, as well as the impacts of those costs and investments on the affordability of health care.

### b) Other inflation

- Are other inflationary expenses within the range proposed in the [Initial Economic Analysis](#)?

### c) Utilization

- How do estimated changes compare with the hospital's market share?
- How well have previous utilization forecasts performed?

# 2) Assumption tests

Assumption	TEST	Threshold	Threshold source
Labor costs	Growth from '21 actual to '23 budget	13.0% to 13.8%	Average hourly earnings from June '21 to '22 = 8.5% plus forecasted personal income growth between 4.5% (CMS) and 5.3% (Moody's) from '22 to '23.
Other inflation	Growth from '22 budget to '23 budget	4.1% to 4.5%	Forecasted growth for PCE-Services (4.1%), GDP Deflator (4.4%), and CPI-U (4.5%)
Utilization	Are the utilization assumptions from '22 projection to '23 budget in line with hospital's market share? How have actuals compared to budgets in the past?		

# 3) Charge request

- Is the estimated effective commercial rate supported in the submission?
- Does the charge request support a reasonable operating margin?

# Decision Tree Summary: NPR/FPP (FY22B – FY23B)



	FY22 Projection to FY23 Budget (for reference)	TEST: FY22 Budget to FY23 Budget	
<b>YES</b>	Southwestern	2.3%	6.4%
	Gifford	1.8%	7.0%
	Central VT	10.7%	7.3%
	Springfield	13.6%	7.5%
	Northwestern	5.4%	8.6%
<b>NO</b>	University of VT	15.7%	10.0%
	Mt. Ascutney	5.0%	10.4%
	Porter	4.4%	10.9%
	Copley	4.2%	12.1%
	North Country	9.9%	12.5%
	Northeastern VT	7.6%	13.0%
	Brattleboro	10.5%	13.3%
	Grace Cottage	6.1%	15.0%
	Rutland	4.8%	16.1%

# Decision Tree Summary: NPR/FPP (FY22P – FY23B)

	TEST: FY22 Projection to FY23 Budget	FY22 Budget to FY23 Budget (for reference)	
YES	Gifford	1.8%	7.0%
	Southwestern	2.3%	6.4%
	Copley	4.2%	12.1%
	Porter	4.4%	10.9%
	Rutland	4.8%	16.1%
	Mt. Ascutney	5.0%	10.4%
	Northwestern	5.4%	8.6%
	Grace Cottage	6.1%	15.0%
	Northeastern VT	7.6%	13.0%
NO	North Country	9.9%	12.5%
	Brattleboro	10.5%	13.3%
	Central VT	10.7%	7.3%
	Springfield	13.6%	7.5%
	University of VT	15.7%	10.0%

Projected FY22  
NPR under FY22  
budget

# Decision Tree Summary: Assumptions

	COMPENSATION GROWTH FROM '21 to '23 < 13.8%?	OTHER INFLATION GROWTH FROM '22B to '23 < 4.5%	UTILIZATION	ALL THREE TESTS?
Gifford	-7.2%	5.6%	-2.7%	review
Southwestern	7.5%	1.1%	2.1%	Y
Copley	9.1%	0.6%	-1.0%	Y
Porter	8.9%	0.6%	3.5%	review
Rutland	1.2%	0.3%	8.2%	review
Mt. Ascutney	6.5%	4.7%	4.9%	review
Northwestern	4.8%	1.7%	-2.0%	Y
Grace Cottage	12.4%	0.7%	missing	review
Northeastern VT	8.5%	0.3%	14.7%	review



# Decision Tree Summary: Charge Request



	<i>Requested change in charge (for reference)</i>	Estimated change in commercial rate	Budgeted operating margin
Gifford	3.65%	2.9%	For hospital = 1.5% (11.4% organization-wide)
Southwestern	9.5%	7.55%	0.5%
Copley	12.0%	8.0%	1.6%
Porter	3.5%	11.5%	5.7%
Rutland	17.8%	10.8%	2.6%
Mt. Ascutney	4.7%	3.2%	1.7%
Northwestern	9.4%	6.0%	1.0%
Grace Cottage	5.0%	4.66%	-3.7%
Northeastern VT	10.8%	10.5%	0.2%

# Decision Tree Summary: Charge Request



	<i>Requested change in charge (for reference)</i>	<i>Estimated change in commercial rate</i>	<i>Budgeted operating margin</i>	<i>Reasonable and supported in submission?</i>
Gifford	3.65%	2.9%	For hospital = 1.5% (11.4% organization-wide)	Y
Mt. Ascutney	4.7%	3.2%	1.7%	Y
Grace Cottage	5.0%	4.66%	-3.7%	Y
Northwestern	9.4%	6.0%	1.0%	Y
Southwestern	9.5%	7.55%	0.5%	Y
Copley	12.0%	8.0%	1.6%	Y
Northeastern VT	10.8%	10.5%	0.2%	Y
Rutland	17.8%	10.8%	2.6%	review
Porter	3.5%	11.5%	5.7%	review

# Staff Recommendation



Approve as submitted	Review assumptions and/or charge request	Consider support for exceeding guidance
Copley	Gifford	Brattleboro
Northwestern	Grace Cottage	Central VT
Southwestern	Mt. Ascutney	North Country
	Northeastern VT	Springfield
	Porter	University of VT
	Rutland	

# Budget Requests by Hospital

# Standard Budget Order Conditions



- A. [HOSPITAL]'s FY23 NPR/FPP budget is approved at a growth rate of [XX]% over its FY22 budget, with a total NPR/FPP of \$[XX] for FY23.
- B. [HOSPITAL]'s overall average charge increase is approved at not more than [XX]% over current approved levels.
- C. Beginning on or before November 20, 2022, and every month thereafter, [HOSPITAL] shall file with the Board the actual year-to-date FY23 operating results as of the end of the prior month. The report shall be in a form and manner as prescribed by GMCB staff.
- D. [HOSPITAL] shall participate in telephonic check-ins to be scheduled at the discretion of the Board Chair in consultation with Board staff based on the hospital's FY23 year-to-date operating performance
- E. [HOSPITAL] shall advise the Board of any material changes to its FY23 budgeted revenues and expenses, or to the assumptions used in determining its budget, including:
  - a. changes in Medicaid, Medicare, or commercial reimbursement;
  - b. additions or reductions in programs or services to patients; and
  - c. any other event that could materially change the approved NPR/FPP budget.

