VERMONT
GREEN MOUNTAIN CARE BOARD

Preliminary Review of FY2022 Hospital Budget Submissions* and Public Budget Hearing Exemptions

July 28, 2021

*Submissions as of July 19, 2021

FY2022 Hospital Budgets Schedule

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July 1st
Submissions

July 28th
Preliminary Budget Review
Review Hearing Exemptions

Week of Aug 16th
Start of Hearings

Sept. 1st
Start of Deliberations

Sept. 15th
Board Votes

Public Comment Received (as of July 26, 2021)

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- The Board has received 3 public comments to date relating to FY22 hospital budgets.
- The Board is accepting public comment related to reviewing and establishing FY22 budgets for Vermont's hospitals. Information on FY22 hospital budget review can be seen here (https://gmcboard.vermont.gov/hospitalbudget/fy22hospitalbudgetdocuments).
- Budget information submitted by the hospitals is available here (https://gmcboard.vermont.gov/hospital_budget_individual_information_FY2022).
- The Board will be holding public hospital budget hearings starting the week of August 16, the Board's deliberations will start September 1, and the Board vote no later than September 15. Please submit comments prior to September 1 to be considered by the Board in deliberation

Link to make public comment:

https://gmcboard.vermont.gov/board/comment

NPR/FPP Growth Guidance

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For the FY2022 hospital budget review process, the Green Mountain Care Board established NPR/FPP growth guidance of ***3.5% over the hospital's FY2021 approved budget*** for NPR/FPP (not including NPR/FPP related to COVID-19 vaccines and testing).

Documents and Information Collected

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Narratives and Presentations:

- Year over year changes
  - NPR/FPP components: Payer Changes, Vaccine Clinics and Testing Allowances, Utilization
  - Change in Charge Request
  - Adjustments
  - Other Operating and Non-Operating Revenue
  - Operating Expenses
  - Operating Margins and Total Margins
- Risks and Opportunities
- Value-Based Care Participation
- Capital Investment Cycle

Documents and Information Collected (continued)

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Variance Analysis/Financial Workbook:

- Reconciliation
- Charge and NPR/FPP detail
- Utilization
- Inflation
- Vaccine Clinics and Testing
- Value-Based Care Participation
- COVID-19 Advances, Relief Funds, and Other Grants

Documents and Information Collected (continued)

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GMCB Hospital Budgets database (Adaptive):

- Income Statement
- Balance Sheet
- NPR/FPP Payer Revenue detail
- Change in Charge
- Utilization
- Staffing
- Capital Expenditures

Exemption from Public Hearing Criteria: FY2022

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Process

- Act 91 authority to open exemption from public budget hearings to all hospitals that meet criteria set by Board.
- An exempted hospital will not have its budget adjusted by the Board (unless requested by the hospital) in the year for which it was exempted.

Criteria for Hearing Waiver

- NPR/FPP rate request at or under growth guidance of 3.5% (allowance for NPR/FPP related to COVID-19 vaccines and testing)
- Charge increase request at or under 3.5%
- Continued involvement in value-based care reform (not limited to ACO participation)
- Budget assumptions are deemed reasonable
- Budget submission schedules reconcile
- Budget content complies with guidance

Considerations

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Some items to consider are as follows:

- Budget guidance and adequately justified requests on NPR/FPP growth rates with an allowance for COVID-19 vaccines and testing revenues
- Impact of change in charge on commercial rate payers
- Adequately justified provider transfer and accounting adjustments
- Hospital's overall financial health due to COVID-19, including operating margin and key financial indicators
- Hospital's capital and infrastructure needs

Considerations (continued)

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Additional topics for consideration:

- Participation in the All-Payer Model and value-based care
- Hospital-specific risks and opportunities
- Cost savings initiatives
- Leadership turnover
- Workforce, specifically travelers
- Utilization
- Other revenue
  - COVID-19 Revenue Replacement Funds recorded
  - Vaccine clinics and COVID-19 testing revenues

Common Budgeting Themes

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- 340B revenue risk and other operating revenue
- Renewed strategic plans and budgets
- ED/ER volumes not coming back
- Staffing challenges, including burnout
- Capital expenditures are jump started
- Increased inflationary factors
- Use of FY2019 for utilization assumptions for FY2022 budgets
- FPP is not the only form of value-based payments (other reform payments = $5.2 million system-wide)

Change in Charge%

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Vermont Community Hospitals
History of Annual Increases in Charges

	2019		2020			2021				2022
	Approved	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate	Submitted	Commercial Effective Rate	Approved	Commercial Effective Rate	Submitted
Brattleboro Memorial Hospital	3.9%	3.4%		3.4%		4.9%		4.9%		5.1%
Central Vermont Medical Center	2.3%	3.0%	5.9%	3.0%	5.9%	6.0%	8.5%	6.0%	7.0%	7.4%
Copley Hospital	4.5%	9.8%		9.8%		8.0%		6.0%		5.0%
Gifford Medical Center	4.0%	5.0%		5.0%		4.0%		4.0%		3.5%
Grace Cottage Hospital	3.2%	3.2%		3.2%		3.2%		3.2%		5.0%
Mt. Ascutney Hospital & Health Center	2.9%	3.2%		3.2%		4.6%		4.6%		2.2%
North Country Hospital	3.6%	4.2%		4.2%		3.6%		3.6%		4.9%
Northeastern VT Regional Hospital	3.0%	3.5%		3.0%		3.9%		3.9%		3.0%
Northwestern Medical Center	2.0%	5.9%		5.9%		21.1%		13.0%		3.0%
Porter Medical Center	-1.0%	0.0%	2.6%	0.0%	2.6%	0.0%	5.8%	0.0%	4.0%	5.9%
Rutland Regional Medical Center	2.6%	2.7%		2.7%		6.0%		6.0%		3.6%
Southwestern VT Medical Center	3.0%	2.8%		2.8%		3.5%		3.5%		4.8%
Springfield Hospital	10.0%	0.0%		0.0%		4.0%		4.0%		8.3%
The University of Vermont Medical Center	2.5%	3.0%	4.0%	3.0%	3.5%	8.0%	8.0%	6.0%	6.0%	7.1%
Estimated Weighted Average For All Hospitals**	2.9%	3.2%		3.1%		6.8%		5.6%		6.0%

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

Approved Change in Charge (%, FY2017-2021)

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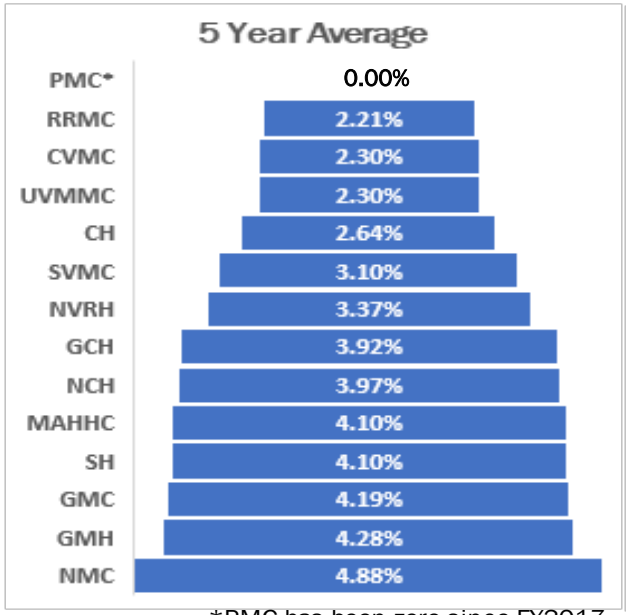
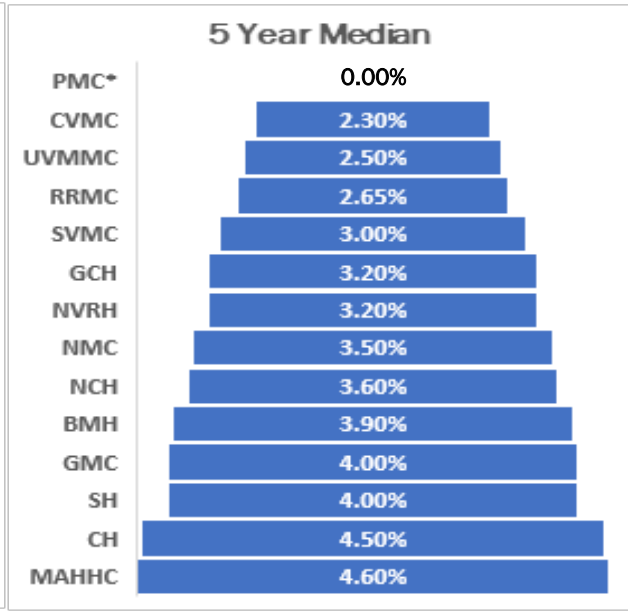
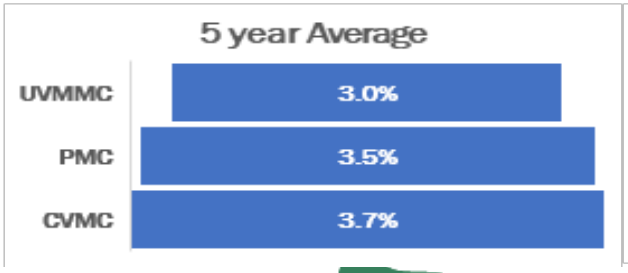
Change in Charge

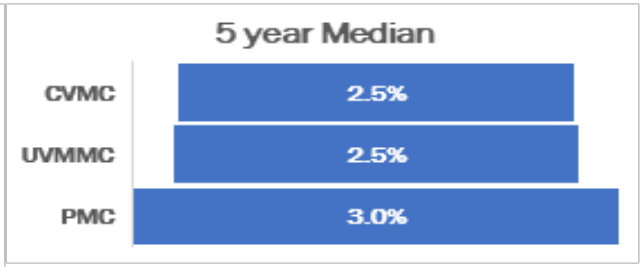




*PMC has been zero since FY2017

Commercial Effective Rate





NPR/FPP: FY2019-2022

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Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	$ 83,994,257	$ 76,593,854	$ 92,802,429	$ 86,931,647	$ 95,595,382
Central Vermont Medical Center	208,006,996	193,820,404	236,081,037	227,104,899	251,502,614
Copley Hospital	66,993,816	69,112,081	76,189,789	80,381,902	86,390,520
Gifford Medical Center	50,052,096	47,232,407	52,083,147	54,149,594	54,224,079
Grace Cottage Hospital	18,734,702	19,425,101	20,666,695	21,330,891	22,353,530
Mount Ascutney Hospital and Health Center	50,849,386	49,880,775	56,211,391	60,488,476	59,640,912
North Country Hospital	80,634,917	76,811,293	82,736,960	85,938,930	88,784,695
Northeastern Vermont Regional Hospital	84,684,742	85,775,755	90,525,300	93,724,962	97,368,788
Northwestern Medical Center	106,529,464	98,555,639	112,015,717	115,495,674	115,925,533
Porter Medical Center	84,961,115	77,472,728	89,810,557	86,218,427	94,168,035
Rutland Regional Medical Center	256,402,902	239,255,341	247,487,684	266,868,813	270,361,370
Southwestern Vermont Medical Center	163,952,570	154,068,253	167,089,128	169,481,663	177,594,439
Springfield Hospital	47,392,824	39,790,103	50,600,310	45,212,644	54,568,589
University of Vermont Medical Center	1,285,234,193	1,199,728,235	1,415,656,433	1,295,787,839	1,500,593,928
All Vermont Community Hospitals	**$ 2,588,423,980**	**$ 2,427,521,969**	**$ 2,789,956,577**	**$ 2,689,116,360**	**$ 2,969,072,414**

NPR/FPP with COVID-19 Allowance: FY2019-2022

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GREEN MOUNTAIN CARE BOARD

Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected*	FY2022 Budget*
Brattleboro Memorial Hospital	$ 83,994,257	$ 76,593,854	$ 92,802,429	$ 86,762,597	$ 95,595,382
Central Vermont Medical Center	208,006,996	193,820,404	236,081,037	227,274,035	251,502,614
Copley Hospital	66,993,816	69,112,081	76,189,789	78,990,470	86,390,520
Gifford Medical Center	50,052,096	47,232,407	52,083,147	53,739,714	53,906,069
Grace Cottage Hospital	18,734,702	19,425,101	20,666,695	21,064,033	22,353,530
Mount Ascutney Hospital and Health Center	50,849,386	49,880,775	56,211,391	60,285,267	59,346,912
North Country Hospital	80,634,917	76,811,293	82,736,960	84,896,268	88,742,574
Northeastern Vermont Regional Hospital	84,684,742	85,775,755	90,525,300	92,449,962	96,943,788
Northwestern Medical Center	106,529,464	98,555,639	112,015,717	111,776,360	114,243,990
Porter Medical Center	84,961,115	77,472,728	89,810,557	86,218,427	94,168,035
Rutland Regional Medical Center	256,402,902	239,255,341	247,487,684	264,624,965	269,882,067
Southwestern Vermont Medical Center	163,952,570	154,068,253	167,089,128	166,464,863	176,689,399
Springfield Hospital	47,392,824	39,790,103	50,600,310	45,103,791	54,568,589
University of Vermont Medical Center	1,285,234,193	1,199,728,235	1,415,656,433	1,291,022,455	1,494,091,728
All Vermont Community Hospitals	**$ 2,588,423,980**	**$ 2,427,521,969**	**$ 2,789,956,577**	**$ 2,670,673,206**	**$ 2,958,425,197**

*adjusted to remove COVID-19 vaccine clinics and testing revenue

NPR/FPP (%*): FY2021-2022 and FY2019-FY2022 CAGR

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Hospital	FY2021 Bud FY2022 Bud	FY2021 Proj FY2022 Bud	FY2021 Bud FY2022 Bud adj	FY2021 Proj adj FY2022 Bud adj	FY2019-FY2022 CAGR
Brattleboro Memorial Hospital	3.0%	10.0%	3.0%	10.2%	4.4%
Central Vermont Medical Center	6.5%	10.7%	6.5%	10.7%	6.5%
Copley Hospital	13.4%	7.5%	13.4%	9.4%	8.8%
Gifford Medical Center	4.1%	0.1%	3.5%	0.3%	2.7%
Grace Cottage Hospital	8.2%	4.8%	8.2%	6.1%	6.1%
Mt. Ascutney Hospital & Health Ctr	6.1%	-1.4%	5.6%	-1.6%	5.5%
North Country Hospital	7.3%	3.3%	7.3%	4.5%	3.3%
Northeastern VT Regional Hospital	7.6%	3.9%	7.1%	4.9%	4.8%
Northwestern Medical Center	3.5%	0.4%	2.0%	2.2%	2.9%
Porter Medical Center	4.9%	9.2%	4.9%	9.2%	3.5%
Rutland Regional Medical Center	9.2%	1.3%	9.0%	2.0%	1.8%
Southwestern VT Medical Center	6.3%	4.8%	5.7%	6.1%	2.7%
Springfield Hospital	7.8%	20.7%	7.8%	21.0%	4.8%
The University of Vermont Medical Center	6.0%	15.8%	5.5%	15.7%	5.3%
All Vermont Community Hospitals	**6.4%**	**10.4%**	**6.0%**	**10.8%**	**4.7%**

*Note: These percentages do not represent any adjustments for account changes or provider transfer/acquisitions just COVID vaccine/testing allowances.

