

FY2023 Hospital Budget Guidance

March 16, 2022

GMCB Health System Finance Team
with assistance from the Legal, Policy, and Analytics Teams

FY2023 Hospital Budget Guidance: Board Meetings

March 16th

- Overview
- Review Appendices
- Review Draft Budget Guidance

March 23rd

- Review Draft #2 Budget Guidance
- Potential Vote

March 30th

- Review Draft #3 Budget Guidance (If necessary)
- Vote (If necessary)

FY2023 Hospital Budgets Schedule



Guidance Sent

Submissions Received

Preliminary Budget Presented

Hearings Week



Hearings Week

Deliberations Start

Board Votes Deadline

Budget Orders Sent

FY2023 Hospital Budget Guidance: Overview

Priorities

- Hospital financial health and environmental challenges
- Ongoing regulatory alignment
- Data driven analysis and decisions
- Reasonable schedules and turnaround times

Process

- Collaboration with GMCB legal, analytics, and ACO teams
- Public Process

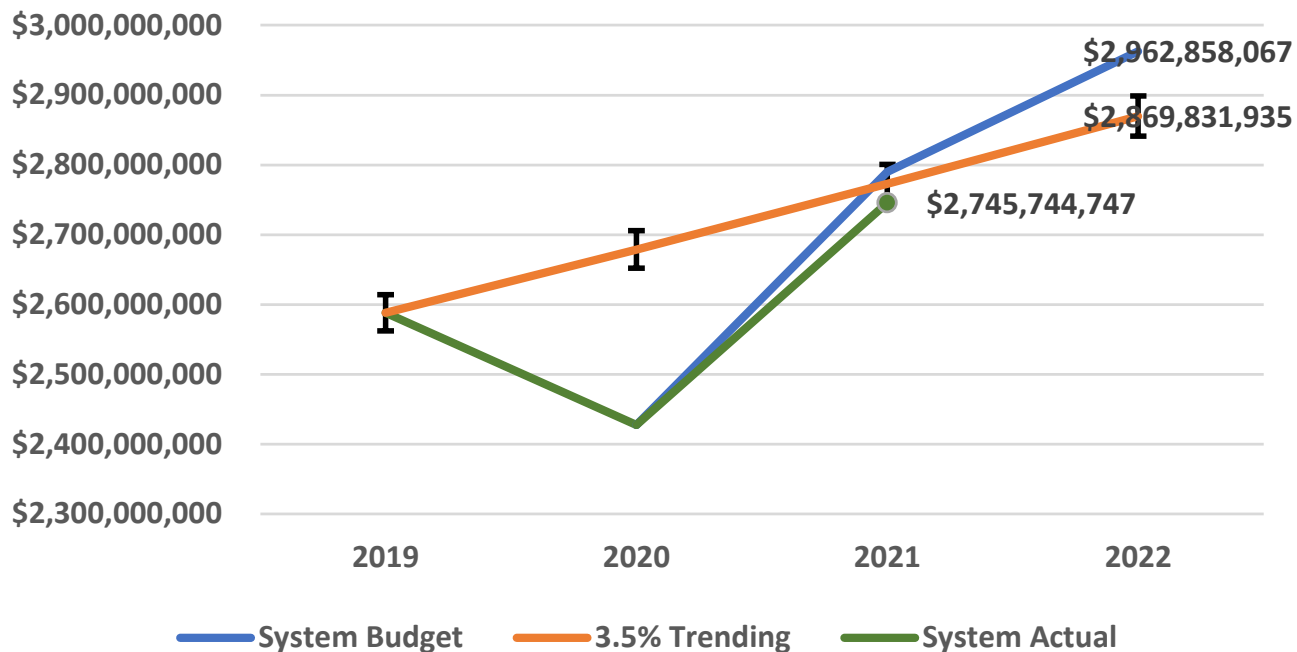
Outcome

FY2023 Budget Guidance - Draft

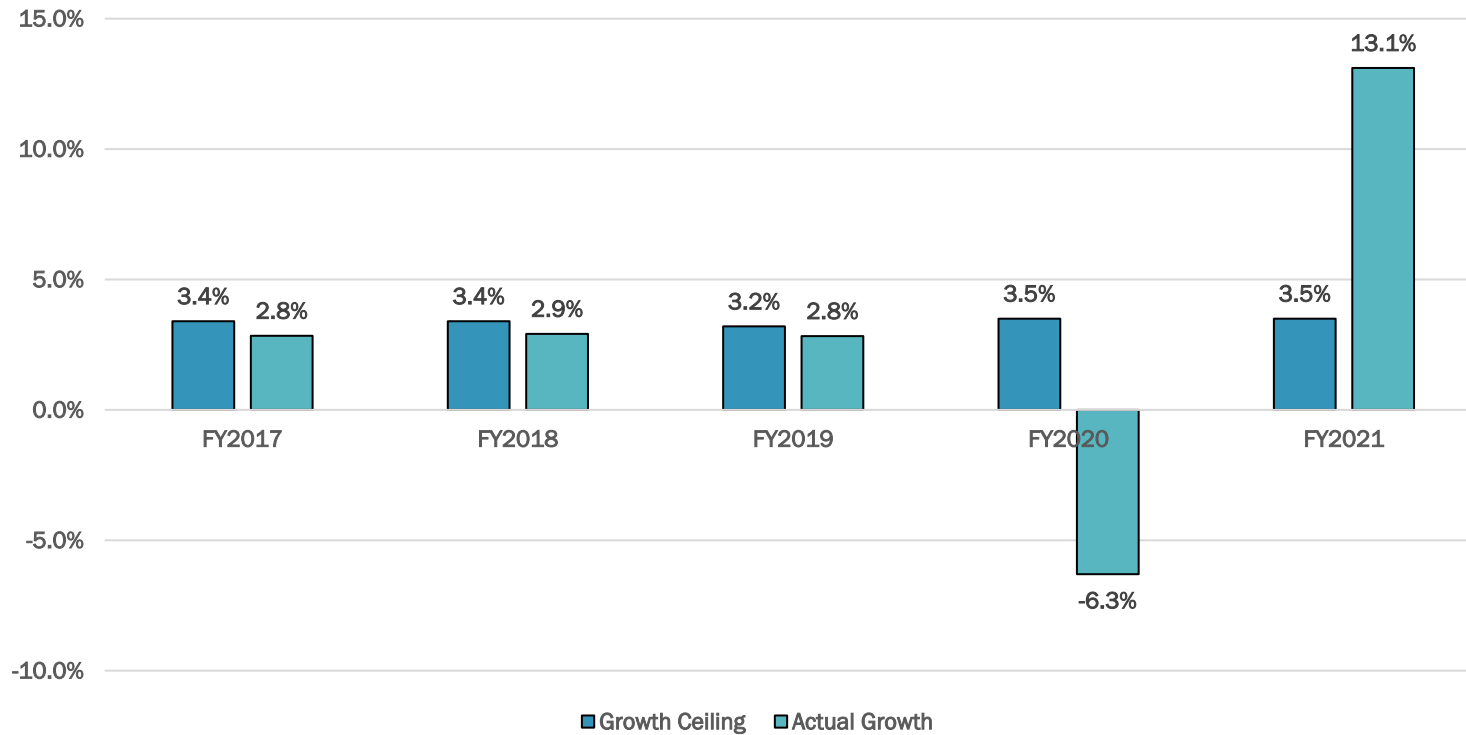
- Continued alignment of narrative and presentation
- Update appendices to support narrative and presentation