# Standard Budget Order Conditions (cont'd)



- F. On or before January 31, 2023, [HOSPITAL] shall file with the Board, in a form and manner prescribed by GMCB staff, such information as the Board determines necessary to review the hospital's FY22 actual operating results.
- G. [HOSPITAL] shall file with the Board one copy of its FY22 audited financial statements and associated management letter(s), as well as the parent organization's audited consolidated financial statements, if applicable, 15 days after the hospital receives its statements, or by January 31, 2023, whichever is earlier.
- H. [HOSPITAL] shall participate in the Board's strategic sustainability planning process.
- I. [HOSPITAL] shall timely file all forms and information required for provider acquisitions and/or transfers as determined by GMCB staff, if applicable.
- J. [HOSPITAL] shall file all requested data and other information in a timely and accurate manner.
- K. After notice and an opportunity to be heard, the GMCB may amend the provisions contained herein, and issue an amended order, consistent with its authority as set forth in 18 V.S.A. Chapter 220, Subchapter 1, 18 V.S.A. Chapter 221, Subchapter 7, and GMCB Rule 3.000.
- L. All materials required above shall be provided electronically, unless doing so is not practicable.
- M. The findings and orders contained in this decision do not constrain the Board's decisions in future hospital budget reviews, future certificate of need reviews, or any other future regulatory or policy decisions.

# Southwestern Vermont Medical Center



NPR/FPP	
FY22 Budget-to-Projection Variance	3.9%
FY22 Budget (\$)	\$177,594,439
FY22 Projection (\$)	\$184,557,483
FY23 Request (\$)	\$188,872,209
FY23 Request (% Change FY22B)	6.4%
FY23 Request (% Change FY22P)	2.3%

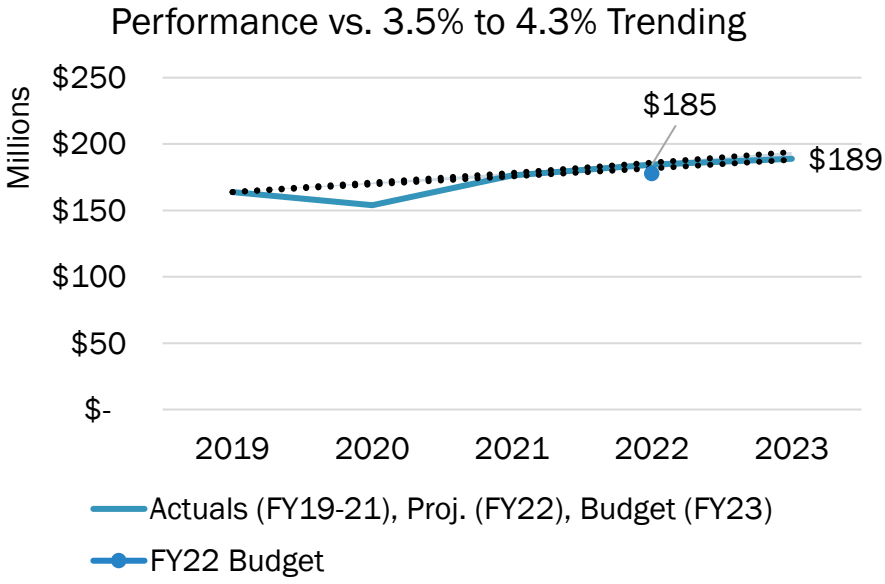
Request	
Overall Change in Charge	9.5%
NPR Due to Change in Charge	7,933,515
Value of 1% Change in Charge	835,107

Service Category	
Hospital Inpatient Change in Gross Charges	9.5%
Hospital Outpatient Change in Gross Charges	9.5%
Professional Services Change in Gross Charges	0.0%

Payer	
Commercial	7,933,515
Medicaid	-
Medicare	-

NPR/FPP & Change in Charge Increase	
FY23 Request (\$ Change FY22B)	11,277,770
Change in Charge (\$)	7,933,515

	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	2.9%	3.0%	2.8%	3.5%	4.8%	3.4%
Submitted	2.9%	3.2%	2.8%	3.5%	4.8%	3.4%