NPR/FPP: FY2021-2022

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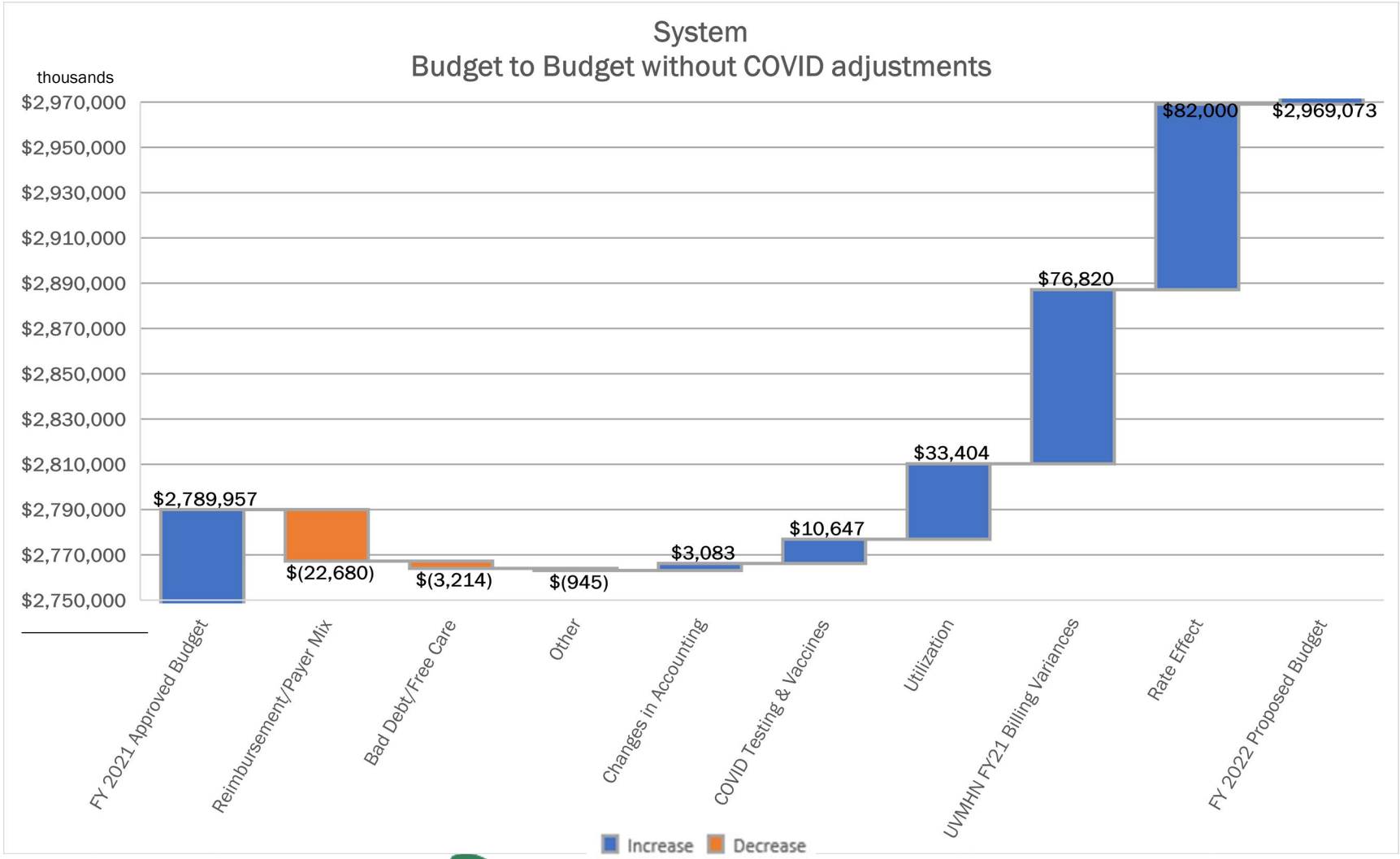

NPR/FPP - COVID-19 Vaccine Clinics & Testing Allowance: FY2021-2022

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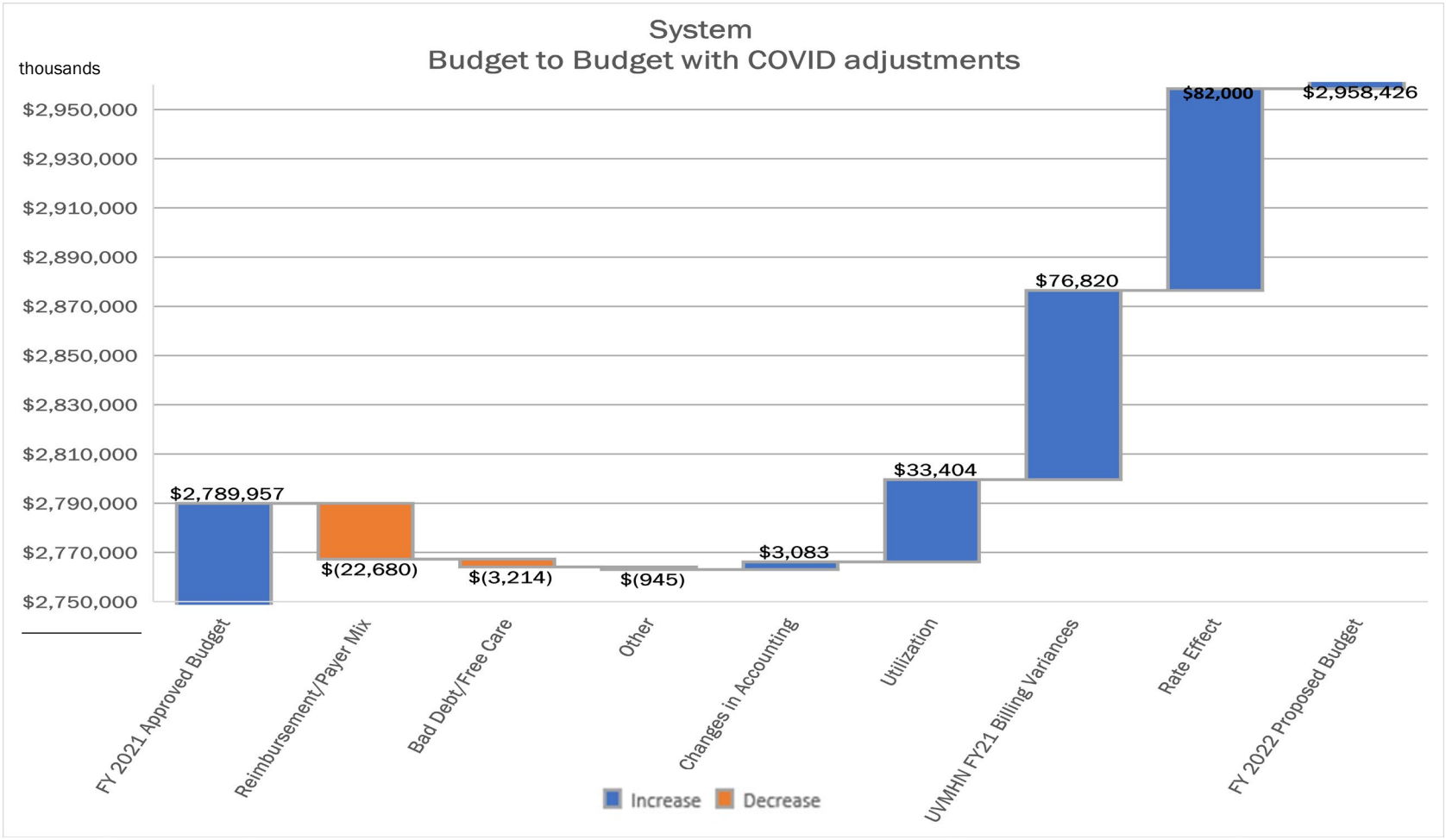

NPR/FPP: Payer Mix

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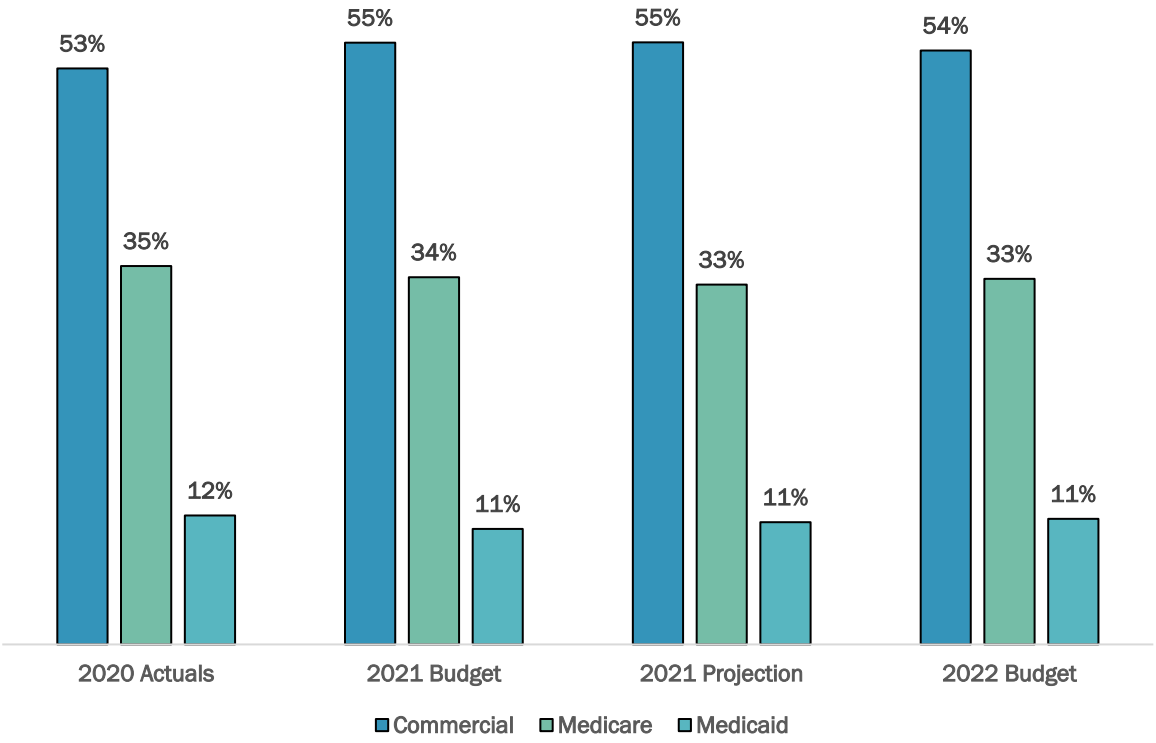

FY2021 Budget was a difficult year for hospitals to plan their payer mixes, but the projections are coming close to budgets. FY2022 budgets are proposing similar payer mixes.

Note: Disproportionate share payments account for ~1-2%

FPP as % of NPR/FPP: FY2018-2022

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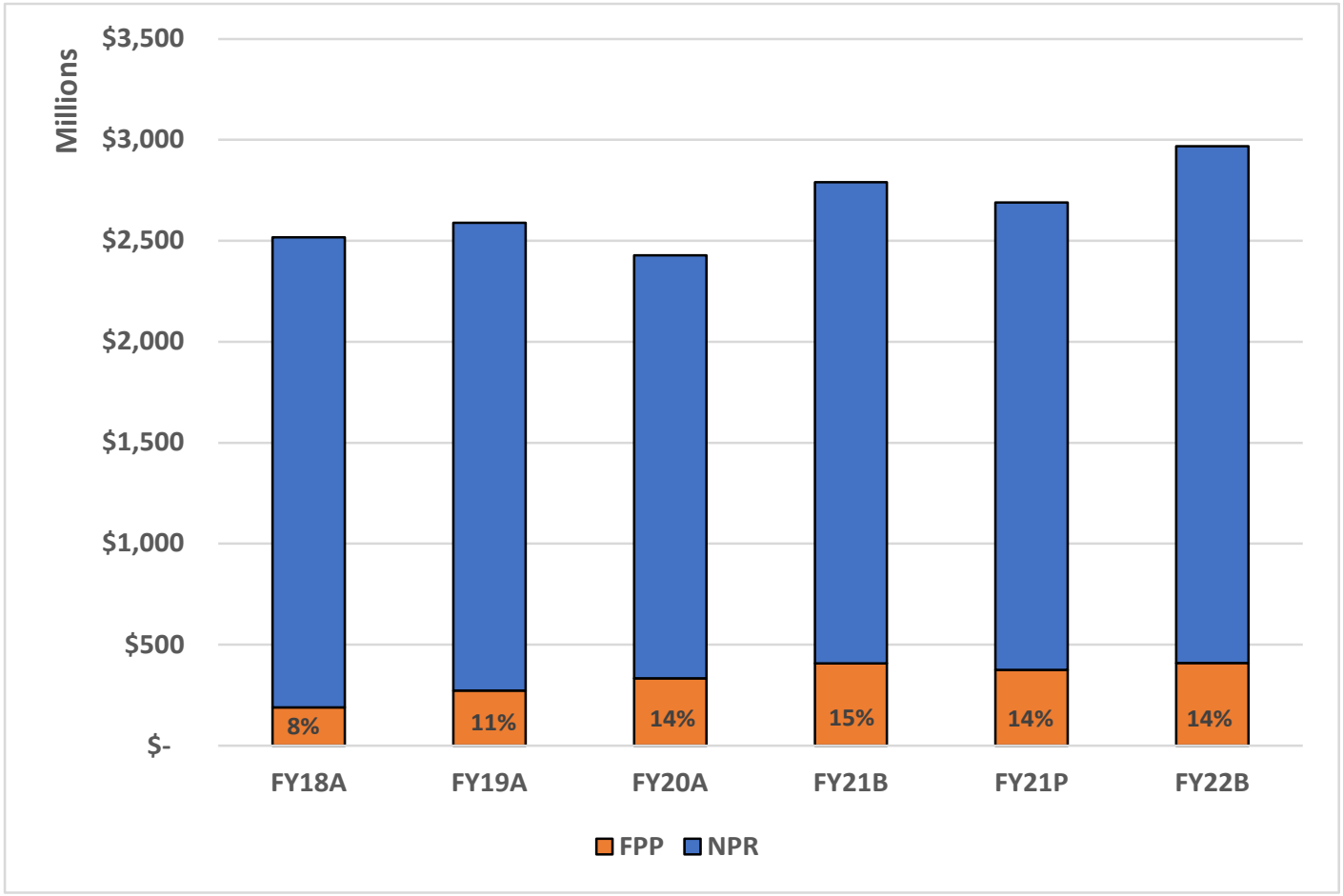

