

Fiscal Year 2021 Approved Vermont Hospital Budget Submissions

Report Date: October 1, 2020

GMCB Health System Finance Team

Press Release



FOR IMMEDIATE RELEASE: October 1, 2020

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GREEN MOUNTAIN CARE BOARD ESTABLISHES FY2021 HOSPITAL BUDGETS

Montpelier, VT – The Green Mountain Care Board approved Fiscal Year (FY) 2020 budgets for Vermont’s 14 regulated hospitals on September 15, 16, 29, and 30, 2020.

The Board provided hospitals with guidance outlining budget parameters and submission guidelines, including a limit of 3.5% for growth in net patient revenues (NPR)/fixed prospective payments (FPP) from the FY2020 to the FY2021 budget. The Board’s guidance sought to reduce the regulatory burden on Vermont’s hospitals in light of the COVID-19 public health emergency, paring down the budget submission requirements and extending the filing deadline to July 31 from its usual date of July 1.

This August, the Board held virtual public hearings with each of Vermont’s hospitals. At the system level, hospitals requested an NPR/FPP increase of 3.3% over systemwide approved FY2020 NPR/FPP, with individual requests ranging from -7.6% to 8.7%. Hospitals highlighted key factors in developing their budgets at the hearings. The COVID-19 pandemic was at the center of many hospitals’ narratives, including the direct costs of responding to the pandemic, sharply reduced health care utilization and lost revenue in spring 2020, and the impact of federal and State efforts in attempting to stabilize hospitals’ finances. In addition, local workforce shortages and the high cost of temporary workers was a continued theme for many hospitals in planning for FY2021, as was payer mix for hospitals that serve high proportions of Medicare and Medicaid enrollees. A number of hospitals also shared with the Board that fixed payments under the All-Payer Model (APM) provided predictable, stable funding even as fee-for-service revenue dropped sharply in spring 2020.

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 voted on hospital budgets on September 15 and 16. On September 23, the University of Vermont Health Network filed a request for reconsideration; this request was considered in a public meeting on September 29, with votes on September 29 and 30. The Board’s final decisions approved an estimated weighted average increase in hospital charges of 5.6%. The Board also reduced the system-wide increase in NPR/FPP from a requested 3.3% to 2.7%, totaling an approximately \$17.1 million reduction from submitted to approved budgets. Sustainability planning requirements were also extended to all hospitals, up from 6 in FY2020.

“2020 has been a year of uncertainty and the hospital budget process reflects that. The Board approached decisions placing hospital sustainability as the paramount consideration to ensure that Vermonters have a healthy health care system to meet both short- and long-term medical needs,” said Board Chair Kevin Mullin.

The Board will issue written hospital budget decisions and orders no later than October 14, 2020. 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/hospitalbudget/fy2021budget>.

Gifford Medical Center: Deliberation and Vote

	FY2021 Request	Options	Decision
NPR/FPP	-0.6% request is within budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020
Change in Charge	4.0%	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020
Additional Recommendation			

Southwestern Vermont Medical Center: Deliberation and Vote



	FY2021 Request	Options	Decision
NPR/FPP	-3.0% request is within budget-to-budget growth rate ceiling	<ul style="list-style-type: none">• Approve as submitted	<ul style="list-style-type: none">• Approved as submitted on September 15, 2020
Change in Charge	3.5%	<ul style="list-style-type: none">• Approve as submitted	<ul style="list-style-type: none">• Approved as submitted on September 15, 2020
Additional Recommendation			

North Country Hospital: Deliberation and Vote



	FY2021 Request	Options	Decision
NPR/FPP	-1.1% request is within budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020
Change in Charge	3.6%	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020
Additional Recommendation			

Northeastern Vermont Regional Hospital: Deliberation and Vote



	FY2021 Request	Options	Decision
NPR/FPP	3.7% request is within budget-to-budget growth rate ceiling when the pass-through infusion drug is removed from consideration	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020
Change in Charge	3.9% (1.1% COVID related)	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as submitted on September 15, 2020 Reconsidered and Approved as 3.9% standard, September 29, 2020
Additional Recommendation			

Grace Cottage Hospital: Deliberation and Vote

	FY2021 Request	Options	Decision
NPR/FPP	5.3% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce rate to 4.0% as this is consistent with the average rate of growth from FY2015-2019 	<ul style="list-style-type: none"> Reduce growth to 3.5%, approved on September 15, 2020
Change in Charge	3.2%	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as 3.2% on September 15, 2020
Additional Recommendation		<ul style="list-style-type: none"> Commensurate reductions to expenses 	<ul style="list-style-type: none"> Commensurate reductions to expenses