# Southwestern Vermont Medical Center

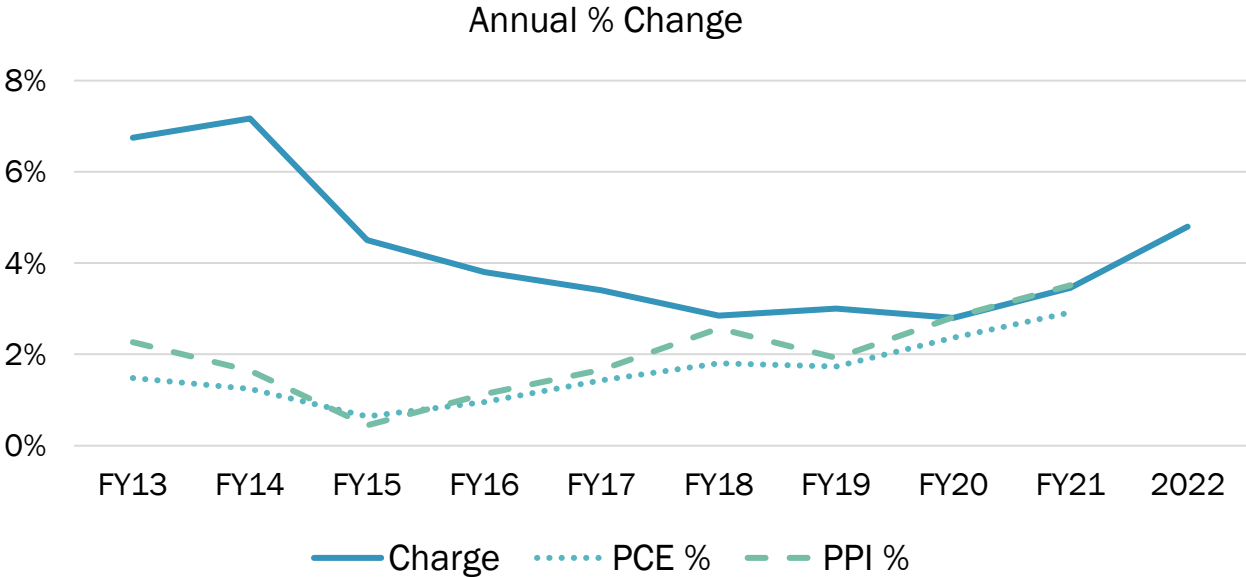


All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	2.3%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	7.5%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	1.1%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	2.1%	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	7.6% rate 0.5% operating margin	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%



# Southwestern Vermont Medical Center



# Southwestern Vermont Medical Center: Suggested Motion Language



## *Suggested motion language:*

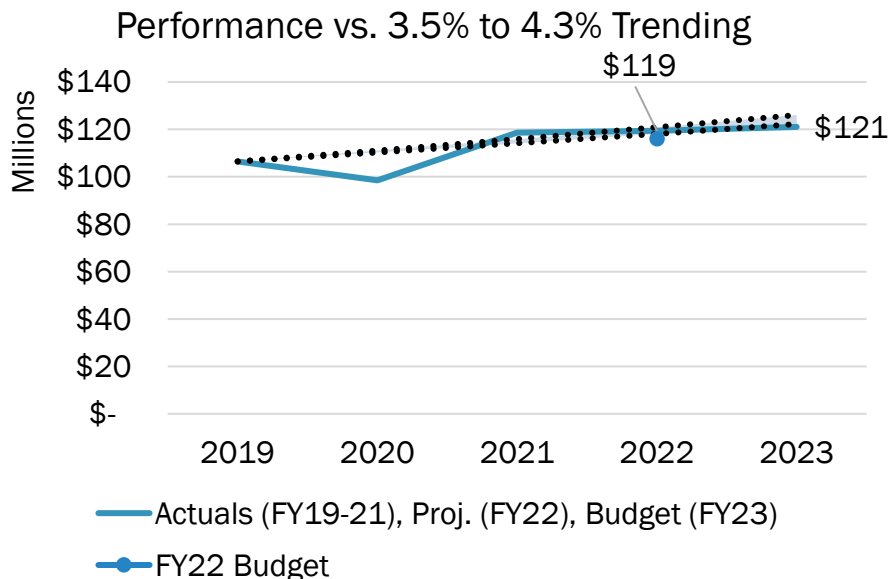
*Move to approve Southwestern Vermont Medical Center's budget as submitted, with a 6.4% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a 9.5% **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*

# Northwestern Medical Center



## NPR/FPP

FY22 Budget-to-Projection Variance	3.0%
FY22 Budget (\$)	\$115,925,533
FY22 Projection (\$)	\$119,365,274
FY23 Request (\$)	\$121,093,673
FY23 Request (% Change FY22B)	4.5%
FY23 Request (% Change FY22P)	1.4%



## Request

Overall Change in Charge*	9.0%
NPR Due to Change in Charge	6,708,957
Value of 1% Change in Charge	713,885

## Service Category

Hospital Inpatient Change in Gross Charges	11.0%
Hospital Outpatient Change in Gross Charges	11.0%
Professional Services Change in Gross Charges	0.0%

## Payer

Commercial	6,708,957
Medicaid	-
Medicare	-

## NPR/FPP & Change in Charge Increase

FY23 Request (\$ Change FY22B)	5,168,140
Change in Charge (\$)	6,708,957

	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	3.5%	2.0%	5.9%	13.0%	3.0%	5.5%
Submitted	6.0%	2.0%	5.9%	21.1%	3.0%	7.6%

\*NMC requested a reduction in their rate request from 9.4% to 9.0% on August 30, 2022, reflecting higher than budgeted Medicare reimbursement and increase in DSH.