FPP as % of NPR/FPP: FY2022

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Hospital	NPR/FPP	FPP	% FPP to NPR/FPP
Brattleboro Memorial Hospital	$ 95,595,382	$ 13,892,894	15%
Central Vermont Medical Center	251,502,614	45,790,204	18%
Copley Hospital	86,390,520	4,976,779	6%
Gifford Medical Center	54,224,079	3,043,532	6%
Grace Cottage Hospital	22,353,530	0	0%
Mt. Ascutney Hospital & Health Ctr	59,640,912	1,672,282	3%
North Country Hospital	88,784,695	10,637,884	12%
Northeastern VT Regional Hospital	97,368,788	9,027,154	9%
Northwestern Medical Center	115,925,533	22,477,572	19%
Porter Medical Center	94,168,035	20,537,021	22%
Rutland Regional Medical Center	270,361,370	49,699,545	18%
Southwestern VT Medical Center	177,594,439	42,000,000	24%
Springfield Hospital	54,568,589	3,000,000	5%
University of Vermont Medical Center	1,500,593,928	182,298,507	12%
All Vermont Community Hospitals	**$2,969,072,414**	**$409,053,373**	**14%**

Other Operating Revenues

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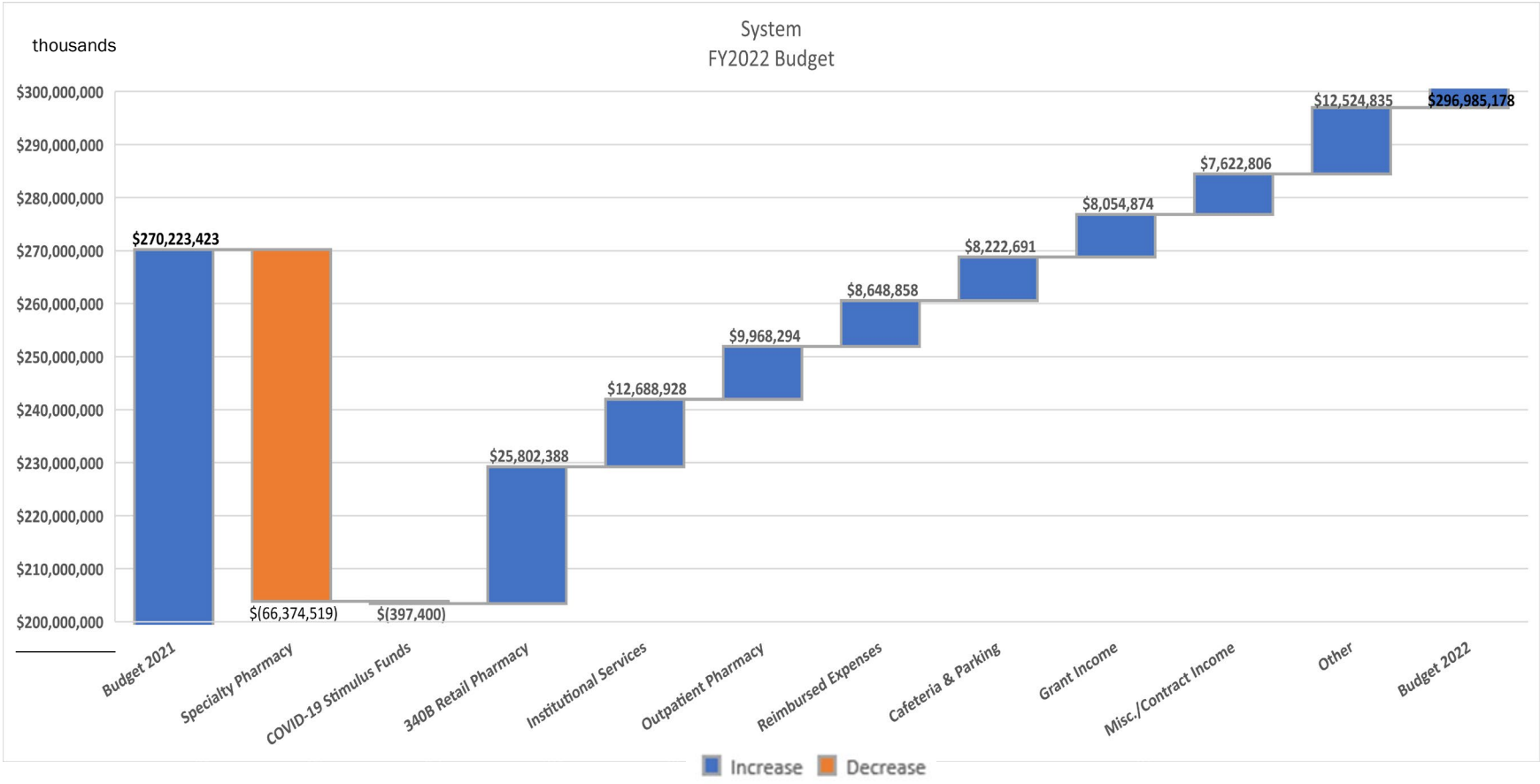

Other Operating Revenues: $297 million, FY2022

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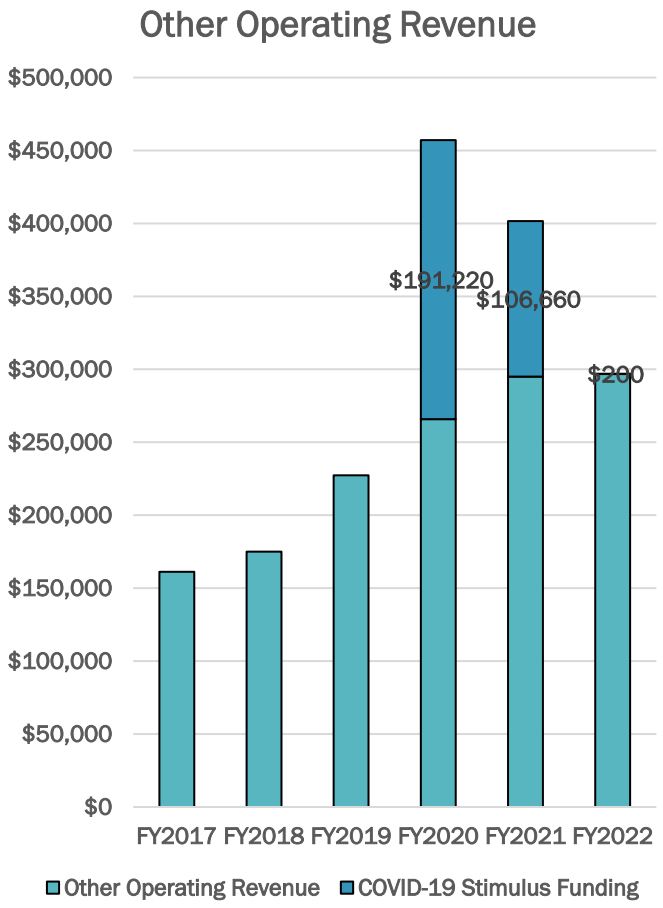

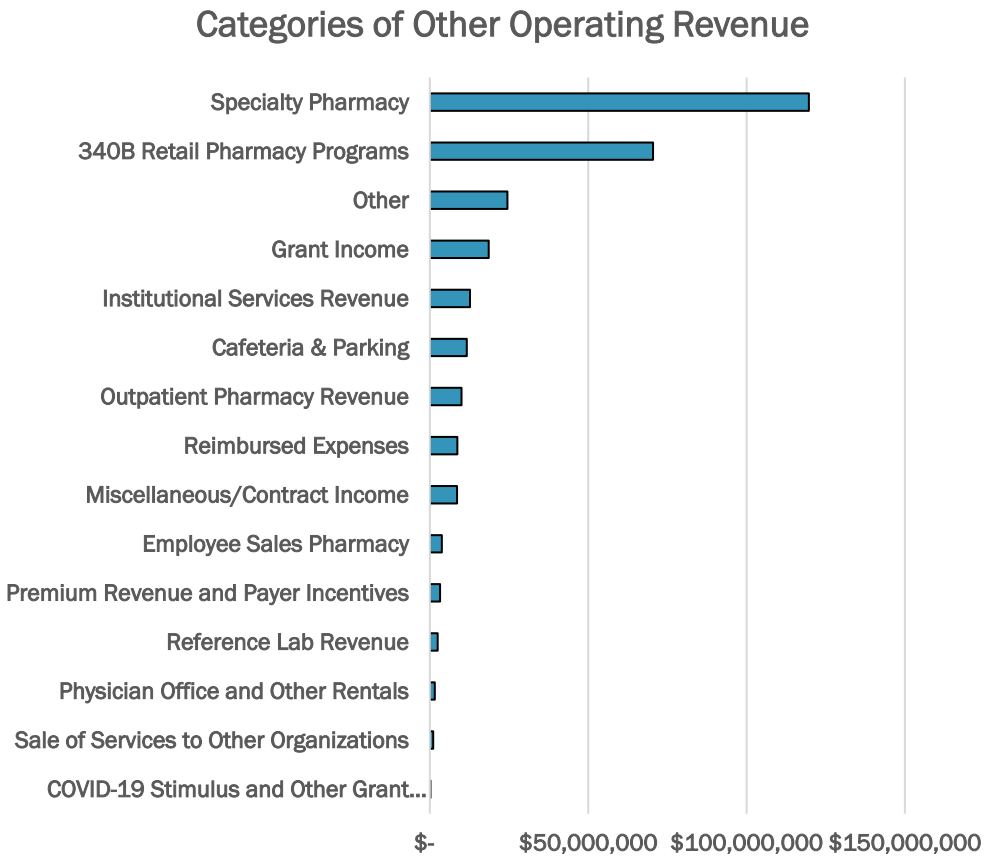

Total COVID-19 Funds Reported in Other Operating Revenue: FY2020-2022

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Hospital	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	$ 12,484,406	$ -	$ 187,009	$ -
Central Vermont Medical Center	25,301,050	-	2,472,230	-
Copley Hospital	852,053	-	534,296	-
Gifford Medical Center	6,598,814	-	-	-
Grace Cottage Hospital	2,196,059	-	4,118,320	-
Mount Ascutney Hospital and Health Center	2,533,288	-	371,570	-
North Country Hospital	4,866,339	-	144,622	-
Northeastern Vermont Regional Hospital	1,788,510	597,400	1,160,140	-
Northwestern Medical Center	14,452,282	-	3,927,390	-
Porter Medical Center	6,002,473	-	1,942,800	-
Rutland Regional Medical Center	21,217,397	-	12,220,705	-
Southwestern Vermont Medical Center	13,034,717	-	2,847,219	-
Springfield Hospital	-	-	3,204,274	200,000
University of Vermont Medical Center	79,892,957	-	73,529,512	-
All Vermont Community Hospitals	**$ 191,220,346**	**$ 597,400**	**$ 106,660,087**	**$ 200,000**

Total Operating Revenue: FY2019-2022

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Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	$ 87,765,845	$ 93,197,016	$ 96,497,283	$ 91,534,593	$ 99,849,213
Central Vermont Medical Center	223,738,002	234,528,434	253,539,978	247,788,033	268,923,565
Copley Hospital	68,138,092	71,062,785	77,018,470	82,198,401	87,404,846
Gifford Medical Center	51,525,194	56,022,149	53,570,949	56,654,748	56,497,407
Grace Cottage Hospital	19,441,546	22,198,669	22,388,731	26,697,727	23,628,861
Mount Ascutney Hospital and Health Center	54,523,816	56,758,326	60,001,173	65,243,145	64,009,031
North Country Hospital	87,674,697	89,180,463	90,386,882	92,675,546	95,282,655
Northeastern Vermont Regional Hospital	88,816,877	91,886,642	95,432,700	99,270,582	101,833,888
Northwestern Medical Center	110,824,117	119,686,824	117,489,589	124,828,650	121,615,826
Porter Medical Center	91,354,445	89,844,115	96,718,337	96,335,572	100,376,851
Rutland Regional Medical Center	275,188,690	281,894,987	268,471,649	299,763,076	291,107,104
Southwestern Vermont Medical Center	171,361,145	172,970,759	174,594,302	180,395,010	184,388,767
Springfield Hospital	49,059,327	47,281,150	52,361,782	49,632,714	56,962,589
University of Vermont Medical Center	1,436,350,203	1,458,094,545	1,601,708,176	1,577,737,460	1,714,176,988
All Vermont Community Hospitals	$ 2,815,761,997	$ 2,884,606,865	$ 3,060,180,000	$ 3,090,755,258	$ 3,266,057,592

Total Operating Expenses: FY2019-2022

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Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	$ 87,095,267	$ 92,681,654	$ 96,055,094	$ 95,622,939	$ 99,200,390
Central Vermont Medical Center	228,415,989	235,847,778	252,272,277	251,013,400	266,233,915
Copley Hospital	70,299,334	73,819,577	76,579,874	81,687,542	86,378,982
Gifford Medical Center	51,938,902	54,604,423	52,584,178	55,540,454	53,172,793
Grace Cottage Hospital	20,743,344	21,961,124	22,388,659	23,409,263	24,518,885
Mt. Ascutney Hospital & Health Ctr	54,566,701	56,220,017	59,828,546	61,783,747	62,951,120
North Country Hospital	85,997,751	85,844,221	88,834,101	90,846,509	93,407,053
Northeastern VT Regional Hospital	87,189,684	90,705,424	93,488,000	97,287,326	99,768,850
Northwestern Medical Center	119,729,265	120,798,340	119,362,165	122,648,414	119,163,778
Porter Medical Center	86,649,174	86,170,515	92,343,473	93,850,848	95,215,788
Rutland Regional Medical Center	274,016,566	281,349,496	266,770,899	293,735,548	290,985,741
Southwestern VT Medical Center	165,778,101	168,204,278	174,402,372	175,407,639	180,760,242
Springfield Hospital	58,081,280	52,595,424	51,668,108	53,595,692	55,043,929
The University of Vermont Medical Center	1,404,942,642	1,462,101,819	1,561,665,470	1,524,866,301	1,662,751,679
All Vermont Community Hospitals	**$ 2,795,444,000**	**$ 2,882,904,090**	**$ 3,008,243,216**	**$ 3,021,295,621**	**$ 3,189,553,146**