Springfield Hospital: Deliberation and Vote



	FY2021 Request	Options	Decision
NPR/FPP	5.4% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce growth rate to GMCB's permitted 3.5% ceiling as they restructure and exit bankruptcy 	<ul style="list-style-type: none"> Reduce growth to 3.5%, approved on September 16, 2020
Change in Charge	4.0%	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as 4.0% on September 16, 2020
Additional Recommendation		<ul style="list-style-type: none"> Improved timely and accurate submission of financial data Commensurate reductions to expenses Presents revised budget to GMCB when it exits bankruptcy 	<ul style="list-style-type: none"> Improved timely and accurate submission of financial data Commensurate reductions to expenses

Copley Hospital: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	6.1% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce submitted NPR/FPP to 4.7% due to reduction in change in charge 	<ul style="list-style-type: none"> Reduce growth to 4.9%, approved on September 16, 2020
Change in Charge	8.0%	<ul style="list-style-type: none"> Reduce submitted change in charge to 6.5% 	<ul style="list-style-type: none"> Approved as 6.0% (4.0% standard, 2.0% COVID) on September 16, 2020 Reconsidered and Approved as 6.0% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Improved timely and accurate submission of financial data Commensurate reductions to expenses 	<ul style="list-style-type: none"> Improved timely and accurate submission of financial data Commensurate reductions to expenses

Rutland Regional Medical Center: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	-7.6% request is within the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as -7.6% on September 16, 2020
Change in Charge	6.0%	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as 6.0% (4.0% standard, 2.0% COVID) on September 16, 2020 Reconsidered and Approved as 6.0% standard, September 29, 2020
Additional Recommendation			

Brattleboro Memorial Hospital: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	5.3% request (5.8% with adjustments) is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce submitted NPR/FPP growth rate to 4.3%, with accounting adjustments and provider transfers, it is worth 4.8% 	<ul style="list-style-type: none"> Approved as submitted on September 16, 2020
Change in Charge	4.9% (COVID 2.0%)	<ul style="list-style-type: none"> Reduce submitted change in charge to 2.9% 	<ul style="list-style-type: none"> Approved as submitted on September 16, 2020 Reconsidered and Approved as 4.9% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Acknowledge provider transfer Acknowledge accounting adjustment Improved timely and accurate submission of financial data Commensurate reductions to expenses 	<ul style="list-style-type: none"> Acknowledge provider transfer Acknowledge accounting adjustment Improved timely and accurate submission of financial data Commensurate reductions to expenses

Mt. Ascutney Hospital & Health Center: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	4.6% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as 4.6% on September 16, 2020
Change in Charge	4.6% (2.2% COVID)	<ul style="list-style-type: none"> Approve as submitted 	<ul style="list-style-type: none"> Approved as 4.6% (2.1% standard, 2.5% COVID) on September 16, 2020 Reconsidered and Approved as 4.6% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> The enhanced services do not qualify under the guidelines for provider transfers but are an explanation of increased NPR/FPP totaling 1.8% 	

Northwestern Medical Center: Deliberation and Vote

	FY21 Request	Options	Decision
NPR/FPP	-0.2% request (.1% with adjustments) is within the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce submitted NPR/FPP growth rate to -3.8%, with accounting adjustments and provider transfers, it is worth -3.5% 	<ul style="list-style-type: none"> Reduce growth to -4.2%, with accounting adjustments and provider transfers, it is worth -3.9%. Approved on September 16, 2020
Change in Charge	21.1% (COVID 1.18%)	<ul style="list-style-type: none"> Remove 7.25% change in charge attributed to ACO dues, risk reserve funding and lower payments on services performed. Reduce submitted change in charge to 12.67% standard rate (13.85% including COVID) 	<ul style="list-style-type: none"> Approved as 13.0% (10.0% standard, 3.0% COVID) on September 16, 2020 Reconsidered and Approved as 13.0% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Acknowledge provider transfer Acknowledge accounting adjustment Improved timeliness of submissions of financial data Commensurate reductions to expenses The enhanced services do not qualify under the guidelines for provider transfers but are an explanation of increased NPR/FPP totaling 1.5% 	<ul style="list-style-type: none"> Acknowledge provider transfer Acknowledge accounting adjustment Improved timeliness of submissions of financial data Commensurate reductions to expenses