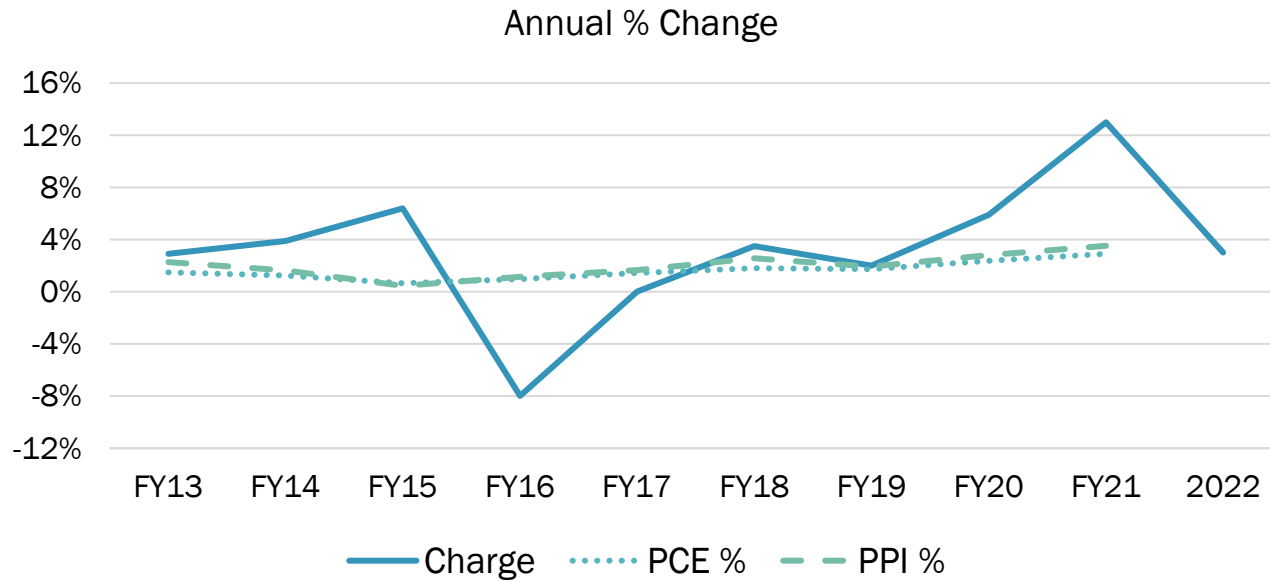
# Northwestern Medical Center



All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	5.4%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	4.8%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	1.7%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	-2.0%	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	6.0% rate 1.0% operating margin	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%

# Northwestern Medical Center



# Northwestern Medical Center: Suggested Motion Language

## *Suggested motion language:*

*Move to approve Northwestern Medical Center's budget as submitted, with a 4.5% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a [9.4%] **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*

# Copley Hospital



## NPR/FPP

FY22 Budget-to-Projection Variance	7.6%
FY22 Budget (\$)	\$85,656,271
FY22 Projection (\$)	\$92,195,985
FY23 Request (\$)	\$96,033,233
FY23 Request (% Change FY22B)	12.1%
FY23 Request (% Change FY22P)	4.2%

## Request

Overall Change in Charge	12.0%
NPR Due to Change in Charge	9,585,490
Value of 1% Change in Charge	805,029

## Service Category

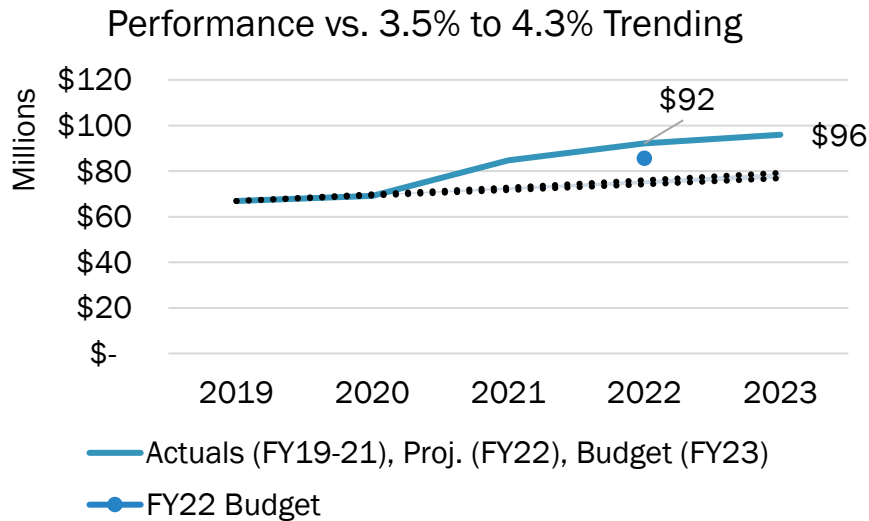
Hospital Inpatient Change in Gross Charges	12.0%
Hospital Outpatient Change in Gross Charges	12.0%
Professional Services Change in Gross Charges	12.0%

## Payer

Commercial	5,723,591
Medicaid	3,861,899
Medicare	-

## NPR/FPP & Change in Charge Increase

FY23 Request (\$ Change FY22B)	10,376,962
Change in Charge (\$)	9,585,490



	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	-3.4%	4.5%	9.8%	6.0%	4.0%	4.2%
Submitted	0.0%	7.9%	9.8%	8.0%	5.0%	6.1%