Total Operating Expenses with COVID-19 Adjustment: FY2019-2022

VERMONT
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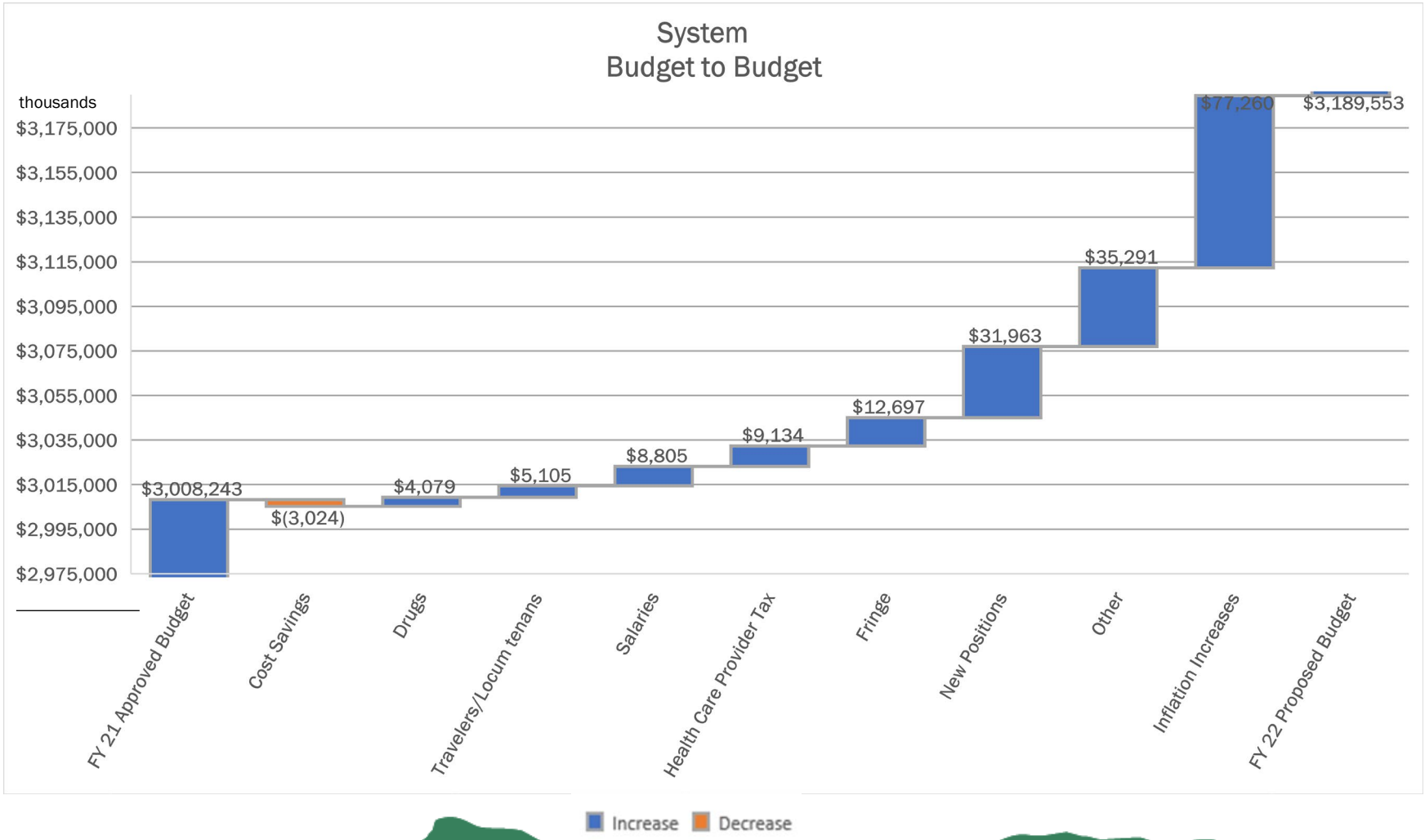
Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 adj Projected*	FY2022 adj Budget*
Brattleboro Memorial Hospital	$ 87,095,267	$ 92,681,654	$ 96,055,094	$ 94,800,439	$ 99,200,390
Central Vermont Medical Center	228,415,989	235,847,778	252,272,277	246,431,019	266,081,442
Copley Hospital	70,299,334	73,819,577	76,579,874	80,020,779	86,378,982
Gifford Medical Center	51,938,902	54,604,423	52,584,178	55,032,954	52,779,043
Grace Cottage Hospital	20,743,344	21,961,124	22,388,659	23,243,834	24,518,885
Mt. Ascutney Hospital & Health Ctr	54,566,701	56,220,017	59,828,546	60,589,092	62,502,082
North Country Hospital	85,997,751	85,844,221	88,834,101	89,904,240	93,364,932
Northeastern VT Regional Hospital	87,189,684	90,705,424	93,488,000	96,151,126	99,399,150
Northwestern Medical Center	119,729,265	120,798,340	119,362,165	119,578,955	118,442,967
Porter Medical Center	86,649,174	86,170,515	92,343,473	92,847,121	95,215,788
Rutland Regional Medical Center	274,016,566	281,349,496	266,770,899	291,253,799	290,626,611
Southwestern VT Medical Center	165,778,101	168,204,278	174,402,372	171,705,145	179,897,242
Springfield Hospital	58,081,280	52,595,424	51,668,108	52,619,442	54,482,929
The University of Vermont Medical Center	1,404,942,642	1,462,101,819	1,561,665,470	1,500,811,299	1,656,232,305
All Vermont Community Hospitals	**$ 2,795,444,000**	**$ 2,882,904,090**	**$ 3,008,243,216**	**$ 2,974,989,244**	**$ 3,179,122,749**

*adjusted to remove COVID-19 vaccine clinics and testing expenses

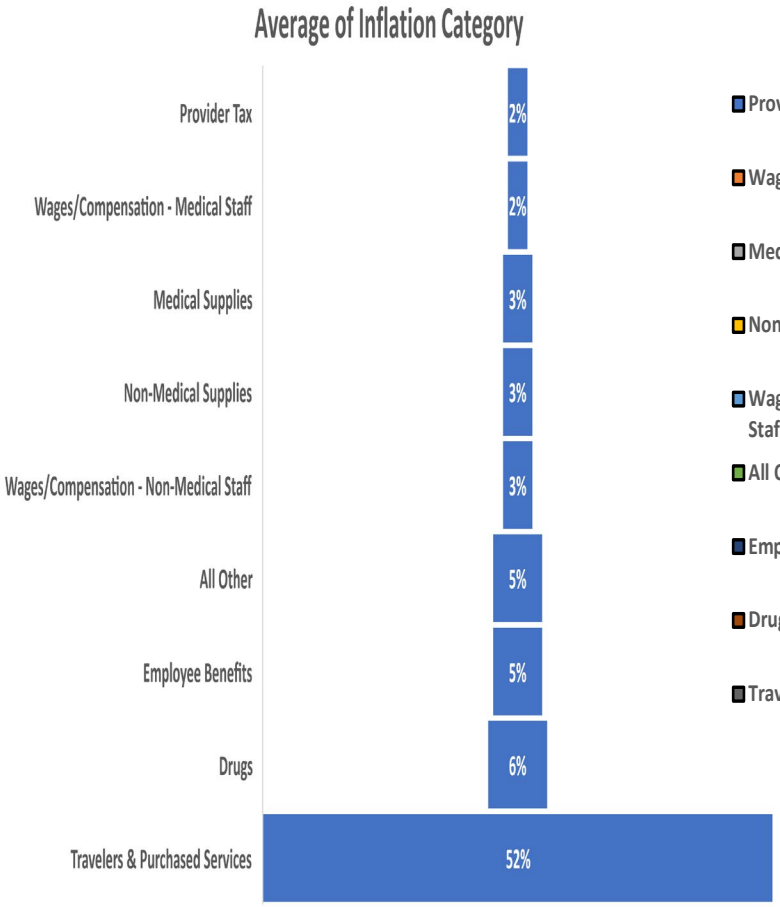
Total Operating Expense Growth: FY2021-2022

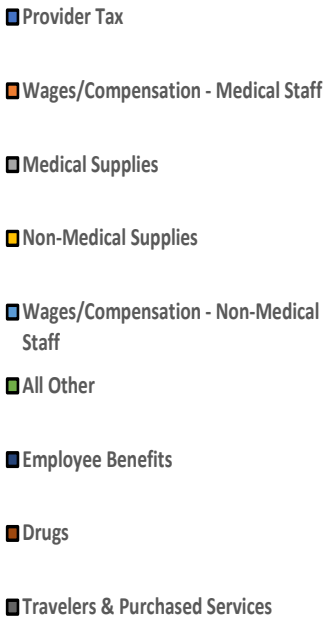
VERMONT
GREEN MOUNTAIN CARE BOARD

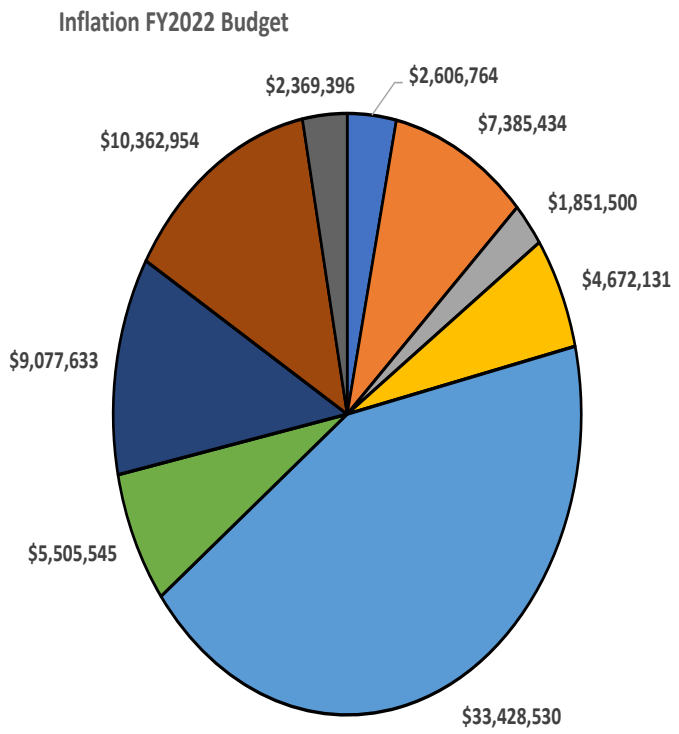


Total Operating Expense Growth: Inflation

VERMONT
GREEN MOUNTAIN CARE BOARD







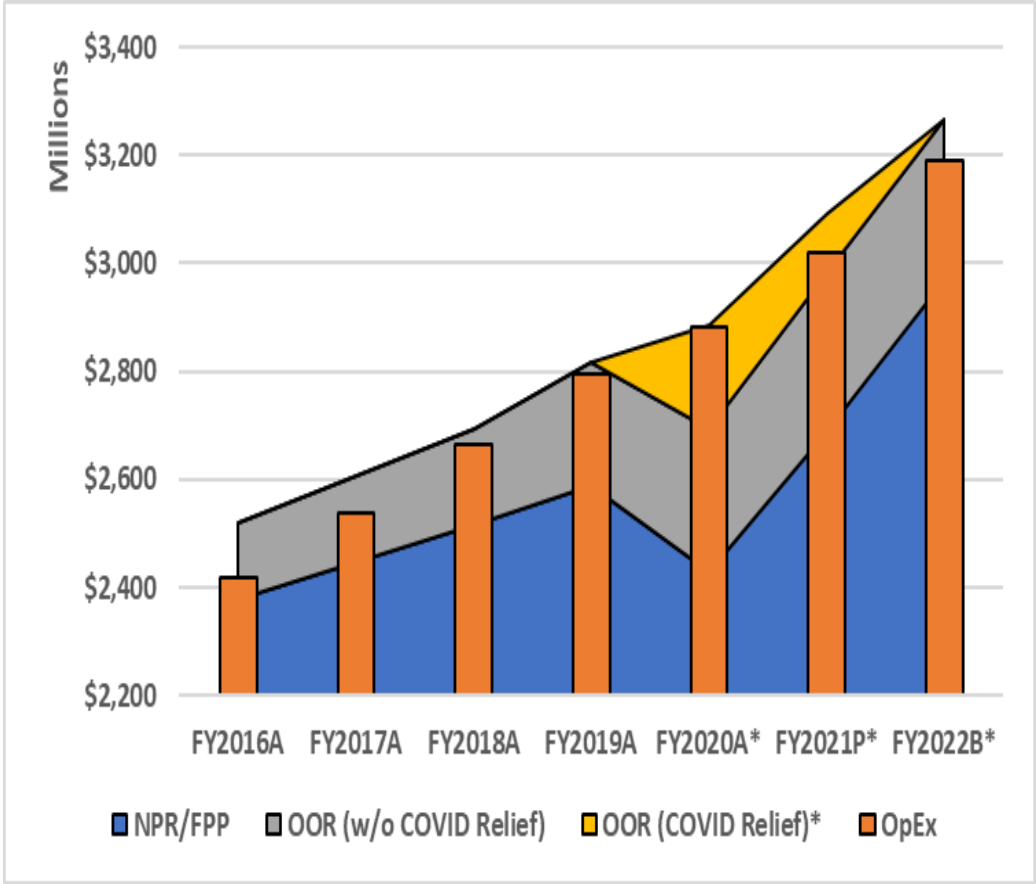
Components of Net Operating Income: FY2016-2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Other Operating Revenues (OOR) continues to be a source of subsidization for Vermont's hospital system to achieve positive operating margins or mitigate loss on margin.

FY2016: Hospital system NPR/FPP fell short of covering operating expenses by $41.6 million. $141 million in OOR contributed to producing a system-wide operating margin of $99 million.

FY2022: Hospital system is budgeting a gap between NPR/FPP and operating expenses of $220.5 million. System-wide budgets indicate nearly $297 million to contribute to budgeted margins totaling $76.5 million.



Operating Margins ($): FY2019-2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	$ 670,579	$ 515,362	$ 442,189	$ (4,088,346)	$ 648,823
Central Vermont Medical Center	(4,677,987)	(1,319,345)	1,267,701	(3,225,366)	2,689,649
Copley Hospital	(2,161,242)	(2,756,792)	438,596	510,859	1,025,864
Gifford Medical Center	(413,707)	1,417,726	986,771	1,114,294	3,324,614
Grace Cottage Hospital	(1,301,798)	237,545	72	3,288,464	(890,024)
Mount Ascutney Hospital and Health Center	(42,885)	538,310	172,627	3,459,398	1,057,911
North Country Hospital	1,676,946	3,336,242	1,552,781	1,829,038	1,875,602
Northeastern Vermont Regional Hospital	1,627,193	1,181,218	1,944,700	1,983,256	2,065,038
Northwestern Medical Center	(8,905,148)	(1,111,516)	(1,872,576)	2,180,236	2,452,048
Porter Medical Center	4,705,271	3,673,600	4,374,863	2,484,725	5,161,064
Rutland Regional Medical Center	1,172,124	545,491	1,700,750	6,027,528	121,363
Southwestern Vermont Medical Center	5,583,044	4,766,481	191,930	4,987,371	3,628,525
Springfield Hospital	(9,021,953)	(5,314,274)	693,674	(3,962,978)	1,918,660
University of Vermont Medical Center	31,407,561	(4,007,273)	40,042,705	52,871,159	51,425,310
All Vermont Community Hospitals	**$ 20,317,997**	**$ 1,702,775**	**$ 51,936,784**	**$ 69,459,637**	**$ 76,504,446**

