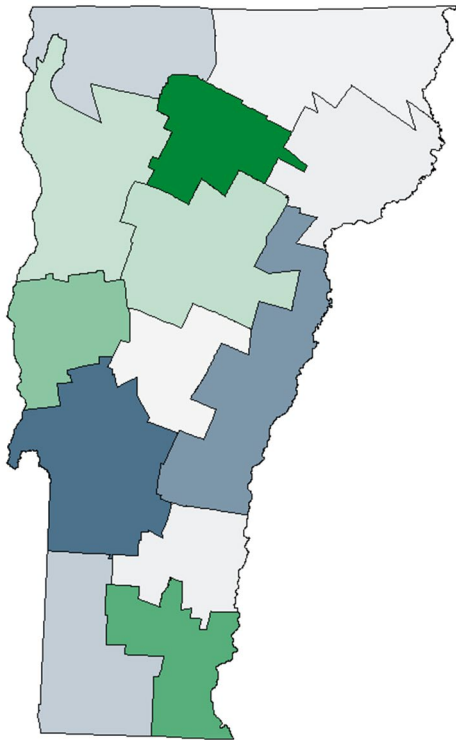


Fiscal Year 2020 Approved Vermont Hospital Budget Submissions

Report Date: September 19, 2019
GMCB Health System Finance Team



Press Release

FOR IMMEDIATE RELEASE: September 12, 2019

For more information, contact Abigail Connolly 802.505.5835

GREEN MOUNTAIN CARE BOARD ESTABLISHES 2020 HOSPITAL BUDGETS

Montpelier, VT – The Green Mountain Care Board (“the Board”) approved Fiscal Year (FY) 2020 budgets for Vermont’s 14 regulated hospitals. The Board provided the hospitals with instructions outlining budget parameters and submission guidelines that included a target of 3.5% for growth in net patient revenue from the FY 2019 base to FY 2020 budgets.

Over several weeks this August, the Board held public hospital budget hearings during which six of the 14 hospitals reported a negative operating margin for FY 2019. Hospitals cited several factors contributing to these losses, including an aging demographic with more costly health care needs; the increasing reliance on high cost temporary workers to offset local workforce shortages; an increase in bad debt and free care connected to uninsured and underinsured patients (including those with high deductibles); the growing cost of prescription drugs; and an unfavorable payer mix, reflecting an increased reliance on government funded plans. Despite these challenges, Vermont hospitals expressed their continued commitment to moving away from an episodic fee-for-service system focused on treating sickness to a value-based system focused on prevention, wellness, and health.

At a series of public meetings, and after a thorough review of the budgets by the Board’s staff and input from the Office of the Health Care Advocate and Vermonters, the Board approved an estimated weighted average increase in hospital charges of 3.1%. The Board also reduced the system-wide increase in net patient revenue from a requested 4.6% to 4.3%, totaling \$7.3 million.

