

FY2023 Hospital Budget Guidance

March 30, 2022

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

FY2023 Hospital Budget Guidance: Board Meetings

March 30th

- Review Draft #3 Budget Guidance
- Vote

July 1st

- Submissions

Public Comment on FY23 HB Guidance Received (as of March 22nd)



- VAHHS submitted public comment on 3/22/2022
- HCA submitted comment and following discussion with Board staff submitted additional questions 3/28/2022 for inclusion in the Guidance.

Guidance Changes (as of March 23, 2022)



- Hospital Budget Guidance:
 - Section I (Guidelines and Benchmarks) added FY19 and FY20 for context with FY23
 - Section I-C (Factors Considered During Review) added “including patient migration data” and removed sustainability reference
 - Section III-A (Executive Summary) added specific service line changes as a topic and built out language on sustainability planning
 - Section III-B-ii (NPR/FPP Utilization) Added productivity statistics
 - Section III-B-iii (Charge Request) added specific request for charge impact on areas of service
 - Section III-B-vii (Oper. & Total Margin) added language requesting more detail on subsidiary, amount of need and financial impact.

Guidance Changes (as of March 23, 2022)



- Hospital Budget Guidance:
 - Section III-C (Equity) Added Rand definition of health equity measurement
 - Section III-D (Wait Times) Added potential measurements relating to referral and visit lag
 - Section III-E-iv (Risks & Opportunities) Added several topics relating to workforce
 - Section III-H-I (Supplemental Data Monitoring) Added patient migration data language
- Appendices:
 - Appendix 5 changes: revised inflation table example

FY2023 Hospital Budget Guidance Policies



Walk through of Hospital Budget policies incorporated into
Guidance

- Budget Amendments and Adjustments Policy – no changes from what was reviewed last week (HCA requested changes included)
- Policy on Hospital Budget Enforcement – standing policy adopted by Board March, 2021; no changes.

Guidance Changes from March 23, 2022



- Section III-B-ii (NPR/FPP Utilization) added occupancy rate per staffed and licensed bed
- Section III-D-iii (Wait Times) added Outline steps to resolve wait times
- Section III-E-iv (Risk & Opportunities) added Provide salaries per FTE, FTEs per adjusted occupied bed, and salaries expense to NPR
- Section III-H-ii (Supplemental Data Monitoring) language altered to reflect consensus between GMCB and HCA on effectively capturing Medicare reimbursement ratios resulting in removal of separate ask by HCA. GMCB will build and provide a table to stakeholders once complete
- HCA questions updated to reflect results of cross-stakeholder engagement

NPR Growth Options

- Option #1: No NPR guidance – Board identifies metrics to assess components of NPR from patient and hospital perspective for affordability and reasonableness
 - Indices of price and cost inflation that effect hospitals (Provider Price Index, Consumer Price Index for Medical Services)
 - Measures of consumer affordability (Wage growth, Consumer Price Index for All Urban Consumers, Personal Consumption Expenditures)
 - Ability to achieve state reform goals (Compounding Annual Growth Rate in All-Payer Total Cost of Care from 2017 less than or equal to 4.3%)
 - Population or demographic data (census data, patient origin data, hospital market share)
 - Hospital variation in cost and reimbursement (GMCB variation analysis, Medicare cost reports)
 - Data relative to payments to similar hospitals, relative costs for similar hospitals, and payer mix.
- Rationale: The healthcare landscape is too volatile to set specific NPR/FPP guidance.

NPR Growth Options

- Option #2: 2-year aggregated guidance of 9.0%
 - Rationale: 2-year approach would provide flexibility for growth in FY23 and FY24 and considers the personal income growth outlined in the [Economic Review and Revenue Forecast Update for the State of Vermont](#).
- Option #3: Alignment with APM TCOC growth of not more than 4.3% in FY23
 - Rationale: Keeps hospital growth in-line with average growth outlined in 5-year APM agreement.
- Option #4: Hybrid of #2 and #3 with an aggregated 2-year approach of not more than 8.6% (4.3%+4.3%)
 - Rationale: Provides flexibility for growth in FY23 and FY24 that is not explicit to 4.3% per year, is still tied to 5-year APM agreement and considers the Economic Review and Revenue Forecast Update for the State of Vermont.

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
- Inclusion of added factors for review as amended 3/23/22
- Addition of sustainability planning discussion component to Narrative Section A (Executive Summary) as amended 3/23/22
- Addition of change-in-charge results questions from FY22 GMCB approved rate in Narrative, Section B, iii (Charge Request) as amended 3/23/2022
- Addition of health equity question in Narrative Section C (Equity) as amended 3/23/2022

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 as amended 3/30/2022
- 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) as amended 3/23/2022
- Recommend other changes made on slides 6.
- Recommend acceptance of the updated HCA questions

NPR/FPP Growth Guidance: Vote

- Potential Motion Language:
 - *For the FY2023 hospital budget review process, the Green Mountain Care Board establishes a net patient revenue/fixed prospective payment (NPR/FPP) growth guidance of up to X.X% over each hospital's FY2022 approved budget for NPR/FPP.*

Accept Budget Guidance Vote



- Potential Motion Language:
 - *For the FY2023 hospital budget review process, the Green Mountain Care Board approves the Hospital Budget Guidance as presented by Board staff and modified during this meeting, to be effective March 31, 2022.*

FY2023 Hospital Budget Guidance: Board Meetings

July 1st

- Budget Submissions
- Appendices
- Other materials requested

FY2023 Hospital Budget Discussion topics/changes

(As of March 16, 2022)



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

(As of March 16, 2022)



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?**