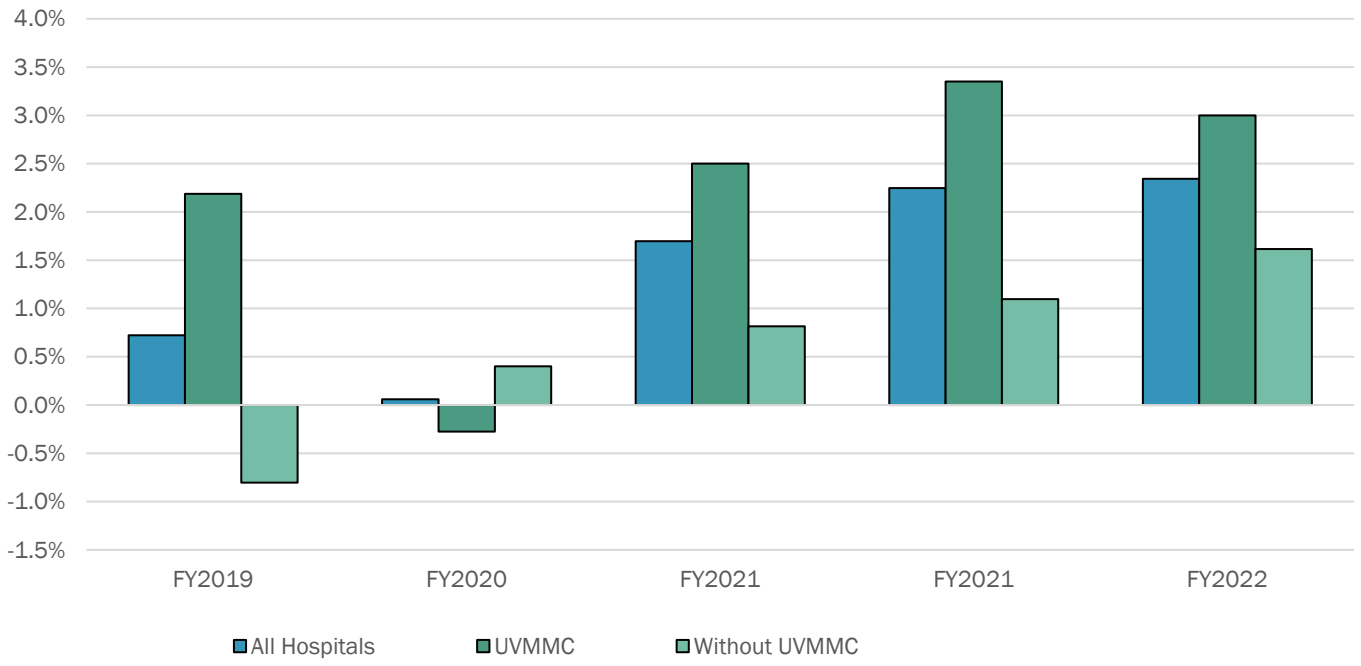
Operating Margins (%): FY2019-2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	0.8%	0.6%	0.5%	-4.5%	0.6%
Central Vermont Medical Center	-2.1%	-0.6%	0.5%	-1.3%	1.0%
Copley Hospital	-3.2%	-3.9%	0.6%	0.6%	1.2%
Gifford Medical Center	-0.8%	2.5%	1.8%	2.0%	5.9%
Grace Cottage Hospital	-6.7%	1.1%	0.0%	12.3%	-3.8%
Mount Ascutney Hospital and Health Center	-0.1%	0.9%	0.3%	5.3%	1.7%
North Country Hospital	1.9%	3.7%	1.7%	2.0%	2.0%
Northeastern Vermont Regional Hospital	1.8%	1.3%	2.0%	2.0%	2.0%
Northwestern Medical Center	-8.0%	-0.9%	-1.6%	1.7%	2.0%
Porter Medical Center	5.2%	4.1%	4.5%	2.6%	5.1%
Rutland Regional Medical Center	0.4%	0.2%	0.6%	2.0%	0.0%
Southwestern Vermont Medical Center	3.3%	2.8%	0.1%	2.8%	2.0%
Springfield Hospital	-18.4%	-11.2%	1.3%	-8.0%	3.4%
University of Vermont Medical Center	2.2%	-0.3%	2.5%	3.4%	3.0%
All Vermont Community Hospitals	**0.7%**	**0.1%**	**1.7%**	**2.2%**	**2.3%**

Operating Margins (%): FY2019-2022

VERMONT
GREEN MOUNTAIN CARE BOARD



Total Margins (%): FY2019-2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Hospital	FY2019 Actuals	FY2020 Actuals	FY2021 Budget	FY2021 Projected	FY2022 Budget
Brattleboro Memorial Hospital	1.6%	9.5%	1.2%	0.6%	1.1%
Central Vermont Medical Center	-4.0%	4.5%	3.0%	4.7%	3.9%
Copley Hospital	-2.6%	-3.2%	1.0%	1.0%	1.5%
Gifford Medical Center	4.8%	5.8%	3.6%	14.1%	7.4%
Grace Cottage Hospital	-0.3%	6.2%	3.9%	15.3%	0.2%
Mount Ascutney Hospital and Health Center	-4.0%	10.0%	1.9%	10.3%	3.5%
North Country Hospital	3.0%	7.8%	2.4%	16.7%	2.8%
Northeastern Vermont Regional Hospital	1.8%	3.8%	2.0%	5.3%	2.0%
Northwestern Medical Center	-7.6%	-1.1%	-0.2%	5.5%	3.2%
Porter Medical Center	5.9%	4.3%	5.2%	2.9%	5.9%
Rutland Regional Medical Center	2.1%	5.2%	3.6%	7.3%	2.2%
Southwestern Vermont Medical Center	3.5%	4.6%	0.4%	3.5%	-33.7%
Springfield Hospital	-38.9%	-11.7%	0.4%	21.1%	2.2%
University of Vermont Medical Center	4.5%	-1.2%	3.3%	7.7%	4.2%
All Vermont Community Hospitals	**1.9%**	**1.5%**	**2.8%**	**7.3%**	**2.1%**

Comparison of financial metrics

VERMONT
GREEN MOUNTAIN CARE BOARD

- In accordance with 18 V.S.A. § 9456(c), "Individual hospital budgets established under this section shall:

  ...

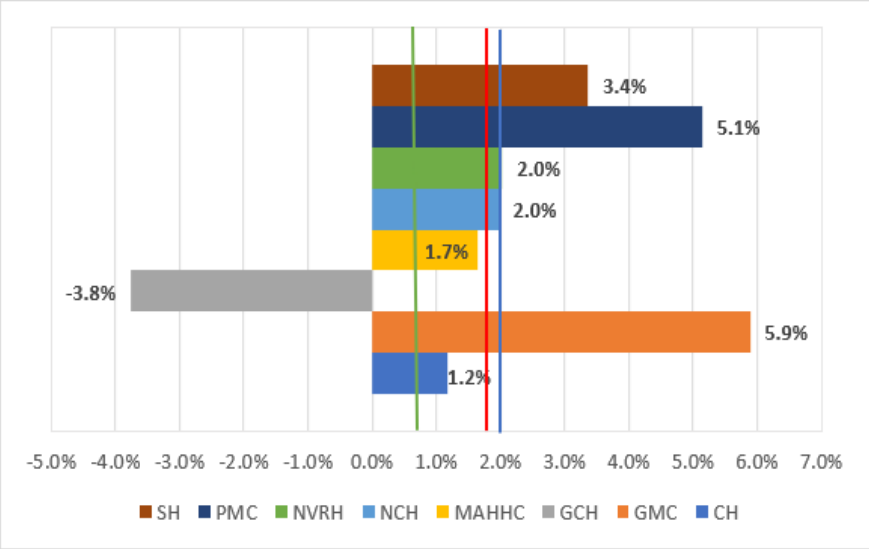
  (2) take into consideration national, regional, or in-state peer group norms, according to indicators, ratios, and statistics established by the Board;"

- FY22 Hospital Budget Guidance also noted "financial metrics of the hospital, including days cash on hand and other routinely collected metrics or ratios" as a factor that may be considered in evaluating NPR/FPP and change in charge.
- The purpose and use of financial metrics is to provide perspective and context to the analyses and add value to the discussions. They are *NOT* intended to be financial targets for any party and were not adopted as specific targets or guidance in the FY22 Hospital Budget Guidance process.

Operating Margins (%): FY2022

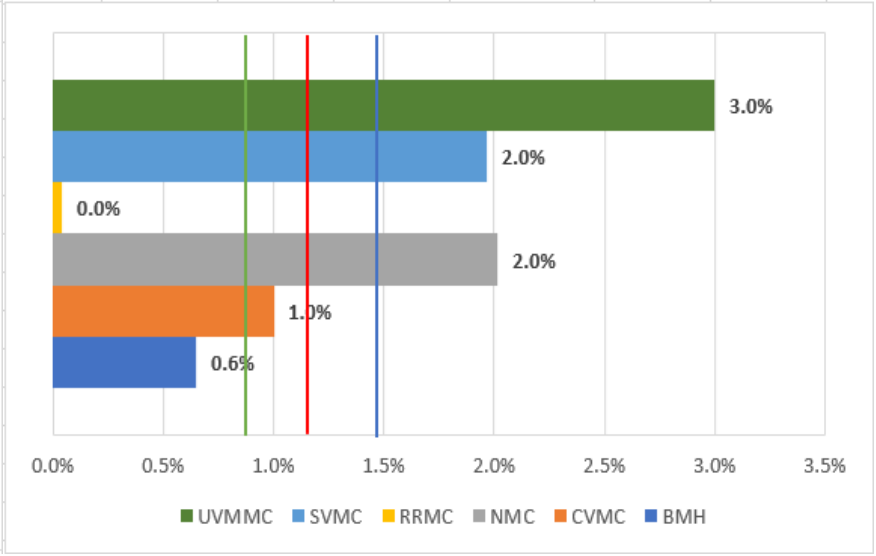
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 2.0%



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 1.48%

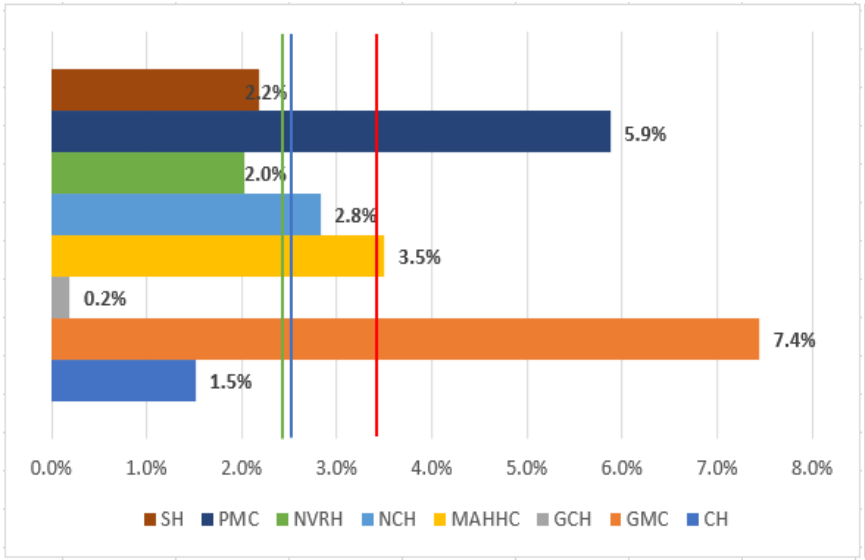


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

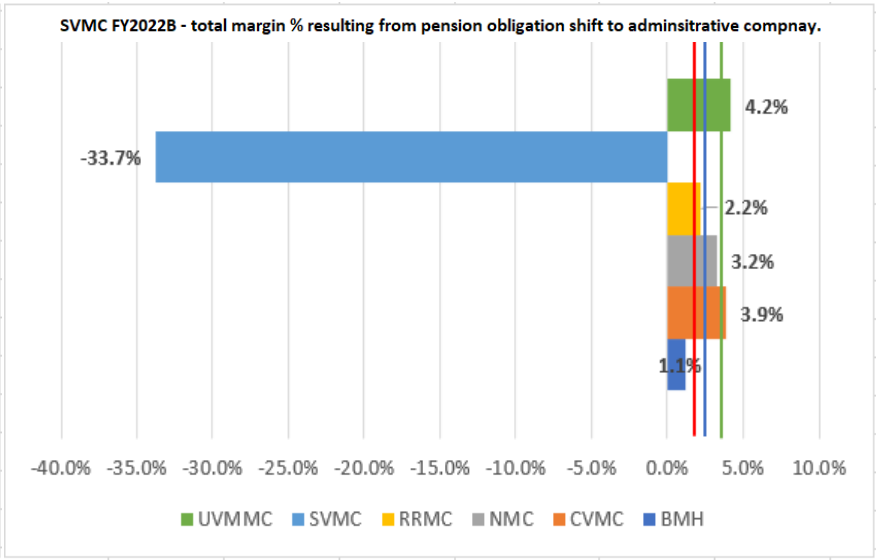
Total Margins (%): FY2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 2.50%



PPS Hospitals
FY2022B VT Median 2.71%



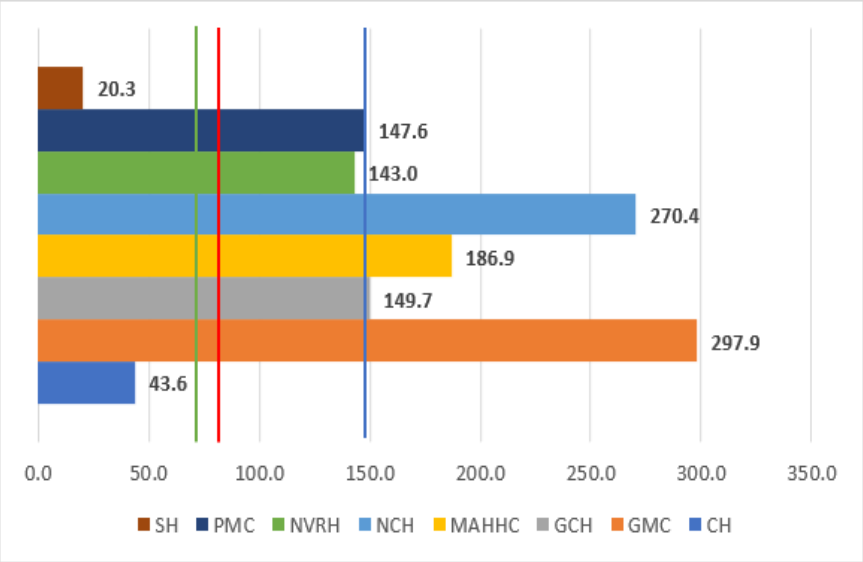
VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Days Cash on Hand: (DCOH): FY2022

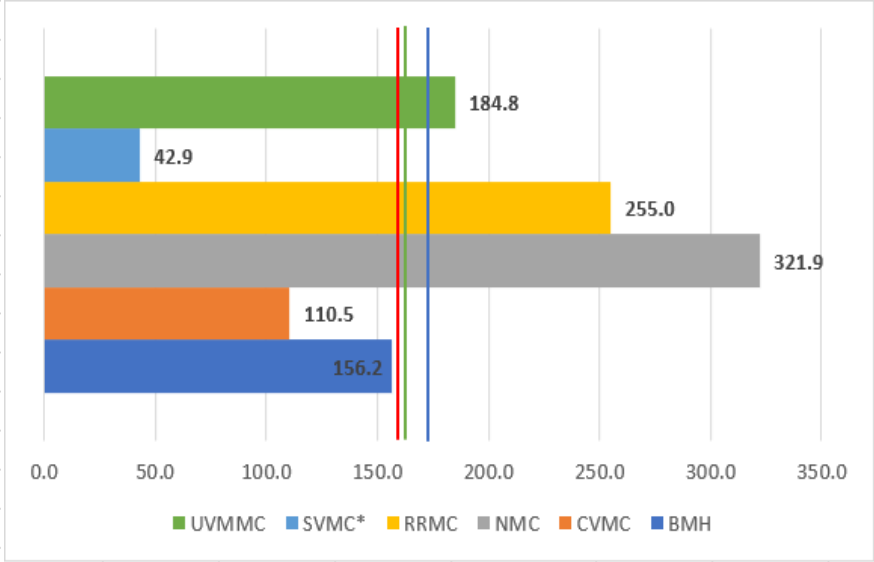
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 148.6