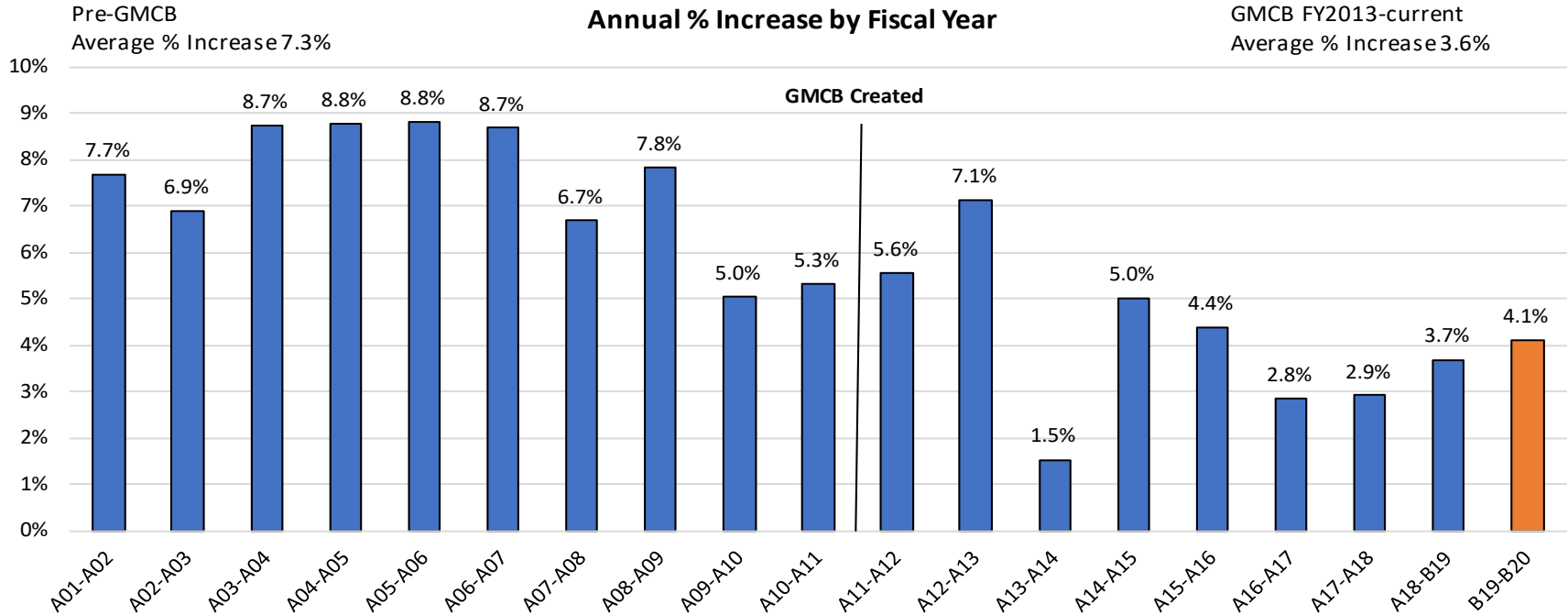
“With the closure of 155 rural hospitals nationally since 2010, the rural health care crisis continues. This, paired with workforce shortages, aging demographics, and skyrocketing costs of prescription drugs, drives up the cost of health care in Vermont. It is imperative, now more than ever, that we band together in support of a value-based system to continue addressing the underlying cost of health care and to sustainably, predictably, and transparently manage growth in Vermont. The Board will continue to monitor total costs of care at the hospitals and press these institutions to improve efficiencies and coordinate care to reduce costs for Vermonters. The Board is committed to limiting growth in hospitals’ costs while ensuring access to high quality health care for all Vermonters,” said Board Chair Kevin Mullin.

The Board will issue written hospital budget decisions and orders no later than October 1, 2019. Information about the hospital budget review process and materials submitted by each hospital are available on the Board’s website at <https://gmcboard.vermont.gov/content/2020-Budget>

NPR & FPP

Hospitals	Budget FY20 Submitted	Budget FY20 Approved	Approved % Change FY19-FY20	Approved % Change FY19- FY20 After Adjustments
Brattleboro Memorial Hospital	89,966,363	88,145,092	5.0%	5.0%
Central Vermont Medical Center	218,043,247	218,043,247	3.1%	2.9%
Copley Hospital	72,658,362	72,658,362	3.5%	3.5%
Gifford Medical Center	52,382,984	52,382,984	-6.3%	-6.3%
Grace Cottage Hospital	20,966,669	19,967,821	3.5%	3.5%
Mt. Ascutney Hospital & Health Ctr	55,007,317	53,755,559	5.0%	5.0%
North Country Hospital	83,623,249	83,623,249	2.6%	3.4%
Northeastern VT Regional Hospital	87,440,494	87,253,844	7.0%	7.0%
Northwestern Medical Center	116,926,579	116,926,579	3.7%	3.5%
Porter Medical Center	87,487,539	87,487,539	3.5%	3.4%
Rutland Regional Medical Center	267,787,827	267,787,827	3.5%	3.5%
Southwestern VT Medical Center	172,284,645	172,284,645	4.3%	3.5%
Springfield Hospital	48,889,189	48,889,189	-19.2%	-19.2%
The University of Vermont Medical Center	1,351,201,703	1,348,125,703	5.9%	6.4%
System Total	2,724,666,167	2,717,331,641	4.1%	4.3%

