

September 3, 2019

**Rutland Regional Medical Center**

Board Member Follow up

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?

RRMC has included in Budget 2020 additional Medicaid reimbursement in agreement to the as published Global Commitment Register titled “Outpatient Prospective Payment Update” dated July 26, 2019. The additional reimbursement is \$277,000. The improvement in Medicaid outpatient prospective payment reimbursement is \$212,000. The improvement in Medicaid physician services reimbursement is \$65,000. This amount is supported in Appendix VI Bridges Table 1A . RRMC budgeted impact estimates are based on the DVHA workpapers prepared by Burns and Associates.

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

The CMS 2020 inpatient final rule reduced the VT statewide wage index from .9825 to .9567. The lower wage index will be effective 1/1/2020. RRMC Medicare outpatient reimbursement will decline \$283,000 based on this reduction. This decrease in reimbursement was not included in our FY 2020 budget submission.

Other 2020 inpatient final rule wage index changes relating to increasing the minimum wage index value, changing the rural floor calculation and implementing a 5% cap for any decrease in wage index from 2019 to 2020 do not impact RRMC reimbursement.

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?

	Relative Reimbursement
Medicare	\$100.00
Medicaid	\$ 87.35
BCBS of Vermont	\$238.02
MVP	\$286.61
CIGNA	\$266.68

In 2020, RRMC expects to lose \$31.4 million from Medicaid and \$28.2 million from Medicare services provided at RRMC. In addition, Free Care and Bad Debt services will add another \$7.1 million in service losses. Of the \$31.4 million in losses \$12.6 million is related to the disproportionate share program. The result of the failure to cover the cost of services by government payers is increased charges to commercial payers.