3.5% System Trend Analysis from FY22 Budgets updated with FY21 Actuals

System Performance vs. 3.5% Trending



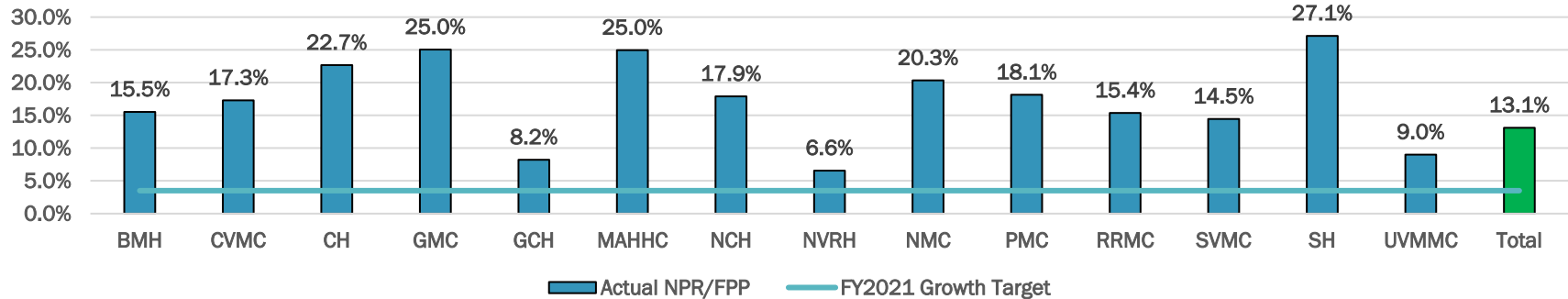
Budget Growth Ceiling Vs. Actual Growth



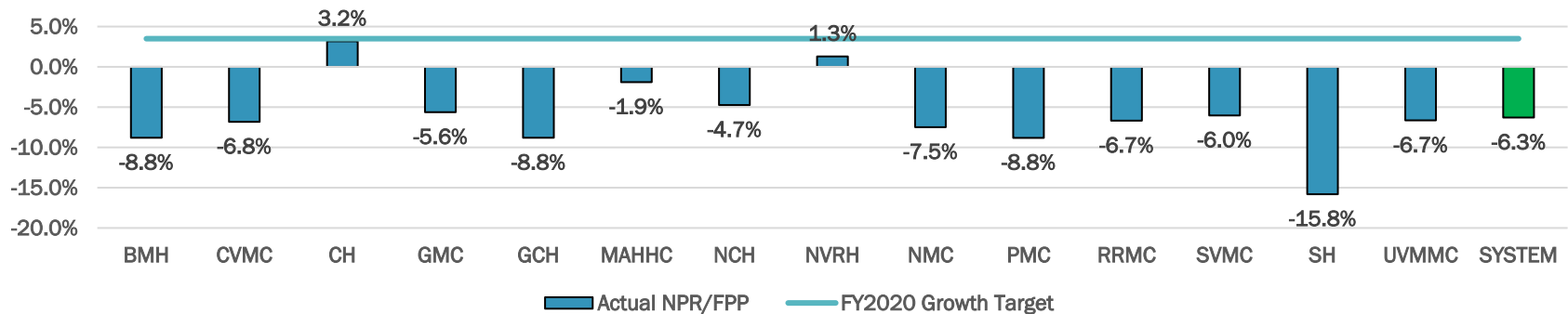
Fiscal Year Actual-to-Actual Growth: System Above Ceiling

System-wide NPR/FPP increased 13.1% from FY20 to FY21 compared to a decrease of 6.3% from FY19 to FY20, the maximum budget growth ceiling set forth by the GMCB during those periods is 3.5%.

FY2021 Actual-to-Actual Growth Compared to 3.5% Growth Target



FY2020 Actual-to-Actual Growth Compared to 3.5% Growth Ceiling



Note : [FY2021 Budget Guidance](#) established a 3.5% budget growth ceiling.

Operating Expenses: 5-Year Results



	FY2017	FY2018	FY2019	FY2020	FY2021	5-year CAGR
BMH	\$81,302,905	\$83,705,782	\$87,095,267	\$92,681,654	\$95,153,892	4.0%
CVMC	\$210,065,504	\$216,033,931	\$228,415,989	\$235,847,778	\$251,279,114	4.6%
CH	\$66,780,338	\$69,683,657	\$70,299,334	\$73,819,577	\$88,188,411	7.2%
GMC	\$56,698,140	\$55,321,562	\$51,938,902	\$54,604,423	\$56,697,232	0.0%
GCH	\$19,605,633	\$19,947,999	\$20,743,344	\$21,961,124	\$23,945,664	5.1%
MAHHC	\$50,392,970	\$53,451,291	\$54,566,701	\$56,220,017	\$61,042,770	4.9%
NCH	\$84,179,016	\$83,367,796	\$85,997,751	\$85,844,221	\$94,012,827	2.8%
NVRH	\$77,395,413	\$81,424,338	\$87,189,684	\$90,705,424	\$98,663,273	6.3%
NMC	\$107,683,791	\$113,575,304	\$119,729,265	\$120,798,340	\$123,612,022	3.5%
PMC	\$78,874,889	\$81,233,322	\$86,649,174	\$86,170,515	\$91,604,670	3.8%
RRMC	\$250,113,413	\$268,120,067	\$274,016,566	\$281,349,496	\$304,385,835	5.0%
SVMC	\$151,391,369	\$158,556,275	\$165,778,101	\$168,204,278	\$181,093,942	4.6%
SH	\$57,491,695	\$61,860,030	\$58,081,280	\$52,595,420	\$53,974,864	-1.6%
UVMC	\$1,245,240,122	\$1,317,389,315	\$1,404,942,642	\$1,462,101,819	\$1,572,224,117	6.0%
Total	\$2,537,215,198	\$2,663,670,669	\$2,795,444,000	\$2,882,904,086	\$3,095,878,633	5.1%