All Vermont Community Hospitals Net Patient Revenue Annual % Increase by Fiscal Year



Notes:

A = Actual

B=Budget

GMBC assumed responsibility for reviewing and approving hospital budgets in FY2013

FY20 Budgets were approved with adjustments for accounting changes and provider transfers at 4.3%

This graph includes Vermont's 14 community hospitals; it excludes the Vermont Psychiatric Care Hospital, Brattleboro Retreat, and the VA (U.S. Department of Veterans Affairs) Medical Center in White River Junction. Net Patient Revenue (NPR) is monies hospitals will receive for services after accounting for contractual allowances, commercial discounts, bad debt and free care.

Approved Change in Charges (formerly rates)

Annual Change in Charge Increase History

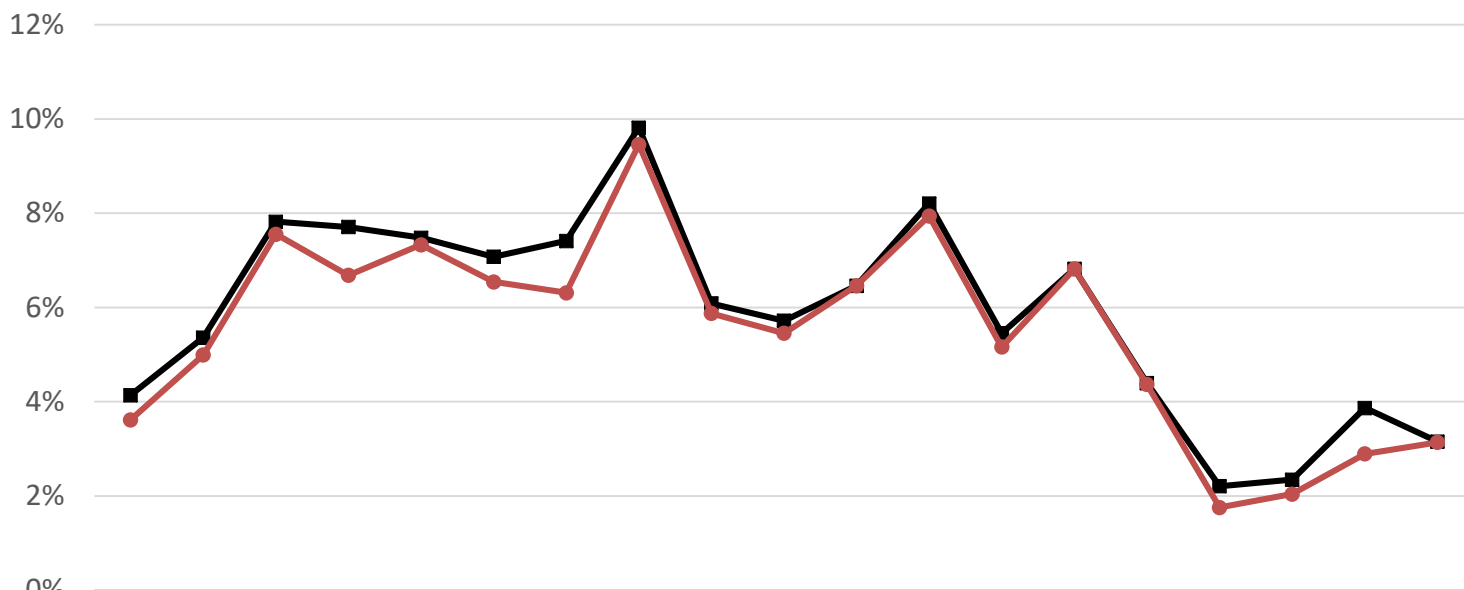
	2016		2017		2018		2019		2020			
	Submitted	Approved	Submitted	Approved	Submitted	Approved	Submitted	Approved	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate
Brattleboro Memorial Hospital	-1.2%	-1.4%	3.5%	3.5%	8.9%	5.7%	4.9%	3.9%	3.4%		3.4%	
Central Vermont Medical Center*	4.7%	4.7%	3.0%	2.45%	0.7%	0.7%	2.8%	2.3%	3.0%	5.9%	3.0%	5.9%
Copley Hospital	-3.0%	-4.0%	0.0%	-3.7%	0.0%	-3.4%	7.9%	4.5%	9.8%		9.8%	
Gifford Medical Center	5.8%	5.8%	3.9%	3.9%	4.0%	4.0%	4.0%	4.0%	5.0%		5.0%	
Grace Cottage Hospital	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.2%	3.2%	3.2%		3.2%	
Mt. Ascutney Hospital & Health Center	5.7%	5.7%	4.9%	4.9%	4.9%	4.9%	2.9%	2.9%	3.2%		3.2%	
North Country Hospital	4.8%	4.8%	3.5%	3.5%	5.0%	5.0%	3.6%	3.6%	4.2%		4.2%	
Northeastern VT Regional Hospital	5.2%	5.2%	3.8%	3.8%	4.3%	3.2%	4.0%	3.0%	3.5%		3.0%	