# Copley Hospital

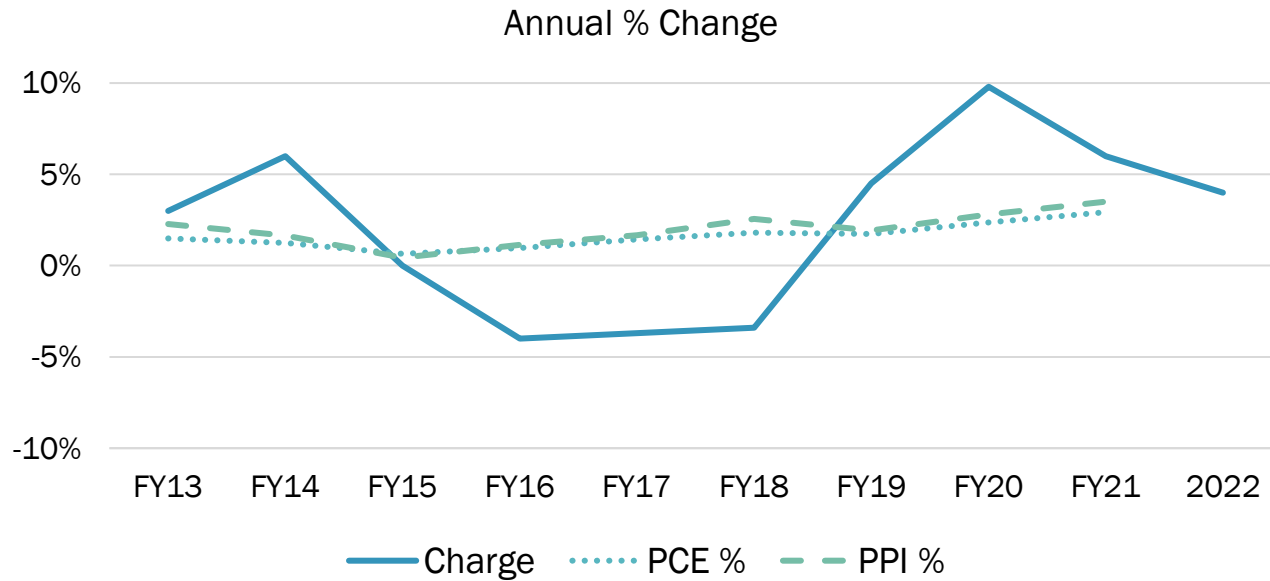


## All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	4.2%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	9.1%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	0.6%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	-1.0%	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	8.0% rate 1.6% operating margin	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%



# Copley Hospital



# Copley Hospital: Suggested Motion Language

## *Suggested motion language:*

*Move to approve Copley Hospital's budget as submitted, with a 12.1% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a 12.0% **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*

# Gifford Medical Center



## NPR/FPP

FY22 Budget-to-Projection Variance	5.1%
FY22 Budget (\$)	\$54,224,079
FY22 Projection (\$)	\$56,996,381
FY23 Request (\$)	\$58,010,676
FY23 Request (% Change FY22B)	7.0%
FY23 Request (% Change FY22P)	1.8%

Request	
Overall Change in Charge	3.7%
NPR Due to Change in Charge	678,887
Value of 1% Change in Charge	321,915

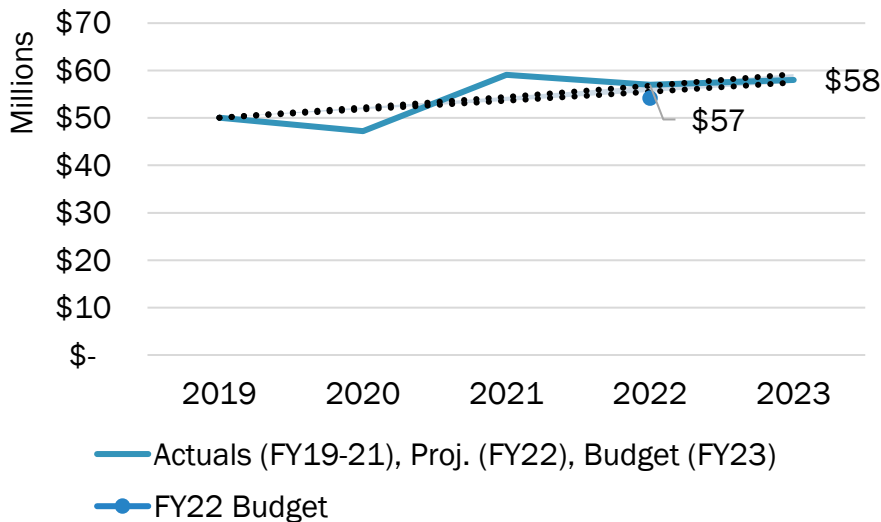
Service Category	
Hospital Inpatient Change in Gross Charges	3.0%
Hospital Outpatient Change in Gross Charges	3.3%
Professional Services Change in Gross Charges	15.0%

Payer	
Commercial	678,887
Medicaid	-
Medicare	-

NPR/FPP & Change in Charge Increase	
FY23 Request (\$ Change FY22B)	3,786,598
Change in Charge (\$)	678,887

	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	4.0%	4.0%	5.0%	4.0%	3.5%	4.1%
Submitted	4.0%	4.0%	5.0%	4.0%	3.5%	4.1%