Porter Medical Center: Deliberation and Vote

	FY21 Request	Options	Decision
NPR/FPP	2.7% request is within the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce submitted NPR/FPP to 1.8% due to reduction in change in charge 	<ul style="list-style-type: none"> Reduce growth to 2.1%, approved on September 16, 2020 Reconsidered and Approved as 2.7% growth, September 29, 2020
Change in Charge	0.0% overall 5.75% commercial	<ul style="list-style-type: none"> Reduce requested change in charge to 3.0% effective commercial rate 	<ul style="list-style-type: none"> Approved as 4.0% commercial effective rate (3.0% standard, 1.0% COVID) on September 16, 2020 Reconsidered and Approved as 4.0% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Commensurate reductions to expenses 	<ul style="list-style-type: none"> Commensurate reductions to expenses

Central Vermont Medical Center: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	8.7% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Reduce submitted NPR/FPP to 7.3% due to reduction in change in charge 	<ul style="list-style-type: none"> Reduce growth to 8.3%, approved on September 16, 2020
Change in Charge	6.0% overall 8.5% commercial	<ul style="list-style-type: none"> Reduce requested change in charge to 2.75% overall. Respectively, reduce change in charge of commercial rate to 5.25% 	<ul style="list-style-type: none"> Approved as 7.0% commercial effective rate (4.0% standard, 3.0% COVID) on September 16, 2020 Reconsidered and Approved as 7.0% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Commensurate reductions to expenses 	<ul style="list-style-type: none"> Commensurate reductions to expenses

University of Vermont Medical Center: Deliberation and Vote



	FY21 Request	Options	Decision
NPR/FPP	5.7% request is above the budget-to-budget growth rate ceiling	<ul style="list-style-type: none"> Anticipated volume increase combined with favorable payer mixes should maintain approximately 5.7% NPR/FPP growth 	<ul style="list-style-type: none"> Reduce growth to 5.0%, approved on September 16, 2020
Change in Charge	7.97% overall 7.97% commercial	<ul style="list-style-type: none"> Reduce requested change in charge to 6.28% 	<ul style="list-style-type: none"> Approved as 6.0% commercial effective rate (4.0% standard, 2.0% COVID) on September 16, 2020 Reconsidered and Approved as 6.0% standard, September 29, 2020
Additional Recommendation		<ul style="list-style-type: none"> Commensurate reductions to expenses 	<ul style="list-style-type: none"> Commensurate reductions to expenses