FY2023 Hospital Budget Discussion topics/changes



CHANGES - FY2023 Hospital Budget Guidance:

- Added sustainability planning discussion to Executive Summary (Narrative, Section A)
- Added FY22 approved change-in-charge results (Narrative, Section B, iii)
- Added Health Equity question (Narrative, Section C)
- Added re-imagined Value-based participation questions (Narrative, Section E)
- Added supplemental data monitoring pilot; Population/demographic data, reimbursement variation data and data relative to payments/costs/payer mix to similar hospitals (Narrative, Section G) Reports due to Hospitals June 2022
- REMOVED hospital budget hearing exemption criteria

FY2023 Hospital Budget

Discussion topics/changes



CHANGES - Part B Appendices:

- Appendix 4: Added Inflation table example for reference
- Appendix 5: Updated breakout of Commercial Value-Based Participation by payer
- Appendix 6: Updated COVID PRF tab removing FY20, adding FY23
- REMOVED: Covid vaccine clinic tab
- DISCUSS: FY23 NPR growth over FY22
- DISCUSS: How would the GMCB like to continue access to care/wait times monitoring in the FY23 process?
- MISSING: HCA opportunity to contribute

FY2023 Hospital Budget Guidance Policies



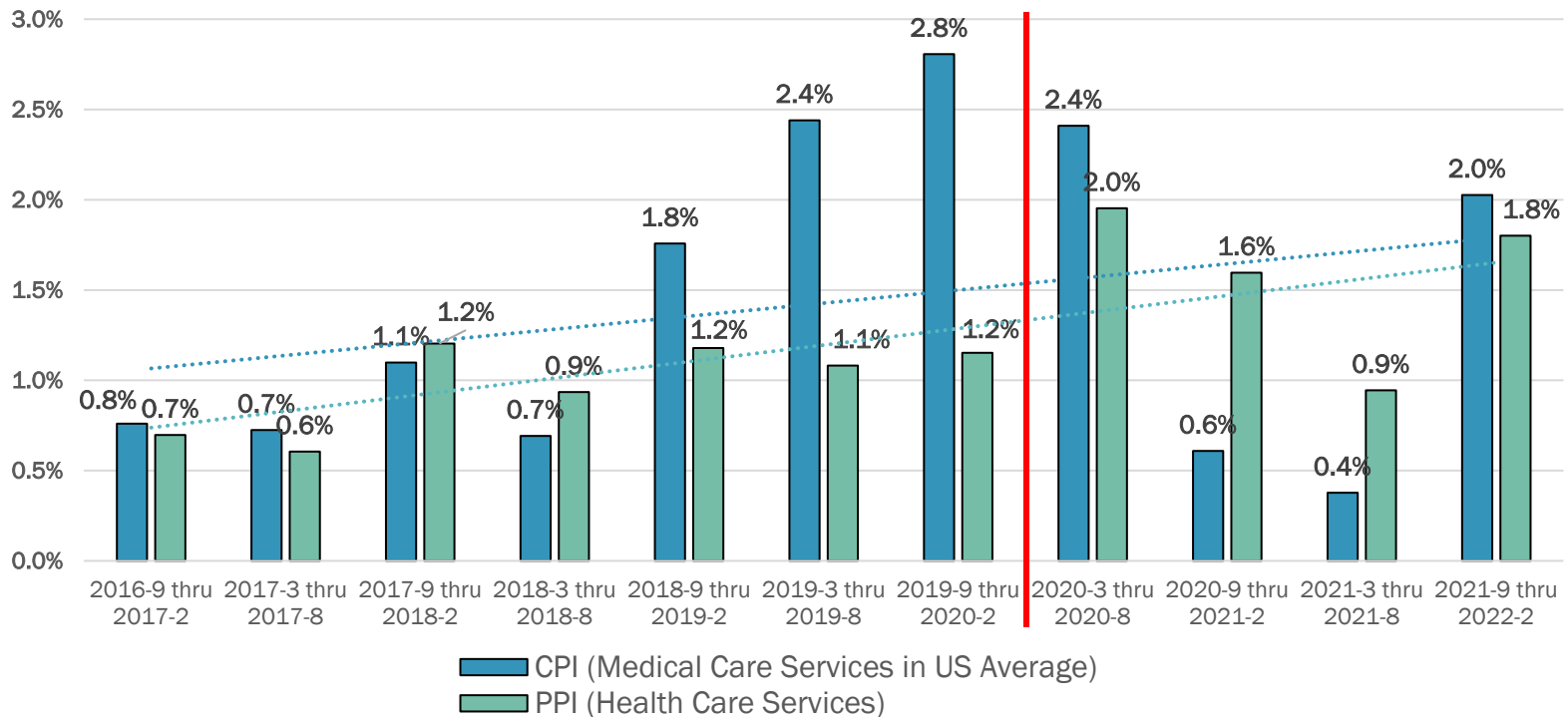
Walk through of Hospital Budget policies incorporated into
Guidance