Performance vs. 3.5% to 4.3% Trending



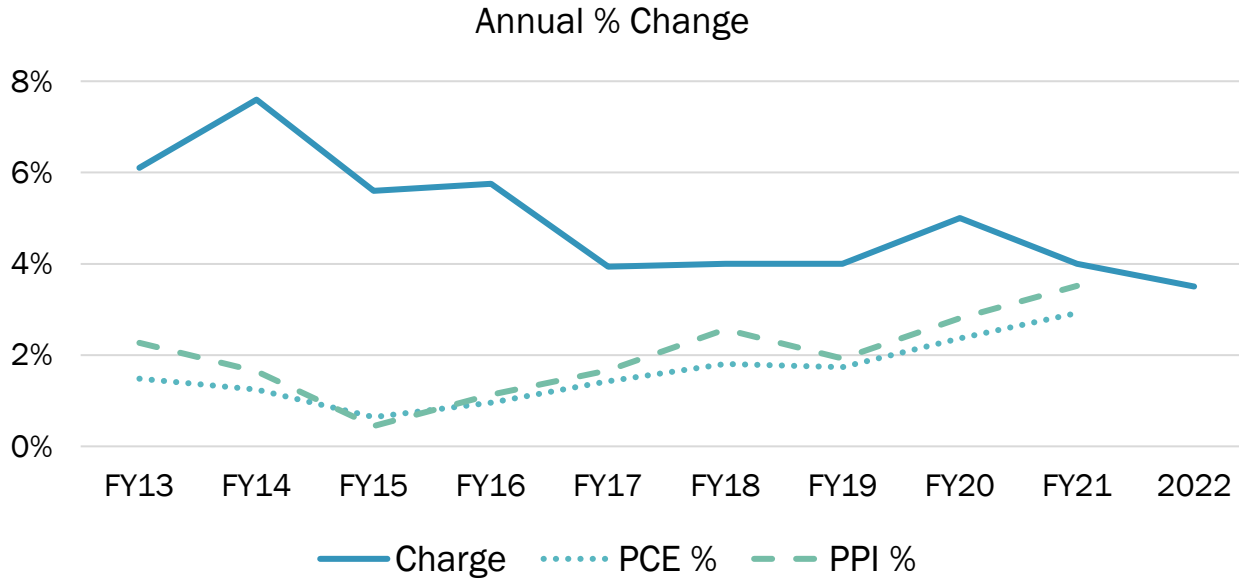
# Gifford Medical Center



All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	1.8%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	-7.2%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	5.6%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	-2.7%	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	2.9% rate 1.5% operating margin (11.4% org-wide)	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%

# Gifford Medical Center



# Gifford Medical Center: Other inflationary growth

Due to the relatively small total operating expenses, the weighted increase associated with anticipate fuel costs appear to skew the non-compensatory growth in inflationary expenditures. Staff does recommend any resulting change to their approved budget.

Expense Category	Estimated Inflation			
	% Increase	\$ Increase	Category % of Total Operating Expense Budget	Weighted Average (Column C * Column E)
<i>Example: Wages/Compensation- Medical Staff</i>	2%	\$ 500,000.00	60%	1.2%
Wages/Compensation - Medical Staff	2%	\$ 77,693.00	13.3%	0.3%
Wages/Compensation - Non-Medical Staff	2%	\$ 310,772.00	26.9%	0.5%
Drugs	7%	\$ 157,015.00	12.7%	0.9%
Medical Supplies	4%	\$ 119,280.00	5.3%	0.2%
Non-Medical Supplies	5%	\$ 87,634.00	2.4%	0.1%
Other (Rent, Purchased Services, etc.)	5%	\$ 12,692.00	8.5%	0.4%
Other (Fuel Oil)	47%	\$ 165,779.00	8.5%	4.0%
Other (Please Specify)				0.0%
<b>Total</b>	<b>%</b>	<b>\$ 930,865.00</b>	<b>78%</b>	<b>6.4%</b>

# Gifford Medical Center: Suggested Motion Language



## *Suggested motion language:*

*Move to approve Gifford Medical Center's budget as submitted, with a 7.0% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a 3.7% **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*

# Mt. Ascutney Hospital & Health Center



## NPR/FPP

FY22 Budget-to-Projection Variance	5.1%
FY22 Budget (\$)	\$59,640,912
FY22 Projection (\$)	\$62,703,350
FY23 Request (\$)	\$65,869,470
FY23 Request (% Change FY22B)	10.4%
FY23 Request (% Change FY22P)	5.0%

## Request

Overall Change in Charge	4.7%
NPR Due to Change in Charge	2,926,886
Value of 1% Change in Charge	519,831

## Service Category

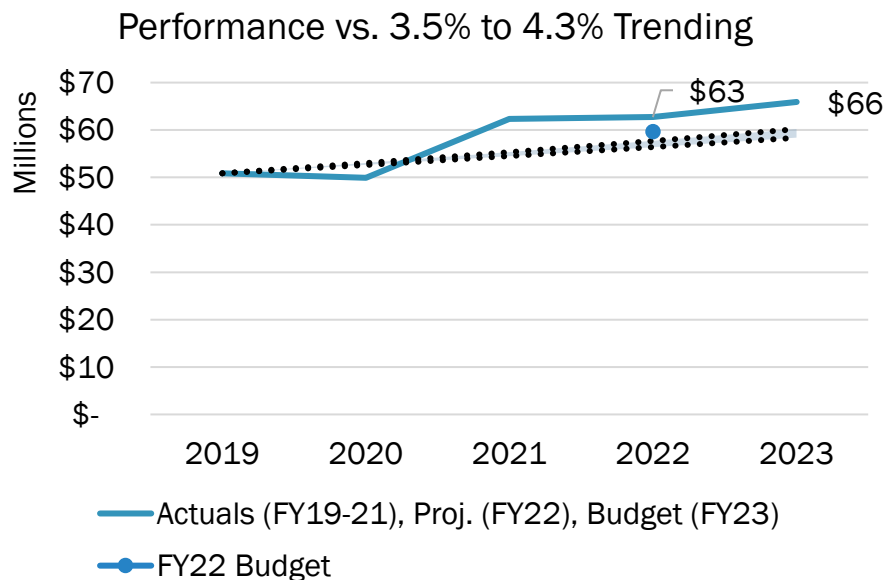
Hospital Inpatient Change in Gross Charges	5.5%
Hospital Outpatient Change in Gross Charges	4.9%
Professional Services Change in Gross Charges	3.0%