Approved NPR/FPP: FY2021

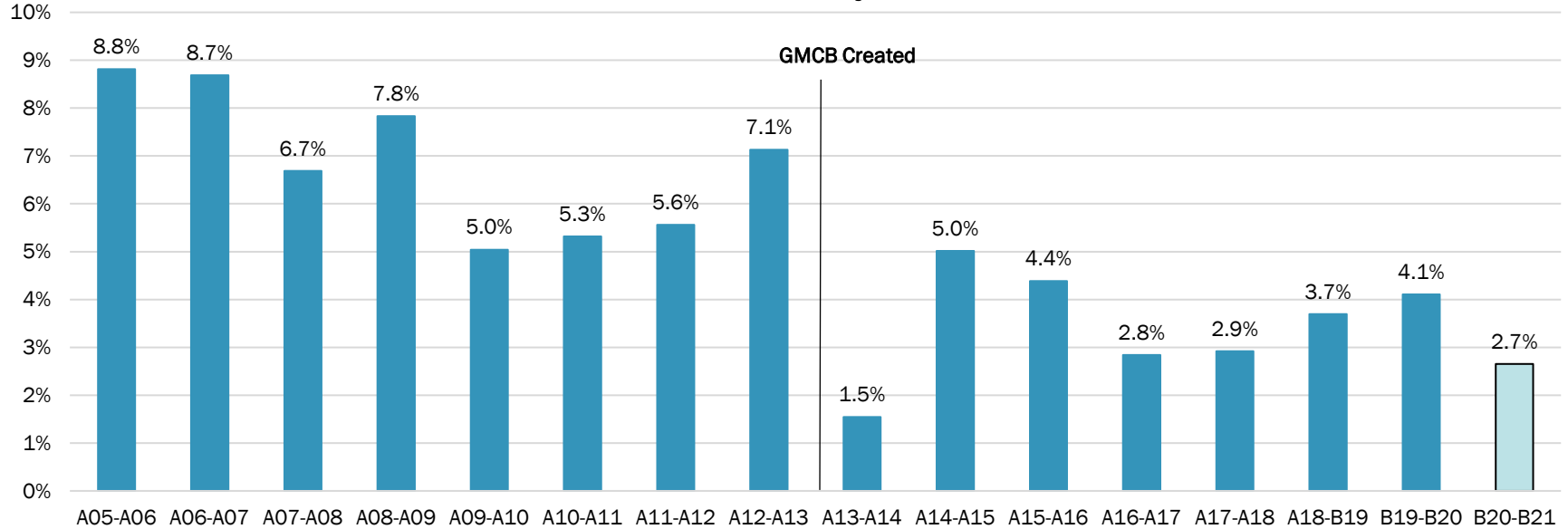


Hospital	FY2021 Budget	FY2021 Approved Budget	Approved % Change FY2020-2021	Approved % Change FY2020-2021 After Adjustments
Brattleboro Memorial Hospital	\$ 92,802,428	\$ 92,802,428	5.28%	5.77%
Central Vermont Medical Center	\$ 237,013,421	\$ 236,081,039	8.27%	8.27%
Copley Hospital	\$ 77,070,621	\$ 76,189,786	4.86%	4.86%
Gifford Medical Center	\$ 52,083,148	\$ 52,083,148	-0.57%	-0.57%
Grace Cottage Hospital	\$ 21,029,541	\$ 20,666,695	3.50%	3.50%
Mt. Ascutney Hospital & Health Ctr	\$ 56,211,389	\$ 56,211,389	4.57%	4.57%
North Country Hospital	\$ 82,736,965	\$ 82,736,965	-1.06%	-1.06%
Northeastern VT Regional Hospital	\$ 90,525,300	\$ 90,525,300	3.75%	3.75%
Northwestern Medical Center	\$ 116,693,229	\$ 112,015,717	-4.20%	-3.88%
Porter Medical Center	\$ 89,810,556	\$ 89,810,556	2.66%	2.66%
Rutland Regional Medical Center	\$ 247,487,684	\$ 247,487,684	-7.58%	-7.58%
Southwestern VT Medical Center	\$ 167,089,128	\$ 167,089,128	-3.02%	-3.02%
Springfield Hospital	\$ 51,518,932	\$ 50,600,311	3.50%	3.50%
University of Vermont Medical Center	\$ 1,424,974,332	\$ 1,415,656,433	5.01%	5.01%
All Vermont Community Hospitals	\$ 2,807,046,674	\$ 2,789,956,578	2.67%	2.70%

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

Pre-GMCCB
Average % Increase 7.3%

GMCCB FY2013-current
Average % Increase 4.0%



Notes:

FY21 Budgets were approved with adjustments for accounting changes and provider transfers at 2.70%

A = Actual

B=Budget

GMCCB assumed responsibility for reviewing and approving hospital budgets in FY2013

Results for FY2001-2011 were adjusted to reflect bad debt reporting change in FY2012

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

Vermont Hospitals Annual Change in Charge Increase History

	2019	2020		2021		2021 COVID-19		2021	
	Approved	Approved	Commercial Effective Rate	Submitted	Commercial Effective Rate	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate
Brattleboro Memorial Hospital	3.9%	3.4%		2.9%	2.9%	2.0%	2.0%	4.9%	4.9%
Central Vermont Medical Center	2.3%	3.0%	5.9%	6.0%	8.5%			6.0%	7.0%
Copley Hospital	4.5%	9.8%		8.0%				6.0%	
Gifford Medical Center	4.0%	5.0%		4.0%				4.0%	
Grace Cottage Hospital	3.2%	3.2%		3.2%				3.2%	
Mt. Ascutney Hospital & Health Center	2.9%	3.2%		2.4%		2.2%		4.6%	
North Country Hospital	3.6%	4.2%		3.6%				3.6%	
Northeastern VT Regional Hospital	3.0%	3.0%		2.8%		1.1%		3.9%	
Northwestern Medical Center	2.0%	5.9%		19.9%		1.2%		13.0%	
Porter Medical Center	2.8%	0.0%	2.6%	0.0%	5.8%			0.0%	4.0%
Rutland Regional Medical Center	2.6%	2.65%		6.0%				6.0%	
Southwestern VT Medical Center	3.0%	2.8%		3.5%				3.5%	
Springfield Hospital	10.0%	0.0%		4.0%				4.0%	
The University of Vermont Medical Center	2.5%	3.0%	3.5%	8.0%	8.0%			6.0%	6.00%
Estimated Weighted Average For All Hospitals**	2.9%	3.1%	n/a	6.8%	n/a	0.2%	n/a	5.6%	n/a

