

Hospital Budget Guidance

GMCB Health System Finances Team
with assistance from the Legal, Analytics, ACO
Policy/Quality Teams

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FY2023 Hospital Budgets Schedule



Guidance Sent

Submissions Received

Preliminary Budget Presented

Hearings Week



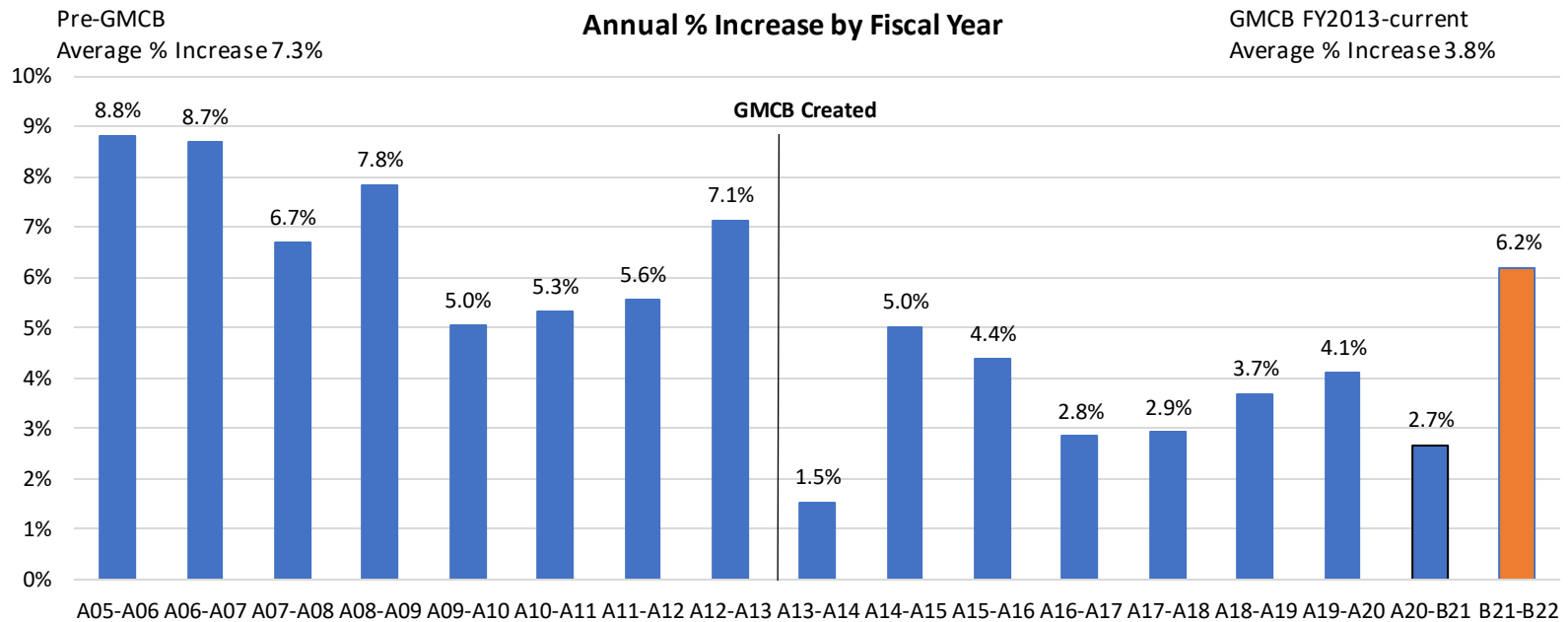
Hearings Week

Deliberations Start

Board Votes Deadline

Budget Orders Sent

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



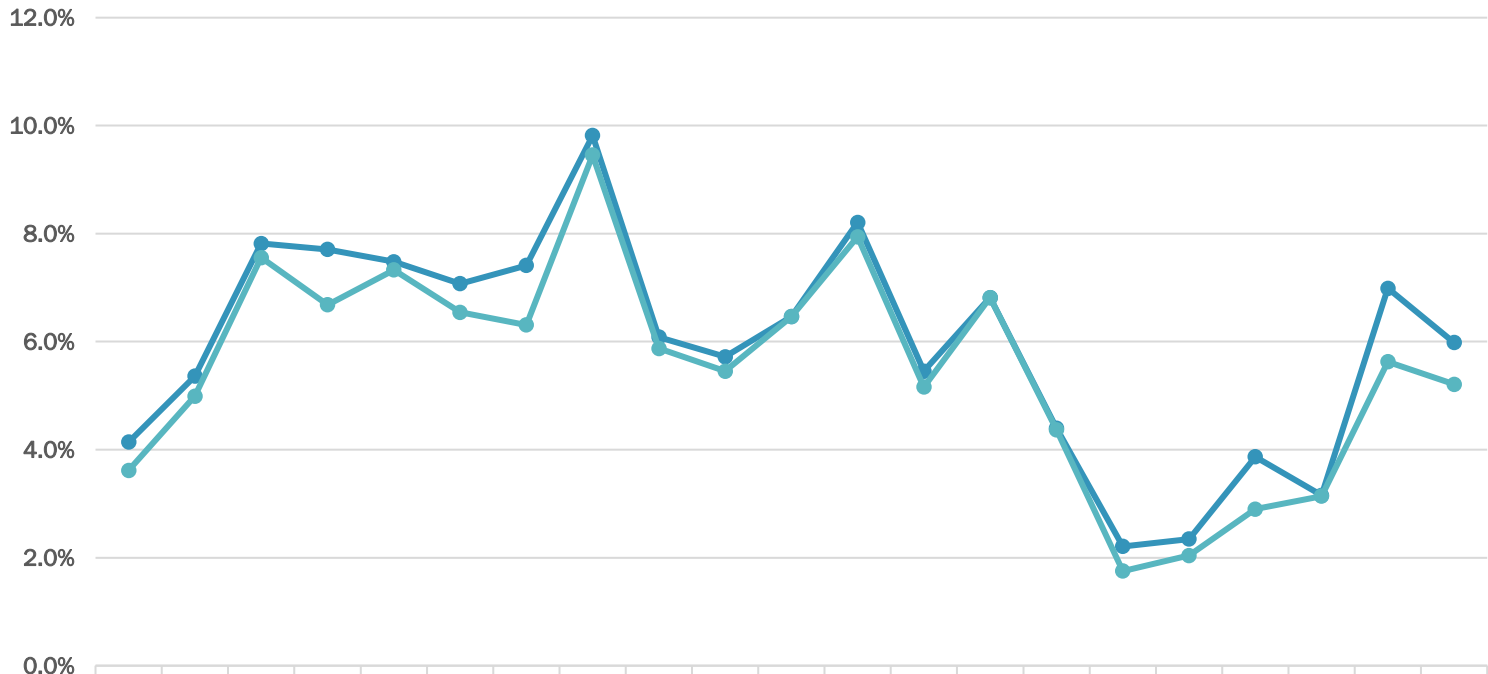
Notes:
 A = Actual
 B=Budget
 GMCCB assumed responsibility for reviewing and approving hospital budgets in FY2013

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.

History of Change in Charges Vermont Community Hospitals



Estimated Weighted Average Increase in Charges



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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%	6.0%
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%	5.2%

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

Common budgeting themes that may surface this year

- Ongoing pandemic impact and potential transition to endemic
- ED/ER volumes volatile
- Unreliable utilization assumptions for FY2023 budgets
- Staffing challenges, including burnout
 - Socio-economic challenges which reduce ability to effectively recruit
 - Traveling staff: growth in number and in price