- Budget Amendments and Adjustments Policy – review changes
- Policy on Hospital Budget Enforcement – standing policy adopted by Board March, 2021; no changes.

Recommended FY23 NPR/FPP Growth Ceiling



Inflation - Price Indices: Consumer Medical Care & Producer Health Services
6-month periods



[Consumer Price Index for All Urban Consumers: Medical Care Services in U.S. City Average](#)

[Producer Price Index by Commodity: Health Care Services](#)

Recommended FY23 NPR/FPP Growth Ceiling Cont'd



	Inflation (6 mos)		
	CPI (Medical Care Services)	PPI (Health Care Services)	
2016-9 thru 2017-2	0.8%	0.7%	Pre-COVID
2017-3 thru 2017-8	0.7%	0.6%	
2017-9 thru 2018-2	1.1%	1.2%	
2018-3 thru 2018-8	0.7%	0.9%	
2018-9 thru 2019-2	1.8%	1.2%	
2019-3 thru 2019-8	2.4%	1.1%	
2019-9 thru 2020-2	2.8%	1.2%	
2020-3 thru 2020-8	2.4%	2.0%	
2020-9 thru 2021-2	0.6%	1.6%	
2021-3 thru 2021-8	0.4%	0.9%	
2021-9 thru 2022-2	2.0%	1.8%	
2022-3 thru 2022-8	2.0%	2.0%	
2022-9 thru 2023-2	2.0%	2.0%	

Historical inflation

	PPI: Health Care Services (Mean)	PPI: Health Care Services (Median)
Pre-COVID Avg. 6-mo inflation	0.98%	1.08%
COVID Avg. 6-mo inflation	1.57%	1.70%
Increase	61%	57.04%

Projected inflation

	PPI: Health Care Services (Mean)	PPI: Health Care Services (Median)
Pre-COVID Avg. 6-mo inflation	0.98%	1.08%
COVID Avg. 6-mo inflation	1.72%	1.88%
Increase	75%	73.5%

*Assumes trend of 2.0% inflation (per 6 mos.) over the next year

NPR Growth Recommendation

	(A) Current NPR	(B) Inflation Factor	(C) New NPR (A x B)
Historical	3.50%	61%	5.63%
Projection	3.50%	75%	6.13%

Staff Recommendation

- Staff recommend that the GMCB establish an NPR growth ceiling figure and allow NPR growth for FY23 of 6.1% over FY22, tied to Consumer and Producer Price Indices data
- No recommended guidance on average change-in-charge for FY23 due to unprecedented, rapidly changing, environmental factors and challenges
- Elimination of budget hearing exemptions
- Addition of sustainability planning discussion component to Narrative Section A (Executive Summary)
- Addition of change-in-charge results questions from FY22 GMCB approved rate in Narrative, Section B, iii (Charge Request)
- Addition of health equity question in Narrative Section C (Equity)

Staff Recommendation Cont'd



- Addition of re-imagined value-based care participation questions in Narrative Section E (Value-based Care Participation)
- Addition of supplemental data monitoring pilot in Narrative Section F (Supplemental Data Monitoring) Reports due to hospitals June 2022
- Continued deferment of Quality budgetary component until collaboration with VPQHC quality task force results become available (due August 2022).
- Update to the Budget Amendment and Adjustment Policy (Appendix - Part D)
- **DISCUSS how GMCB would like to approach continued monitoring of wait times.**
- ***Need to include HCA contribution prior to a vote.***

FY2023 Hospital Budget Guidance: Board Meetings

March 23rd

- Review Draft #2 Budget Guidance
- Potential Final Vote

March 30th

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- Final Vote (If necessary)