

Fiscal Year 2020 Budget Key Questions and Issues

1. 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?

The impact indicated in the attached file from DVHA would have an impact to North Country of an additional \$168,000. We are assuming that the FPP volumes (MCD ACO) are included in this number therefore the increased reimbursement amounts in the file are overstated. With this assumption, our estimate for the impact would be roughly half of the \$168,000, or \$84,000. This would put the change in NPR slightly under the 3.5% guidance for increase in NPR and would not have an effect on commercial price increases.

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

This does not affect our hospital.

3. 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?

On average for all hospital services, if Medicare reimburses \$100, Medicaid (Including ACO FPP) would reimburse \$79 or 79% of Medicare. Commercial payers would reimburse \$188 or 188% of Medicare.



- In reference to the updated bridges appendix, please explain the shift from Medicaid to Commercial.

The Bridges appendix had incorrect beginning balances. The updated bridges table is below.

Table 1: North Country Hospital									
NPR Bridges - FY 2019 Approved Budget to FY 2020 Proposed Budget									
NPR	Total	% over/under	Medicare	Medicaid-VT	Medicaid-OOS	Commercial-Maj	Comm - Self/Sml	Workers Comp	DSH
FY 19 Approved Budget	\$ 80,885,125		\$ 26,605,742	\$ 10,181,287	\$ -	\$ 41,202,867	\$ 356,788	\$ 1,659,230	\$ 879,211
Commercial Rate	1,496,143					1,496,143			
Rate - Non Commercial	547,132		569,841	(198,949)			90,351	85,889	
Utilization	5,272,277		2,151,576	1,055,446		204,540	1,468,467	392,248	
Reimbursement/Payer Mix	(2,680,987)		(2,434,451)	(1,204,085)		4,456,520	(3,854,504)	355,533	
Bad Debt/Free Care	(2,494,024)						(2,494,024)		
Physician Acq/Trans	0								
Changes in Accounting	0								
Changes in DSH	27,509								27,509
FPP and Other Reform	(74,126)			(74,126)					
Capitation/Incentive Income	644,200			644,200					
FY 20 Budget	\$ 83,623,249		\$ 26,892,708	\$ 10,403,773	\$ -	\$ 47,360,070	\$ (4,432,922)	\$ 2,492,900	\$ 906,720
	83,623,249.00	cross check							
	\$ 2,738,124								
% change from FY19	3.39%								

- Please confirm the commercial/Medicare reimbursement ratio.

Please see answer above in number one.

- Please explain increase in fringe benefits for MD.

In prior years, the payroll tax for FICA consisting of Medicare and Social Security were not separated between Non-MD and MD. In FY2020, we calculated these payroll taxes for Non-MD and MD and included that amount in the fringe benefits for MD.

- Change in charge assumptions as it relates to commercial.

Please see answer above in number one.

- Please mock up staff analysis to reflect budget submission. Make sure this ties to narrative and budget presentation. Also explain the difference between capital budget in presentation and in Adaptive.

A new staff analysis has been provided to GMCB. Capital budget on Adaptive was entered incorrectly. The capital budget should be \$3.6 million with an additional \$3.6 million for two projects carried forward from last year (ED safe rooms and Laboratory renovations).