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 170.5

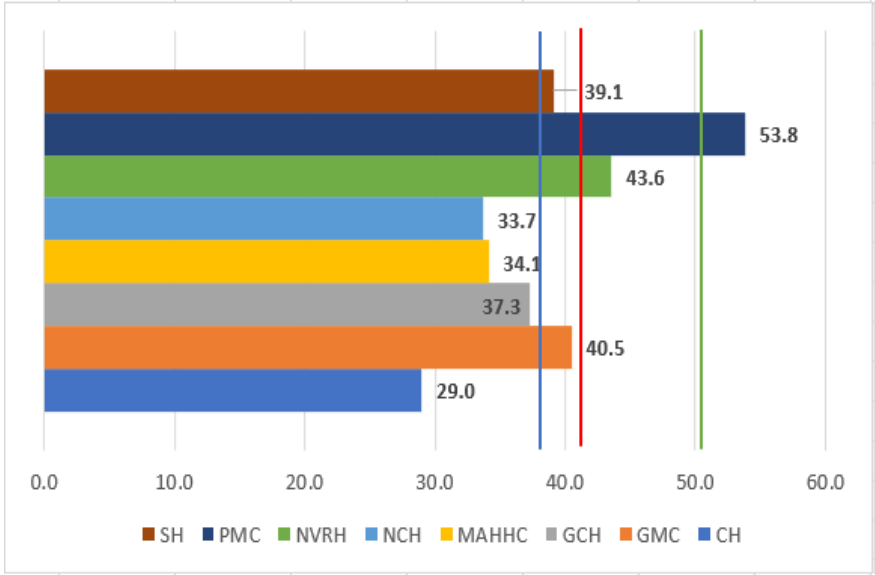


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Days Receivable: FY2022

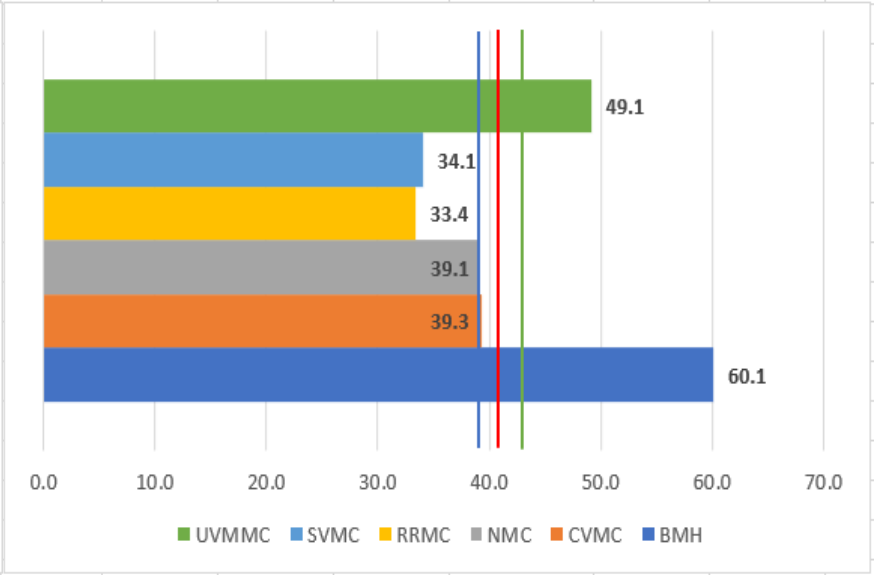
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 38.2



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 39.2

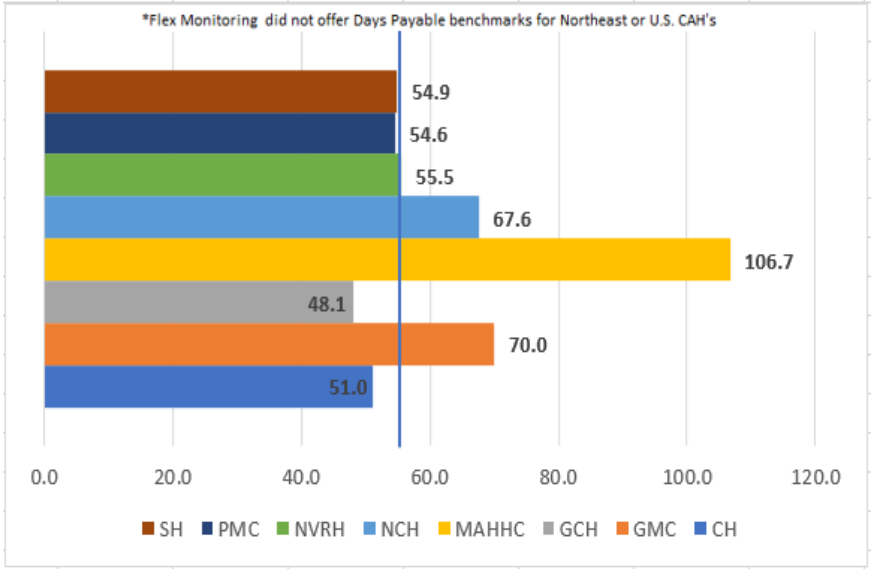


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Days Payable: FY2022

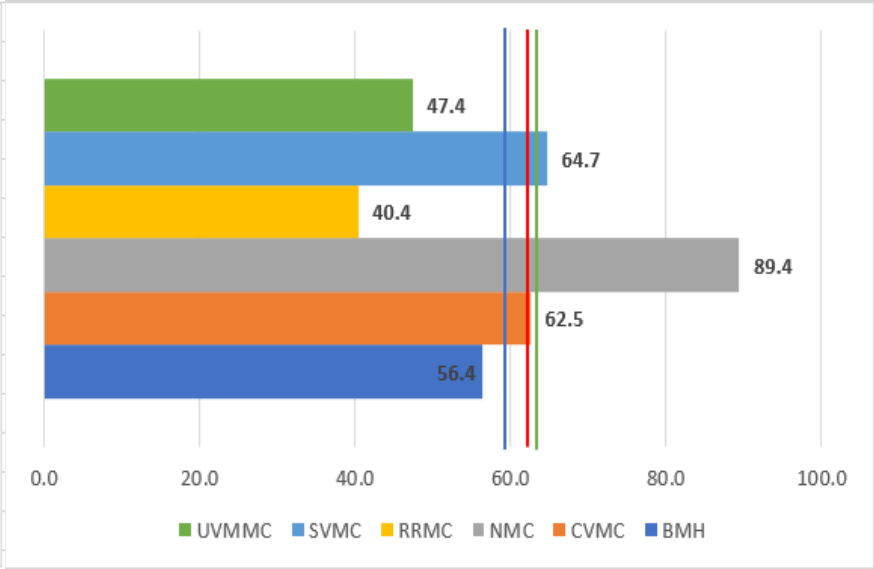
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 55.2



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 59.5

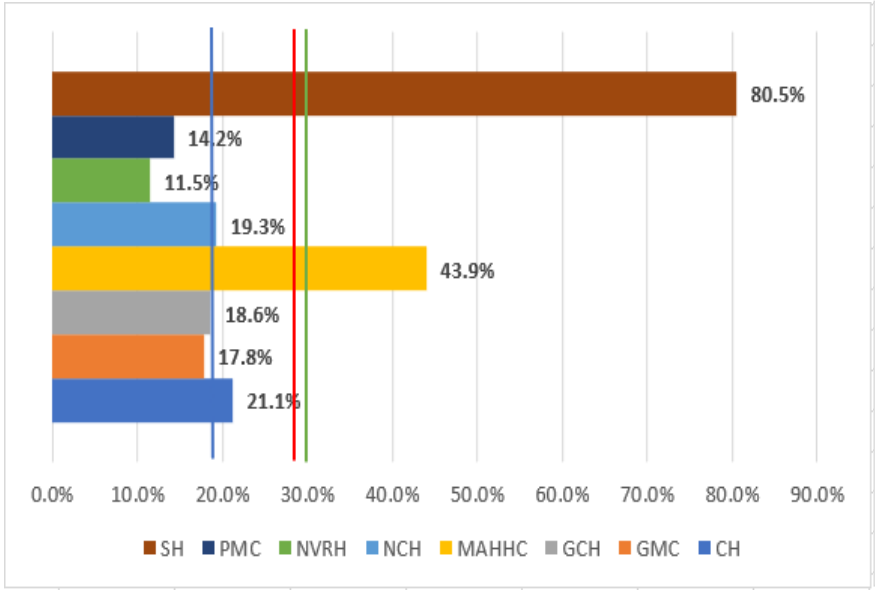


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Long-Term Debt to Capitalization: FY2022

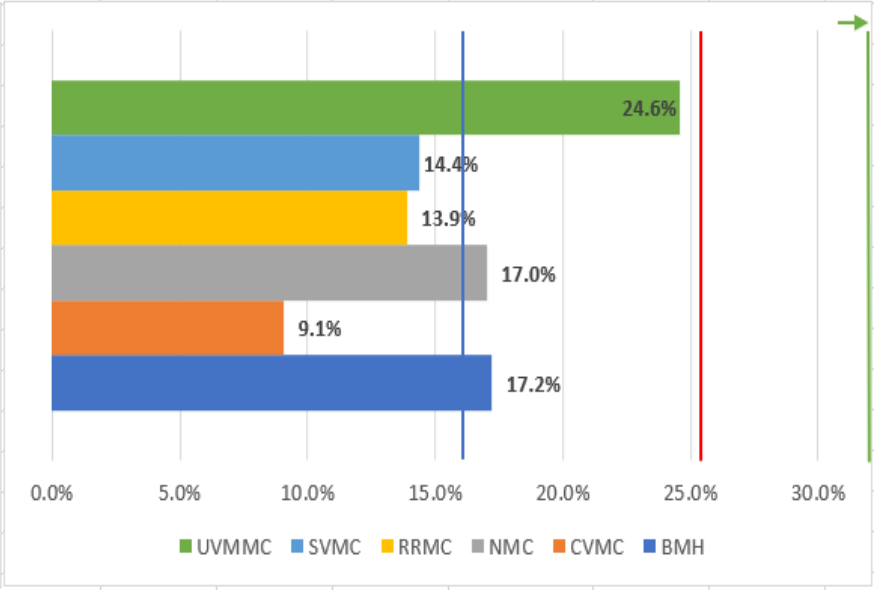
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 19%



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 16%

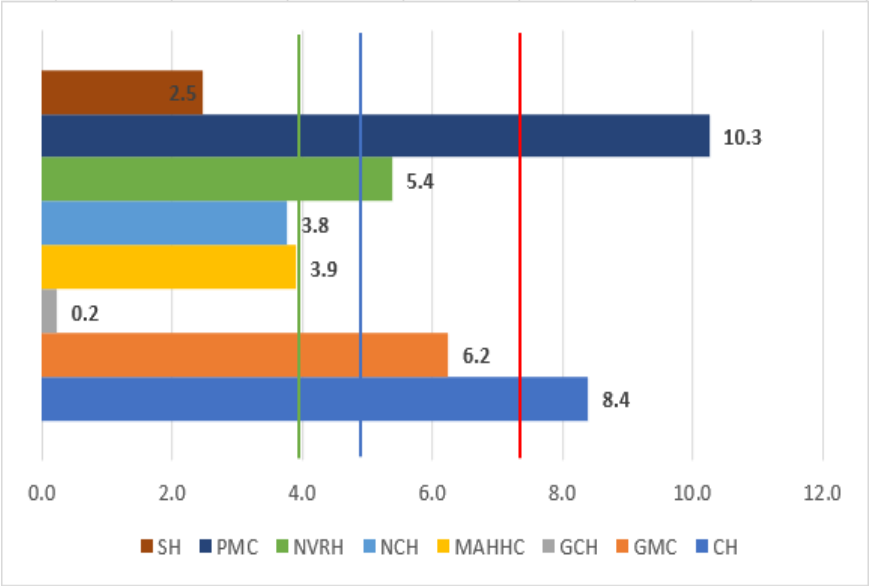


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Debt Service Coverage Ratio (DSCR): FY2022

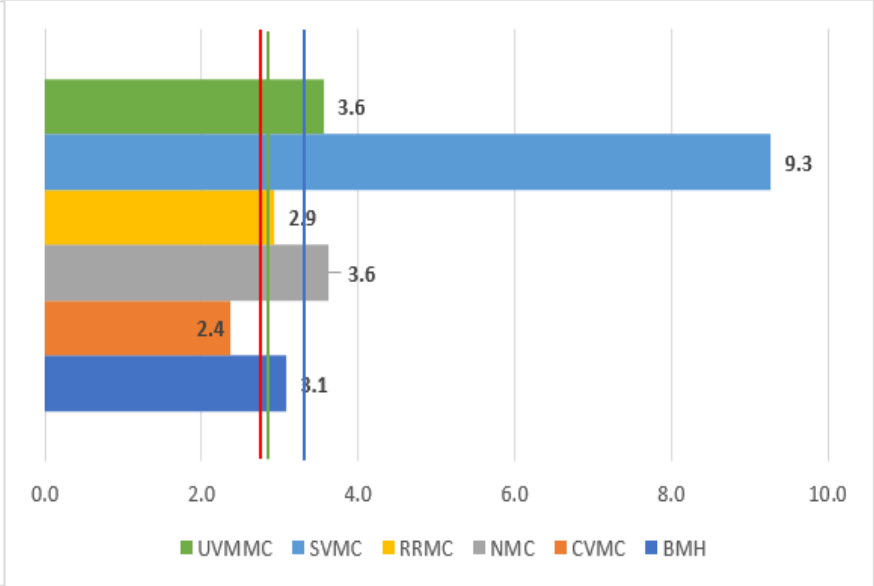
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 4.64:1