## Payer

Commercial	1,220,155
Medicaid	87,287
Medicare	1,619,445

## NPR/FPP & Change in Charge Increase

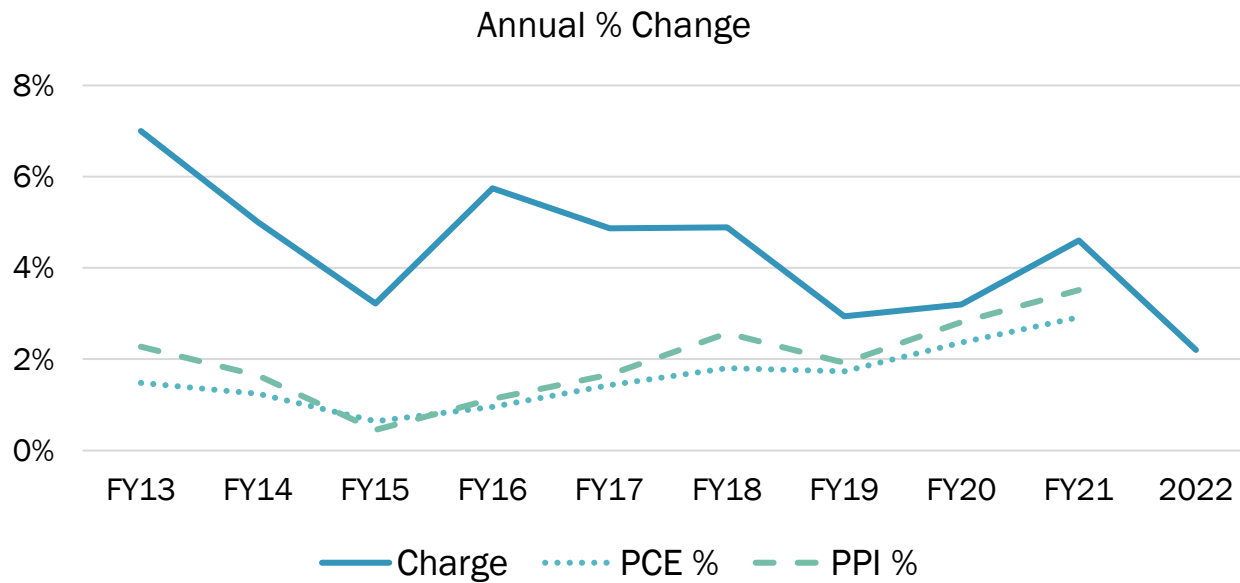
FY23 Request (\$ Change FY22B)	6,228,558
Change in Charge (\$)	2,926,886



	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	4.9%	2.9%	3.2%	4.6%	2.2%	3.6%
Submitted	4.9%	2.9%	3.2%	4.6%	2.2%	3.6%



# Mt. Ascutney Hospital & Health Center



# Mt. Ascutney Hospital & Health Center



All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	5.0%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	6.5%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	4.7%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	4.9%	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	3.2% rate 1.7% operating margin	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%

# Mt. Ascutney Hospital & Health Center: Other inflationary growth



Mt. Ascutney estimated growth in insurance as part of their inflationary estimates. Not all hospitals included these expenditures, which makes it difficult to compare apples-to-apples.

These estimates are in line with other increases in insurance costs. Staff does recommend any resulting change to their approved budget.

Expense Category	Estimated Inflation			
	% Increase	\$ Increase	Category % of Total Operating Expense Budget	Weighted Average (Column C * Column E)
<i>Example: Wages/Compensation- Medical Staff</i>	2%	\$ 500,000.00	60%	1.2%
Wages/Compensation - Medical Staff	4%	\$ 335,238	19%	0.8%
Wages/Compensation - Non-Medical Staff	3%	\$ 767,412	43%	1.3%
Drugs	3%	\$ 80,955	5%	0.1%
Medical Supplies	8%	\$ 145,273	8%	0.7%
Non-Medical Supplies	8%	\$ 67,624	4%	0.3%
Gas & Oil	22%	\$ 78,980	4%	1.0%
Travelers	50%	\$ 112,500	6%	3.2%
Insurance	24%	\$ 193,887	11%	2.6%
Total	%	\$ 1,781,869	100%	9.9%

# Mt. Ascutney Hospital & Health Center: Suggested Motion Language



## *Suggested motion language:*

*Move to approve Mt. Ascutney Hospital & Health Center's budget as submitted, with a 10.4% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a 4.7% **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*

# Grace Cottage Hospital



## NPR/FPP

FY22 Budget-to-Projection Variance	8.4%
FY22 Budget (\$)	\$22,072,030
FY22 Projection (\$)	\$23,917,239
FY23 Request (\$)	\$25,375,255
FY23 Request (% Change FY22B)	15.0%
FY23 Request (% Change FY22P)	6.1%

## Request

Overall Change in Charge	5.0%
NPR Due to Change in Charge	1,208,344
Value of 1% Change in Charge	234,958

## Service Category

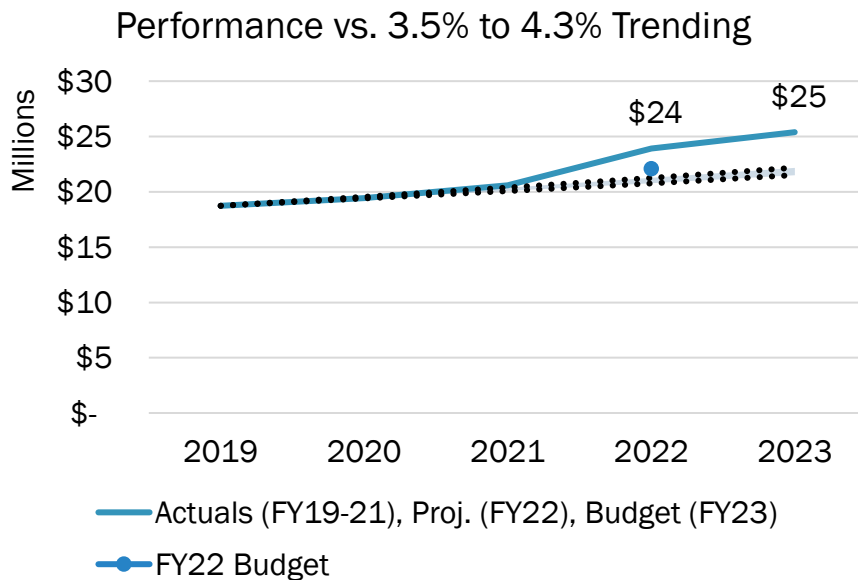
Hospital Inpatient Change in Gross Charges	5.0%
Hospital Outpatient Change in Gross Charges	5.0%
Professional Services Change in Gross Charges	5.0%