- Inflation pressures continue (travelers, supplies)
- Overall cost structure being permanently reset
- Capital expenditure plans are sporadically starting and stopping
- Risks to 340B revenue and other operating revenue
- Renewed strategic plans and budgets

HB Guidance: Present (FY23)



- Updates and proposed changes
 - Integrated GMCB team comprising of Data, Policy (ACO), Quality, Legal, and Finance contributing to FY23 guidance.
 - Proposed changes/contributions around Data, ACO, and Quality to guidance while simultaneously considering impact/integration of various components of sustainability planning.

HB Guidance: Present (FY23)

- Data: Proposed Changes
 - Summarize cost and cost coverage by service line
 - Use Burns data in FY23
 - Adapt Burns process for uniform reporting FY24 onward
 - Report shifts in Vermont hospitals' patient characteristics over time.
 - Changes in NPR by patient residence, payer, and/or service line (VUHDDS)
 - Changes in paid amounts by patients' payer, hospital choice, etc. (VHCURES)
 - Summarize changes in community characteristics over time using Census/ACS estimates at the tract level, converted to HSA
 - Changes in overall population and its distribution
 - Changes in socioeconomic status and its distribution (e.g., demographic pyramids, components of the CDC's Social Vulnerability Index)
 - It is possible to incorporate out-of-state demographics

HB Guidance: Present (FY23)