Northwestern Medical Center	-8.0%	-8.0%	2.9%	0.0%	6.0%	3.5%	2.0%	2.0%	5.9%		5.9%	
Porter Medical Center*	5.3%	5.3%	3.7%	5.3%	3.0%	3.0%	2.8%	2.8%	0.0%	2.6%	0.0%	2.6%
Rutland Regional Medical Center	3.7%	3.7%	-5.1%	-5.1%	4.9%	4.9%	3.0%	2.6%	2.65%		2.65%	
Southwestern VT Medical Center	3.8%	3.8%	3.9%	3.4%	2.9%	2.9%	3.2%	3.0%	2.8%		2.8%	
Springfield Hospital	2.8%	2.8%	0.0%	0.0%	6.5%	6.5%	10.0%	10.0%	0.0%		0.0%	
The University of Vermont Medical Center*	6.0%	6.0%	3.0%	2.45%	0.7%	0.7%	4.0%	2.5%	3.0%	4.0%	3.0%	3.5%
Estimated Weighted Average For All Hospitals**	4.4%	4.4%	2.2%	1.8%	2.3%	2.0%	3.9%	2.9%	3.2%	n/a	3.1%	n/a

* Notes: UVMHC requested 4.0% increase in Commercial and 3.0% overall, Approved 3.5% in Commercial and 3.0% overall, CVMC requested 5.9% increase in Commercial and 3.0% overall, Approved as requested, PMC requested 2.6% increase in Commercial and 0.0% overall, Approved as requested.

**Estimated Weighted Average for All Hospitals is calculated by factoring in each hospital's proportion of gross revenue to the change in charges (rate), 2019 formula adjusted.

History of Change in Charges Vermont Community Hospitals

Estimated Weighted Average Change in Charges



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Submitted Rate	4.1%	5.4%	7.8%	7.7%	7.5%	7.1%	7.4%	9.8%	6.1%	5.7%	6.5%	8.2%	5.5%	6.8%	4.4%	2.2%	2.3%	3.9%	3.2%
Approved Rate	3.6%	5.0%	7.6%	6.7%	7.3%	6.5%	6.3%	9.5%	5.9%	5.5%	6.5%	7.9%	5.2%	6.8%	4.4%	1.8%	2.0%	2.9%	3.1%

Estimated Weighted Average for all hospitals is calculated by factoring in each hospital's proportion of gross revenue to the change in charges (rate).