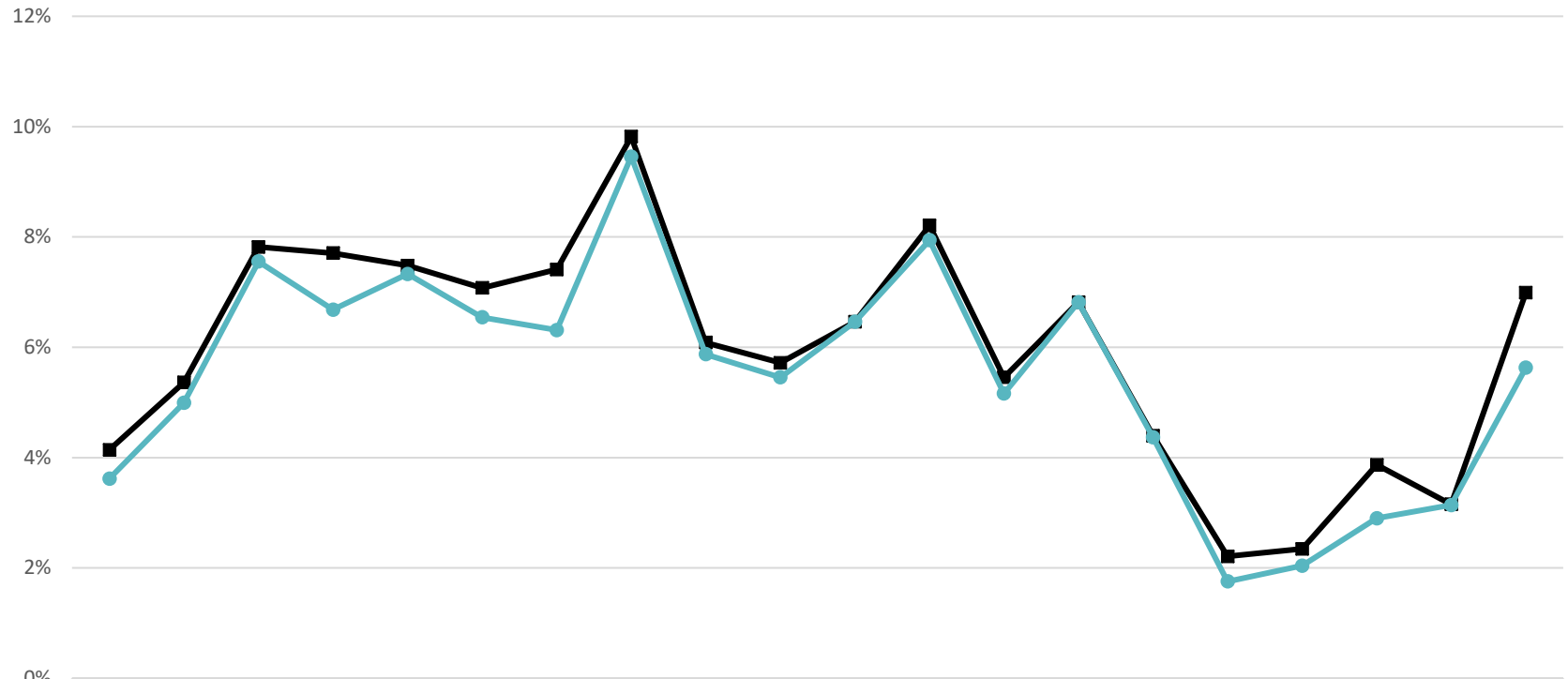
**Estimated Weighted Average for All Hospitals is calculated by factoring in each hospital's proportion of gross revenue to the change in charges (rate).

Note: For FY2021 the GMCB voted to combine the COVID-19 change in charges with the standard change in charge and commercial effective rates.

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	2021
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%	7.0%
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%	5.6%

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