- ACO/Policy Changes:
 - Comparison of hospital and ACO data points (e.g., total payments by [HCP-LAN Alternative Payment Model Framework](#) category)
 - Discussion of ACO population health dollars received and reinvested in improvements to quality and population health initiatives
 - Overall Hospital population health initiatives, goals and outcomes
 - FY20 settlement information and planned investment of those dollars in furthering the hospital's health care reform goals

HB Guidance: Present (FY23)

- Access/Quality/Equity:
 - Currently the State Wait Times Task Force is preparing recommendations for February 2022.
 - Proposing that GMCB adopt appropriate recommendations from task force for FY23 guidance.
 - (Alternative) Collect 3rd Next Available ([IHI Measure](#))
 - VPQHC Quality Framework work group (VAHHS, Hospitals, GMCB, AHS, Bi-State, HCA, VDH, DVHA) recommendations to be reported out August 2022
 - Align appropriate recommendations and request hospital data in fall/winter 2022/23
 - Equity: Discussion on Health Equity measures & potential future VBP implications e.g., what are hospitals doing to recognize and correct inequities in their communities, and prepare for the development of health equity measures?
 - [RAND defines](#) a health equity measurement approach as “an approach to illustrating or summarizing the extent to which the quality of health care provided by an organization contributes to reducing disparities in health and health care at the population level for those patients with greater social risk factor burden by improving the care and health of those patients.”

HB Guidance: Present (FY23) Challenges & Opportunities FY23



- Challenges:

- COVID-19 continues to rage, straining hospital resources.
 - Constantly changing pandemic environment poses challenges to regulation.
- Cost outliers (Burns) data from 2020 is not generalizable (due to COVID-19 electives shutdown); 2019 (used in sustainability planning) would be the most reliable but it's aging out.
- Quality data has the potential to be heavily skewed by the challenges that have faced hospitals since March 2020 and have worsened since then (VPQHC/GMCB collaboration in progress).
 - Recommendations from collaboration on Quality measures with VPQHC due August 2022, implement in inter-period (late fall/winter 2022 and in FY24 guidance.

HB Guidance: Present (FY23) Challenges & Opportunities FY23



- Opportunities:
 - This is a good time to pilot some of the proposed/potential additions/changes for future use.
 - Integrated GMCB team working on RFP to bring in a contractor(s) to review and advise on the future of the HB process.

HB Guidance: Present (FY23) Discussion Items

- Data:
 - Does the GMCB want to use 2020 or 2019 cost outlier data in this process?
 - To what extent does GMCB want to use it, reaction from hospitals in narrative, informative only, for budget hearing questioning, etc.?
 - Does GMCB want to use Market Shift and Demographic census data in this process?
 - To what extent does GMCB want to use it, reaction from hospitals in narrative, informative only, for budget hearing questioning, etc.?
- Access/Quality/Equity:
 - If recommendations regarding access require additional work by sub-groups of the Wait Times Task Force, does GMCB want to revert to 3rd next available appointment (alternative for FY23)?

*Not an exhaustive list – other potential discussion items to be reviewed with draft guidance.

HB Guidance: Future FY24 and Beyond



- Integrated GMCB team working on RFP to engage a contractor(s) to review, consult, and advise on new trajectory for HB regulatory process.
 - <https://gmcboard.vermont.gov/publication/rfps-contracts-grants/rfp>
- Goals of RFP:
 - Assess current process
 - ID areas for enhancements to modify GMCB statutory authority and regulatory decisions
 - Provide greater alignment with payment and delivery system reform efforts
- Items for consideration:
 - Facilitate stakeholder engagement (i.e. VAHHS, Hospitals, HCA, VPQHC, AHS, OCV, etc.)

HB Guidance: Future FY24 and Beyond



- Items for consideration (Cont'd)
 - Review related work streams, and deliverables. Provide recommendations enhancing regulatory alignment and alignment with health care reform efforts (i.e. sustainability planning, regulatory alignment, HRAP/CON, ACO, Rate review)
 - Integrate stakeholder input with current HB process (i.e. data gaps, easing administrative burden, increase efficiency, etc.)
 - Recommend alternative methodologies for HB regulation with goal of cost containment while improving access and quality of care (i.e. alternative to NPR-per capita measurement, payment reform incentives, data sources to support new methodologies, etc.)
 - Consider current GMCB work on Equity, Access, Quality/Value-based Care and Affordability

HB Guidance: Future FY24 and Beyond



- RFP timeline:
 - Engage contractor(s) by late-July/early August 2022 for FY23 HB process observance
 - Further timeline specifics to be provided when contractor is selected

Discussion

- Thoughts, feedback, or questions that the team can answer?