## Payer

Commercial	442,064
Medicaid	89,365
Medicare	676,915

## NPR/FPP & Change in Charge Increase

FY23 Request (\$ Change FY22B)	3,303,225
Change in Charge (\$)	1,208,344



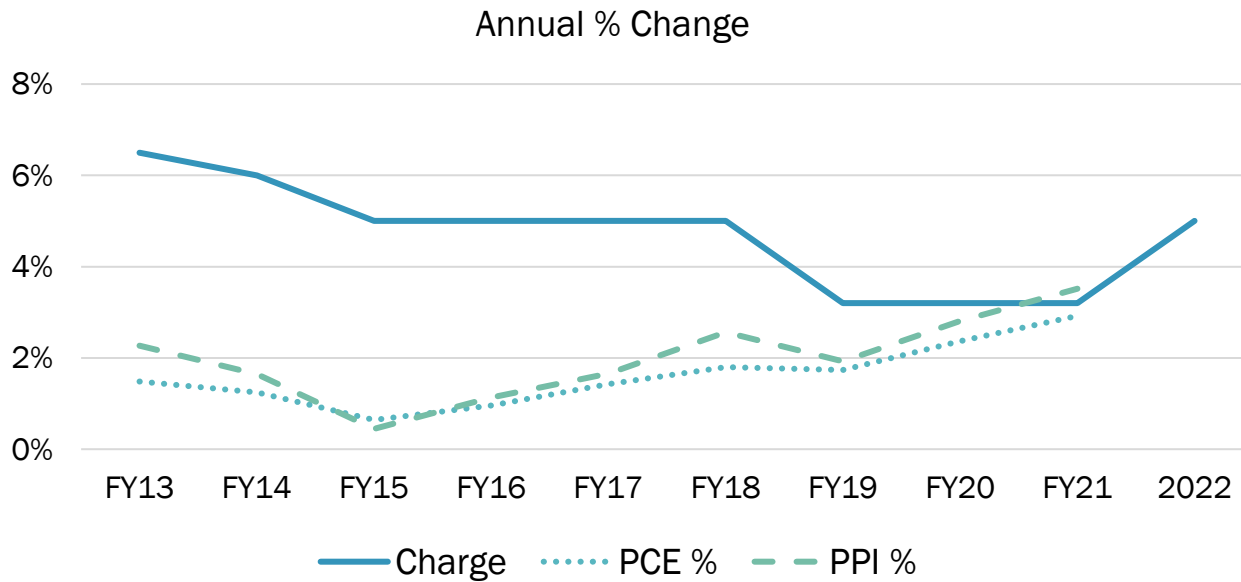
	FY18	FY19	FY20	FY21	FY22	5-year Average
Approved	5.0%	3.2%	3.2%	3.2%	5.0%	3.9%
Submitted	5.0%	3.2%	3.2%	3.2%	5.0%	3.9%

# Grace Cottage

## All Hospitals

	Hospital Value	Test	Min.	Median	Max.
NPR/FPP growth (FY22P to FY23B)	6.1%	<= 8.6%	1.8%	6.3%	15.7%
Compensation growth (FY21 to FY23)	12.4%	<= 13.8%	-12.8%	6.7%	12.4%
Other inflationary growth (FY22B to FY23B)	0.7%	< = 4.5%	-2.7%	2.1%	14.7%
Utilization (FY22B to FY23B)	missing	Supported in submission, aligned with market share, historical accuracy	-2.7%	2.1%	14.7%
Change estimate effective commercial rate (FY22B to FY23B)	4.7% rate -3.7% operating margin	Supported in submission and resulting operation margin	2.9% -3.7%	8.0% 1.7%	19.9% 11.4%

# Grace Cottage Hospital



# Grace Cottage Utilization



According to the narrative and budgeted utilization, Grace Cottage is expecting steady volume from their FY22 projections to their FY23 budget. The increase budgeted for office visits corresponds with the addition of providers. Staff does recommend any resulting change to their approved budget.

Grace Cottage Hospital					
Douglas DiVello Stephen Brown					
Fiscal Year 2023 Submitted Budget					
Utilization Monthly	2020 A	2021 A	2022 P	2023 B	2022 P - 2023 B
Total Average Daily Census	10	10	10	10	0%
Total Admissions	320	292	323	323	0%
Total Patient Days	3,663	3,497	3,682	3,682	0%
Magnetic Resonance Image Procedures, Exams	-	-	-	-	#DIV/0!
Cat Scan Procedures	1,301	1,514	1,529	1,529	0%
Radiology - Diagnostic Procedures	2,945	3,143	3,353	3,353	0%
Emergency Room Visits	2,705	2,769	3,146	3,146	0%
Operating Room Procedure	-	-	-	-	#DIV/0!
Operating Room Cases	-	-	-	-	#DIV/0!
Physician Office Visits	20,246	21,699	21,806	24,602	13%



# Grace Cottage Hospital: Suggested Motion Language



## *Suggested motion language:*

*Move to approve Grace Cottage Hospital's budget as submitted, with a 15.0% **increase** from FY2022 to FY2023 budgeted NPR/FPP, a 5.0% **increase** to overall charges, and subject to the standard budget conditions as presented to the Board.*