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 3.32:1

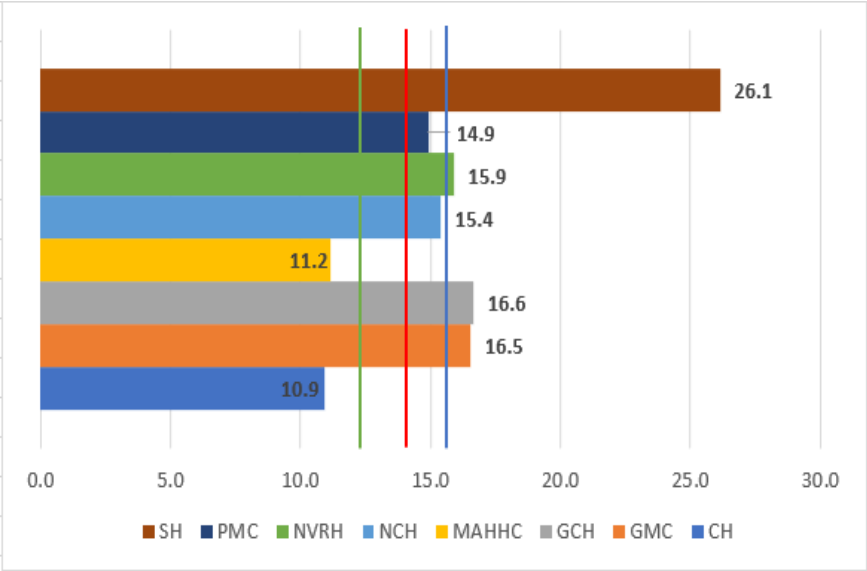


VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

Age of Plant: FY2022

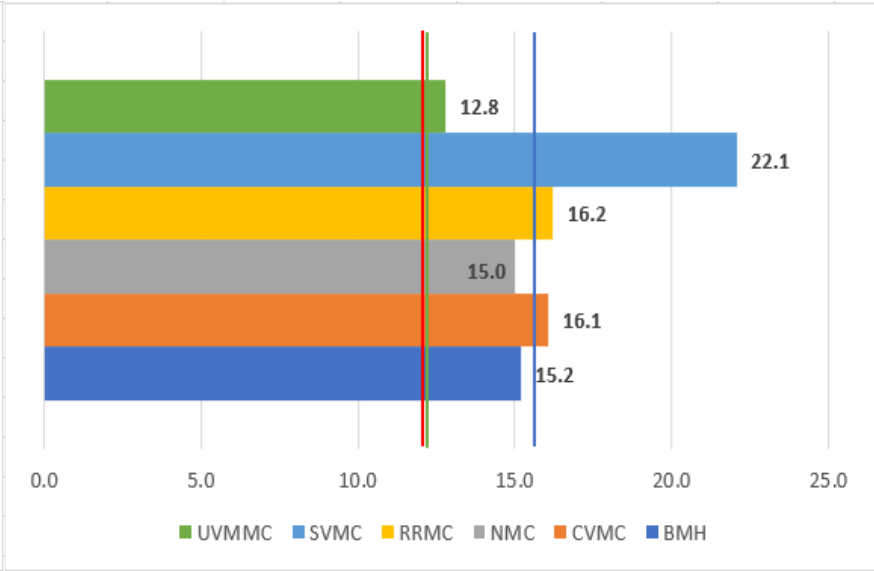
VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospitals
FY2022B VT Median 15.6



VT CAH FY2022
Flex Monitoring
Northeast CAH FY2019
U.S. CAH FY2019

PPS Hospitals
FY2022B VT Median 15.6



VT PPS FY2022
Fitch Ratings Solutions
Northern New England FY2019
Northeast FY2019

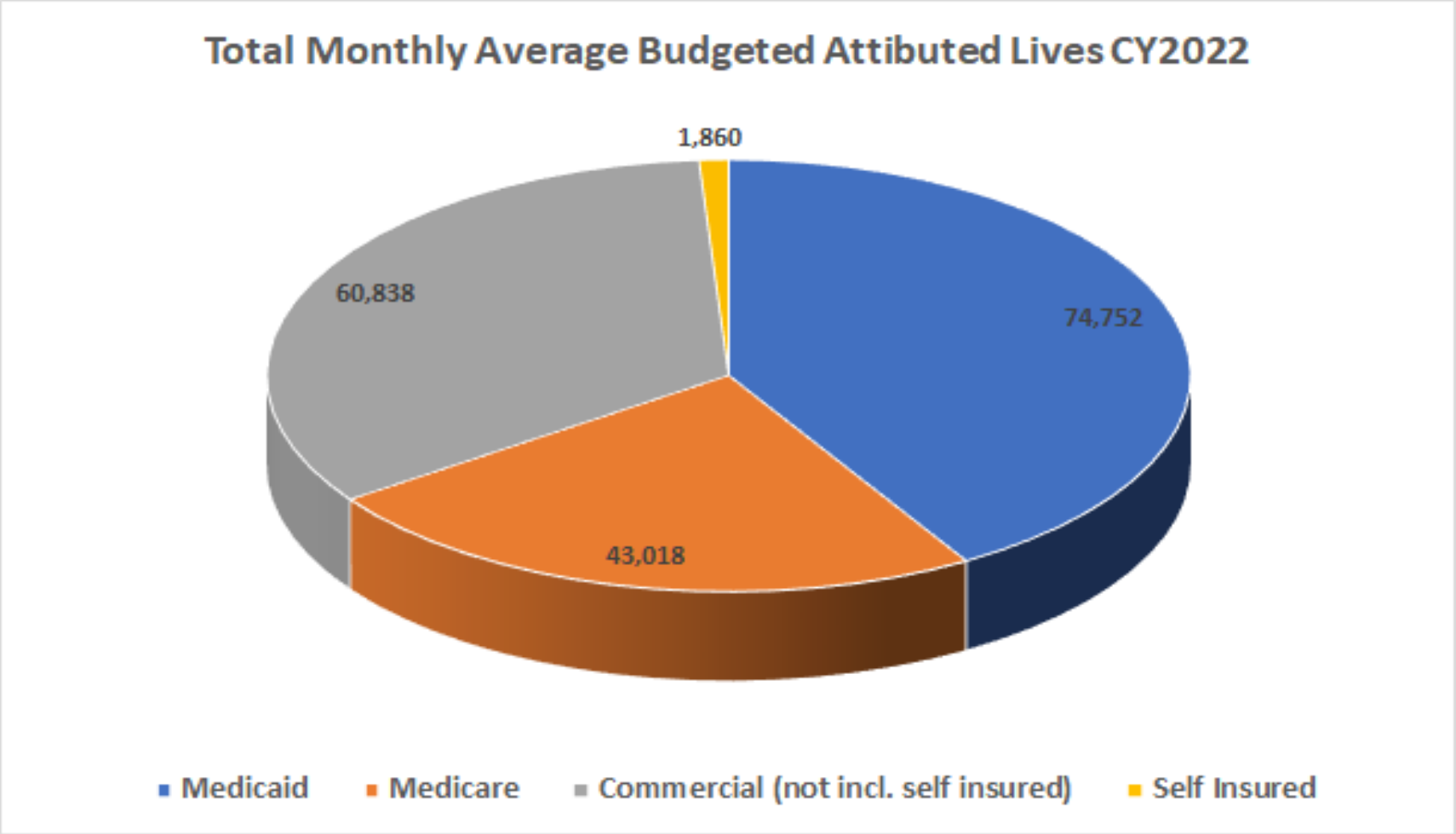
ACO Planned Participation: FY2022

VERMONT
GREEN MOUNTAIN CARE BOARD

Hospital	Medicaid	Medicare	Commercial (not incl. Self-insured)	Self-Insured	Does Not Participate
Brattleboro Memorial Hospital	X	X	X		
Central Vermont Medical Center	X	X	X	X	
Copley Hospital	X		X		
Gifford Medical Center	X		X		
Grace Cottage Hospital					X
Mt. Ascutney Hospital & Health Ctr	X	X	X		
North Country Hospital	X		X		
Northeastern VT Regional Hospital	X		X		
Northwestern Medical Center	X	X	X		
Porter Medical Center	X	X	X	X	
Rutland Regional Medical Center	X	X	X	X	
Southwestern VT Medical Center	X	X	X		
Springfield Hospital	X		X		
University of Vermont Medical Center	X	X	X	X	

ACO Planned Participation: Total Monthly Average Attributed Lives –Hospital System

VERMONT
GREEN MOUNTAIN CARE BOARD



Exemption from Public Hearing

VERMONT
GREEN MOUNTAIN CARE BOARD

Gifford Medical Center

Qualifying Criteria

NPR/FPP rate request = ***3.5%***** (at growth guidance of 3.5%) ☑

Charge increase request = ***3.5%*** (at 3.5%) ☑

Continued involvement in value-based care reform ☑

Budget assumptions are deemed reasonable ☑

Budget submission schedules reconcile ☑

Budget content complies with guidance ☑

Northwestern Medical Center

Qualifying Criteria

NPR/FPP rate request = ***2.0%*** (below growth guidance of 3.5%) ☑

Charge increase request = ***3.0%*** (below 3.5%) ☑

Continued involvement in value-based care reform ☑

Budget assumptions are deemed reasonable ☑

Budget submission schedules reconcile ☑

Budget content complies with guidance ☑

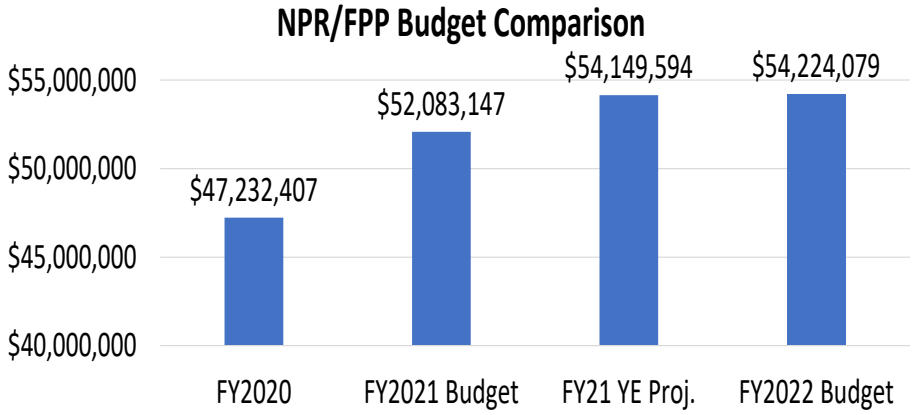
*Hospital's NPR/FPP budget request includes accounting adjustments and/or provider transfers/enhancements.
**Hospital's NPR/FPP budget request includes COVID-19 Vaccine Clinics and Testing Revenues

Gifford Medical Center

VERMONT
GREEN MOUNTAIN CARE BOARD

Budget Guidance Maximum	
FY21 Budget-to-Projection Variance	$ 2,066,447
FY21 Budget	$ 52,083,147
FY21 Projection	$ 54,149,594
FY22 Request ($)	$ 54,224,079
FY22 Request (% change FY21B)	4.1%
FY22 Request ($) less vaccine/testing	$ 53,906,069
FY22 Request (%) less vaccine/testing	3.5%
FY22 Request (% change FY21P)	0.1%

Gifford's 4.1% request is above the 3.5% growth rate ceiling, but with the Vaccine/Testing Allowance = 3.5%.

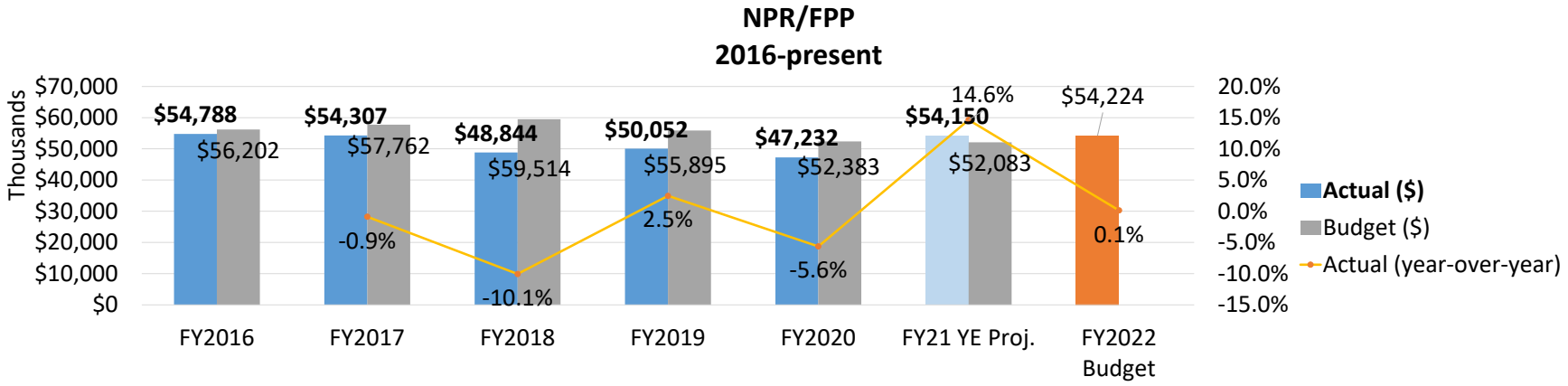


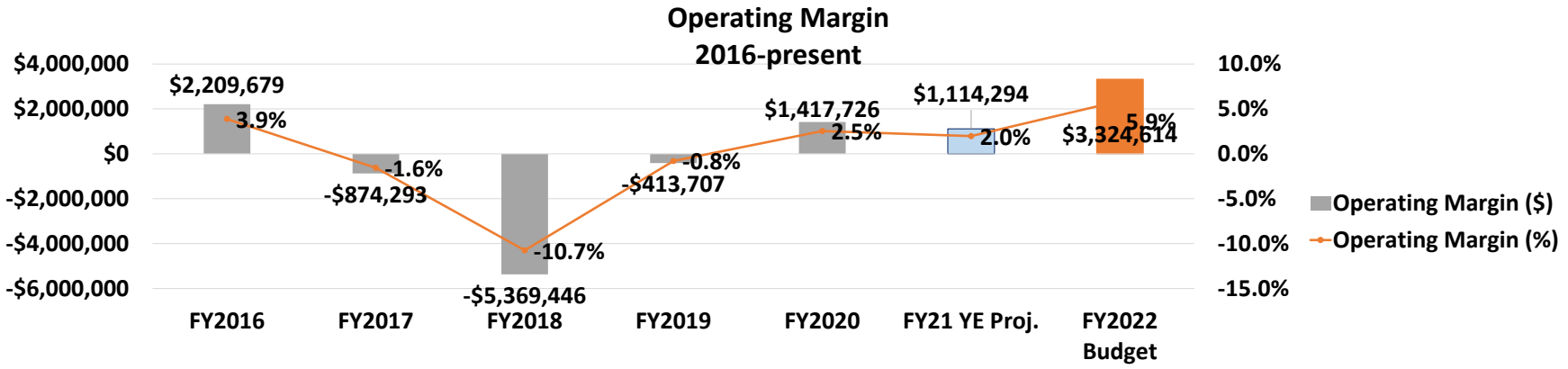
History of Annual Increases in Charges

	2017	2018	2019	2020	2021	2022
	Approved	Approved	Approved	Approved	Approved	Submitted
Gifford Medical Center	3.9%	4.0%	4.0%	5.0%	4.0%	3.5%

Gifford Medical Center

VERMONT
GREEN MOUNTAIN CARE BOARD



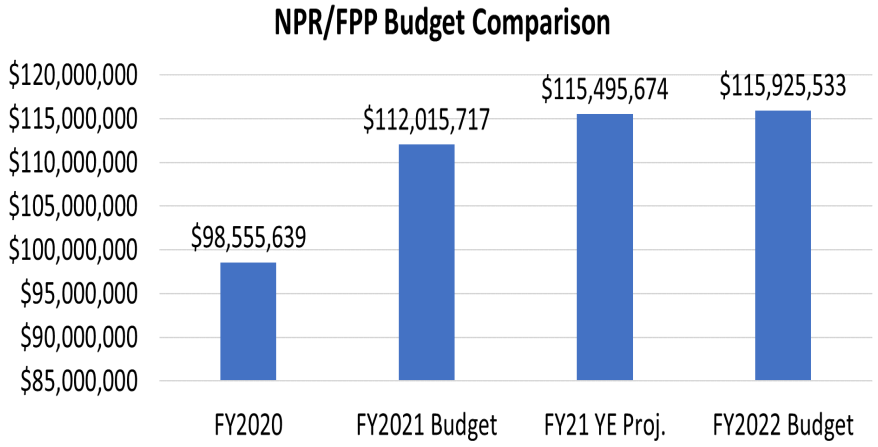


Northwestern Medical Center

VERMONT
GREEN MOUNTAIN CARE BOARD

Budget Guidance Maximum	
FY21 Budget-to-Projection Variance	$3,479,957
FY21 Budget	$112,015,717
FY21 Projection	$115,495,674
FY22 Request ($)	$115,925,533
FY22 Request (% change FY21B)	3.5%
FY22 Request ($) less vaccine/testing	$114,243,990
FY22 Request (%) less vaccine/testing	2.0%
FY22 Request (% change FY21P)	0.4%

NMC's 3.5% request is at the 3.5% growth rate ceiling, but with the Vaccine/Testing Allowance = 2.0%.



