

Northwestern Medical Center (NMC)
Fiscal Year 2020 (FY2020) Budget – Additional Board Member Follow Up

1. *Please examine your NPR/FPP estimates in light of recent downward trends in FY19 operating performance and/or new info such as better understanding of attributed lives/cost report issue.*

We have continued to monitor our revenues closely with the Meditech Ambulatory implementation challenges that we shared with the Board during our presentation and feel our volume and revenue assumptions are appropriate as we return to normal state. The additional resources that we are putting in place, which are reflected in the revised budget that includes another \$1.5 million of expenses, are essential in enabling us to hit those revenue targets. We have not received any new information relate to attributed lives or cost report issues that require changes to revenue assumptions.

2. *Do you agree with DVHA’s assessment (attached) of the financial impact of increased Medicaid reimbursement will have on your NPR? If not, why and what is your estimate? What impact does the Medicaid reimbursement increase have on your requested NPR and change in charge and commercial price increases?*

Our submitted budget assumed no reimbursement increase for Medicaid and the assessment DVHA provided shows a 1% reimbursement increase in fee-for-service hospital-based services. The impact of this is approximately \$102,000 of net patient revenue and would change our rate increase request from 5.9% to 5.75%. We feel this is immaterial and ask that our rate increase request not be revised.

3. *Please confirm whether the CMS wage index final rule has an impact on your hospital? If so, please quantify.*

The impact of the wage index final rule was already incorporated into our submitted budget for FY2020. There is no additional change or impact.

4. *To give us a sense of relative pricing, please answer the following: if Medicare reimburses \$100 for a particular service, what would your commercial payers and Medicaid reimburse on average for the same service? Or in other words, what is the ratio of commercial and Medicaid payment to Medicare payment for the same service?*

The average commercial reimbursement is \$120 and the Medicaid reimbursement is \$81.