History of Annual Increases in Charges

	2017	2018	2019	2020	2021	2022
	Approved	Approved	Approved	Approved	Approved	Submitted
Northwestern Medical Center	0.0%	3.5%	2.0%	5.9%	13.0%	3.0%

Northwestern Medical Center

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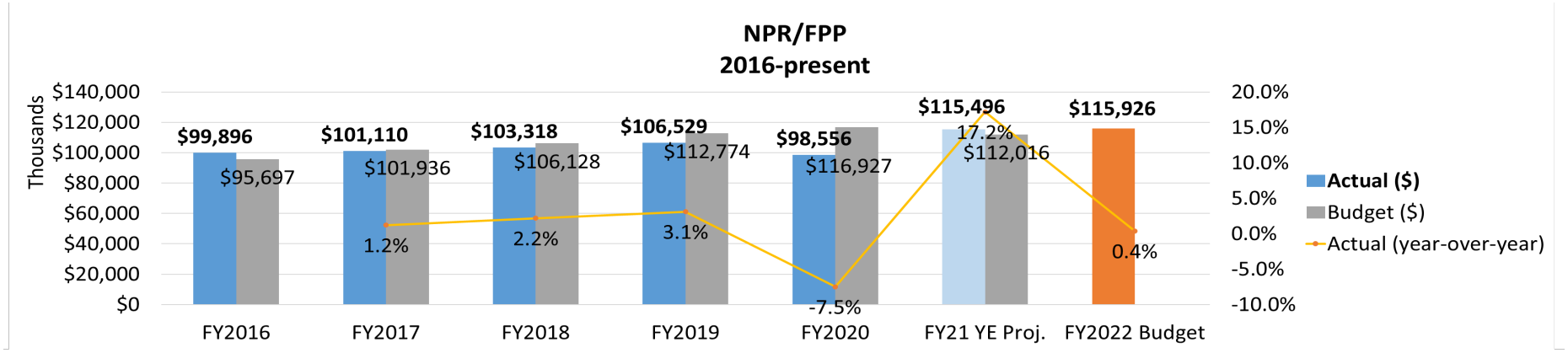
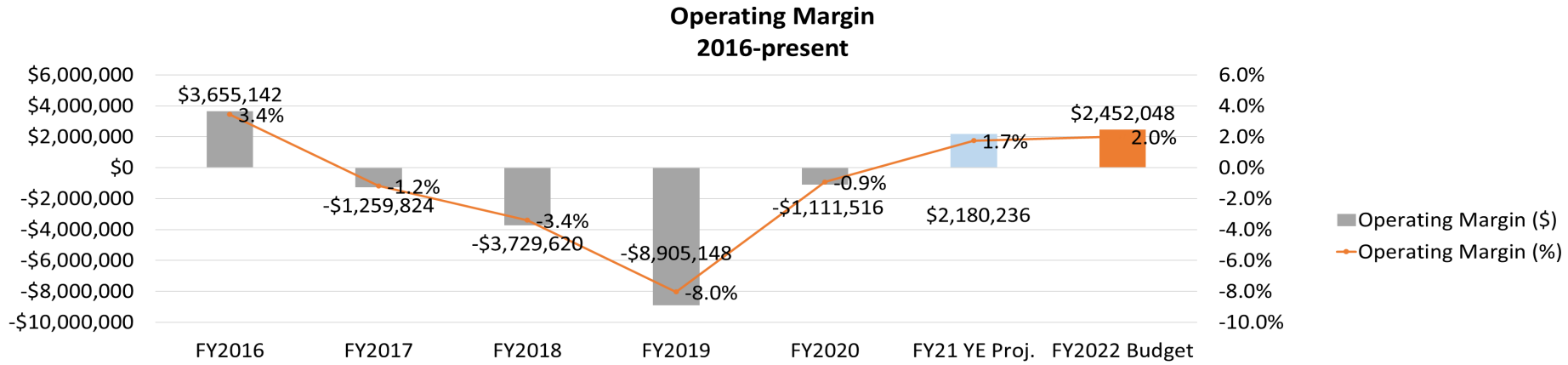
GREEN MOUNTAIN CARE BOARD





Exemption from Public Hearing (Continued)

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Proposed motion language:

The Green Mountain Care Board finds that Gifford Medical Center and Northwestern Medical Center each meet the requirements for exemption from public budget hearings as established by the Board in the FY22 Hospital Budget Guidance.

The Board exempts Gifford Medical Center and Northwestern Medical Center from the requirement of having public budget hearings for their FY22 budgets, and the Board will approve the FY22 budgets of Gifford Medical Center and Northwestern Medical Center as presented to the Board.

Next Steps

VERMONT
GREEN MOUNTAIN CARE BOARD

Week of August 16th

- Start of Hospital Budget Hearings

Schedule

VERMONT
GREEN MOUNTAIN CARE BOARD

GMCB 2021 Hospital Budget Hearings Schedule

Tuesday, August 17, 2021		Thursday, August 19, 2021		Monday, August 23, 2021		Wednesday, August 25, 2021		Friday, August 27, 2021	
8:30 AM	Meeting and VAHHS Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro	8:30 AM	Meeting Intro
8:45 AM	Southwestern Vermont Medical Center	8:45 AM	North Country Hospital	8:45 AM	Mt. Ascutney Hospital & Health Center	8:45 AM	University of Vermont Health Network	8:45 AM	Grace Cottage Hospital
10:00 AM	Board and Staff Questions/Comments	10:00 AM	Board and Staff Questions/Comments	10:00 AM	Board and Staff Questions/Comments			10:00 AM	Board and Staff Questions/Comments
10:30 AM	HCA Questions	10:30 AM	HCA Questions	10:30 AM	HCA Questions			10:30 AM	HCA Questions
10:40 AM	Public Comment	10:40 AM	Public Comment	10:40 AM	Public Comment			10:40 AM	Public Comment
10:45 AM	Brattleboro Memorial Hospital	10:45 AM	Rutland Regional Medical Center	10:45 AM	Copley Hospital			10:45 AM	Springfield Hospital
12:00 PM	Board and Staff Questions/Comments	12:00 PM	Board and Staff Questions/Comments	12:00 PM	Board and Staff Questions/Comments			12:00 PM	Board and Staff Questions/Comments
12:30 PM	HCA Questions	12:30 PM	HCA Questions	12:30 PM	HCA Questions			12:30 PM	HCA Questions
12:40 PM	Public Comment	12:40 PM	Public Comment	12:40 PM	Public Comment			12:40 PM	Public Comment
		12:45 PM	Lunch Break			12:00 PM	Lunch Break		
		1:45 PM	Northeastern Vermont Regional Hospital			1:00 PM	University of Vermont Health Network		
		3:00 PM	Board and Staff Questions/Comments			1:30 PM	Board and Staff Questions/Comments		
		3:30 PM	HCA Questions			3:20 PM	HCA Questions		
		3:40 PM	Public Comment			3:40 PM	Public Comment		

*These meetings will be held remotely, please see information on how to attend when the August schedule/agendas are posted here: https://gmcboard.vermont.gov/board/meeting-information/2021-meetings. The public can attend the meetings at 144 State St, Montpelier, VT 05602, through the Microsoft Teams application, or the call-in number. All times listed on this agenda are approximate and subject to change during the meeting. The Board will take up each item at the conclusion of the preceding item and not necessarily at the time listed.

Key Indicators

VERMONT
GREEN MOUNTAIN CARE BOARD

	Days Cash on Hand ↑			Long Term Debt to Capitalization ↑			Days Payable ↓		
	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B
BMH	171	176	156	11%	15%	17%	70	86	56
CVMC	108	112	110	14%	13%	9%	63	75	63
CH	71	121	44	21%	23%	21%	47	120	51
GMC	252	317	298	20%	19%	18%	64	98	70
GCH	163	219	150	16%	31%	19%	133	72	48
MAHHC	142	205	187	38%	48%	44%	77	150	107
NCH	212	328	270	24%	25%	19%	53	68	68
NVRH	111	196	143	15%	13%	11%	53	106	56
NMC	209	306	322	22%	17%	17%	75	87	89
PMC	138	152	148	17%	20%	14%	54	74	55
RRMC	218	279	255	19%	15%	14%	37	43	40
SVMC*	37	51	43	25%	18%	14%	71	79	65
SH	32	20	20	-99%	89%	80%	224	66	55
UVMMC	186	209	185	27%	27%	25%	52	71	47

↑ increasing values are favorable; ↓ decreasing values are favorable

*Southwestern's Days Cash on Hand does not consider the hospital's parent company.

Key Indicators

VERMONT
GREEN MOUNTAIN CARE BOARD

	Days Receivable ↓			Debt Service Coverage Ratio ↑		
	FY21B	FY21P	FY22B	FY21B	FY21P	FY22B
BMH	58	61	60	3.1	0.0	3.1
CVMC	35	65	39	16.0	1.0	2.4
CH	31	28	29	6.5	6.5	8.4
GMC	31	41	40	3.0	3.8	6.2
GCH	38	37	37	1.4	6.2	0.2
MAHHC	36	44	34	4.5	5.9	3.9
NCH	35	27	34	3.4	3.6	3.8
NVRH	42	41	44	5.2	4.8	5.4
NMC	39	39	39	2.1	3.7	3.6
PMC	63	59	54	27.3	6.6	10.3
RRMC	47	31	33	4.6	4.5	2.9
SVMC	38	33	34	6.6	12.5	9.3
SH	55	57	39	17.1	-1.3	2.5
UVMMC	49	58	49	7.1	3.6	3.6

↑ increasing values are favorable; ↓ decreasing values are favorable

Financial Metrics Key

VERMONT
GREEN MOUNTAIN CARE BOARD

					Flex Monitoring		Fitch Solutions	
	Vermont CAH		Vermont PPS		Northeast CAH	U.S CAH	Northern NE	Northeast
	2021	2022	2021	2022	2019	2019	2019	2019
Operating Margin%	1.99%	2.00%	1.88%	1.48%	1.80%	0.70%	1.20%	0.80%
Total Margin%	12.18%	2.50%	5.10%	2.71%	3.40%	2.40%	2.00%	3.50%
DCOH	200.6	148.6	192.6	170.5	87.9	71.2	162.2	164.3
Days Payable	85.9	55.2	76.8	59.5	0	0	62.1	63.2
Days Recievable	41.3	38.2	48.2	39.2	41.2	50.5	41.1	43.1
DSCR :1	5.38	4.64	3.68	3.32	6.76	3.95	2.74	2.81
LTD to Capitalization	24%	19%	16%	16%	28%	30.0%	25.6%	34.8%
Age of Plant	16.2	15.6	15.1	15.6	14.6	12.3	12.5	12.6

VT CAH FY2022

Flex Monitoring

Northeast CAH FY2019

U.S. CAH FY2019

VT PPS FY2022

Fitch Ratings Solutions

Northern New England FY2019

Northeast FY2019

Glossary

VERMONT
GREEN MOUNTAIN CARE BOARD

Critical Access Hospital: designation given to eligible rural hospitals by the Centers for Medicare and Medicaid Services. CAH designation aims to reduce the financial vulnerability of rural hospitals and improve access to healthcare by keeping essential services in rural areas. To accomplish this goal, CAHs receive certain benefits, such as cost-based reimbursement for Medicare services.

Prospective Payment System: A Prospective Payment System (PPS) is a method of reimbursement in which Medicare payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services).

Gross Patient Revenue: A hospital's total billed revenue for providing goods and services to patients. This is the total revenue amount billed before contractual allowances, commercial discount agreements, bad debts and free care are deducted.

Bad Debt: An expense billed and due but not received. Assumption is that individual has the ability to pay but will not pay or has disputed the bill. See free care definition that distinguishes bad debt from free care.

Free Care: Term used to recognize loss of revenue billed/due but not received. Considered "free" because individual has limited or no ability to pay, as established by the hospital or other provider. .

Net Patient Revenue (NPR): Revenue a hospital will receive for services rendered. It is the amount resulting after contractual allowances, commercial discounts, bad debt and free care are deducted from gross charges.

Glossary

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GREEN MOUNTAIN CARE BOARD

Fixed Prospective Payment (FPP): fixed payments from the ACO that cover the cost of medical care provided to lives attributed to the ACO, net of value-based incentive program deductions. Participation fees are recorded in Operating Expenses.

Other Operating Revenue (OOR): Revenue earned by hospital that is indirectly related to patient care. Examples: income from cafeteria, parking, physician office rentals, etc.

Total Operating Revenue: NPR + FPP + Other Operating Revenue

Operating Expenses: All input costs required to provide goods and services to patients. This includes salaries, fringes, insurance, professional fees, depreciation, interest, etc.

Operating Surplus: (sometimes called Operating Margin or Profit) Operating revenues (NPR/FPP + Other Operating Revenue) less Operating expenses resulting in profit or surplus.

Non-Operating Revenue: Revenue earned by hospital that is not related to patient care. Examples: income from investments, investment unrealized gains/losses, general contributions, gain/loss from assets, rentals, and transfers from related organizations,

Total Margin: Excess (Deficit) of All Revenues over Expenses

Glossary-metrics

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GREEN MOUNTAIN CARE BOARD

Operating Margin %: Operating Surplus / (NPR+FPP + Other Operating Revenue)

Total Margin %: (Operating Surplus + Non-Operating Revenues)/(NPR +FPP+ Other Operating Revenue + Non-Operating Revenue)

Days Cash on Hand (DCOH): (Cash + Investments + Unrestricted Funded Depreciation (Board Designated Assets) + Unrestricted Other Board Designated Assets) * 365/ (Total expense – (Depreciation + Amortization)

Days Payable: Current Liabilities / (Total Expenses – (Depreciation + Amortization + Interest)

Days Receivable: Net Patient Accounts Receivable / NPR* 365

Debt Service Coverage Ratio (DSCR): (Net Operating Income + Depreciation + Amortization + Interest) / (Current Portion of Long Term Debt + Interest)

Long-Term Debt to Capitalization % : measures the percentage of total capital that is debt. Long Term Debt / (Long Term Debt + Net Assets)

Average Age of Plant: measures the average age in years of the fixed assets of an organization. Accumulated Depreciation / Depreciation Expense x (365/days in period)

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